

(Incorporated in the Cayman Islands with limited liability) Stock Code: 01250.HK



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# About the Report

The Report is a true reflection of active fulfillment of environmental, social and governance responsibilities and attainment of comprehensive, coordinated and sustainable development of Shandong Hi-Speed New Energy Group Limited. Forward looking descriptions such as business plans and development strategies involved in the Report do not constitute the Company's actual commitments to investors.

#### **REPORTING PERIOD**

The reporting period is from January 1, 2024 to December 31, 2024, with certain contents falling outside this period.

#### **REPORTING SCOPE**

The Report outlines the Group's environmental, social and governance ("ESG") strategies, governance, actions, targets, and performance in the investment, development, construction, operation and management of its photovoltaic power businesses, wind power businesses and clean heat supply businesses in the People's Republic of China ("China" or "PRC"). Unless otherwise specified, the business scope for policies, systems, statements, and key performance indicators in the Report is consistent with that of the Group's financial report.

#### DEFINITION

For ease of presentation and reading, Shandong Hi-Speed New Energy Group Limited is also referred to as "SHNE", "the Company", "we", or "the Group" in the Report.

#### **DATA SOURCES**

Data and information presented in the Report is sourced from the Company's official documents, statistics and financial reports of the Company, as well as environmental, social and governance information collected, consolidated, and audited by the Company. The Report is published in both Chinese and English. In case of any discrepancy between the two versions, the Chinese version shall prevail. Unless otherwise stated, the unit of currency shall be RMB.

#### **BASIS OF PREPARATION**

The Report is prepared in accordance with the Appendix C2 Environmental, Social and Governance Reporting Code (the "ESG Reporting Code") to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), as well as compliance with the requirements under the Materiality, Quantitative, Balance and Consistency principles specified in the ESG Reporting Code:

- Materiality: In accordance with the ESG Reporting Code as well as integration with the key capital market concerns for the by the Board of Directors and the senior management.
- · Quantitative: SHNE has established a standardized management tool for ESG indicators to regularly collect quantitative is detailed in the sections of the Report.
- · Balance: The Report aims to present a balanced account of SHNE's efforts in various aspects of ESG, including the environment, employees, product responsibility, and community engagement.
- · Consistency: No substantial adjustments are made in the disclosure scope of the Report as compared to that of various sections of the Report.

#### **REPORT AVAILABILITY**

The Report is published electronically. The electronic report can be viewed and downloaded on the Group's website (www. shneg.com.hk) and the HKEXnews website (www.hkexnews.hk).



Company's sustainability, SHNE communicated with stakeholders by different means and conducted benchmarking analysis on issues disclosure in reports of peer companies to identify and select material issues related to SHNE, as detailed in the "Stakeholder communication" section. The materiality of all material issues has been reviewed and verified

key disclosure indicators of all "environmental" subject areas and part of the "social" subject areas in the ESG Reporting Code, and has summarized them during the year to prepare the Report for external disclosure. The quantitative ESG data

sustainability reports for prior years, and consistent statistical methods are used in the Report. The Report further refined some of the disclosure categories in the ESG Reporting Code. Year-on-year comparisons of ESG data are detailed in the

# **Chairman's Statement**

2024 marked a pivotal year of fully implementing the guiding principles of the 20th CPC National Congress. It was also a tough year as SHNE deepened industrial revolution in green energy. As the flagship new energy company under Shandong Hi-Speed Group, we are firmly committed to the national strategy of achieving carbon peak and carbon neutrality. By harnessing shareholder support, we have built a new development paradigm. Through relentless innovation and strategic transformation, we are infusing fresh momentum into China's green development.

#### **Governance Foundation for Steady Progress**

With comprehensive empowerment from Shandong Hi-Speed Group, we have achieved a significant leap in our governance system over the past three years. Financial support has enabled us to overcome liquidity challenges, resource integration has facilitated large-scale implementation of projects, and institutional reforms have boosted our management effectiveness. We have established a long-term ESG mechanism and a set of ESG objectives. Through risk warning system upgrading, intelligent investment model iteration, and penetrative management across the project lifecycle, we have delivered impressive results in both development metrics and operational profit. Our ESG rating was elevated significantly at home and abroad. Currently, we are accelerating strategic planning redesign, sharpening investment decision-making precision, and enhancing organizational effectiveness of our engineering management to build a robust foundation for the next industrial cycle, driven by development and grid integration.

#### **Green Energy Renovation for Harmony with Nature**

As energy revolution deepens, we have taken the lead in development model upgrades. While expanding our strength in wind, photovoltaic, and electric power, we have reinforced our innovative "new energy+" practices. Specifically, we have created a new digital energy paradigm in computing integration scenario, unlocked environmental equity value through green power and GEC trading mechanisms, and cultivated differentiated competitive edges in key regions. We are advancing commercial model innovation to seamlessly integrate cutting-edge fields-such as energy storage for peak shaving and hydrogen production applications—with the Group's highway network infrastructure, creating an intelligent energy network of multi-energy complementarity. Annual carbon emission reductions under the Company's consolidated reporting improved by 12.84% yearon-year and groundbreaking progress was achieved in green trading.

#### Talent-Oriented for Embarking on a New Journey

Human capital lies at the core of our strategic vision. We have established a "strategy-organization-talent" development system. Through a dynamic, tiered talent optimization mechanism, we prioritize training versatile professionals skilled in both new energy technology R&D and engineering management. Our innovative dual-channel development program based on equitybased incentive and career promotion have increased the percentage of employees holding professional certifications. While reinforcing a strong safety framework, we have deepened the integration of ESG with our business by embedding its principles into our culture DNA and actively participating in social responsibility programs such as rural revitalization. We have successfully achieved our targets for employee satisfaction and community development.

At this historic turning point in the energy revolution, we will steer the evolving new energy industry with unwavering strategic focus. We are dedicated to continuously enhancing our ESG value creation system and driving innovation in business and management to ensure sustainable, high-quality development. We are confident that the synergy of our governance structure, industrial layout, and talent strategy will deliver lasting value to our investors and set a benchmark for China's modern energy transition.

# Board Statement

SHNE has always regarded environmental, social and governance (ESG) as a core element of our development. Being committed to optimizing our ESG governance system, we strengthen the supervision and participation of the Board of Directors (the "Board") and the management in ESG affairs to promote our harmony with the society and environment, generating longterm and stable corporate value.

As the ultimate decision-maker for the Company's sustainability strategy, the Board establishes sustainability objectives, draws up strategic blueprints, and develops a governance framework to ensure ESG principles are embedded into the Company's strategic planning. The Sustainability Committee under the Board reviews sustainability objectives, strategic planning, management systems, and annual sustainability reports. It also identifies and assesses sustainability risks and opportunities and develops response strategies. The Management and Operating Committees are responsible for reviewing significant issues related to sustainability objectives, strategies, and management systems. To coordinate annual sustainability work, the Company has established the ESG Management Office. The office shall develop measures for sustainability management. organize the formulation and implementation of sustainability strategies, make annual plans for sustainability work, and conduct the identification and assessment of sustainability-related risks and opportunities. At the implementation level, the Company has established a liaison mechanism between headquarters departments and subsidiaries, alongside a cross-departmental working group tasked with coordinating internal and external resources to facilitate routine ESG work and ensure accurate information reporting. Besides, according to the Company's sustainability strategies, goals and plans, the ESG Task Force advances the work on Double Materiality Issues and formulates an annual working plan for such issues.

SHNE fully recognizes the significance of Double Materiality Issues. Through continuous stakeholder surveys, material issues with substantial impact on the Company were identified and through interviews and investigations with primary responsible departments highly relevant to ESG issues, assessment results of financial materiality were obtained, thereby identifying our ESG priorities for the coming year. In 2024, considering both domestic and international ESG development trends and our current situation, we continued to enhance ESG management, set ESG management objectives, improved the ESG index system, established the Sustainable Development Work and Incentive Program of SHNE, elevated ESG ratings in capital markets, and fully enhanced the Company's ESG management capabilities across all operational dimensions. Meanwhile, as a corporate member of PEAST (Partnership for Early Awareness of Sustainability-disclosure Today) by International Sustainability Standards Board (ISSB)<sup>1</sup>, we, with reference to ISSB's framework and recommendations, actively identify, assess, and respond to risks and opportunities arising from climate change. (For details regarding climate-related risks and opportunities management, please refer to section 2.1 of the Report)

Based on regulatory requirements and the Company's actual situation, SHNE has established key ESG performance indicators covering energy utilization efficiency, water resource management and safety management, and is exploring the development of additional ESG targets. The Board, the Sustainability Committee, and the management will maintain continuous supervision and assessment of progress on material ESG issues to ensure achievement of established ESG targets.

The Report details SHNE's ESG progress and achievements in 2024. It was reviewed and approved by the Board on March 26, 2025. The Board guarantees the authenticity, accuracy, and integrity of the Report, without any false information or misleading statement or material omission, and severally and jointly accepts responsibility for the Report.

An international independent standard-setting body, initiated and formed by the International Financial Reporting Standards Foundation (IFRS) and formally launched on November 3, 2021 at the 26th United Nations Climate Change Conference. It is designed to formulate such sustainability reporting standards which are in line with the International Financial Reporting Standards (IFRS).

#### About the Group

Shandong Hi-Speed New Energy Group Limited (SHNE) is a state-owned enterprise listed on the Main Board of SEHK (01250.HK), as jointly established by Shandong Hi-Speed Holdings Group Limited ("SDHG") under the State-owned Assets Supervision and Administration Commission of Shandong Provincial People's Government and Beijing Enterprises Water Group Limited ("BEWG") under the State-owned Assets Supervision and Administration Commission of Beijing Municipality.

SHNE proactively aligns itself with the national strategic layout. Leveraging the abundant resources and management expertise of our two substantial shareholders, SDHG (00412.HK) and BEWG (00371.HK), we specialize in clean energy development, establishing a business system with photovoltaic and wind power at the core to offer a diverse range of services across investment, development, construction, operation, and management. We are also expanding into the sector of urban clean heating services, striving to be a leading integrated clean energy service provider. Currently, we have launched clean energy projects in over 20 provinces and cities nationwide, while exploring opportunities in the international market.

Upholding our core commitment to technological innovation, environmental protection, and human welfare, SHNE specializes in the design, development, operation, and management of exemplary clean energy projects. As of December 31, 2024, we had owned at home and abroad 54 centralized photovoltaic power stations with a total installed capacity of 2,602 MW, distributed photovoltaic power stations with a total installed capacity of 920MW, 19 wind power stations with a total installed capacity of 1,176 MW, providing clean heat supply to approximately 35.32 million m<sup>2</sup> to serve around 210,000 households. We aim to become a catalyst for sustainable business and a leader of new energy business at Shandong Hi-Speed Group.

While strengthening the core business, SHNE is actively expanding into environmental protection and green energy sectors. Shandong High Speed Renewable Energy Group Limited (000803. SZ), an associate of the Company, specializes in investments and operations of hazard-free waste organic treatment and high-value resource utilization business relying on technological innovation, capital support, and fine management. The Company has also established a platform for processing and exporting regenerated oil, with about 4,630 tonnes of catering and food waste handled daily.

Going forward, SHNE will remain committed to its ethos as "Be willing to take responsibility and lead the way with courage" and mission of "Share Green Energy and Empower the World". Capitalizing on the strategic opportunity of national energy transition and green and low-carbon development, we will pool together insightful individuals to jointly promote energy restructuring toward green, low-carbon, and sustainable development, contributing to the "Beautiful China" initiative as well as the global energy transition.

Advance Steadily through



#### **ESG Highlights in the Year**

#### Awards in 2024 to 2025



#### **Business**



#### August 2, 2024

2023 National Wind Farm Production and Operation Indicator Benchmark (AAAA Grade) to Linxi Jianzhong Wind Farm (Phase I), Jinyuan Zhaolu Wind Farm (Phase III), Jinjie Damao Wind Farm (Phase II), and Xianghetu Wind Farm

2023 National Wind Farm Production and Operation Indicator Benchmark (AAA Grade) to Zizhen Town Tengfeng Wind Farm and Fenggiu Beigingfeng Wind Farm



#### October 18, 2024

2024 Asia Best Workplace (Mainland China) - Active Constructor of Healthy Workplace AIA, Peking University School of Public Health





#### August 22, 2024

2023 National PV Power Plant Production and Operation Indicator Benchmark (AAAA Grade) to Qinyuan County Lianhong 20MW PV Power Plant, Longmenbao 20MW PV Power Plant, Guangchen Fumin 18MW PV Power Plant, and Feng County Venture Park 4.29MW Distributed PV Power Plant

2023 National PV Power Plant Production and Operation Indicator Benchmark (AAA Grade) to Qi County Beiyang 50MW PV Power Plant, Baoying Guangyang Lake 100MW PV Power Plant, Aobaoshan 50MW PV Power Plant, and Pingdu Gangcheng Property 5.7MW Distributed PV Power Plant

#### China Electricity Council



#### May 31, 2024

ESG100 Initiative from China Institute of Energy Economics

China Energy News China Institute of Energy Economics Green Climate Institute

#### **ESG** Rating

In 2024, SHNE performed remarkably in sustainability and ESG management, securing high praises from international rating agencies and capital markets. This reflects our enhancing international competitiveness.



# Response to United Nations Sustainable **Development Goals (UNSDGs)**

Section	Materiality Issues	SDGs	Our Response	Key Performance in 2024
Governance Advance Steadily through Compliance Governance	<ul> <li>Corporate Governance</li> <li>Risk Management</li> <li>Business Ethics</li> </ul>	16 PEACE JUSTICE AND STRONG INSTITUTIONS	SHNE enhances the Board independence, diversity, and senior management compensation management, continuously optimizes our ESG governance structure, strengthens risk management capabilities, upholds business ethics, and prioritizes privacy protection, laying a solid foundation for sustainable development.	<ul> <li>Independent Directors constituted one- third of the Board possessing diverse professional capabilities and industry experience.</li> <li>We established a three-tier ESG governance structure, and formed the Sustainability Committee, the ESG Management Office, and ESG Working Groups, to effectively implement sustainable development initiatives.</li> <li>Anti-corruption trainings were provided to all employees.</li> </ul>
Environmental Energy and Empower the World	<ul> <li>Resource Utilization</li> <li>Green Industrial Opportunities</li> <li>Waste Management</li> </ul>	6 CLEAN WATER AND SANITATION	SHNE actively adopts water-saving equipment and applies water conservation technologies to continuously strengthen its water resource management. The Company consistently optimizes wastewater discharge measures, with domestic sewage being centrally discharged into treatment tanks and regularly transported by certified organizations to centralized treatment plants. This ensures that wastewater meets standards before discharge.	<ul> <li>In 2024, the Ewenki Banner Project implemented technical solutions to enable the reuse of desulfurization spray water after sedimentation, significantly improving water resource recycling efficiency and reducing water consumption.</li> </ul>
		7 AFFORDABLE AND CLEAN ENERGY	SHNE is steadily expanding its photovoltaic and wind power generation businesses to deliver green and efficient clean energy solutions. Actively aligning with national policy trends, the Company seizes opportunities in the clean energy sector, and accelerates the transformation of project targets into high-quality wind and solar assets.	<ul> <li>SHNE has developed over 4.70GW of clean energy generation projects, including photovoltaic and wind power. The portfolio consists of 54 centralized photovoltaic projects with 2.60GW of installed capacity, 19 wind power projects totaling 1.2GW, and more than 300 distributed photovoltaic projects with approximately 920MW of installed capacity.</li> <li>The grid-integrated electricity generation from photovoltaic and wind power projects owned and/or managed by SHNE reached approximately 6.5151TWh.</li> </ul>
Share Green		11 SUSTAINABLE CITIES AND COMMUNITIES	In the clean heating sector, SHNE sets energy consumption targets for each subsidiary, including coal and electricity usage, aiming to achieve an annual energy-saving and consumption reduction goal of approximately 2% based on the previous year's performance. The Group has established the <i>Management Rules for</i> <i>Heat Project Companies Special Award</i> , which provide rewards for meeting clean heating energy efficiency targets. This encourages employees to actively adopt energy-saving and emission reduction measures during the operational phase, enhancing the operational and management standards of project facilities and equipment, thus improving energy use efficiency.	<ul> <li>SHNE achieved a 2.4% reduction in comprehensive energy consumption compared to 2023 levels.</li> <li>For the Cao County Project, we collaborated with local waste-to-energy plants to utilize waste heat for heating, replacing coal combustion. This initiative reduced coal consumption by 15,064 tonnes and utilized 311,840GJ of waste heat, significantly decreasing greenhouse gas (GHG) emissions.</li> </ul>

Advance Steadily through Compliance Governance

Section	Materiality Issues	SDGs	Our Response	Key Performance in 2024		Section	Materiality Issues	SDGs
		13 CLIMATE	• SHNE proactively addresses climate change by incorporating it into the corporate strategy, benchmarking its climate change- related efforts against industry leaders, actively exploring GHG emission reduction pathways, assessing physical climate risks, and developing preemptive mitigation plans. This enables effective climate risk management and strategic capture of climate-related opportunities.	The Company has developed green energy projects utilizing renewable energy sources including photovoltaic, wind, and hydro power. Through active participation in green power trading, green electricity certificate (GEC) markets, and carbon markets, the Company has completed cumulative transactions of 167.04697 GWh in green power trading, generating additional revenue of RMB3.1279 million, and traded 194,980 GECs, amounting to RMB801,000. Based on these, the Company diversified revenue streams.	een ergy and tion icity bon ted 697 ting ion, g to the iect tion onal and has s a rrm, ont, ted ijcial ions fully hery y + tion ter. Social Socia			1 POVERTY NATAT
Environmental Share Green Energy and Empower the World	<ul> <li>Responding to Climate Change</li> <li>Environmental Management Policies</li> <li>Biodiversity Conservation</li> </ul>	14 LIFE BELOW WATER	SHNE develops targeted environmental protection plans to address potential risks in aquatic ecosystems, implements ecological restoration measures for wetlands, and pioneers innovative photovoltaic + fishery models, thereby enhancing habitats for flora and fauna.	The Weishan Power Station Project integrates photovoltaic power generation with fishery, achieving three-dimensional comprehensive utilization of land resources. Simultaneously, the project has constructed leisure amenities such as a sightseeing corridor, viewing platform, water-friendly area, landscaped waterfront, and fishing spot, realizing coordinated development of clean energy, ecological restoration, and local economic growth. The Weilaohe and Chaohu Power Stations adopt the photovoltaic + fishery model, fully utilizing the spatial resources of fishery water surfaces to achieve new energy + fishery development with power generation above water and fish farming below water.		<ul> <li>Community Relations</li> <li>Health and Safety</li> <li>Talent Development</li> </ul>	3 GOOD HEALTH	
		15 UFF ON LAND	SHNE commits to avoiding sites with critical • biodiversity significance in project location selection to mitigate ecological impacts at the source. The Group develops comprehensive environmental protection plans addressing potential risks in atmospheric, aquatic, acoustic, and soil environments, while proactively implementing ecological restoration measures such as land rehabilitation and native vegetation planting, to minimize adverse ecological impacts.	SHNE actively advanced third-party environmental management certification initiatives. As of the end of the reporting period, the Group successfully obtained ISO 14001 Environmental Management System certification with 100% coverage. During the reporting period, SHNE did not experience major environmental pollution incidents or regulatory violations. The Yuyang Power Station Project utilizes idle land in the Mu Us Desert by planting vegetation beneath solar panels to prevent wind erosion and fix sand, contributing to ecological environment restoration.		Pur		4 QUALITY EDUCATION





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Our Response	Key Performance in 2024
SHNE is committed to advancing green transition in rural areas through active participation in public welfare initiatives. The Group supports rural revitalization to foster local economic development and enhance community well-being.	<ul> <li>SHNE has continuously provided voluntary donations to designated assistance counties, with a total philanthropic investment of RMB14.063 million.</li> <li>SHNE successfully secured the 50MW wind power project quota under Gale Action of Shanxi Province, which is the rural revitalization pilot initiative of the project, driving green and low-carbon transformation in rural areas.</li> <li>SHNE conducted four volunteer service activities, totaling approximately 216 hours.</li> </ul>
SHNE systematically advances work safety and occupational health management by implementing a work safety accountability system, conducting regular safety inspections, and continuously optimizing risk assessment and hazard identification processes. The Group delivers comprehensive safety training programs to enhance safety awareness, and annually updates and tracks occupational health and safety objectives. These concerted efforts are dedicated to cultivating a secure and healthy work environment.	<ul> <li>SHNE maintains ISO 45001 Occupational Health and Safety Management System certification with 100% coverage.</li> <li>In 2024, the Safety Management Committee conducted 36 safety inspections, identifying 236 on-site safety and fundamental management issues. Additionally, eight unannounced direct inspections and three comprehensive safety assessment inspections were carried out, uncovering 47 on-site safety and fundamental management issues, all of which have been fully rectified.</li> <li>SHNE conducted 16 safety education and training programs, with 10,291 attendances and 425.5 training hours.</li> <li>SHNE has successfully achieved its workplace safety objectives, with zero work-related injuries or fatalities recorded.</li> </ul>
SHNE attaches high priority to employee growth and development through establishing an integrated internal-external training system. The Company has implemented multiple development programs involving mid-to-senior management training, high-potential talent cultivation, and employee development. The Company provides several training courses including frontline skills enhancement, diversity-focused open lectures, leadership development for management trainees, and specialized renewable energy workshops.	<ul> <li>SHNE collaborated with edu.bjx.com.cn to launch video open courses and signed a university-enterprise cooperation framework agreement with Baoding Vocational and Technical College of Electric Power, jointly conducting a series of targeted training activities.</li> <li>SHNE achieved 100% employee training coverage.</li> </ul>

Section	Materiality Issues	SDGs	Our Response	Key Performance in 2024
hu		5 EEWOER EQUALITY TO REDUCED INFEQUALITES EEWOER	SHNE upholds the principles of merit-based selection, fair competition, and equal pay for equal work. The Company strictly prohibits all forms of discrimination based on nationality, skin color, race, ethnicity, religion, political affiliation, cultural background, age, gender, educational background, work experience, family status, health conditions, or any other basis, and is committed to fostering an equitable, transparent, and impartial workplace environment.	<ul> <li>SHNE recorded zero incidents of child labor or forced labor.</li> <li>SHNE reported no cases of discrimination or harassment violating labor rights.</li> <li>SHNE formulated and published its Statement on Diversity, Equity, and Inclusion.</li> </ul>
		8 DECENT WORK AND ECONOMIC GROWTH	SHNE remains committed to optimizing the employee compensation system of the Company to ensure fair competition and equal pay for equal work. Adhering to the principles of fairness, incentive alignment, and economic viability while balancing historical continuity and developmental needs, the Company provides employees with competitive compensation packages.	<ul> <li>SHNE established the <i>Compensation</i> Management System, the Organizational Performance Evaluation Measures, and the Employee Promotion Management Measures, implementing comprehensive performance evaluations across all employees to ensure 100% assessment coverage.</li> <li>During the year, 124 employees received ranking promotions with salary increases exceeding 10%.</li> </ul>
Social Pursue Inclusiveness and Foster Harr	<ul> <li>Labor Rights and Welfare</li> <li>Maintaining Customer Relationships</li> <li>Supply Chain Management</li> </ul>	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	SHNE remains committed to driving R&D innovation and collaborative partnerships to advance clean energy technology development, while rigorously strengthening intellectual property protection. Through these concerted efforts, SHNE continuously enhances its technological innovation capabilities and solidifies its industry competitiveness.	<ul> <li>SHNE jointly established the "SHNE &amp; BUAA Transportation and Energy Integration Research Center" with Beihang University to promote integrated innovation in transportation and clean energy.</li> <li>SHNE collaborated with Beikong High-Tech to develop innovative intelligent operation and maintenance management solutions, enhancing the operational efficiency of new energy power stations.</li> <li>The Company had possessed 34 cumulative patent authorizations.</li> </ul>
ά.		12 RESPONSIBLE CONSUMPTION AND PRODUCTION	SHNE regards product quality as the cornerstone of the Company and prioritizes energy supply security as its primary mission. SHNE consistently elevates product quality standards by maintaining continuous ISO 9001 quality management system certification, enhancing operational and maintenance management frameworks, and conducting specialized technical training programs for operations and maintenance teams.	<ul> <li>SHNE has maintained ISO 9001 Quality Management System certification with 100% coverage.</li> <li>In the clean heating sector, SHNE achieved a 98% customer satisfaction score, while receiving an "Excellent" rating in the clean power generation sector satisfaction survey.</li> </ul>
		17 PARTNERSHIPS FOR THE GOALS	SHNE continuously enhances supply chain management by developing an end-to-end management framework covering supplier qualification, evaluation, and exit processes. The Company deepens supplier communication and collaboration mechanisms while conducting regular capability-building training programs for suppliers to improve their comprehensive competencies and operational excellence.	<ul> <li>In 2024, 365 suppliers of SHNE obtained ISO 14001, ISO 45001, and ISO 9001 management system certifications.</li> <li>In 2024, SHNE conducted research and on-site evaluations for 19 suppliers.</li> <li>No violations of SHNE's supplier management regulations occurred in 2024.</li> </ul>

#### **Assessment of Double Materiality**

Taking into account the new expectations from various stakeholders for our business operation and future development, in 2024, the Company continued to carry out impact materiality analyses, and for the first time a financial materiality assessment, remarking our full implementation of the identification and assessment of Double Materiality issues.

The Company comprehensively evaluates the extent of impact materiality and financial materiality of ESG issues based on the characteristics of the industry and business in which the Company operates. With regard to determination of impact materiality of ESG issues, the Company has adjusted the 17 impact materiality issues based on the analysis of the results of the 2023 materiality matrix and, taking into account industry trends and capital market concerns, determined the ranking order of the Company's impact materiality issues for 2024. Through interviews and surveys with major responsible departments that are highly relevant to ESG issues, we arrive at the financial materiality determination results based on our investigation into the past historical information, financial impacts and future financial-related plannings, which in turn helps us to form our matrix of Double Materiality issues for 2024, thus laying solid foundation for improvement in our own ESG information disclosure system, reasonable resource allocation for ESG issues for short-term, medium-term and long-term, and the subsequent planning of ESG management.

#### **Procedure of Identifying Double Materiality Issues**



 Based on the results of the 2023 materiality issues matrix, we updated and analyzed the issues taking into account the industry development trends and capital market concerns to generate the determination results of the materiality of each ESG issue with high, medium and low impact.

Identify impact materiality issues



materiality issues

- and assessed their potential material financial impact.



· We integrated the determination results of financial materiality with that of impact materiality to develop a matrix of double materiality issues.

Develop double materiality issues matrix



matrix

• We submitted the matrix of double materiality issues to the Sustainability Committee for validation to create our final 2024 double materiality issues matrix.



 We analyzed the criteria used by regulators and core ESG rating agencies to assess the financial materiality of ESG issues, identified the risks and opportunities affecting the Company's business operations, financial condition, operating performance and cash flow,

· We interviewed industry experts to obtain professional insights, conducted in-depth interviews with 15 key responsible departments highly relevant to ESG issues, reviewed historical financial information, analyzed current financial impacts and future financial planning, and compiled the determination results of the financial materiality of each ESG issue with high, medium and low materiality.

#### Determination Results on SHNE's Double Materiality Issues for 2024





SHNE places great emphasis on communication and engagement with all stakeholders. The Company continuously improve our regular and multi-channel communication mechanisms to ensure timely and efficient responses to stakeholder suggestions and feedback to promote co-operation and win-win outcome among all parties, thus laying a solid foundation for the Company's steady and sustainable development.

#### Interaction and Engagement with Stakeholders

s	Stakeholder	Issues of Concern	Communication Channels
<u>â</u> ț	Employees	<ul> <li>Green Development Opportunities</li> <li>Health and Safety</li> <li>Talent Development</li> <li>Labor Rights and Welfare</li> </ul>	<ul> <li>Employee Interviews</li> <li>Suggestion Feedback Box</li> <li>Employee Meetings</li> <li>Internal Training and Communication</li> </ul>
	Stakeholders/ Investors	<ul> <li>Green Development Opportunities</li> <li>Responding to Climate Change</li> <li>Business Ethics</li> <li>Risk Management</li> <li>Stakeholder's Communication</li> <li>Corporate Governance</li> <li>Digital and Intelligent Technology</li> </ul>	<ul> <li>Shareholder Meetings</li> <li>Investor Engagement Activities</li> <li>Announcements and Press Releases</li> <li>On-site Project Researches</li> <li>Corporate Website/Emails</li> </ul>
	Governments/ Regulatory Authorities	<ul> <li>Green Development Opportunities</li> <li>Environmental Management Policies</li> <li>Resource Utilization</li> <li>Labor Rights and Welfare</li> <li>Waste Management</li> </ul>	<ul> <li>Project Inspection and Acceptance</li> <li>Information Disclosure</li> <li>Forums and Seminars</li> </ul>
€ ©	Suppliers	<ul> <li>Environmental Management Policies</li> <li>Resource Utilization</li> <li>Supply Chain Management</li> </ul>	<ul> <li>Supplier Daily Management</li> <li>Supplier Post-Evaluation and Feedback</li> <li>Supplier On-site Visits</li> </ul>
( <u>(</u> )) ()	Customers and Consumers	<ul> <li>Maintaining Customer Relationships</li> <li>Health and Safety</li> <li>Business Ethics</li> <li>Labor Rights and Welfare</li> <li>Waste Management</li> <li>Digital and Intelligent Technology</li> </ul>	<ul> <li>Corporate Website</li> <li>Market Research</li> <li>Customer Visits</li> <li>Social Media Platforms</li> <li>Consumer Hotline and Complaints Phone Number</li> <li>Questionnaires</li> </ul>
	ESG Rating Agencies	<ul> <li>Environmental Management Policies</li> <li>Resource Utilization</li> <li>Health and Safety</li> <li>Risk Management</li> <li>Stakeholders' Communication</li> <li>Corporate Governance</li> <li>Digital and Intelligent Technology</li> </ul>	<ul> <li>Corporate Reports</li> <li>Corporate Website</li> <li>Media News</li> <li>Roadshow Activities</li> </ul>
E.	Communities	<ul><li>Community Relations</li><li>Biodiversity Conservation</li><li>Waste Management</li></ul>	<ul><li>Assemblies of Villager Representatives</li><li>Face-to-face Communication</li></ul>

Stabilizing Corporate Governance

Focusing on Risk Management

# 01 **Advance Steadily** through Compliance Governance

SHNE regards sound governance systems as a fundamental pillar for its sustainable development. The Company continues to improve its corporate governance standards, refine its ESG governance framework, enhance its risk management capabilities, adhere to the bottom line of business ethics, and place strong emphasis on privacy protection, so as to safeguard its stable and sustainable development.





Adhering to Business Ethics

Strengthening Privacy Protection

# **Stabilizing Corporate Governance**

SHNE has established a sound corporate governance structure and continuously strengthened independence and diversity of the Board and the senior management compensation management to enhance the Company's capability in decision-making and execution. Based on the robust ESG governance structure and management system, the Company integrates the principles of sustainable development into its business operations, aiming to drive all aspects of the management excellence and sustainable development.

#### **Board Management**

The Group strictly complies with the relevant laws and regulations under the Listing Rules and the Corporate Governance Code contained in Appendix C1 of the Listing Rules, the Companies Ordinance (Cap. 622, Laws of Hong Kong) (the "Companies Ordinance"), the Securities and Futures Ordinance (Cap 571, Laws of Hong Kong), the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China and the relevant requirements of Cayman Islands laws, formulates the Memorandum and Articles of Association. Guided by practical needs, we have established comprehensive decision-making and operational management framework built upon the general meeting, the Board and senior management. This hierarchical structure creates a corporate governance characterized by clear division of responsibilities, regulatory compliance and operational efficiency. It ensures that all corporate decisions are made with both validity and executional effectiveness, while simultaneously safeguarding shareholders' interests.

#### **Corporate Governance Structure**



- Being convened and held under the requirements of the Memorandum and Articles of Association ;
- Responsible for arranging meeting notice, board approval and review and voting procedures to safeguard shareholders' rights.

 Act as the executive body of the resolutions approved by general meetings, responsible for management of corporate affairs, exercising the duties and responsibilities specified by the

- General Meetings
- In 2024, the Company held a total of 2 general meetings.

decisions and management systems.



The Board

and its

Committees

 Establish the Audit Committee, Nomination Committee, Remuneration Committee and the Sustainability Committee. Each committee comprises independent non-executive Directors and executive Directors, and is responsible for audit and monitoring, Board structure and member nomination, remuneration policy recommendation and sustainability-related matters respectively.

provisions of the Companies Ordinance and the Memorandum and Articles of Association, including, among others, appointment of senior management and formulation of the Company's business

• In 2024, the Group held a total of 16 Board meetings (13 physical meetings and 3 written resolutions), 2 Nomination Committee meetings, 2 Remuneration Committee meetings, 4 Audit Committee meetings (2 physical meetings and 2 written resolutions) and 1 Sustainability Committee meeting.



 Carry out day-to-day business operations in accordance with their statutory duties and authorization by the Board.

Management



The Company fully recognizes that the independence and diversity of the Board are crucial to the stable development of the Group. As of the end of the reporting period, the Board comprises 12 members, including 4 independent non-executive Directors and 1 female Director, with independent non-executive Directors and female Directors accounting for approximately 1/3 and 8% of the Board members, respectively.

The Company maintains stringent independence requirements for Directors and explicitly requires independent Directors to provide independent advice and perform their independent supervisory functions. The Company has adopted a number of mechanisms to ensure that independent advice is available to the Board, including appointment of independent non-executive Directors, ensuring that their independence is not affected by performance-related remuneration, assessing the independent non-executive Directors' independence on a regular basis, allowing the Directors to seek for further information or external independent advice, and restricting voting by the Directors involved in conflicts of interest. These mechanisms ensure that independent non-executive Directors free from undue influence when discharging their duties, thereby upholding the transparency and fairness of corporate governance.

The Company has developed and implemented the Board Diversity Policy. In nominating and appointing Board members, we take into account various factors such as gender, age, nationality, cultural background, professional experience, etc., and review the implementation of diversity on a regular basis to promote balanced development of the Company. In addition, Board members possess rich professional backgrounds covering professional fields such as management, economics, finance, engineering, automation, thermal energy and communication, enabling them to provide professional guidance for the Company's strategic planning and business decisions making.

In respect of remuneration policy, the Company has formulated the Directors' Remuneration Policy, which provides differentiated remuneration packages for Directors and senior management, including fixed remuneration and performancebased variable pay to incentive contributions to the long-term value of the Company. The Company has also entered into target responsibility pledges with the senior management, and conducted assessment and scoring of the senior management's remuneration by taking into account the achievement of targets and performance of duties, thus managing the senior management's remuneration based on the aforesaid assessment and scoring.





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#### **ESG Governance**

Catering for the ESG management requirements, SHNE has established a three-tier ESG governance structure comprising "governance-management-implementation" with clear division of authorities and responsibilities to provide organizational assurance for implementation and top-down execution of sustainable development initiatives. The Company has formulated the Management Measures for Sustainable Development, a well-defined ESG governance framework with clearly delineated responsibilities at each level, facilitating the effective implementation of sustainable development initiatives.

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#### **ESG Governance Structure**



#### **ESG Governance Structure and Job Duties**



 Board: the ultimate agency of the Company responsible for sustainable development matters, responsible for decision-making on major issues relating to goals, strategies and governance systems;

strategies.

ക്ക് Management Level

- sustainable development goals, strategies and management systems;
- sustainable risks and opportunities.
- Execution

Level

- implementation of the ESG initiatives;
- work, and to cooperate in completion of information submissions;

At the same time, the Company complies with the Management Measures for Sustainable Development and other systems, and strives to improve its ESG management standards by regulating the meeting convening system and information disclosure process, monitoring progress of sustainable development objectives, promoting steady development of reporting and capital market rating, and implementing special enhancement programs and performance appraisals.

In 2024, the Company made in place the Sustainable Development Work and Incentive Program of SHNE to continuously perfect the incentive mechanism for sustainable development work. According to the ESG Management Enhancement Roadmap of SHNE and the annual work planning, the Company organized evaluation of outstanding cases and reported the results to the Management Committee and the Sustainability Committee for review. The incentives are granted in the forms of certificates of honor, public commendations, case sharing and in-kind awards, demonstrating the Company's commitment to promoting fulfillment of the sustainable objectives by means of positive incentives.

• Sustainability Committee: responsible for reviewing major issues of the Company, including but not limited to its sustainable development goals, strategies, management systems, sustainable development reports, results of identification and assessment of sustainable risks, and risk response

• Management Committee and Operation Committee: responsible for reviewing major issues such as

• ESG Management Office: responsible for coordinating ESG works, developing plans, formulating measures and overseeing implementation, as well as identifying, assessing and responding to

· ESG Working Group: Comprising of two units, namely, contact persons of various departments at the headquarters and subsidiaries, and the ESG Task Force, which is responsible for the concrete

· Contact persons of Departments at the headquarters and Subsidiaries: Comprising of interface staff from various departments to coordinate internal and external resources to carry out regular ESG

• ESG Task Force: Comprising of personnel responsible for special tasks in relevant departments, responsible for planning, organizing, supervising and evaluating the related objectives, including, but not limited to, energy and water management, climate change response, green benefits transfer.

# **Focusing on Risk Management**

SHNE has continuously optimized its risk management system and enhanced its risk prevention and control capabilities by carrying out risk assessment exercises covering the entire business procedure of the Company, so as to ensure the continuity and stability of the Company's business operations.

#### **Risk Management Organization Structure**

SHNE has established a risk management centering around the Risk Management Committee to achieve effective risk management. The Risk Management Committee under the Management Committee is established, with chief operation officer serving as its chairperson and the chief risk officer as the deputy chairperson. Senior executives in charge of various business lines or primary department heads serve as members. The Risk Management Committee is responsible for leading the development of the Company's comprehensive risk management system, formulating the relevant policies and procedures, conducting comprehensive oversight, control and coordination of business risks and reviewing major risk issues and solutions.

#### **Risk Management Framework**

Taking into account the actual conditions of the Company, SHNE has set up and constantly optimized the "Three-Line" structured risk management framework effectively, ensuring the implementation of various risk management activities.

#### **Risk Management Framework**



#### Advance Steadily through Compliance Governance

#### **Risk Management Process**

SHNE has formulated the Rules of Procedure of the Risk Management Committee Meetings, the Emergency Response System for Major Risks and Unexpected Events and other systems, and has also prepared the new Comprehensive Risk Management Measures to provide a systematic basis for the standardization of the Company's comprehensive risk management. The Company continues to improve the risk management process covering risk identification, risk assessment and risk response, and incorporates certain ESG risks including product quality, health and safety, prepared information security and climate change into the overall risk management process, and formulates targeted response strategies, significantly enhancing our ability to effectively address ESG risks.

#### **Risk Management Process**





#### **Risk Management Measures**

SHNE carried out a series of measures, such as focusing on inventory risk resolution, optimization of the task-tracking mechanism, investment risk management, constant optimization of investment models, and enhancements to foundational practices. These efforts have effectively improved our risk prevention and control capability, contributing to the enhanced operations for the Company.

#### **Risk Management Measures**

#### **Resolution of existing risks**

- Conducted thorough inspection on the existing and potential material risks and established a list of risks for ongoing projects to be resolved in the context of the annual risk management arrangement.
- Established a Leading Group for Existing Risk Resolution under the Operating Committee, led by the executive president as the director. This group is exclusively tasked with centralized resolution of inventory risk and address matters subject to high risk, thereby providing strong support for the steady development of the Company.



#### Optimization of the task-tracking mechanism

 Clearly identified the specific responsible departments and personnel and timeframe for conclusion, regularly followed up and supervised the implementation and completion of such matters as required by the meetings relating to investment decisions and risks, and promotes the closed-loop risk management.

#### Investment risk management

- Developed a standardized assessment checklist to enhance assessment efficiency and ensure that pre-investment risks can be controlled.
- Formulated the Post-Investment Project Management Measures, and established a perfect investment risk management system, providing strong assurance for post-investment management of projects.
- Established a dynamic post-investment management account, which was updated on a monthly basis to keep abreast of the post-investment risks of projects in a timely manner.



#### **Constant optimization of investment models**

 Took into account the market and business needs to optimize the investment calculation model by inputting additional parameters such as financing, cost and energy storage to make the model more closer to the reality and thus enhance the accuracy of investment calculation.

#### Continuous enhancements to foundational practices

- Ensured that the internal control system met the regulatory and compliance requirements set for state-owned enterprises and listed companies, pursuant to which, the Company was enabled to achieve sustainable and high-quality development.
- Reinforced research on industry policies and compiled policy analysis reports to provide guidance for assessment.
- Focusing on the five major elements of internal environment, risk assessment, control efforts, information and communication, and internal supervision, we conducted specialized regular audits to assess the effectiveness of internal control and risk management, and continuously strengthened risk management.

#### **Cultivation of Risk Culture**

The Company focuses on cultivating a risk management culture and actively provides risk management training to employees. Through regular special training and experience sharing, the Company aims to enhance employees' risk awareness. Meanwhile, we organized site visits for our risk management personnel to increase their understanding on the entire development and construction process and enhance the effectiveness of risk management. In 2024, the Company conducted a total of 15 risk management training, with an aggregate of 838 employees trained and a total training hour of 1,128 hours.

#### **Case: Project Risk Management Training**

In 2024, the Risk Management Department organized a training session for the Shandong Branch, focusing on the decision-making process and risk identification for investment projects. The training covered the company's investment management system and project risk identification, providing detailed explanations on the backgrounds, specific requirements, and operational procedures of various regulations. By helping employees gain a comprehensive understanding of the Company's systems, this training enhanced their ability to identify and control risks.





Training on Project Risk Identification at Shandong Branch

# **Adhering to Business Ethics**

The Company adheres to the code of business ethics, constantly improves the business ethics governance system and implements relevant governance measures to create a corporate culture of integrity.

#### **Business Ethics Governance**

In strict compliance with relevant laws and regulations, such as the Civil Code of the People's Republic of China, the Company Law of the People's Republic of China, the Anti-monopoly Law of the People's Republic of China, the Anti-Unfair Competition Law of the People's Republic of China, the Anti-money Laundering Law of the People's Republic of China, and the Rules for Discipline Inspection and Supervision Organs to Handle Reports and Complaints, the Company has formulated well-established internal rules like the Code of Business Conduct and Ethics and the Anti-bribery and Anti-corruption System, which cover key aspects such as anti-corruption, anti-bribery, anti-monopoly and anti-money laundering, aiming to promote compliant operation and strictly abide by the defense line of business ethics. In 2024, the Company was not aware of any significant violations of laws and regulations relating to the prevention of bribery, extortion, fraud and money laundering, and no corruption lawsuits were filed against the Company or its employees.

#### **Regulatory Documents on Business Ethics**



#### Code of Business Conduct and Ethics

- Explicitly outlining the Company's disciplinary requirements related to business conduct, code of ethics, risk prevention and control, confidentiality of information, environmental protection, and occupational health and safety, covering key aspects such as anticorruption, avoidance of conflicts of interest, antimonopoly, and the prohibition of money laundering and insider trading.
- Providing employees with an unobstructed whistleblowing channel by setting up dedicated phone number, email and address for whistleblowing.
- Imposing stringent disciplinary actions against violations according to the internal requirements of the Company.

#### Anti-bribery and Anti-corruption System

• Defining the specific anti-bribery and anti-corruption measures, prohibited behaviors, and the whistleblowing and handling procedures of the Company at home and abroad, clarifying the integrity requirements for employees, prohibiting corruption and misconducts, strengthening compliance management, and preventing legal and ethical risks.

The Company strictly enforces systems such as the Internal Audit System, the Regulations on Supervision and Audit Penalties, the Supervision Management Regulations, and the Measures for Accountability on Improper Business Operations and Investments to regulate the Company's internal supervision, auditing, accountability and reward and punishment mechanisms, so as to effectively ensure the compliant operation of the Company. The Company carries out business ethics supervision and audits in light of actual needs to enhance the legal compliance of contract management, incremental projects, projects under construction and connected transactions, preventing the occurrence of embezzlement and corruption. Moreover, the Company has formulated a detailed audit scheme for business areas with high risk of business ethics to identify potential risks in a timely manner and to promote rectification through investigation.

The Company promotes a corruption-free business environment, and has arranged all employees to sign the Commitment to Integrity to ensure that our employees acknowledge, understand and strictly comply with national laws and regulations governing business ethics, as well as the Company's internal policies and regulations. By signing this commitment, our employees pledge to uphold integrity in all their actions and decisions. In addition, the Company imposes business ethics requirements on external stakeholders such as suppliers and encourages suppliers to develop anti-corruption policies, in an effort to build an honest and trustworthy supply chain.

#### **Fostering of Integrity Culture**

SHNE carries out systematical integrity training, comprehensively imbeds the concept of integrity in employees' practice, builds the bottom line of professional ethics, inherits the initial cause of integrity, and creates a clean and upright corporate culture of integrity.

#### **Fostering of Integrity Culture**





#### **Case: Integrity Education Training for New Employees**

In 2024, SHNE conducted integrity education training for new employees to fortify the foundation of professional integrity. The training covered the United Nations Convention against Corruption, the Group's provisions on professional integrity, analysis of real-world cases, and explanations on anti-corruption regulations. Tailored to the career development needs of new employees, it used interactive teaching and case sharing to heighten their awareness of professional integrity and define the boundaries of professional ethics. This training instilled principles of integrity and self-discipline in new employees at the beginning of their careers, supporting SHNE's ongoing efforts to foster a culture of integrity and honesty.



Integrity Education Training

#### **Case: Veteran Employees Visited a Warning Education Base**

In 2024, to deepen veteran employees' awareness of professional integrity, SHNE organized a visit for over 50 people, including members of the Party Committee, senior executives, middle-level managers, and employees, to the Beijing Warning Education Base for Full and Rigorous Governance over the Party. The visit included tours of three thematic exhibition halls: "Discipline First in Fortifying Defenses," "Learning from Cases," and "Staying True to Our Original Aspiration and Founding Mission." Participants also viewed presentations on anticorruption cases. This experience strengthened their understanding of the importance of professional integrity and anti-corruption.



Visit to the Warning Education Base

#### Advance Steadily through Compliance Governance

#### Whistleblowing Management

The Company has established the Whistleblower System, which specifies the scope, channels and procedures of whistleblowing, and the investigation procedures to ensure that whistleblowing cases can be dealt with in a timely manner.

We have established a diverse and unimpeded whistleblowing and complaint mechanism, and encourage stakeholders such as whistleblowing handling procedures, promptly accept it and conduct an investigation, and after confirming the facts of the violation, we will seriously deal with the case and the person involved.

raising questions, and prohibit any form of retaliation, so as to ensure the safety of whistleblowers on all fronts.

#### **Business Ethics Whistleblowing Channels of SHNE**



Phone No. for vhistleblowing 010-56508010 Email for whistleblowina: jjjc@shne.net.cn

leakage of customer privacy, conflict of interest, money laundering, insider trading and other violations of the code of business

Share Green Energy and Empower the World

Pursue Inclusiveness and Foster Harmony



Correspondence address for whistleblowing: Discipline Inspection and Supervision Office of SHNE, 3/F, Zhonghai International Center, No.28 Ping'anli West Street, Xicheng District, Beijing, PRC

# **Strengthening Privacy Protection**

The Company strictly complies with relevant laws and regulations and adopts comprehensive information security and privacy protection measures to ensure the information security of the Company and the privacy security of its customers.

#### Information Security Management

In strict compliance with relevant laws and regulations, such as the Cybersecurity Law of the People's Republic of China, the Data Security Law of the People's Republic of China, and the Personal Information Protection Law of the People's Republic of China, the Company formulated and updated access control policies, improved information security management initiatives, and reinforced information security management practices. In 2024, the Company did not experience any information securityconcerned leakage.

#### **Information Security Management Measures**

#### **Enhancing Cybersecurity Protection Management**

- Carrying out server room inspections twice each day and monthly network login access inspections to identify and eliminate potential threats in a timely manner;
- Reporting problems identified in user feedback and regular inspections in a timely manner, delivering solutions and completing troubleshooting;
- Stepping up backup of important data to ensure the stable operation of the information system;
- Arranging regular inspection and rectification of system vulnerabilities to eliminate all kinds of cybersecurity risks:
- Implementing security measures such as authentication, authorization management, data backup and firewall

#### Strengthening Infrastructureconcerned Cybersecurity Protection

- Standardizing the use of network-associated equipment and unifying the management of critical infrastructures and important data:
- Putting in place unmanned power stations, unattended and intelligent dispatch systems to minimize human operational errors and security vulnerabilities;
- Implementing the requirements for cybersecurity-level protection and strengthening the security protection of power monitoring systems and other critical equipment.

#### Regular Cybersecurity Inspection

- Conducting guarterly dynamic on-site inspections of the projects on a real-time basis to ensure that potential problems are identified and rectified in a timely manner;
- Engaging third-party vendors to carry out technology upgrades of cybersecurity systems, so as to improve security protection.

#### **Emergency Response to Cybersecurity Incidents**

- Formulating a data security incident response process to ensure timely response to cybersecurity incidents:
- In the event of emergency cybersecurity incidents, promptly disconnecting from the Company's network and contacting IT supports or the security team as soon as possible to report the problem. The Board Secretariat will coordinate with relevant departments to take effective measures and activate emergency plans to minimize the adverse effects:
- Organizing cybersecurity and information security incident emergency drills at least once a year and initiating regional coordinated drills.

To enhance employees' awareness of information security, the Company offers regular information security training courses for employees to enhance their understanding of information security knowledge and to heighten the importance they attach to information security work. In 2024, a total of 108 information security training sessions were conducted, with aggregate 621 employees participating, accumulating a total training duration of 67,068 hours.

#### **Privacy Protection Management**

In strict compliance with relevant laws and regulations and administrative ordinances such as the Personal Information Protection Law of the People's Republic of China, the Data Security Law of the People's Republic of China, the Cybersecurity Law of the People's Republic of China, the Consumer Rights Protection Law of the People's Republic of China, the Regulations on Network Data Security Management, and the Interim Measures for the Management of Generative AI Services, the Company clearly defines the procedures for the protection of information security and privacy in the Code of Business Conduct and Ethics and constantly strengthens the control over data collection, storage, use, sharing, transfer, transmission, public disclosure, deletion and other aspects, in an effort to protect the data and privacy security of customers, business partners, shareholders and other stakeholders.

The Company has set up various measures to protect the privacy of users. We explicitly prohibit the disclosure of company information when signing labor contracts with employees, and specify that violators will be held financially and legally liable. Moreover, all employees are required to sign the commitment to privacy protection when they enroll in the Company, so as to ensure privacy security.

The Company keeps improving the information-based management, and develops and applies technologies such as unmanned power stations, infrared video surveillance, electronic fences, and centralized monitoring platform systems to effectively prevent information leakage while enhancing operational efficiency, and to protect information and customer privacy security in an allround way.

The Company has established a smooth whistleblowing channel and encourages employees, customers and other stakeholders to report to the Company any infringement of privacy security. The Company imposes disciplinary actions upon personnel who violate information security related regulations in accordance with relevant regulations to ensure effective management of privacy leakage incidents. In 2024, the Company did not experience any privacy leakage incidents.

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# **Share Green Energy** and Empower the World

SHNE actively identifies and responds to climate change risks, adheres to ecological priority, green and low-carbon development path, continuously optimizes environment management construction, improves the efficiency of resources and energy use, actively develops and utilizes clean energy so as to contributes to the realization of national "3060" Carbon Peak and Carbon Neutrality goal.



# **Responding to Climate Change**

Against the increasingly severe global climate change, SHNE responds to the national Carbon Peaking and Carbon Neutrality goals and actively promotes the work related to climate change response based on the goals and principles of the United Nations Framework Convention on Climate Change and its Paris Agreement. As a corporate member of PEAST of ISSB, we comply with the Sustainability Disclosure Standards and Frame issued by ISSB and conduct climate change management in four major aspects of governance, strategy, risk management and indicators and targets. We integrate climate change response into our overall corporate development strategy by actively identifying and analyzing risks and opportunities related to climate change to continuously strengthen our capacity to respond to climate change.

#### Governance

SHNE sets up and continuously improves the climate change governance system. The Board, as the highest decision-making body within the climate change governance framework, bears ultimate responsibility for climate change governance and comprehensively guiding and supervising climate change management efforts.

#### **Climate Change Governance Framework**





#### Strategy

SHNE incorporates climate change into the Company's strategy and actively explores climate strategies that align with its unique business characteristics. We continuously monitor global climate change-related policies and industry trends, benchmark against leading companies in the sector, actively explore pathways for greenhouse gas (GHG) emissions reduction, thereby effectively responding to the challenges posed by climate change.

#### Paths to Reduce GHG Emissions

#### **Establishing GHG inventory**

- Clarifying GHG accounting boundaries, identifying source types, and prioritizing Scope 1 and Scope 2 GHG inventories;
- · Exploring and incorporating Scope 3 into the Company's GHG inventory.

#### Setting carbon peak and carbon neutrality goals

· Analyzing and specifying the base year, target year and timeline, identifying and evaluating potential GHG emission reduction measures, and gradually setting overall GHG emission reduction targets.

#### Advocating low-carbon operations

- · Strengthening energy management and continuously promoting energy conservation and emission reduction through technological advancements and energy-saving measures;
- · Exploring the feasibility of developing demonstration projects for zero-carbon renewable energy power plants.

#### Building a green supply chain

Analyzing the feasibility of including "low-carbon" in procurement requirements.

#### Improving climate-related risk management

- Planning to prepare the Inventory of Climate-Related Risks and Opportunities and Their Impacts;
- the Company under different scenarios.

#### Creating a GHG data management tool

- · Promoting the digitization, informatization and visualization of GHG emission data for filling in, submitting, auditing and summarizing;
- Planning to build an information platform for GHG data management, and optimizing GHG emission data management.

#### Disclosure of climate-related information

- · Paying attention to changes in national and local climate policies, responding to the needs of the capital markets and disclosing climate-related information in a coordinated manner;
- · Conducting ESG assurance work to produce an assurance report;
- Considering preparing the Climate Strategy Report and the Climate Progress Report.

· Considering introducing scenario analysis tools to identify and assess the climate-related risks and opportunities facing

#### **Risk Management**

SHNE recognizes the impact of climate change on the industry and the Company's business operations. Based on different selected climate scenarios, the Company conducts climate change risk identification and assessment activities and categorizes climate risks into physical risks and transition risks, identifies the specific climate risks faced by the Company, thereby formulating targeted response measures.

#### **Transition Risks of Climate Change**

Risk category	Risk description	Response measures	
Policy and legal risks	<ul> <li>Policy documents such as the Opinions on Improving the Institutional Mechanisms and Policy Measures for Green and Low-Carbon Transformation of Energy have changed the original layout of the energy industry;</li> <li>The government's tightening of land use policies has increased the impact on project development;</li> <li>Regulatory authorities impose stricter requirements on the accuracy of environmental data reported by enterprises, increasing the pressure on companies to compile environmental information and raising compliance risks.</li> </ul>	<ul> <li>Formulate internal energy and carbon management systems and carbon reduction targets and plans to prepare for policy and legal risks;</li> <li>Strictly comply with national policies, pay attention to the trend of policy changes in a timely manner, analyze policy guidance and identify potential risk points, and proactively formulate development strategies and plans in accordance with policy changes;</li> <li>Disclose information strictly in accordance with compliance requirements.</li> </ul>	
Technology risks	<ul> <li>Photovoltaic technology has the characteristics of frequent updates and speedy calculations. If the investment in new technologies is not increased, the market competitiveness will decrease;</li> <li>The accelerated pace of low-carbon transformation within enterprises in the new energy industry has increased the R&amp;D investment and operating costs in developing green and low-carbon technologies.</li> </ul>	<ul> <li>Improve PV technology and establish effective monitoring and maintenance mechanisms;</li> <li>Improve the application of energy efficient and environmentally friendly technologies and processes to improve equipment energy efficiency and reduce the Company's carbon emissions.</li> </ul>	
Market risks	<ul> <li>Due to the encouragement of national policy, many central state-owned enterprises have joined the new energy industry, leading to more intense market competition;</li> <li>The new energy market suffers from inconsistent institutional rules, poor resource flows, local protection and regional barriers, which affect the functioning of the market and the realization of economies of scale;</li> <li>The price of photovoltaic products is easily affected by the price of raw materials. Once the prices of photovoltaic components, silicon material and land rent rise, the yield of photovoltaic projects will fall.</li> </ul>	<ul> <li>Project development mode is in line with the market to actively respond to fierce market competition;</li> <li>Improve the supply chain and procurement management system, monitor raw material price trends and formulate response plans;</li> <li>Cooperate with other new energy companies in the vicinity, promote multi-energy complementarity and create scale effects of local green energy;</li> <li>Establish the concept of operational development and categorize management for different projects. For projects that are difficult for the Company to pass, after ensuring the feasibility of the project, operational development can be considered to expand the Company's revenue channels.</li> </ul>	
Reputation risks	• As a new energy enterprise, if the low-carbon transformation is not carried out in place and there are no substantial responding initiatives for risks, it will lead to the Company being generally questioned by customers, investors and the public, which will affect the image of the Company.	<ul> <li>Provide transparent disclosure through the official website, ESG reports, promptly respond to the concerns and demands of various stakeholders regarding the climate performance of SHNE, and actively demonstrate the corporate image of low- carbon environmental protection, energy conservation and emission reduction.</li> </ul>	

Advance Steadily through Compliance Governance

#### Physical Risks of Climate Change

Risk ca	ategory	Risk description		
	Typhoon	<ul> <li>Slow project progress due to business interruption, breach o contract or stoppage of works/ delay in works schedule will ind legal liabilities such as compensation;</li> <li>Cause damage to equipment a facilities, interrupt power supply and threaten the lives of employees and customers.</li> </ul>		
	Extreme precipitation and flooding	<ul> <li>Slow project progress due to business interruption, breach o contract or stoppage of works / delay in works schedule will ind legal liabilities such as compensation;</li> <li>Cause damage to equipment a facilities, interrupt power supply and threaten the lives of employees and customers.</li> </ul>		
	Extremely hot weather	<ul> <li>Affect the health and safety of employees, result in damage to equipment and facilities, increasing the temperature cor costs and the maintenance cos of facilities in project sites.</li> </ul>		
	Extremely cold weather	<ul> <li>Affect the health and safety of employees, result in damage to equipment and facilities, increasing the temperature con costs and the maintenance cos of facilities in project sites.</li> </ul>		

#### Response measures

of cur and y,	•	During the project design stage, fully consider the impact of extreme weather on the Company's operations, and avoid project construction in relevant areas in advance, with a view to minimizing losses arising from potential risks; Arrange specialist staff to monitor the weather forecast on a daily basis. In the event of extreme weather, promptly activate the emergency plan, review the situation afterwards to summarize and accumulate experience; Develop emergency management systems and emergency response plans for flood prevention and typhoon prevention, conduct regular emergency drills for extreme weather to improve safety emergency response capability.
of / cur and y,	•	During the project design stage, fully consider the impact of extreme weather on the Company's operations, and avoid project construction in relevant areas in advance, with a view to minimizing losses arising from potential risks; Arrange specialist staff to monitor the weather forecast on a daily basis. In the event of extreme weather, promptly activate the emergency plan, review the situation afterwards to summarize and accumulate experience; Develop emergency management systems and emergency response plans for flood prevention and typhoon prevention, conduct regular emergency drills for extreme weather to improve safety emergency response capability.
o ntrol sts	•	Equip employees with heatstroke prevention and cooling equipment and facilities, and distribute high temperature allowances and heatstroke prevention and cooling items to personnel in relevant positions; In the face of the potential fire hazards caused by high temperatures, formulate fire emergency plans and conduct regular training and drills.
o htrol sts	•	Formulate an emergency response plan for cold and frost weather to ensure that effective measures are taken to prevent, control and mitigate the disaster impact caused by freezing and snowstorms on the safety of personnel, resources and property on site in case of sudden extreme cold weather, so as to ensure the order of production and operation; Carry out temperature monitoring and analysis in advance and allocate resources correctly; timely track and give feedback on changes in supply and demand to ensure stable power supply.

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Risk category		Risk description	Response measures	
Chronic	Rising sea level	<ul> <li>Cause damage to existing equipment and facilities in operation;</li> <li>Inland relocation of coastal cities could lead to a reduction in the existing business volume of coastal cities, which in turn reduces operating revenues.</li> </ul>	<ul> <li>Consider sea level rise factors in project site selection to mitigate potential risks;</li> <li>Diversify the Company's business and expand regional presence to enhance risk resilience.</li> </ul>	
risks	Global warming	<ul> <li>Increase the risk of heat wave, drought, and fire;</li> <li>Cause damage to facilities and equipment, affect production efficiency and increase maintenance costs for power supply infrastructure.</li> </ul>	<ul> <li>Accelerate the introduction of relevant climate risk prevention and emergency plans;</li> <li>Formulate emergency rescue plan for heatstroke;</li> <li>Actively explore the research and development and application of new technologies for renewable energy.</li> </ul>	

The Company integrates climate change risk management into its overall risk management system to ensure that climate risk factors are comprehensively considered in major business decision-making processes and potential physical risks arising from climate change are taken into account during the design, construction and operation phases of projects. We take potential GHG emissions and emission reduction potential of the project as important analysis indicators. In addition, the Company proactively explores opportunities related to climate change with a more forward-looking perspective and adapts to the trend of green transformation.

#### **Climate Change Opportunities**

Future trend	Opportunity description
Low-carbon technology innovation	<ul> <li>Low-carbon transformation has become a major trend in the future development of many energy companies, and China is poised to vigorously develop sustainable fields such as photovoltaic and hydrogen energy. In recent years, the Company continues to increase investment in research and development and promote the continuous innovation and upgrading of low-carbon technologies such as photovoltaic, wind power, hydropower, thereby enhancing brand competitiveness and maintaining leading position in the industry technology.</li> </ul>
Green rights and interests market	• China's carbon emission trading market, GEC market and green power market are experiencing rapid growth, with the market scale expanding. The introduction of relevant policies poses challenges such as rising carbon emission costs and compliance risks for high energy consuming and high-emission enterprises. In response, the Company is planning to establish an internal carbon pricing mechanism and exploring the feasibility of a pilot demonstration program for internal carbon pricing. In 2024, the Company actively participated in green power, GEC and carbon market transactions by developing related green rights projects through renewable energy sources such as photovoltaics, wind power, and hydropower. The Company completed green power transactions totaling 167.04697 GWh, resulting in an increase in revenues of RMB3.1279 million, and completed 194,980 GEC transactions, with a transaction amount of RMB801,000, thus realizing diversified profits.
Low-carbon development of the industry chain	• Policies such as the double-control of energy consumption and carbon emissions, along with guidelines aimed at accelerating the establishment of a green, low-carbon, and recycling economic system, are driving forces behind the transformation of the energy industry chain towards green development and low-carbonization. SHNE pays close attention to policy dynamics and market changes, adjusts corporate strategies and business models in a timely manner, and makes forward-looking presence in business areas such as energy-saving renovation, low-carbon energy facility construction, energy and carbon monitoring platform construction, so as to build a green and low-carbon industry chain together with its customers.
Green finance opportunities	• With the increasing global concern about climate change, green finance market is experiencing rapid development, including financial products such as green credit, green bonds and green investment funds. Accelerating green and low-carbon transformation may bring about green financing opportunities.

#### **Indicators and Targets**

In order to respond to national carbon peak and carbon neutrality strategy and promote the implementation of climate risk management and supervision mechanisms, the Company makes overall layout for emission reduction pathway in accordance with national requirements such as the Opinions of the Central Committee of the Communist Party of China and the State Council on Completely, Accurately and Comprehensively Implementing the New Development Concept and Doing a Good Job in Carbon Peaking and Carbon Neutrality and based on the current carbon emission status and the exploration of emission reduction potential of the Company.

Based on the regular monitoring of key climate-related indicators and identified climate risks and opportunities, SHNE adjusts emission reduction strategy in a timely manner to continuously improve the refined management of energy consumption and carbon emission as well as optimize energy structure. We are committed to achieving carbon neutrality at operational level by 2060.

#### **GHG Emissions and Energy Consumption**

Key performance indicators	Sub-indicators description	Indicator unit	2023²	2024
	GHG emissions (Scope 1)	tCO <sub>2</sub> e	179,487.51	178,701.93
	Coal	tCO <sub>2</sub> e	76,491.12	75,358.92
Direct emission	Gasoline	tCO <sub>2</sub> e	626.21	957.42
	Natural gas	tCO <sub>2</sub> e	102,272.13	102,262.60
	LPG	tCO <sub>2</sub> e	0.76	0.44
	Diesel	tCO <sub>2</sub> e	97.29	122.55
	GHG emissions (Scope 2)	tCO <sub>2</sub> e	454,546.27	491,011.10
Indirect emission	Purchased hot water	tCO <sub>2</sub> e	404,350.80	435,194.54
	Electricity consumption	tCO <sub>2</sub> e	50,195.46	55,816.57
Total GHG	GHG emissions (Scope 1+2)	tCO <sub>2</sub> e	634,033.78	669,713.03
intensity	GHG emissions intensity (Scope 1+2)	tCO <sub>2</sub> e/Revenue (RMB million)	141.30	151.42

<sup>2</sup> In 2024, the Company formulated the Measures for the Management of New Energy and Carbon Data of SHNE (Trial), which stipulates the emission coefficients and calculation methods of greenhouse gases and waste gases from seven direct and indirect energy sources, including coal, natural gas, liquefied petroleum gas, diesel, gasoline, purchased hot water and purchased electricity, and unifies the project reporting scope and energy consumption data statistical caliber of the heating company. We retroactively updated the 2023 GHG data based on this approach. In addition, intensity data has been uniformly updated after adjusting the revenue unit to "RMB".

# **Optimizing Resource Utilization**

SHNE actively implements the concepts of energy conservation and environmental protection and lays emphasis on the rational utilization of energy and resources. We take various measures to strengthen energy and resource management, continuously improve the efficiency of energy use, reduce the waste of water resources so as to promote the achievement of our own energy-saving and emission-reduction goals.

#### **Efficient Use of Energy**

In strict compliance with the Energy Conservation Law of the People's Republic of China, the Company has formulated various systems including the Regulations on Heat Supply Operation, the Regulations on Evaluation of Heat Supply Systems, the Regulations on Production Energy Consumption Management, the Coal Management Rules and the Regulations on Technical Improvement, which clarify energy management responsibilities and specific energy usage requirements and lay a solid foundation for advancing the refined energy management during operations. We have compiled the Management Rules for Heat Project Companies Special Award, which sets completion incentives for clean heating energy saving targets, so as to encourage employees to actively adopt energy saving and emission reduction measures during the operation stage, enhance the efficiency of energy use, and strive to achieve the energy saving targets.

In 2024, based on our business development needs, SHNE conducted practical energy saving and emission reduction practices to continuously optimize energy use. We gradually decreased the use of fossil energy, and increased the proportion of low-carbon energy so as to further promote the optimization and upgrading of the energy structure through a series of measures such as optimizing the heat supply information platform, conducting frequency conversion transformation for circulating pumps at heat exchange stations,

recovery of excess heat from boiler flue gas and adjusting the hydraulic balance of the dual network. In addition, the Company actively explores monitoring and intelligent analysis technology for energy consumption data. We are also exploring the application of new technology products such as geothermal and water-source heat pumps, as well as thermal storage technologies, to realize the efficient use of energy through technological innovation.

#### Case: Launching Power Plant Excess Heat Recovery Project in Cao County Project to Achieve Energy Saving and Consumption Reduction

In 2024, Cao County project, through an innovative cooperation model, cooperated with a local waste-to-energy power plant to effectively use excess heat resources with heating technology from waste steam after waste power generation, which significantly reduced energy consumption and operating costs. In 2024, the project replaced the original coal-fired heating system, displacing 15,064 tonnes of coal and utilizing 311,840GJ of waste heat from the waste-to-energy plant. This initiative significantly reduced GHG emissions, achieving a dual enhancement of both economic and environmental benefits.



Energy-saving Target

In the clean heating sector, the Company

establishes energy consumption targets.

including coal, gas, and electricity, for each

Our aim is to achieve an annual energy

saving and consumption reduction target of

As of December 31, 2024, the Company achieved a

2.4% reduction

in comprehensive energy consumption.

**2%** compared to the previous year.

subsidiary.

approximately

Power Plant Excess Heat Recovery Project in Cao County

#### Water Resources Management

SHNE complies with the Water Law of the People's Republic of China, the Water Pollution Prevention and Control Law of the People's Republic of China, the Regulation on the Administration of the License for Water Drawing and the Levy of Water Resource Fees and other water resources management regulations and systems to implement water-saving plan management for the entire process of water intaking and use. The Company actively carries out water-saving actions, adopts water-saving equipment, applies water-saving technologies to continuously strengthen water resources management. We set water consumption indicators and conduct assessments based on the actual situation of each subsidiary, set water saving targets, and strictly control the consumption of water resources. We carry out regular inspections and maintenance of the heating network, strengthen the inspection of water discharges by users, reduce wastage such as run-off, leaking and dripping, to ensure that water resources are effectively used. Meanwhile, we implement initiatives such as Water Loss Special Governance Action Competition, water-saving technological upgrades to enhance employees' water-saving awareness and further improve water efficiency. During the reporting period, SHNE did not encounter any issue in sourcing suitable water.

#### Case: The Ewenki Banner Project Helps Save Water and Increase Efficiency Through Desulfurization Spray Water Recycling and Cooling Tower Renovation

In 2024, The Ewenki project was repaired and renovated through the reuse of desulfurization shower water after precipitation and replacement of spray pipes, nozzles, and deicing pipes. After the renovation, the cooling efficiency was notably enhanced with the circulating water temperature decreased from 40°C to 30°C and the condenser vacuum improved from -0.076 MPa to -0.086MPa, and the steam used for power generation was saved by 1.5-2t/h, which significantly increased the recycling rate of water resources, reduced water consumption and effectively lowered the operation cost and enhanced the efficiency of resource utilization.





Ewenki Banner Cooling Tower Renovation Project

Water Consumption

Type of water consumption	Unit	2023	2024
Photovoltaic power plants	Tonne	20,901.00	21,230.00
Wind power plants	Tonne	5,661.00	8,350.00
Clean heat supply project	Tonne	570,927.21	536,740.16
Office	Tonne	400.00	2,158.00 <sup>3</sup>
Total amount of water consumption	Tonne	597,889.21	568,478.16
Water resources consumption intensity	Tonne/Revenue (RMB million)	133.25	128.53

#### **Energy Consumption**

Type of energy consumption Unit		<b>2023</b> <sup>4</sup>	2024
Coal	Tonne	41,569.00	40,953.71
LPG	Tonne	0.26	0.15
Natural gas	10,000 m <sup>3</sup>	4,730.44	4,730.00
Diesel⁵	Liter	37,049.17	46,668.65
Gasoline <sup>6</sup>	Liter	283,995.13	434,202.57
Purchased electricity <sup>7</sup>	MWh	93,543.54	104,018.94
Purchased hot water	Gigajoule	3,675,916.40	3,956,313.99

<sup>3</sup> Water consumption data at the headquarters for 2024 includes water consumption data from offices at the headquarters and the heat supply company. <sup>4</sup> In 2024, the Company formulated the Measures for the Management of New Energy and Carbon Data of SHNE (Trial), which stipulates the emission coefficients and calculation methods of greenhouse gases and waste gases from seven direct and indirect energy sources, including coal, natural gas, liquefied petroleum gas, diesel, gasoline, purchased hot water and purchased electricity, and unifies the project reporting scope and energy consumption data statistical caliber of the heating company. We retroactively updated the 2023 energy consumption data based on this approach.

<sup>5</sup> The diesel consumption data is compiled from financial ledgers. While there may be a time lag compared to actual supporting documents, the total amounts remain consistent.

<sup>6</sup> The gasoline consumption data is compiled from financial ledgers. While there may be a time lag compared to actual supporting documents, the total amounts remain consistent

The purchased electricity consumption data is compiled from financial ledgers. While there may be a time lag compared to actual supporting documents, the total amounts remain consistent.

Advance Steadily through Compliance Governance

# **Upholding Low-carbon Operation**

SHNE always upholds the concept of green and environmental protection. We continuously standardize and improve our environmental management mechanisms. We actively carries out pollution prevention actions. The Group integrates energy conservation and emission reduction into daily operations. Full efforts are made to promote green. low-carbon, and circular development.

#### **Environmental Management**

SHNE strictly adheres to the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on Environmental Impact

Assessment, the Atmospheric 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 Law of the People's Republic of China on Prevention and Control of Environmental Pollution Caused by Solid Wastes, the Law of the People's Republic of China on Noise Pollution Prevention and Control, and other relevant environmental management laws and regulations. The Company has established internal policies and systems such as the Regulations for Environmental Protection Work Management, the ESG-compliant Construction Management Measures for Engineering Projects, the Green Construction Proposal, the Environment and Water Quality Protection Program, and the 7S Standard Management Measures. These policies standardize and improve the environmental management work of the Company, ensuring the effective implementation of various environmental protection measures. SHNE actively promotes environmental management certification. As of the end of the reporting period, the Company successfully obtained ISO 14001 Environmental Management System certification, with a coverage rate of 100%.



During the reporting period, SHNE did not experience any major environmental pollution incidents or violations.

SHNE has established an environmental management framework characterized by "hierarchical supervision and individual accountability". The Safety Management Committee is responsible for overseeing environmental management, clearly defining the environmental responsibilities at each level, and strengthening the regulation, constraints, and guidance for environmental management across departments and subordinate operating units. We actively adopt quantitative indicators to measure the effectiveness of our environmental management. When evaluating senior executives and heads of relevant departments, environmental management indicators are directly linked to compensation and performance. A one-vote veto is implemented for environmental safety incidents.



Environmental Management System Certificates



#### **Environmental Management Framework Responsibilities**



SHNE is committed to promoting green management throughout the entire lifecycle of projects by integrating green and environmental protection concepts into the project preparation, construction, and operation phases. The Company prioritizes environmental impact assessments for projects, and actively adopts green construction measures, reduces water resource waste and waste emissions to drive green development through green management.

#### **Project Preparation Stage**

SHNE strictly complies with relevant laws and standards such as the Law of the People's Republic of China on Environmental Impact Assessment and the Regulations on the Administration of Construction Project Environmental Protection. The Company has established internal systems, including the Environmental Factors Identification Table and the Important Environmental Factors Identification Table. We require all projects to conduct multiple rounds of on-site surveys of the surrounding environment and communities during the preliminary research process. Comprehensive environmental assessments are carried out on the atmospheric environment, water environment, acoustic environment, and soil environment. Major environmental impact factors are identified and analyzed, and environmental impact reports are prepared and submitted to relevant administrative authorities for filing to ensure the adverse effects on the environment are minimized.

#### **Project Execution Stage**

SHNE strictly adheres to relevant laws and regulations and has formulated internal systems such as the ESG-compliant Construction Management Measures for Engineering Projects and the Green Construction Proposal. The Company develops targeted environmental protection measures for major environmental impact factors identified during the construction period. We pay close attention to the surrounding environment of construction sites and conducts regular monitoring of the surrounding environment. Targeted environmental protection measures are formulated for major environmental impact factors identified during the construction period to continuously improve the level of green construction in projects.

#### **Environmental Protection Measures During Construction**

#### Prevention and control of atmospheric pollution



 Harden the ground of main passages, access roads, material processing areas, and office/living areas entirely; Cover, solidify, or green exposed sites and centrally piled soil within the construction site to prevent dust; and all materials prone to dust should be fully covered; Install washing and sedimentation pools at the construction site exit: ensure all transport vehicles are washed clean of their chassis and wheels before leaving the site;

· Regularly sprinkle water on the construction site and roads to suppress dust.

#### Noise treatment



minimize noise impact.

#### Naste water treatment



Prohibit the discharge of toxic substances, flammable and explosive materials, oils, acids, and alkalis into urban drainage pipes or surface water bodies; Set up drainage ditches and sedimentation tanks at the construction site; treat construction wastewater through sedimentation before discharging it into the municipal sewage network.

- when collecting, storing, transporting, or handling construction waste;
- Prohibit the burning of any garbage and waste at the construction site;
- transported to landfill facilities regularly;
- transported to construction waste recycling plants for processing.

Actively implement noise pollution prevention measures at the construction site; use effective sound insulation and noise reduction equipment, facilities, or construction techniques to reduce noise emissions and

· Sort and promptly dispose of construction waste; take enclosure measures or other protective measures

 Hazardous waste: Recover instead of backfilling hazardous waste including wind turbine lubricants and expired batteries. Establish designated storage areas for hazardous waste generated during construction, take anti-seepage measures, and transfer them to qualified third-parties for centralized, harmless disposal; Non-hazardous waste: For recyclable waste, contact gualified organization for recovery or repurposing. For

non-recyclable waste, classify and transfer them to designated areas during construction before being

· Hazardous wastes shall not be placed into construction waste backfill sites, landfills, or they shall be

#### Green Construction Measures



#### Use land rationally and prioritize the construction of temporary roads and partial backfilling;

The remaining earthwork can be carried out according to the construction layout, and the start time of each unit project is staggered. The soil piling point is set in the site area to reduce the occupation of the land by the earthwork.

#### Saving energy



- Reasonably arrange the process to improve the utilization rate and full load rate of various machinery;
- Implement electricity metering management, strictly control the electricity consumption during the construction stage, and place clear energy-saving signs at power switches;
- Establish a management system for construction machinery and equipment, and conduct maintenance work in time to keep machinery and equipment in a state of low consumption and high efficiency.

- Implement water metering management, strictly control the water consumption in the construction stage, and measure the water consumption of living area and the construction area separately;
- Establish a statistical account of water consumption and water saving, and conduct analysis and comparison to improve the water saving rate;
- Set up waste water recycling facilities on the construction site to recycle the waste water for reuse.

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- Select green materials, actively promote new materials and new processes, and promote the rational use of materials to save the consumption of actual construction materials;
- Arrange material collection based on quota at the construction site, statistically analyze the actual and budgeted consumption of construction material, and formulate and implement key point control measures in a targeted manner to increase material saving rate;
- . Establish a list of recyclable and reusable materials, formulate and implement recycling management methods for recyclable waste.

#### Advance Steadily through Compliance Governance

#### **Emission Management**

SHNE strictly adheres to relevant laws and regulations, including the Atmospheric 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 Law of the People's Republic of China on the Prevention and Control of Environmental Pollution Caused by Solid Wastes, the National Catalogue of Hazardous Wastes, and the Administrative Measures for the Prevention and Control of Environmental Pollution by Electronic Waste. The Company implements full-process management and supervision of the discharge and disposal of various types of waste during operations (for waste management during construction, please refer to Section 2.3.1 Environmental Management) to reduce environmental pollution caused by pollutant emissions. The Company continuously standardizes and optimizes the discharge and treatment of pollutants such as waste gas, wastewater, and solid waste. Following the principles of "environmentally safe disposal, resource utilization, and reduction", the Company strives to minimize environmental pollution and impact while ensuring compliant emissions.

#### **Clean Power Emission Management**

The Company rigorously controls emission management and has established internal management systems, including the Work Plan for the Centralized Management of Safety Risks Related to Hazardous Chemicals, the Equipment Maintenance and Disposal Regulations, and the Hazardous Chemicals Management Regulations, to standardize the waste disposal processes in clean power operations.



#### **Project Operation Stage**

SHNE has established the Regulations for Environmental Protection Work Management to specify environmental protection requirements during operations, ensuring compliance with national and local emission standards for various pollutants such as wastewater, waste gas, and solid waste. Additionally, we conduct regular assessments of environmental protection performance. In the event of an environmental pollution incident, immediate measures are taken for proper handling.



SHNE strictly complies with relevant national and operational standards, including the Comprehensive Emission Standards for Atmospheric Pollutants and the Emission Standard of Atmospheric Pollutants for Boilers. The Company has established internal regulations such as the Environmental Protection Facilities Operation Management System, the Safety and Environmental Protection Incident Management System, and the Environmental Management Supervision, Inspection and Assessment System. These measures are actively implemented to manage emissions, ensuring strict control and compliant disposal of generated waste gas, wastewater, and other waste materials.

#### Clean Heat Supply Sector Waste Disposal Measures



#### Case: New 116MW Boiler Achieves Energy Saving and Emission Reduction in Cao County

In 2024, the project in Cao County introduced a new 116MW circulating fluidized bed boiler. The boiler utilizes low-temperature combustion technology to suppress nitrogen oxide generation, reducing nitrogen oxide emission concentration from 60m3/kg to 35m<sup>3</sup>/kg. During combustion, the project employs advanced technologies such as in-furnace limestone desulfurization, infurnace urea denitrification, and baghouse dust collectors. Thanks to this, the boiler's desulfurization efficiency reaches over 90%, with SO<sub>2</sub> emission concentration dropping from 20m<sup>3</sup>/kg to below 10m<sup>3</sup>/ kg. The boiler's thermal efficiency reaches around 92%, an 8% improvement compared to previous chain grate boilers, significantly enhancing energy utilization efficiency.



New 116MW Boiler Project in Cao County

#### Advance Steadily through Compliance Governance

#### Air Pollutants and Non-hazardous Solid Waste Emissions from Clean Heat Supply Operations



#### **Domestic Waste Resource Utilization**

Shandong High Speed Renewable Energy Group Limited ("SHREG"). (000803.SZ), an associate of the Company, specializes in investments and operations of organic waste hazard-free treatment and high-value resource utilization business relying on technological innovation, capital support, and fine management. The Company has also established a platform for processing and exporting regenerated oil, with about 4,630 tonnes of catering and food waste handled daily.

#### Case: SHREG Joins Hands with Shandong University for the Project of Microalgae Cultivation in Biogas

SHREG and Shandong University have cooperated to launch a project on microalgae cultivation in biogas, which aims to realize the purification and resource utilization of biogas through technological innovation and research and development. The project utilizes the digestate to cultivate microalgae, which will be transformed into high value-added products such as high-protein food raw materials, fish and shrimp bait, etc. This project can create significant economic benefits while solving the pollution problem of the digestate, providing an innovative solution for green agriculture and sustainable development.

At present, considering the relatively small impact of hazardous waste and non-hazardous waste on the Group, the Company has not set emission targets for hazardous waste and non-hazardous waste for the time being. We are promoting the setting of targets in an orderly manner in accordance with policy requirements and industry developments, and will continue to strengthen the management of the Company's waste data and arrange for reviews and examinations in due course.

#### Sewage Discharge

2023	
Total sewage discharge 98,780.57° Tonne	
Sewage discharge intensity	
22.01 Tonne/RMB million	

- <sup>8</sup> In 2024, the Company formulated the Measures for the Management of New Energy and Carbon Data of SHNE (Trial), which stipulates the emission coefficients and calculations of greenhouse gases and exhaust gases for a total of seven direct and indirect energy sources, namely coal, natural gas, liquefied petroleum gas (LPG), diesel fuel, gasoline, purchased hot water and purchased electricity, as well as unifies the scope of the project reporting of the Heating Company and the caliber of the statistics of the energy consumption data. We have retroactively updated the 2023 exhaust emission data in accordance with these measures.
- <sup>9</sup> In 2024, the Company unified the project reporting scope and data statistical caliber of the heating company, and retroactively updated the 2023 waste water data





#### **Green Office**

SHNE adheres to the concept of green environmental protection and formulates the Office Environment, Energy Saving and Safety Management Rules to practice a green office model. The Company has implemented various energy-saving and consumption-reducing measures in the office areas, such as energy and water conservation and paperless office operations, to deeply explore the potential in the field of green office, reduce resource consumption, and achieve green and low-carbon operations. The Group conducted at least one company-wide environmental protection training activity annually and posted environmental protection promotional posters in the office areas to enhance employees' low-carbon awareness and jointly create a low-carbon operational environment.



# **Protecting Ecological Environment**

SHNE actively responds to the China Biodiversity Conservation Strategy and Action Plan (2011-2030), the Opinions on Further Strengthening Biodiversity Conservation and other calls to adhere to ecological priority, and actively carry out ecological governance and biodiversity conservation work. We strictly comply with the Environmental Protection Law of the People's Republic of China, the Regulations on the Administration of Construction Project Environmental Protection and other laws and regulations, and implement the concept of ecological and environmental protection in the planning, design, construction and operation of our facilities, so as to minimize or avoid potential impacts on the ecological environment caused by our business activities as far as possible.

#### **Project Lifecycle Biodiversity Conservation Measures**



- Select project sites in such way that locations with significant biodiversity are avoided;
- Develop reasonable environmental protection plans to address potential risks to the atmospheric

Develop emergency response plans for sudden environmental incidents and regularly conduct

• Shorten the construction period as much as possible to minimize ecological impact.

- Implement ecological restoration measures such as land reclamation around the site, restocking
- Innovatively develop new construction models like photovoltaic + agriculture, photovoltaic + fishery, and photovoltaic + mountain to provide a good habitat for plants and animals;
- Focus on biodiversity conservation and regularly conduct environmental protection awareness

#### Case: Photovoltaic + Fishery Project at Weishan Power Station Drives Local Ecotourism

SHNE's Weishan Power Station employs a "fishery-photovoltaic complementation" model in the low-lying areas affected by coal mining subsidence to maximize land use. The project combines PV power generation with fishery. Its scientifically designed height and spacing of PV supports ensure PV power generation efficiency, while meeting fishery needs to significantly enhance land use efficiency. The station features leisure amenities such as a sightseeing corridor, viewing platform, water-friendly area, landscaped waterfront, and fishing spot. These facilities provide a unique tourist experience and exemplify the harmonious integration of clean energy, ecological restoration, and local economic development.



Photovoltaic + Fishery Project at Weishan Power Station

#### Case: Yuyang Power Station in Northwest China Restores the Desert Environment

The Yuyang Power Station in Northwest China repurposes idle land in the Mu Us Desert for PV power generation while restoring the ecosystem. Planting vegetation beneath the solar panels prevents wind and fixes sand, effectively restoring ecology and improving the climate. This achieves a win-win situation for clean energy development and ecological governance.



Yuyang Power Station Project in Northwest China

# **Exploring Green Opportunities**

SHNE actively serves the national dual-carbon goals. Guided by green and low-carbon development policy and leveraging opportunities in green finance, the Group focuses on developing clean energy power generation businesses such as solar and wind energy, while diversifying into cutting-edge technology fields including energy storage, power distribution and sales, and hydrogen production. The Group is committed to achieving sustainable energy supply and promoting high-guality green development in the industry.

#### **Green Finance Development**

SHNE regards green finance as a crucial driver for achieving sustainable development. As a vital component of clean energy, wind and solar power generation has been explicitly identified as one of the key economic activities supporting climate change mitigation and has been included in the Hong Kong Taxonomy for Sustainable Finance by Hong Kong Monetary Authority. The Company seizes the significant opportunities presented by green finance to continuously deepen its development in clean power generation business. Leveraging its promising growth prospects and environmental benefits, SHNE has engaged in green credit collaborations, securing favorable loan rates to provide robust financial support for the innovative research and development of green projects. Additionally, the Company actively explores diversified green financial instruments such as renewable energy REITs, carbon-neutral bonds, and sustainability-linked bonds, further broadening financing channels and enhancing the asset value of green energy.

#### Case: Successful Issue of Panda Bonds by SHNE

SHNE successfully issued three batches of green Panda Bonds on the Shenzhen Stock Exchange, totaling RMB2.4 billion. The funds are earmarked for PV power generation projects, expected to save approximately 299,800 tonnes of standard coal and reduce CO<sub>2</sub> emissions by about 691,900 tonnes annually. Panda Bonds enable foreign institutions to issue RMB bonds, broadening financing avenues, optimizing the financing structure, and lowering financing costs. Additionally, using the funds directly in China saves time and minimizes exchange rate risks associated with cross-border transfers.

#### **Overview of Green Finance of SHNE**

2022	<ul> <li>Shandong Hi-Speed Group, through S a strategic entry into the clean ener Through capital increase initiative, SD Company.</li> </ul>
2023	<ul> <li>We established a "three-year HKD1 Chartered Bank as the lead bank, with banks;</li> <li>We successfully secured a stratege Management Co., Ltd. (hereinafter reference) investment was completed on January</li> </ul>
2024	<ul> <li>We were granted additional green fin used for our new energy projects such including: 11 centralized PV projects, 2</li> <li>Based on its long-term optimism in the SDHG acquired an additional 13.52% agreement, at a total consideration of 1</li> </ul>



SDHG, acquired a 43.45% equity stake in SHNE, marking rgy market and becoming SHNE's largest shareholder. HG has injected HKD4.7 billion in working capital into the

billion green syndicated loan" abroad with Standard h the participation of prominent domestic and international

gic investment of RMB5 billion from Ping An Asset erred to as "PAAMC"), a subsidiary of Ping An Group. The 3, 2024.

ancing loan of RMB4.377 billion, all of which have been as wind power and photovoltaic (PV) new energy projects, 24 distributed PV projects, and 5 wind power projects; new energy green segment and the profitability of SHNE, 6 equity stake in the Company through a share transfer HKD540 million.

#### **Clean Energy Opportunities**

Driven by both national policy directives and evolving market demands, SHNE has seized the opportunities in the clean energy sector to deepen our focus on clean energy power generation. The Company continues to advance green power trading and expand innovative development models under the "Clean Energy+" initiative, contributing to the steady growth of the clean energy industry with expertise of SHNE.

#### **Clean Energy Power Generation**

total standard coal savings.

Actively aligning with national policy trends, SHNE steadily expands our photovoltaic and wind power generation businesses to deliver green and efficient clean energy solutions. The Company focuses on strategic project layouts in coastal areas, riverine regions, key transportation corridors, power load centers, and integrated advantage zones, pooling resources to accelerate the grid connection and power generation of ongoing projects across various regions so as to swiftly transform project targets into high-quality wind and solar assets.

As of the end of the reporting period, SHNE operated approximately 4.7GW of clean energy power generation projects, including photovoltaic and wind power. The Company was holding 54 centralized photovoltaic projects with a total installed capacity of 2.6 GW and 19 wind power projects with a total installed capacity of 1.2GW, alongside distributed photovoltaic projects totaling 920 MW. In 2024, the grid-integrated power generation from SHNE's owned and/or managed photovoltaic and wind power projects reached approximately 6.5151 TWh, resulting in the cumulative savings of about 2.085 million tonnes of standard coal and a reduction of carbon dioxide emissions by over 5.12 million tonnes<sup>10</sup>.

#### Case: 381.25 MW Wind Power Project Officially Commenced in Heze

In April 2024, SHNE's 381.25 MW wind power project officially commenced in Heze, one of the first centralized onshore wind power projects in Shandong's 14th Five-Year Plan. Once operational, the project is expected to supply 1 TWh of electricity to the grid annually, saving around 300,000 tonnes of standard coal each year. It will reduce carbon dioxide emissions by about 800,000 tonnes, sulfur dioxide by more than 5,700 tonnes, and nitrogen oxides by over 8,500 tonnes, while lowering a large amount of slag, dust, and wastewater discharges. While increasing local energy supplies, this project will deliver substantial energy-saving and emission reduction benefits.



Wind Power Project in Heze

#### Advance Steadily through Compliance Governance

#### Green Power Trading

To further upgrade its energy structure and facilitate a sound circular economic system of green energy consumption, SHNE actively participates in green power and GEC trading. Through an innovative trading model, we improve the market-based pricing of new energy power to swiftly realize the environmental value of projects and boost their financial returns. By the end of 2024, SHNE had traded 194,980 GECs through the green power trading platform, averaging at RMB4.11 per piece.

#### **Case: SHNE Completed its First Green Power Trading**

In March 2024, SHNE ventured into green power trading. The Jiangsu Baoying Lutuo PV Project and the Guangdong Kaiping PV Project each completed their respective provincial monthly green power trading, totaling 12 GWh.

By the end of the reporting period, the Jiangsu Lutuo PV Power Station had traded 72.1586 GWh of green power in 2024, averaging at RMB424.1/MWh. This price was around RMB33.1/ MWh above the coal-fired benchmark price, generating an additional income of RMB2.3885 million. Similarly, the Kaiping PV Power Station had traded around 94.9127 GWh of green power in 2024, averaging at RMB460.84/MWh. This price was about RMB7.84/MWh above the coal-fired benchmark price, resulting in an additional income of RMB743,900.

#### Case: SHNE Completed its First Aggregated Transaction for Distributed PV Projects

Guided closely by policy directives, SHNE persistently explores and implements innovative models for market-based green power trading. In 2024, we engaged in policy interpretation, qualification registration, and client outreach for distributed PV projects, and completed our first aggregated transaction in this field. Three distributed PV projects in Zhejiang Province were aggregated for this trading of 211 MWh in September. Building on this milestone, SHNE projects an annual trading volume of 2,500 MWh, expected to generate over RMB1.2 million in annual trading revenue.

#### Case: SHNE Signed a Contract for Guangxi's 400 MW Wind Power Project

: Standard coal savings = electricity generation \* 320 grams of standard coal per kilow

In July 2024, SHNE secured a contract for a centralized wind power project with a total capacity of 400 MW in the Guangxi Zhuang Autonomous Region. With an anticipated investment of over RMB2 billion, the project is projected to generate approximately 1 TWh of electricity and reduce carbon dioxide emissions by around 800,000 tonnes annually upon completion. This initiative would significantly advance local clean energy sector and a transition to a green, low-carbon economy. As SHNE's first centralized renewable energy project, it serves as a key model for future resource development.



SHNE's Jiangsu Baoying Lutuo PV Project



SHNE's First Aggregated Transaction for Distributed PV Projects



#### "New Energy+" Scenario-based Integration

SHNE taps into "new energy+" scenario-based integration. We expand technological innovation collaborations in fields like transport-energy integration, environment-energy integration, and new energy storage. By optimizing resource allocation and targeting breakthroughs in key technologies, we launch integrated dual-carbon demonstration projects for ocean wind power, hydrogen production using wind and PV power, and hydrogen storage and transport, injecting fresh momentum into the industry's sustainable growth.

#### **New Energy + Agriculture**

We have introduced a "new energy + agriculture" model. It fosters synergy between green energy and agricultural production, breathing new life into sustainable development.

#### Case: "Photovoltaic + Agriculture" Project at Anlong Power Station

At the Anlong Power Station, SHNE has implemented a "photovoltaic + agriculture" development model in its Photovoltaic + Agriculture project. Crops cultivated beneath PV panels significantly enhanced land use efficiency. By engaging a planting company to manage its weeding, we spend around RMB200,000 less. Moreover, this agricultural cultivation creates jobs, increases villagers' income, and supports synergy between clean energy and agriculture.



"Photovoltaic + Agriculture" Project at Anlong Power Station

#### **New Energy + Fishery**

We introduce a "new energy + fishery" model to create synergy between clean energy and fishery.

#### Case: "Photovoltaic + Fishery" Project at Weilaohe and Chaohu Power Stations

At the Weilaohe and Chaohu Power Stations, SHNE employs a "photovoltaic + fishery" model. PV panels installed above aquaculture water surfaces generate electricity, while the water below supports fishery cultivation. This approach efficiently utilizes water surfaces, avoiding the need for additional land. The "new energy + fishery" model eases land pressure and invigorate the local economy.



"Photovoltaic-Fishery" Project at Weilaohe and Chaohu Power Stations

Advance Steadily through Compliance Governance

#### **New Energy + Transport**

Leveraging the "new energy +transport" model, we facilitate the in-depth integration of clean, energy-saving, circular, and intelligent operations.



#### Case: SHNE's PV Power Stations Empower Green Transport

Based on the Group's platform. SHNE has developed six distributed PV power installations with a total capacity of 0.72655 MW at two service areas and four toll stations along highways operated by its subsidiary Yunnan Development Co., Ltd. In collaboration with Chongqing Digital Transport Group, we have built additional PV power stations on idle rooftops and slopes at service areas, adding 0.26 MW of capacity. These installations operate on a "self-generation for self-consumption, surplus feed-in grid" model, cutting operational costs at service areas and toll stations and seamlessly integrating clean energy into transportation infrastructure.



#### Case: Distributed PV Project Along Liangkai Expressway

SHNE, together with Chongqing Expressway Group, implemented a distributed photovoltaic power generation project at the Pingjin, Xinsheng, Yinping, and Zhuhai toll stations and service areas along the Liangkai Expressway. The project utilizes rooftop spaces of those service areas and toll stations by installing photovoltaic mounting systems and solar panels, with a total installed capacity of 0.467MW. It was connected into the grid in October 2024. Annually, the project will supply approximately 400,000kWh of clean electricity to the expressway, accounting for 15% of the annual electricity consumption in these areas. Through the project, Chongqing Expressway will reduce coal consumption by 120 tonnes and cut carbon dioxide emissions by 210 tonnes annually. The project effectively drives high-quality and sustainable development in the green energy and transport sectors.

SHNE's PV Stations on Idle Rooftops and Slopes



Distributed PV Project of Chongqing Expressway New energy + water

We promote the widespread application of clean energy and water resources through the "new energy + water" model to achieve green and low-carbon transformation, thus contributing to environmental protection and sustainable development.

#### Case: Distributed PV Project at Yibin and Yingzhou Water Plants of Luoyang

As a part of its strategic cooperation with Beijing Enterprises Water Group, SHNE implemented distributed photovoltaic power generation systems at the Yibin and Yingzhou water plants in Luoyang. The project utilizes the rooftop spaces of clear water tanks within the plants by installing photovoltaic mounting systems and solar panels, achieving a total installed capacity of 0.80MW. The project was successfully connected into the grid on December 30, 2024. Annually, the project will generate approximately 890,000 kWh of clean electricity, meeting 28% of total energy demand of these water plants. The project enables the Yibin and Yingzhou water plants to reduce coal consumption by 267 tonnes and decrease carbon dioxide emissions by 468 tonnes annually, effectively reducing energy consumption and carbon emissions, contributing to green and low-carbon development.



Distributed PV Project at Yibin and Yingzhou Water Plants of Luoyang

#### New energy + big data

We leverage the "New Energy + Big Data Technology" model to enable precise monitoring and management, and improve energy utilization efficiency, providing robust support for smart energy development.



#### Case: Generation, Grid, Load and Storage Integration Project in Ulanqab of Inner Mongolia

SHNE actively promotes the synergy between green energy and arithmetic industry, and creates the ecological model of "Generation, Grid, Load and Storage Integration" to promote the efficient utilization of new energy and the green transformation of arithmetic industry. The Source, Network, Load and Storage Integration Project in Ulanqab of Inner Mongolia covers the construction of the computing power center and supporting new energy infrastructure. The annual power generation of new energy is 860 million kWh, and the load of the computing power center is 201,000 kW, with an annual power consumption of 1.44 billion kWh, which can realize the local consumption of new energy power generation. Through the coupling of "electricity + computing power" industry, the project will enhance energy utilization efficiency, build a closed loop of power generation and consumption, and contribute to regional economic development and environmental protection.



Generation, Grid, Load and Storage Integration Project in Ulanqab



Strengthening Labor Rights and Interests

Valuing Talent Develor

003 Pursue Inclusiveness and Foster Harmony

SHNE upholds an organizational culture of unity, camaraderie, openness, and inclusion. The Company places employee rights and well-being at the forefront. The Company is fully committed to supporting employee development and ensuring their health and safety so as to solidify the foundation for corporate growth. Simultaneously, SHNE maintains strict quality control, and delivers premium services to repay customer trust. By adhering to integrity and innovation, deepening industry chain collaborations, and promoting social welfare initiatives, SHNE strives to achieve a shared vision of mutual success for both its people and the enterprise. nent

Ensuring Health and Safety

grity and Innovate

Delivering Quality Offerings

eepening Collaborative Development

Spreading Public Charity

# **Strengthening Labor Rights and Interests**

SHNE firmly adheres to compliant recruitment principles, resolutely protects the legitimate rights and interests of employees, promotes the corporate value of diversity, equity and inclusion, and strives to cultivate a harmonious and progressive working atmosphere.

#### Legal employment

SHNE steadfastly upholds the principles of legality and compliance by strictly adhering to the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, the Law on the Protection of Minors of the People's Republic of China, and their implementing regulations in employee recruitment. The Company has established the Recruitment Management Policy, clearly defining recruitment principles, procedures, and channels, thereby laying a solid foundation for building harmonious and stable labor relations. SHNE firmly prohibits any form of child labor or forced labor that violates human rights, taking proactive measures to prevent such occurrences. In the event of any violations, the Company will immediately implement specific penalties to ensure corrective actions are taken. During the recruitment process, SHNE rigorously verifies the identity information of candidates, ensuring the authenticity and validity of employee identities while preventing the use of child labor at its source. During the year, the Company did not encounter any incidents involving child labor, forced labor, or other human rights violations.

We adhere to the principles of open selection, fair competition, and equal pay for equal work. Candidates are evaluated based on core factors such as their level of professional knowledge, proficiency in business skills, and performance in general competencies, ensuring that the most suitable talent is selected to meet the demands of each position.



• Implement the Internal Talent Recommendation Management System and the Internal Recommendation Management Measures, under which more promotion opportunities are created for internal employees in the principle of "internal priority". This approach aims to enhance employee motivation and strengthen their sense of belonging to the team.



 Conduct external recruitment through media advertisements, talent markets, referrals, online recruitment platforms, headhunting agencies, or other channels. Candidates are comprehensively evaluated based on multiple criteria, including moral character, professional competence, work experience, and alignment with job qualification requirements.



Advance Steadily through Compliance Governance

#### **SHNE Employment Information**

2022			2023	
Total number of employees 1,953				Total number of em 2,106
	Numbe by ge	er of em ender (p	ployees erson)	5
	1,467	2022	486	
	1,527	2023	579	
	1,379	2024	507	

employees



Number of employees by



Equity ar	nd Inclusion
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SHNE embraces the principles of openness, equity and inclusion in its employment practices, committing to build a work environment built on respect, understanding and support. In 2024, the Company formulated and published the Statement on Diversity, Equity and Inclusion. We strictly prohibit all forms of discrimination, including nationality, skin color, race, ethnicity, religious beliefs, political stance, cultural context, age, gender, educational level, work experience, family status, and health conditions. We are committed to creating a diverse and harmonious and inclusive workplace where every employee can leverage their strengths to drive corporate prosperity and development. We also maintain a zero-tolerance policy against workplace harassment, enforcing strict conduct standards to prevent such behavior. This year, there were no incidents of discrimination or harassment violating labor rights.

#### SHNE's Commitment to Diversity, Equity and Inclusion



Company.



- other factors;
- resources and opportunities.



The Company regularly organizes a series of workplace diversity and inclusion training programs, covering the Company's management system and policies, anti-discrimination and anti-harassment awareness, specialized training on business knowledge, and cultural activities for employees. These initiatives are designed to enhance employees' professional competencies and ethical awareness while fostering a corporate culture rooted in diversity and inclusion.

2022	2023	2024
Number of employee turnover 563	Number of employee turnover <b>329</b>	Number of employee turnover 298
Employee turnover rate <b>22.40</b> %	Employee turnover rate	Employee turnover rate







· We support and implement various measures to embrace the diversity of our employees, encompassing aspects such as nationality, race, ethnicity, religion, political beliefs, cultural background, age, gender, educational background, work experience, family background, and physical condition, among others. Embracing diversity enables our employees to enrich their unique perspectives and skills, driving innovation, flexibility, and a competitive edge for the

· We offer our employees a multi-dimensional workplace characterized by fairness, openness, and justice, without implementing differentiated treatment based on gender, background, age, or any

We remain committed to ensuring comprehensive equal treatment of employees in recruitment, promotion, remuneration, and other aspects, ensuring that all employees have equitable access to

· We practice democratic management, valuing, respecting, and listening to the voice of every employee. We encourage all employees to contribute to major decisions and the development of our corporate culture. We ensure that employees actively participate in shaping the Company's affairs and activities, fostering mutual growth for individuals and the Company as a whole.

#### **Care for Employee Welfare**

SHNE places employee rights and well-being at the heart of its operations, continuously enhancing its benefits and welfare system to ensure comprehensive protection. We actively listen to employee feedback and strive to strengthen employees' sense of belonging and boost organizational cohesion.

#### **Employee Welfare**

SHNE strictly complies with relevant provisions of the Regulation on Paid Annual Leave for Employees and has formulated the Management Measures for Employee Attendance and Paid Vacation. We clearly define our working hours, ensuring that employees strike a balance between work and rest. In addition to statutory holidays, we offer additional benefits such as paid leaves, helping them to navigate between life and work. Through these policies, we effectively enhance employees' happiness and sense of belonging, creating a better workplace.



According to the Population and Family Planning Law of the People's Republic of China and the Population and Family Planning of Beijing, the Company has revised the Management System for Employee Attendance and Vacation, introducing paid parental leave and stipulating that parents with children are entitled to 5 days of parental leave each year per parent until the child reaches 3 years old.

SHNE has implemented the Welfare Allowance System. We ensure that, in addition to statutory insurance and housing fund benefits, our employees at the headquarters are entitled to various types of commercial insurance, including accident insurance, supplemental medical care, and life insurance. In 2024, compensation pay-outs of supplemental accident insurance bought for our employees at the headquarters totaled RMB255,000, including RMB225,900 for outpatient claims and RMB29,100 for hospitalization claims.

In addition, SHNE offers female employees additional care. We set up specialized nursing rooms and facilities in the workplace for breastfeeding, providing a private, comfortable, hygienic environment. We also arrange gynecological, breast and other examinations for female employees in annual health check-ups to enhance their awareness of gynecological disease prevention, sensing the warmth and care from SHNE.



#### **Case: Daily Afternoon Tea Activity**

The Company hosts the Daily Afternoon Tea, offering employees fruits, desserts, and beverages. This activity aims to optimize the office environment, create relaxing moments for employees, effectively relieve daily work pressure, and create a positive and pleasant working atmosphere.



#### Case: Safety Production Month "Family Open Day"

In June 2024, SHNE held its first "Family Open Day" as part of Safety Production Month, themed "Family Support for Safety: Building a Warm Safety Barrier." The event invited some outstanding employees and their families. The event provided families with firsthand insights into the renewable energy sector through immersive tours of frontline operational environments, while fostering family bonds and mutual understanding via interactive activities such as safety knowledge quizzes and roundtable discussions.

#### **Employee Communication**

SHNE has established open and efficient communication channels as it encourages employees to promptly report any violations of their rights to their department heads or relevant departments. The Company commits to investigating and addressing such matters swiftly.

The Company regularly conducts internal reviews and evaluations and has set up a dedicated feedback email for the Audit Department (Discipline Inspection and Supervision Office) to provide suggestions and references for optimizing and improving management practices. At the same time, the Company firmly upholds freedom of expression and fostering transparent dialogue. Multiple transparent communication channels, including email and face-to-face meetings, are available to employees, ensuring that opinions and suggestions of every employee are fully heard and respected.

Pursue Inclusiveness and Foster Harmony

Daily Afternoon Tea Activity



Safety Production Month "Family Open Day" Activity

# Valuing Talent Development

SHNE recognizes that employees are most valuable asset of any company. We place great emphasis on the growth and development of our employees by actively investing resources to provide a wide range of training programs. These initiatives continuously enhance employees' professional skills and career competencies, thus fostering win-win development for both individuals and the Company.

#### **Employee development**

SHNE is committed to optimizing employee compensation system by establishing internal management policies such as the Compensation Management System and the Employee Performance Management Policy. Guided by the principles of fairness, motivation, and economic efficiency, while balancing historical traditions and future development, we strive to provide employees with market-competitive compensation packages. This ensures that every employee has the opportunity to grow and develop in a fair environment.

The Company has established a categorized evaluation system tailored to different positions, levels, and functions, while incorporating differentiated metrics to significantly enhance the rationality and effectiveness of performance assessments. In 2024. the Company achieved 100% coverage in performance evaluations across all employees.

#### The Company's Performance Evaluation Types Include



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#### **Management objectives**

Conduct a biannual performance evaluation through objective assessment, which primarily based on the progress and completion of key tasks and objectives of individuals.

#### Multi-dimensional performance evaluation

Implement a comprehensive performance evaluation system using multiple dimensions, in which 360-degree assessments are incorporated to ensure the rigor and fairness of evaluation results from all perspectives.

#### Team performance evaluation

Regularly conduct comprehensive evaluations of the overall results and collaboration of project and departmental teams.

#### Agile dialogue

Establish open communication channels for employees to encourage them to actively provide feedback and suggestions on performance evaluations.

The annual performance evaluation results of the Company are closely linked to bonuses, awards, promotions, and salary adjustments, effectively motivating outstanding employees and fostering a positive organizational culture. This has laid a solid foundation for the sustainable and healthy development of the Company. Based on the outcomes of the FESCO<sup>11</sup> Compensation Incentive Optimization Project and the Management System for Employee Career Development, the Company has established five major job sequences - management, development, technology, operations, and professional functions, covering all positions. This ensures employee compensation is closely tied to job levels, performance, and other key factors.

The Company adheres to a talent development philosophy guided by professional competence and has established the Employee Promotion Management Measures to continuously refine the talent selection and promotion system and enhance the internal promotion framework. In 2024, based on evaluations of employees' capabilities, performance, and potential, 124 employees received promotions, with salary increases exceeding 10%. This approach encourages employees to actively explore their potential and achieve personal career growth.

<sup>11</sup> FESCO, Beijing Foreign Enterprise Human Resources Service Co., Ltd., a professional integrated HR solution provider.

#### **Employee training**

SNHE has established a comprehensive training system, offering employees a variety of training programs, including business ethics, network information security, risk management, safety education, employee development, energy conservation, water saving, and waste reduction.

In the area of employee development training, the Company has formulated the Training Management System to standardize training management practices. Based on internal and external resources, we have established a comprehensive training management system, including the development program for middle and senior management and the development program for high-potential talents, employee development programs, new employee onboarding training, management trainee growth training, and other specialized training initiatives. This system fully promotes employee learning and development.

#### SHNE Employee Training Management System



In 2024, the Company launched diversified employee training programs, covering skill enhancement for frontline employees, diverse open courses for staff, leadership development for management trainees, rapid onboarding for new employees, specialized seminars on new energy, and cross-departmental collaboration within the group. In 2024, employee training coverage reached 100%.

- Strengthen the decision-making and team leadership capabilities of senior management and mid-level leaders of the Group to drive the successful achievement
- Focus on enhancing strategic vision and leadership capabilities, including advanced strategic management courses, leadership refinement training, and high-performance team-building workshops, to cultivate high-quality talent for future management roles of the Company and ensure the stability and vitality of the management team.
- Provide new mid-level management and potential leaders with a series of courses on self-management, employee motivation, and team management to build a solid talent
- Accelerate talent growth through a combination of practical exercises and theoretical training, preparing key talent for the future development of the Group.
- Offer diversified training programs for all employees, including universal skills such as effective communication skills, time management strategies, stress regulation methods, gender equality, and anti-discrimination education, as well as specialized skill
- Flexibly adjust annual plans to meet personal growth and career development needs of
- Provide a comprehensive introduction to the Group's overview, corporate culture, IT operations, safety regulations, professional ethics, financial processes, document management, and other foundational content. This helps new employees quickly understand the corporate culture and business processes, ensuring smooth integration into the team, clarity in role responsibilities, thus laying a solid foundation for a
- Develop a management trainee training program, and adopt a dual-mentor system where each trainee is assigned a business mentor and a career planning mentor for a
- Provide growth platforms for management trainees through exchange forums, customized courses, outdoor team-building activities, and on-site visits. These initiatives deepen industry understanding, clarify their career paths, and support their

These trainings are led by various departments. For example, the Legal and Compliance Department organizes legal-themed training and the Safety and Quality Control Department along with production units conducts work safety training. This ensures continuous updating and deepening of professional knowledge and skills across all fields, enhancing the overall professional competence of employees.

#### **Employee Training Programs in 2024**

Type of training	Descriptions of training
Professional	<ul> <li>Enhance the professional competence of frontline employees through systematic training,</li></ul>
competence and	and optimize workflow execution to effectively reduce internal communication costs and work
efficiency training for	delays, and comprehensively improve team operational efficiency, laying a solid foundation
frontline employees	for the Company's steady development.
Open course for	<ul> <li>Organize open courses for diversified knowledge to promote knowledge sharing and idea</li></ul>
diversified knowledge	exchange across different departments to enhance employees' sense of belonging and
and cohesion of	cohesion, effectively reducing employee turnover rate, and fostering a positive, harmonious,
employees	and progressive corporate culture.
New energy-themed and intra-group collaboration training	<ul> <li>Organize specialized new energy training sessions and intra-group collaboration training programs to promote cross-departmental and cross-regional exchanges and cooperation, and break down internal barriers, thus achieving resource sharing and complementary strengths, and comprehensively enhancing the Group's overall synergy and market competitiveness.</li> </ul>

#### Case: Enhancing wind and solar project development capabilities through specialized training

In June 2024, the Company organized a specialized training session on wind and solar project development experience sharing and industry trend interpretation. The training invited industry experts to thoroughly analyze the current status and future trends of China's wind and solar industry. Three internal senior lecturers, based on cases of the Company, detailed the entire process management of wind and solar projects from resource assessment, site selection, and planning, through engineering construction and technology selection, to operation management and benefit optimization. The training involved 200 participants, deepening their understanding of wind and solar project development, and equipping them with practical work experience, thus effectively enhancing the Company's development capabilities and team business level in wind and solar projects.

Additionally, we actively engage in various external training initiatives. We collaborate with educational institutions to broaden our training channels, partner with edu.bjx.com.cn to launch video open courses. We have also signed a university-enterprise cooperation framework agreement with Baoding Vocational and Technical College of Electric Power to jointly conduct a series of targeted training activities. These efforts aim to provide employees with diverse and high-quality learning and development opportunities.

#### **Employee Training Performance in 2024**<sup>12</sup>

Indicator		Unit	2023	2024
	Total employees	%	85.71	100.00
Employee Training	Male employees	%	78.56	73.12
	Female employees	%	21.44	26.88
Participation Rate	Management	%	6.15	6.31
	General staff	%	93.85	93.69
	Total employees	Hour	17.46	5.22
	Male employees	Hour	22.82	5.22
Average Employee Training Hours	Female employees	Hour	5.98	5.22
	Management	Hour	11.65	5.22
	General staff	Hour	17.88	5.22

<sup>12</sup> During the year, training types were categorized by classifying the training hours of employees at the Operations Business Unit into in safety education and trainings.

# **Ensuring Health and Safety**

SHNE placed a high priority on employees' occupational health and safety, aiming to create a safe and healthy work environment. The Company is dedicated to protecting the physical and mental well-being of every employee.

#### Work safety

SHNE continuously improves its safety management structure and establishes a comprehensive work safety responsibility system for all employees, clearly defining the work safety duties at various levels. To coordinate safety management efforts, the Company has set up a Safety Management Committee under the Board of Directors as the highest supervisory body for safety matters. The Safety and Quality Department is responsible for overseeing safety management tasks, while the heads of each department (platform companies) are directly responsible for implementing the safety management work plan.

The Company places great emphasis on institutional development, adheres to laws and regulations such as the Work Safety Law of the People's Republic of China and the Special Equipment Safety Law of the People's Republic of China, and has formulated a series of internal safety management systems including the Occupational Safety Responsibility Management Regulations, the Safety Inspection Management Regulations, the Safety Assessment and Reward/Punishment Management Regulations, and the Safety Supervision and Assessment Manual, clearly defining the safety management responsibilities of departments and various types of personnel, promoting the orderly implementation of all occupational safety and health management activities.



The Company continuously optimizes its safety risk management and hazard investigation management processes. The Company has established the Risk Classification Management Regulations to ensure the safety and stability of production operations, enhance overall safety management standards, and prevent and reduce potential safety incident risks.

Pursue Inclusiveness and Foster Harmony



Establish clear work safety responsibility system for the Company's primary leaders, safety management personnel, and employees in various positions. Hold accountable those who fail to diligently implement these responsibilities and consequentially leads to safety incidents. This ensures comprehensive coverage of safety responsibilities across the organization.

Standardize the safety inspection process by adopting a combination of quantitative assessments and qualitative evaluations, as well as tiered and categorized assessment methods in order to clearly define assessment and reward/punishment regulations to ensure

Formulate and adhere to the principle of "the person in charge bears the primary responsibility;" as a result, no major safety incidents occurred and no penalties were imposed in 2024.

#### Work Safety Risk Management and Hidden Hazard Identification Process

Preparation for nazard identification nd risk assessment	<ul> <li>Each unit shall establish an identification and evaluation team comprising responsible persons, technical supervisor, equipment supervisor, and business supervisor. Invite experts when necessary, and encourage full participation from all employees;</li> <li>Convene working meetings of the leadership team and keep minutes to clarify the scope of identification and evaluation, covering the workplaces, activities, equipment, and personnel involved in the business operations.</li> </ul>
Determining methods for hazard identification and risk assessment	<ul> <li>Considering production characteristics and employee skills, employ both Job Hazard Analysis (JHA) and Safety Checklist Analysis (SCL) methods, and compile lists of operational activities and equipment facilities to conduct comprehensive and precise hazard identification.</li> </ul>
Conducting hazard identification and risk assessment	<ul> <li>Identify hazards through on-site investigations and data review based on the scope, nature, and duration of activities, assess risks, determine major hazards, and implement proactive controls;</li> <li>Classify risks into different levels based on their severity and prioritize the control of high-level risks.</li> </ul>
Generating safety risk checklist	<ul> <li>Each unit shall formulate its own <i>Major Risk Checklist</i> and control measures based on the <i>Hazard Factor Identification and Risk Assessment Form</i>;</li> <li>Safety and Quality Control Department of the Group shall compile a company-level <i>Major Risk Checklist</i> through categorization, summary registration, and evaluation.</li> </ul>
Continuously	<ul> <li>Continuously carry out hidden hazard investigation through the performance inspections of Safety Management Committee members and cross-checks among units;</li> </ul>
conducting hidden nazard investigation and management	<ul> <li>In 2024, 36 safety inspections were conducted by Safety Management Committee members, uncovering a total of 236 on-site safety issues and basic management problems; and eight unannounced on-site inspections and three comprehensive safety assessment inspections were carried out, identifying 47 on-site safety issues and basic management problems, all of which have been rectified.</li> </ul>

The Company regularly organizes comprehensive and systematic safety training activities aimed at enhancing the safety awareness and emergency response capabilities of all employees, ensuring safe and orderly production operations. In 2024, the Company conducted 16 safety education and training programs, with a total of 10,291 attendances and a cumulative training duration of 425.5 hours.

#### **Employee Safety Training in 2024**

"The First Lesson on Commencement" and supplementary training	Specialized fire safety training	Internal training for safety management personnel
Major accident hidden hazard investigation and rectification training	Safety production supervision and assessment training	Training on management of hazardous and major engineering projects and dangerous operations
Work safety learning for middle and senior management for the first half of year	Heatstroke prevention safety management training	Flood prevention safety management training
Specialized training on job safety instructions	Special training on study materials of Xi Jinping's Discourse on Work Safety	Knowledge and skills enhancement training for safety-related system personnel
Emergency plan and emergency drill training	Fire safety retraining	Work safety learning sessions for mid-to-senior management for the second half of the year
"Month of Traffic Safety Awareness" initiative training		

#### Case: "The First Lesson on Commencement" to build a strong foundation for safety

In February 2024, according to the working arrangement of Shandong Hi-Speed Group and Shandong Hi-Speed Holdings Group, the Company launched the campaign of "The First Lesson on Commencement" for the 2024 on work safety. The Executive President of the Group and the chairman of the Safety Management Committee personally taught the lesson and delivered a speech on the mobilization of production safety in 2024. The executives of the Company, persons in charge of each department and employee representatives participated in the event on-site, while the rest of the staff participated in the event online. This event strengthened the awareness of production safety of all employees, built a solid foundation for the annual production safety work, and helped the Company to operate safely and develop steadily.

In 2024, the Company revised the Safety Target Management Regulations and has set safety targets by signing the Work Safety Pledge. The Safety Management Committee organizes the assessment of the safety targets of each unit. In 2024, the Company achieved the work safety target.

- Eliminate general and above personal work safety accidents.
- Eliminate general and above electric power work safety accidents.
- Eliminate fire and equipment damage accidents with a direct economic loss of RMB2 million or more.
- Eliminate major or above traffic accidents with equal or above responsibility.

#### Safety performance of employees and contractors for 2024

Number of work-related fatalities	Working days lost due to work- related injuries O day	Lost time injury frequency rate (LTIFR <sup>13</sup> ) 0 %
Lost time injury frequency rate (LTIFR) of contractors per a million working hours 0 %	Equipment accidents with direct economic loss of over RMB2 million O case	Fire, traffic and electrical accidents
Public safety incidents O case	Administration department penalty O case	Safety education training 10,291 attendances

<sup>13</sup> LTIFR= (lost time injuries)/(total working hours during reporting period) x 1,000,000



"The First Lesson on Commencement" Training Scene

#### Work safety targets for 2024:

- Eliminate directly responsible poisoning accidents (accidents with three or more persons poisoned at one time, or accidents with fatalities).
- Eliminate public safety incidents that cause significant adverse social impact.
- · No occurrence of occupational diseases.
- 100% of the hidden risk of work safety accidents will be rectified on schedule.

#### **Occupational health and safety**

SHNE places great emphasis on the physical and mental health of employees. The Company has established the Occupational Health Management Regulations. Adhering to the principle of "prevention first, and combination of prevention with treatment", the Company implements the management mechanism of "unified leadership, hierarchical management, and level-by-level responsibility", aiming to build a comprehensive and systematic occupational health management system. In 2024, the Company continuously obtained the ISO 45001 Occupational Health and Safety Management System certification, achieving 100% coverage.



The Company is dedicated to enhancing the management and prevention of occupational disease hazards in the workplace. The Company provides employees with a work environment that complies with occupational health-related laws, regulations, standards, and hygiene requirements. By implementing a series of effective occupational health and safety management measures, the Company ensures comprehensive protection of employees' occupational health, fostering a safe and healthy work atmosphere.

#### **Employee Occupational Health and Safety Management Measures**

	Occupational disease hazard control	•	Strengthen the control of occupational disease hazards in the workplace, conduct regular risk identification and assessments, establish a list of hazard factors specifying their sources, intensity, and control measures, and report hazard projects and submit records in accordance with regulations.
	Occupational health protection	•	Provide employees with a work environment and conditions that comply with regulatory standards, supply and maintain occupational disease prevention facilities and personal protective equipment, ensure their proper use, and prohibit unauthorized removal or deactivation.
	Improvement of working environment	•	Install alarm devices and other necessary equipment in areas where acute occupational injuries may occur, maintain and service protective and rescue facilities, and immediately conduct rescue operations and report incidents in the event of an accident.
	Supervision and inspection of implementation	•	All units simultaneously plan, inspect, and evaluate occupational health supervision and work safety management, oversee the implementation of regulations by subordinate enterprises, and guide them in conducting self-inspections and corrective actions.
$\overline{\mathbb{O}}$	Occupational health monitoring	•	We provide employees with annual health check-up programs to safeguard their physical well-being, and establish a comprehensive occupational health management archive that covers a wide range of data, which is filed and maintained on an annual or project basis.
6==) 888	Occupational health training	•	Regularly organize educational campaigns on occupational disease prevention, disseminate knowledge about occupational disease prevention, and enhance employees' awareness of occupational disease prevention to improve workers' self-health protection consciousness.
	Occupational health insurance	•	Provide health insurance including accident insurance, supplementary medical insurance, and life insurance; In 2024, the cumulative payout amounted to RMB255,000, effectively alleviating the financial burden on employees due to medical expenses.

# **Uphold Integrity and Innovate**

SHNE is committed to research and development innovation and collaboration to drive technological advancements in the clean energy sector. The Company strengthens intellectual property protection to continuously enhances its technological innovation capabilities and industry competitiveness.

#### Applications of innovative technologies

SHNE firmly believes that technological innovation is the key driving force for promoting green and low-carbon transformation. The Company closely monitors the progress of new technologies within the industry, actively cultivates R&D talent, and fosters scientific research and cross-disciplinary applications in the clean energy sector. In 2024, the Company had a total of 13 R&D personnel.

#### Leading Industry Development with Applications of Innovative Technologies

Innovative technology	Descriptio
Zero-carbon smart park technology	<ul> <li>Zero-carbon smart park technology in concepts into the planning, construction energy and carbon control system, it a monitoring. By integrating clean energy it promotes low-carbon industrial develop system of carbon emissions and absorption</li> </ul>
Virtual power plant technology	<ul> <li>Utilizing IoT technology and big data p power plant (VPP) management platfor storage, microgrids, and other facilities</li> </ul>
Photovoltaic power prediction system development	<ul> <li>Photovoltaic power prediction system predictive calculations to accurately a stations. By collecting meteorological and considering environmental charac plans to improve efficiency.</li> </ul>
Distributed fire monitoring system	<ul> <li>Through IoT technology, distributed fir equipment. In the event of a fire or eq notifications via mobile devices, ensur The system is cost-effective and signi efficiency. It has been successfully de Central-South China, Henan, and Sha</li> </ul>
Drone system	<ul> <li>Drone system can interface with centr intelligent integrated platform for power tested in the Shandong region.</li> </ul>

# Protection of intellectual property right

In strict compliance with relevant laws and regulations, including the Patent Law of the People's Republic of China, the Implementing Regulations of the Patent Law, the Trademark Law of the People's Republic of China, the Trademark Law Implementing Regulations, and the Anti-unfair Competition Law of the People's Republic of China, SHNE continuously enhances intellectual property risk prevention and control capabilities, strengthens the management of patents, copyrights, and other intellectual property rights, and ensures the legal protection of its innovative achievements. During the reporting period, the Company did not engage in any illegal activities related to IP infringement. In 2024, SHNE was granted a total of 34 patents.

#### n of technology application

egrates smart photovoltaic systems and carbon neutrality on, management, and operation of parks. Relying on a smart achieves precise carbon neutrality goal setting and gy generation, energy conservation, and emission reduction, elopment and resource recycling, achieving a self-balancing orption within the park.

platforms, virtual power plant technology constructs a virtual orm. It aggregates distributed photovoltaic systems, energy es to optimize the balance of power supply and demand.

combines real-time meteorological data acquisition and nalyze the power generation potential of photovoltaic factors such as irradiance, wind speed, and temperature, cteristics, the system formulates precise power generation

re monitoring system enables remote monitoring of firefighting uipment abnormality, the system instantly sends alarm ring prompt responses to prevent or mitigate fire incidents. ficantly enhances fire prevention and emergency response eployed and put into use at power stations in regions such as andong.

ralized control data, enabling an automated, digital, and er stations. Currently, the technology has been installed and



## **Delivering Quality Offerings**

SHNE places great emphasis on the dual assurance of product quality and customer service. By implementing stringent quality control processes and establishing a comprehensive customer service system, the Company ensures stable and reliable

#### **Product guality**

SHNE regards energy supply security as its primary mission. The Company strictly oversees project construction, demonstrates a strong sense of responsibility, and actively fulfills its duties. SHNE continuously improves power generation efficiency and quality, and provides stable and efficient energy services to society to meet the growing energy demand. The Company has established the Quality Control Regulations, according to which the Safety and Quality Department is responsible for comprehensive quality supervision and management. This ensures the effective implementation of all quality standards and the continuous enhancement of product and service quality. In 2024, the Company maintained its ISO 9001 Quality Management System certification, achieving 100% coverage.



The Company has developed the Construction Safety Album, the Standardization Manual for the Quality Process in Photovoltaic Engineering, and a compiled summary of experience feedback materials to strengthen process supervision during project construction. These initiatives aim to achieve standardized construction and improve the final quality of project implementation. Additionally, in terms of operational management, the Company has formulated 12 categories of operation and maintenance-related regulations, including the Management Provisions for Equipment Overhaul and the Management Provisions for Equipment Defects, based on the actual conditions of on-site operations and production. These measures further refine the operational management system, making it more standardized and efficient.

In addition, to enhance employees' quality awareness and cultivate a corporate quality culture, the Company regularly conducts quality control training programs. These programs include activities such as "Quality Month" event, aiming at improving the professional technical skills of operational staff. In 2024, the Company organized "Quality Month" event and trainings related to quality.

#### Case: Training on "New Energy Business – Wind and Solar Project Development Experience Sharing and Industry Development Insights"

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In June 2024, SHNE successfully organized a specialized training session on new energy business. Project development personnel and other key staff actively participated in the training, at which they learned the latest knowledge in the field of new energy. External experts were invited to provide in-depth instruction on the development and expansion strategies for wind and solar energy, offering a detailed interpretation of the underlying logic of new energy development. Additionally, the experts introduced employees to the current status of the unified power market and conducted a thorough analysis of cutting-edge technologies such as hydrogen production, pumped storage, and energy storage. The training significantly enhanced the team's professional expertise, laying a solid foundation for the development and implementation of future new energy projects.



#### Case: Organizing the Quality Month Campaign to "Systematically Advance On-site Management, Strengthen the Foundation for Quality and Efficiency Improvement"

In September 2024, SHNE launched a series of engaging Quality Month activities under the theme "Systematically Advancing On-site Management, Strengthening the Foundation for Quality and Efficiency Improvement." Employees from various departments and production units actively participated in the campaign with a strong commitment to learning. The Company prominently displayed posters, hung promotional banners, and played Quality Month promotional videos in key locations, fostering an organizational culture where "everyone manages quality, everyone values quality, and everyone contributes to quality." Additionally, we organized training sessions for internal auditors from relevant departments on quality management system standards and internal auditing. Through detailed standard explanations and case studies, we strengthened the integration of theory and practice, deepening participants' understanding of quality control. The Company also conducted quality inspection activities, focusing on the "Six Checks" to comprehensively review key quality control units and critical points. The "Quality Month" activities effectively enhanced the quality awareness of all employees, and optimized the quality management system, solidifying the foundation for the Company's efforts to improve quality and efficiency.



**Training Scene** 



Quality Month Scene

#### **Customer services**

SHNE consistently adheres to the principle of customer-first, focusing on providing high-quality and efficient professional services to its clients. The Company places great emphasis on customer communication by actively listening to customer feedback, and has established a dedicated customer complaint response mechanism to deliver an enhanced service experience, thus significantly improving customer satisfaction.

To further elevate service standards, the Company regularly conducts customer satisfaction surveys to extensively gather feedback and suggestions from clients. Based on this input, the Company continuously refines its service offerings and quality. In 2024, within the clean power generation sector, the satisfaction survey covered areas such as work safety and operational management, service skills, personnel quality, and the management of potential risks and defects. The survey results indicated that customers rated SHNE's performance as excellence. Additionally, in the clean heating sector, 65,829 participants took part in the satisfaction survey, achieving a satisfaction score of 98%. During the year, our operation and maintenance team received written commendations from several major energy enterprises, including Gansu and Shandong branches of China Three Gorges Corporation, Yunnan branch of State Power Investment Corporation, and Jiangsu branch of China Huadian Corporation.

In terms of customer complaint handling, the Company continuously optimizes complaint resolution mechanism, and strictly ensures that investigations are conducted with objectivity and authenticity. The entire process, including handling procedures and timelines, is closely monitored, and the results of complaint resolutions are promptly communicated to customers. For issues such as heating interruptions caused by equipment failures, the Company dispatches professional teams for emergency repairs and provides estimated repair times. Once the issue is resolved, follow-up is conducted via phone or in-person visits to confirm customer satisfaction and gather feedback. Additionally, the Company organizes annual "Warmth Visits" activities, where staff visit households to understand needs, identify problems, and address concerns, thereby continuously improving service quality. In 2024, SHNE received 456 customer complaints in the clean heating sector. The Company responded efficiently, achieving a 100% timely complaint response rate and a 100% closure rate. In the photovoltaic power generation sector, the Company maintained a zero-complaint record in customer service.

The Company employs multiple communication channels, including phone calls, emails, and face-to-face interactions, to comprehensively understand customer needs and continuously refine service processes. Furthermore, the Company regularly conducts marketing and service training for employees, building a high-quality service team that earns customer recognition through professional service.

Additionally, due to the inherent characteristics of our electricity and heating supply operations, daily operations do not involve product packaging or transportation. Similarly, there are no instances of product recalls for safety or health reasons related to sold or transported goods.



# 能动回海 绿享玉洲

# 能动四海 绿享五洲

# **Deepening Collaborative Development**

SHNE continues to strengthen its supply chain management and actively expands the breadth and depth of industry collaboration. By partnering closely with diverse stakeholders, the Company strives to build a tighter, more stable, and dynamic industrial ecosystem. This cooperative approach drives the joint development of enterprises across the entire industry chain, from upstream to downstream.

#### Supply chain management

In compliance with relevant laws and regulations, including the Law of the People's Republic of China on Tenders and Bids and the Implementation Regulations of the Bidding and Tendering Law of the People's Republic of China, the Company further revised its Supplier Management System in 2024 to enhance the supplier evaluation process by incorporating sustainabilityrelated criteria such as environmental protection, occupational health, and personnel management so as to implement comprehensive management of suppliers based on the principles of "tiering, categorization, and grading."

The Company continuously improves its supplier governance framework by establishing a supplier governance framework jointly managed by the Management Committee, the Bidding Leadership Group, and the Secretariat of the Bidding Leadership Group.

**Supplier Governance Framework** 

		Responsibi
Management Committee	•	The Management Committee ac taking full responsibility for supp
Bidding Leadership Group	•	Within the scope of authorization guide, and supervise the bidding business units; Review the shortlisting of major centralized procurement, playing procurement decisions.
Secretariat of the Bidding Leadership Group		Oversee and monitor the bidding the Company to ensure they are Establish the supplier managem provide institutional and procedu Monitor the effective implementa



cts as the governing body for supplier management, olier management.

n by the Management Committee, standardize, g and procurement activities of the Company and its

suppliers and the invitation lists for significant g a critical role in supplier selection and major

g, procurement, and supplier management tasks of conducted in compliance with requirements; nent system and workflows of the Company to ural safeguards for supplier management; ation of the system to ensure the standardization

nanagement.

The Company conducts bidding, procurement, and supplier management in compliance with regulations, and continuously refines its comprehensive supplier management system. All stages, from qualification and evaluation to removal, are meticulously managed. During the reporting period, the Company maintained a total of 415 suppliers.

#### The Number of Suppliers by Geographical Region in 2024



#### Supply Chain Management Process of SHNE

Supplier admission	<ul> <li>Establish clear qualified supplier screening criteria covering the entire process, including preliminary document review, information verification, on-site evaluation scoring, and assessment report issuance, to realize comprehensive control;</li> <li>During the preliminary document review phase, suppliers must provide management system certifications such as ISO 9001 and ISO 14001 to demonstrate qualifications in health, safety, and environmental management. In 2024, 365 suppliers were certified under ISO 14001, ISO 45001, and ISO 9001;</li> <li>Suppliers are required to maintain an anti-corruption policy.</li> </ul>
Supplier assessment	<ul> <li>Conduct comprehensive scoring during document review and supplier onboarding based on evaluation criteria, including supplier capabilities, environmental management, production capacity, and personnel management;</li> <li>Perform regular supplier audits, with research and on-site evaluations conducted for 19 suppliers in 2024.</li> </ul>
Supplier exit	<ul> <li>Add non-compliant suppliers identified during the bidding, procurement, or contract fulfillment processes to a blacklist;</li> <li>No violations of the Company's supplier management regulations occurred in 2024.</li> </ul>

The Company continuously strengthens our mechanisms for communication and collaboration with suppliers, and enhances interactions with suppliers through various channels such as phone calls, emails, social media, face-to-face meetings, formal letters, and official announcements. This initiative aims to establish a dedicated and long-term platform for resource alignment and empowerment. In 2024, we regularly invited suppliers to discuss industry trends, explore their core products and solutions, and deepen technical cooperation. Additionally, the Company conducted regular supplier empowerment training programs to enhance their overall capabilities and business expertise.

#### **Industry Development**

SHNE continuously deepens and expands its industry-university-research cooperation. By organizing various internal and external cooperation and exchange activities, we strengthen ties with internal and external institutions and industry organizations. This drives sustainable development for ourself and the entire industry.

#### Case: SHNE & BUAA Transportation and Energy Integration Research Center

In May 2024, Beihang University and SHNE jointly established the SHNE & BUAA Transportation and Energy Integration Research Center. At the same time, they held a seminar on demonstration and application of transportation and energy integration. The event aimed to advance innovation in transportation + clean energy. It marks SHNE's significant step in enhancing industryuniversity-research cooperation, technological innovation, and sustainability. This platform allows SHNE to speed up commercialization of technological achievements and boost technological innovation capabilities, driving China's carbon peak and neutrality goals and low-carbon economic growth.

#### Case: SHNE Drives Digital O&M Transformation in New Energy Power Stations with Beikong High-Tech

In 2024, SHNE aligned with national strategies by advancing digital O&M transformation for new energy power stations. In cooperation with Beijing Beikong High-Tech Investment Co., Ltd., SHNE leveraged AloT technology<sup>14</sup> and digital twin technology<sup>15</sup> to develop an innovative O&M solution for large-scale power stations. Piloted at Zhongsheng Photovoltaic in Huairen County, Shandong Province, it incorporates the concept of "space-air-ground integration + indoor-outdoor coordination." By integrating a big data centralized control platform with smart inspection technology, it enables intelligent inspection and data analysis for unmanned power stations. This collaborative innovation has improved operational efficiency and accuracy, significantly reduced labor costs, and advanced technological progress in the new energy sector.



<sup>14</sup> AloT technology (Artificial Intelligence Internet of Things technology) combines Artificial Intelligence (AI) and the Internet of Things (IoT) for more efficient and automated equipment management and control through intelligent data analysis and processing. <sup>15</sup> Digital twin technology involves creating accurate virtual models of physical devices, systems, or processes to achieve real-time monitoring, analysis, and optimization.



Establishment of SHNE & BUAA Transportation and Energy Integration Research Center

Unmanned and Autonomous Inspection Platform

# **Spreading Public Charity**

SHNE works to promote a green transition in rural areas by engaging in charitable activities and supporting rural revitalization. In 2024, we invested RMB14.063 million in public charity, including RMB25,000 in charitable donations, RMB10.2 million in communities, and RMB3.838 million in commercial activities, helping boost local economies and improve residents' quality of life.

#### Support for Rural Revitalization

Leveraging its resources, SHNE introduces emerging industries to rural areas, revitalizing the local economy. Besides, we customize diversified assistance measures based on the specific conditions of our projects. Our localized services include activities like fishery and photovoltaic breeding, agriculture and photovoltaic planting, as well as cleaning, weeding, and renovations. These efforts aim to increase villagers' incomes and sustain poverty alleviation progress.

#### **Case: Assistance from Hebei Xingtai** Wanyang PV Power Station

The Hebei Xingtai Wanyang PV Power Station actively fulfills its corporate social responsibility by promoting local economic growth. It outsources tasks such as weeding and component cleaning in the PV area to qualified local businesses, thus creating jobs and increasing villagers' incomes. With an annual expenditure of approximately RMB600,000, this project has improved economic conditions of local villagers and supported poverty alleviation efforts.



#### Case: Assistance from Henan Anyang and Miaokou PV Power Stations

In response to calls from both the Group and local government, the Henan Anyang and Miaokou PV Power Stations entrust routine tasks like weeding and component cleaning in the PV area to qualified local businesses that can help increase villagers' incomes. With an annual expenditure of around RMB1.238 million, the project has significantly contributed to local poverty alleviation and improved villagers' incomes.



#### **Case: "Wind Power Action' Supports Rural Revitalization**

In December 2024, SHNE secured a 50MW wind power project as part of Shanxi's second batch of "Wind Power Action" pilot projects for rural revitalization. Situated in Shuangnian Township, Pinglu District, Shuozhou City, this project represents SHNE's first entry into the national "Wind Power Action in Numerous Villages" program. It aims to accelerate a green, low-carbon transition in rural areas, expand the rural collective economy, support rural revitalization, and facilitate sustainable local economic development.

#### **Practicing Public Charity**

Through charitable donations, SHNE enhances community infrastructure, improves public services, and boosts residents' sense of happiness and gaining. In 2024, we organized four volunteer events, contributing approximately 216 service hours.

#### **Case: Tree Planting Event**

In 2024, SHNE organized 35 employees to plant trees in Beiyang (Henan), Dali (Yunnan), and Yuyang (Shanxi). This initiative strengthened team environmental awareness and unity, improved local ecology, and reinforced our image as a socially responsible enterprise.

#### **Case: Clean Service Volunteer Event**

In 2024, SHNE organized a clean service volunteer event. This event has heightened employees' sense of social responsibility and team spirit, while also elevating our public image and reputation. This event was issued the "Certificate of Go Green Keep Clean Service" from Hong Kong Agency for Volunteer Service.

- We donated RMB10,000 to the Horgin Left Rear Banner Charity Federation in Tongliao City, Inner Mongolia for targeted poverty alleviation;
- We donated RMB5,000 to the Charity Federation of Baoying County, Jiangsu Province;
- · We donated RMB10,000 to the Charity Association of Baoying County, Jiangsu Province.





### **Keep Clean Service**

#### **Certificate of Appreciation**

Shandong Hi-Speed New Energy Group Limited

Advance Steadily through Compliance Governance

Key governance indicators	Sub-indicator	rs description	Unit	2023	2024
	Number o	f directors	person	12	12
	Number of indep	pendent directors	person	4	4
	Number of fer	male directors	person	1	1
Board of	Number of Bo	pard meetings	session	11	16 <sup>16</sup>
Directors	Sustainability Cor	mmittee meetings	session	1	1
	Nomination Corr	nmittee meetings	session	2	2
	Remuneration Co	mmittee meetings	session	2	2
	Audit Commi	ttee meetings	session	2	4 <sup>17</sup>
	Number of tra	ining sessions	session	9	5
	Number of participants		person	253	222
	Training hours		hour	126	111
Anti-corruption	Integrity training for staffs		session	3	/
	Integrity training for mid-and high-level leaders		session	1	/
	Coverage rate of anti-corruption trainings for staffs		%	100	100
	Cybersecurity incident emergency response drill		number	94	94
	Information security	Number of trainings	session	117	108
		Number of participants	person	636	621
Privacy security		Training hours	hour	74,412	67,068
	Number of	f violations	case	0	0
	Number of customers and employees affected by the information security breach		occurrence	/	0
	Number of priv	vacy violations	case	/	0
	Risk management	Number of training sessions	session	/	15
Risk	training	Number of participants	person	/	838
management		Training hours	hour	/	1,128
	Number of reviews on risk management and internal monitoring system		<i></i>	1	

**ESG Performance Indicators Summary** 

Appendix

Key operation indicators	Sub-indicator description	Unit	2023	2024
	Revenue	100 RMB million	44.87	44.23
	Profit for the year	100 RMB million	3.50	4.63
	Centralized photovoltaic power plants	/	54	54
Business overview of	Total installed capacity of centralized photovoltaic power plants	MW	2,526	2,602
	Wind power plants	/	19	19
the company	Total installed capacity of wind power plants	MW	1,176	1,176
	Total installed capacity of distributed photovoltaic stations	MW	800	920
	Clean heat supply	10,000 square meter	3,395	3,532

Advance Steadily through
Compliance Governance

Key environment indicators	Sub-indicators description		Unit	2023	2024
		Nitrogen Oxides (NO <sub>x</sub> )	kg	67,286.46	68,381.93
	Air emissions	Sulfur Oxides (SO <sub>x</sub> )	kg	18,325.19	18,056.38
Types of emissions and		Particulate matters (PM)	kg	3,986.12	4,099.82
emissions data	Waste water	Total waste water emissions	tonne	98,780.57	99,868.57
	emissions	Waste water emission intensity	tonne/RMB million	22.01	22.58
	Total GHG	emissions	tCO <sub>2</sub> e	634,033.78	669,713.03
		Total coal emission	tCO <sub>2</sub> e	76,491.12	75,358.92
	Total GHG emissions (Scope 1)	Total vehicle diesel emissions	tCO <sub>2</sub> e	97.29	122.55
		Total vehicle gasoline emissions	tCO <sub>2</sub> e	626.21	957.42
		Total natural gas emissions	tCO <sub>2</sub> e	102,272.13	102,262.60
Total GHG		Total LPG emissions	tCO <sub>2</sub> e	0.76	0.44
emissions and intensity		Total GHG emissions (Scope 1)	tCO <sub>2</sub> e	179,487.51	178,701.93
	Total GHG emissions (Scope 2)	Total purchased hot water emissions	tCO <sub>2</sub> e	404,350.80	435,194.54
		Total purchased electricity emissions	tCO <sub>2</sub> e	50,195.46	55,816.57
		Total GHG emissions (Scope 2)	tCO <sub>2</sub> e	454,546.27	491,011.10
	Carbon dioxide emission intensity		tCO <sub>2</sub> e/revenue (RMB million)	141.30	151.42
	Used lead-	acid battery	kg	4.00	6.00
Total	Used ink	cartridges	kg	135.00	132.03
hazardous	Used light	bulbs/tubes	kg	65.00	45.77
waste and intensity	Total hazar	dous waste	kg	204.00	183.80
interforty	Hazardous waste intensity		kg/revenue (RMB million)	0.05	0.04

Key environment indicators	Sub-indicators description		Unit	2023	2024
	Boiler slags		tonne	31,332.00	3,659.84
Total non-	Coal	ashes	tonne	27,300.00	2,481.23
hazardous	General do	mestic waste	tonne	233.35	1,032.00
waste and intensity	Total non-haz	zardous waste	tonne	58,865.35	7,192.29
	Non-hazardous	s waste intensity	tonne/revenue (RMB million)	13.12	1.63
		Coal consumption	tonne	41,569.00	40,953.71
		LPG consumption	tonne	0.26	0.15
		Natural gas consumption	10,000 cubic meter	4,730.44	4,730.00
	Direct energy	Diesel consumption	liter	37,049.17	46,668.65
		Gasoline consumption	liter	283,995.13	434,202.57
Total direct and indirect energy		Total direct energy consumption	MWh	780,014.70	777,140.33
		Total direct energy consumption intensity	MWh/revenue (RMB million)	173.84	175.70
and intensity	Indirect energy	Purchased hot water	GJ	3,675,916.40	3,956,313.99
		Purchased electricity	MWh	93,543.54	104,018.94
		Total indirect energy consumption	MWh	1,113,242.75	1,201,500.45
		Total indirect energy consumption intensity	MWh/revenue (RMB million)	248.10	271.65
	Consolidated energy consumption		MWh	1,893,257.45	1,978,640.77
	Consolidated energy consumption intensity		MWh/revenue (RMB million)	421.94	447.35
	Photovoltaic power plants water resources consumption		tonne	20,901.00	21,230.00
	Wind power plants water resources consumption		tonne	5,661.00	8,350.00
Total water consumption	Office water	consumption	tonne	400.00	2,158.00 <sup>18</sup>
and intensity	Clean heat supply pro	ject water consumption	tonne	570,927.21	536,740.16
	Total water resou	irces consumption	tonne	597,889.21	568,478.16
	Water resources consumption intensity		tonne/revenue (RMB million)	133.25	128.53

<sup>18</sup> The water consumption data at headquarters for 2024 includes the water consumption data of headquarters offices and offices of the heating company.

Key society indicators	Sub-indicators description	Unit	2023	2024
Number of employee	Total number of employees	person	2,106	1,886
Number of	Male employee	person	1,527	1,379
employee by gender	Female employee	person	579	507
Number of employee by employment	Full-time employee	person	2,093	1,873
type	Part-time employee	person	13	13
	Aged 20-30	person	664	506
Number of	Aged 31-40	person	919	860
employee by	Aged 41-50	person	407	293
age	Aged 51-60	person	109	205
	Aged 61 or above	person	7	22
Number of	High-level managers	person	27	22
employee by	Middle-level managers	person	113	97
position	General staff	person	1,966	1,767
	North China	person	995	702
	Northeast China	person	329	334
	East China	person	255	429
Number of	South China	person	57	25
geographical	Southwest China	person	70	27
region	Central China	person	150	203
	Northwest China	person	233	145
	Hong Kong, Macao and Taiwan regions of China	person	17	21
	Disabled employee	person	12	2
Number of	Foreign employee	person	0	8
employee by	Ethnic minority employee	person	93	62
special cases	Newcomers from experienced hire	person	240	191
	Newcomers from school	person	137	38
	Number of employee turnover	person	329	298
Employee turnover rate		%	13.51	13.64

Key society indicators	Sub-indicators description	Unit	2023	2024
Employee	Male employee	%	15.12	14.19
turnover rate by gender	Female employee	%	8.96	12.13
	Aged 20-30	%	19.81	18.26
Employee	Aged 31-40	%	12.48	11.07
turnover rate by	Aged 41-50	%	6.00	10.12
age	Aged 51-60	%	6.03	17.00
	Aged 61 or above	%	12.50	12.00
	North China	%	16.46	14.18
	Northeast China	%	6.80	11.64
	East China	%	7.94	14.71
Employee	South China	%	5.00	30.56
geographical	Southwest China	%	30.69	15.63
region	Central China	%	16.20	13.62
	Northwest China	%	7.91	8.81
	Hong Kong, Macao and Taiwan regions of China	%	19.05	8.70
	Total employees	%	85.71	100.00
Percentage of	Male employees	%	78.56	73.12
employees	Female employees	%	21.44	26.88
trained	Management	%	6.15	6.31
	General staff	%	93.85	93.69
	Total employees	hour	17.46	5.22
Average hours	Male employees	hour	22.82	5.22
of employee	Female employees	hour	5.98	5.22
training	Management	hour	11.65	5.22
	General staff	hour	17.88	5.22

<b>SEHK ESG</b>	Reporting	Cod
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Subject Areas	Aspects	Key Performance Indicators (KPIs)	
Environment			
	General Disclosure	<ul> <li>Information on:</li> <li>(a) the policies; and</li> <li>(b) compliance with relevant laws and regulations that have a significant impact on the issue relating to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.</li> </ul>	P44
	A1.1	The types of emissions and respective emissions data.	P50
A1 Emissions	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P87
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P87
	A1.5	Description of emissions target(s) set and steps taken to achieve them.	P48-50
	A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	P50
	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	P41-42
	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	P43
A2 Use of	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	P43
Resources	A2.3	Description of energy use efficiency target(s) and steps taken to achieve them.	P41
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	P42
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not Applicable
A3 Environment	General Disclosure	Policies on minimizing the issuer's significant impacts on the environment and natural resources.	P52
and Natural Resources	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	P52

Key society indicators	Sub-indicators description		Unit	2023	2024
	Total number of supp	liers	/	639	415
	North	China	/	232	184
	Northea	st China	/	59	23
	East	China	/	181	135
Number of	South	China	/	26	21
geographical	Southwe	st China	/	7	12
region	Centra	China	/	37	26
	Northwe	st China	/	97	13
	Hong Kong, Taiwan regio	Macao and ons of China	/	0	1
	Number of work-	related fatalities <sup>19</sup>	person	0	0
	LTIFR per million wo	rking hours (LTIFR <sup>20</sup> )	%	0	0
Work safety	LTIFR per million worki (LTI	ng hours of contractors FR)	%	/	0
	Equipment accidents w of over RM	ith direct economic loss 1B2 million	/	0	0
	Fire, traffic and el	ectrical accidents	/	0	0
	Public safe	ty incidents	/	0	0
	Administration department penalty		/	0	0
	Safety education training		person	4,310	10,291
	Community investment a	RMB00'000	1,499.00	1,406.3	
	Patents	Domestic applications	piece	3	3
Intellectual property rights		Domestic authorizations	piece	3	1
		Accumulated authorizations	piece	33	34
	Number of	violations	case	0	0

<sup>19</sup> In 2022, the Group reported no work-related fatalities.
 <sup>20</sup> In 2022, the Group's lost time injury frequency rate (LTIFR) stood at 0%.

# le Content Index

Subject Areas	Aspects	Key Performance Indicators (KPIs)	
Society			
B1 Employment	General Disclosure	<ul> <li>Information on:</li> <li>(a) the policies; and</li> <li>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.</li> </ul>	P63-68
	B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	P64
	B1.2	Employee turnover rate by gender, age group and geographical region.	P65
B2 Health and Safety	General Disclosure	<ul> <li>Information on:</li> <li>(a) the policies; and</li> <li>(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.</li> </ul>	P72-75
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	P91
	B2.2	Lost days due to work injury.	P91
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	P72-75
B3 Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	P69-71
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	P71
	B3.2	The average training hours completed per employee by gender and employee category.	P71
B4 Labour Standards	General Disclosure	<ul> <li>Information on:</li> <li>(a) the policies; and</li> <li>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.</li> </ul>	P63
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	P63
	B4.2	Description of steps taken to eliminate such practices when discovered.	P63

Subject Areas	Aspects	Key Performance Indicators (KPIs)	
B5 Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	P80-82
	B5.1	Number of suppliers by geographical region.	P81
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	P80-81
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	P81
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	P80-81
	General Disclosure	<ul> <li>Information on:</li> <li>(a) the policies; and</li> <li>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.</li> </ul>	P77-79
B6	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not Applicable
Product Responsibility	B6.2	Number of products and service related complaints received and how they are dealt with.	P79
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	P76
	B6.4	Description of quality assurance process and recall procedures.	P77
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	P31-32
B7 Anti-corruption	General Disclosure	<ul> <li>Information on:</li> <li>(a) the policies; and</li> <li>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.</li> </ul>	P27
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	P30
	B7.2	Description of preventive measures and whistleblowing procedures, and how they are implemented and monitored.	P30
	B7.3	Description of anti-corruption training provided to Directors and staff.	P28-29

Subject Areas	Aspects	Key Performance Indicators (KPIs)		
B8 Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	P83-84	
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	P83-84	
	B8.2	Resources contributed (e.g. money or time) to the focus area.	P83-84	
Climate-related	disclosure			
	Governance	Governance	P35	
	Strategy	Climate-related risks and opportunities	P37-39	
		Business model and value chain	P36	
		Strategy and decision	P36	
Climate-related		Financial conditions, financial performance and cash flow	P15	
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		Climate-related physical risks	P38-39	
		Climate-related opportunities Capital operation		P39
				P54
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		Remuneration	P41	
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		Climate-related targets	P40	
		Cross-industry indicators and applicability of industry indicators	Not Yet Disclosed	

# **Assurance Report**



Verification Statement

#### Scope and Objective

Hong Kong Quality Assurance Agency ("HKQAA") was commissioned by Shandong Hi-Speed New Energy Group Limited ("SHNE") to conduct an independent verification for its Sustainability Disclosures (the "selected disclosures") stated in its Sustainability Report 2024 ("the Report"). The selected disclosures covered the period from 1<sup>st</sup> January 2024 to 31<sup>st</sup> December 2024 and represented the sustainability performance of SHNE.

The objective of this verification is to provide an independent opinion with a limited level of assurance on whether the selected disclosures are prepared in accordance with the following reporting criteria:

 the Environmental, Social and Governance Reporting Guide ("ESG Guide") set out in Appendix C2 of the Listing Rules of The Stock Exchange of Hong Kong Limited (version effective from 31 December 2023, which remains applicable to annual reports for financial years commencing before 1 January 2025).

#### Level of Assurance and Methodology

HKQAA's verification procedure has been conducted with reference to the International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information ("ISAE 3000") issued by the International Auditing and Assurance Standards Board. The evidence gathering process was designed to obtain a limited level of assurance as set out in the ISAE 3000 by using a risk-based approach.

Our verification procedure included, but not limited to:

- Sampling the sustainability information stated in the Report, e.g. claims and performance data for detail verification;
- Verifying the raw data and supporting information of the selected samples of the sustainability information:
- Interviewing responsible personnel; and
- Checking the internal control mechanism

#### **Roles and Responsibilities**

SHNE is responsible for the organization's information system, the development and maintenance of records and reporting procedures in accordance with the system, including the calculation and determination of sustainability information and performance. HKQAA verification team is responsible for providing an independent verification opinion on the selected disclosures provided by SHNE for the reporting period. The verification was based on the verification scope, objectives and criteria as agreed between SHNE and HKOAA.



#### Independence

HKQAA did not involve in collecting and calculating data or compiling the reporting contents. Our verification activities were entirely independent and there was no relationship between HKQAA and SHNE that would affect the impartiality of the verification.

#### Limitation and Exclusion

The following limitations and exclusions were applied to this verification due to the service scope, nature of verification criteria, and characteristics of the verification methodology.

- I. Our verification scope is limited to examining the raw data or information for the selected disclosures, e.g., Claims and Performance Data stated in the Report. The identified sustainability information may be subject to inherent uncertainty because of incomplete scientific and technical knowledge.
- Evaluating the quality of execution and implementation effectiveness of the ESG practices, the 11. appropriateness of the assumptions made, and the estimation techniques applied are outside the scope of our verification.
- The verification of raw data or information is based on the use of a sampling approach and 111. reliance on the client's representation. As a result, errors or irregularities may occur and remain undetected.
- Any information outside the established verification period has been excluded. IV.

#### Conclusion

Based on the evidence obtained and the results of the verification process, it is the opinion of the verification team that, with a limited level of assurance, nothing has come to the team's attention that the Report has not been prepared, in all material respects, in accordance with the ESG Guide set out in Appendix C2 of the Listing Rules of The Stock Exchange of Hong Kong Limited (former version, which remains applicable to annual reports for financial years commencing before 1 January 2025).

Signed on behalf of Hong Kong Quality Assurance Agency

K.T. Ting

**Chief Operating Officer** 21 March 2025 Ref: 14951324-VER

Advance Steadily through Compliance Governance

# **Readers' Feedback**

Dear Reader,

Thank you for taking time to read the Report. We highly value and sincerely welcome your feedback on the Report. Your comments and suggestions serve as important foundation for us to continuously improve the quality of our ESG disclosures and promote our ESG management and practices. You may provide your completed feedback guestionnaire by mail or by email with a scanned copy to us. Thank you again!

Address: 2/F-3/F, Zhonghai International Center, 28 Ping'anli Email: ir@shneg.com.hk

1. Which type of stakeholder do you represent in SHNE? Employee Client Supplier Regulatory agency

2. What is your overall assessment of the Report? Excellent Good Normal

3. Does the Report adequately address the information you are co Yes No Normal

4. What are your expectations or suggestions for our ESG report Innovative report theme Innovative framework and approach

More friendly reader interface

5. Other suggestions or opinions on our ESG performance and the

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