



CHINA CONCH ENVIRONMENT PROTECTION HOLDINGS LIMITED 2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

(Incorporated in the Cayman Islands with limited liability)
STOCK CODE : 00587



CHINA CONCH ENVIRONMENT
PROTECTION HOLDINGS LIMITED
2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE
(ESG) REPORT



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About This Report

Overview

This report is the fourth independent Environmental, Social and Governance Report published by China Conch Environment Protection Holdings Limited (hereinafter referred to as "the Company"), which reflects the strategies, policies, measures, and achievements of the Company and its subsidiaries (the "Group") in Environmental, Social and Governance Report (the "ESG") in 2025, with a focus on the disclosure of information related to the Company's environmental, social and governance performance.

Reporting Period

The Reporting Period covers the information and data of the Company from 1 January 2025 to 31 December 2025 (the "Reporting Period").

Scope of Report

The policies and data provided in this report cover the Group, and the scope of the report is consistent with the Annual Report. Unless otherwise stated, the currency used in the report is RMB.

Description of Reference

For ease of expression, China Conch Environment Protection Holdings Limited and its subsidiaries also use the terms "Conch Environment", "the Group", or "we" in the report.

Basis of Preparation

This report was prepared in accordance with the *Environmental, Social and Governance Reporting Code* (the "ESG Reporting Code") as set out in Appendix C2 of the *Rules Governing the Listing of Securities* of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"), and in compliance with the four major reporting principles of "materiality", "quantitative", "balance" and "consistency". This report is also compiled with reference to the 2030 United Nations Sustainable Development Goals (the "SDGs"), based on the Company's current level of development and the actual situation of ESG.

Report Acquisition

This report was written in Traditional Chinese and English, respectively, and published electronically on the website of the Hong Kong Stock Exchange and in the "Investor Relations" Column – "ESG Report" on the website of the Company: <http://http://www.conchenviro.com>.

Contact Information

Through the release of this report, we hope to strengthen communication, cooperation and understanding with all parties, enhance their sense of identity in terms of interests, emotions and values, and pool the strength of sustainable development of enterprises and the society. If you have any suggestions and comments on this report, please contact us as follows:

Email: hlhb@conchenviro.com, Tel: 0553-8399461

Confirmation and Approval

This report was confirmed by the management and approved by the Board of Directors on 24 March 2026.



Chairman's Speech

The year 2025 marked the conclusion of the nation's 14th Five-Year Plan and represented a pivotal year of breakthrough and transformation for Conch Environment. Amidst a complex and volatile market environment, we closely aligned with national policy directions, steadfastly implementing the core development philosophy of green environmental protection. We confronted challenges head-on in our reform efforts, driving quality and efficiency improvements through innovation, advancing steadily on the journey towards high-quality development in the environmental protection industry, and progressing with surefooted steps along the path of green development.

During the year, we solidified our foundation and empowered industrial transformation.

Conch Environment focused on leveraging its core strengths in cement kiln co-processing, while continuously advancing the synergistic development of alternative fuels, sludge disposal, oil sludge disposal, fly ash washing and resource comprehensive utilisation, further consolidating its leadership position in the solid and hazardous waste disposal industry. Concurrently, we prioritised innovation as a guiding force, strengthening the application of technological achievements and continuously exploring pathways for business transformation. We accelerated technological breakthroughs in emerging areas such as emerging pollutant control, sludge odour removal, and cell wall-breaking agents, while promoting the application of hazardous waste information systems across the entire process, actively cultivating new productive forces in the environmental protection sector.

During the year, we pursued green development and deepened low-carbon initiatives.

Addressing the contemporary challenges of ecological protection and climate change, Conch Environment actively responded to the national "dual carbon" strategy, fully integrating green development into our corporate operations, management and business systems. We proactively conducted climate change risk and opportunity assessments, established greenhouse gas emission reduction targets, deeply advanced energy-saving technological transformations and energy structure transitions, promoting the synergistic coexistence of development and protection, thereby contributing tangibly to the construction of a beautiful China.

During the year, we remained mindful of our mission and embraced social responsibilities.

While pursuing our own steady development, Conch Environment has always been conscious of its mission as an environmental protection enterprise. Leveraging our expertise, we assisted multiple regions in conducting hazardous waste emergency disposal, building a safety defence line for community living environments. Through platforms such as "Environmental Protection Public Open Days" and themed World Environment Day events, we actively organised environmental public welfare and educational activities, enhancing public awareness and recognition of environmental protection and green, low-carbon concepts.

During the year, we cultivated a strong foundation and unlocked the potential of our people.

We have always regarded talent as the core driving force behind high-quality development. We continuously improved our talent development system, optimised career pathways for employees, and built a highly competent and professional workforce. We place great emphasis on employee well-being, providing comprehensive benefits and health support, fostering an environment where employees and the company can grow together.

During the year, we operated prudently and enhanced governance standards.

Conch Environment adheres to lawful and compliant operations, continuously refining its corporate governance framework and risk management mechanisms, and fostering an honest and clean business environment to ensure the Company's stable development. We are constantly deepening our commitment to sustainable development, maintaining long-term and effective communication with all stakeholders, and resolutely integrating ESG principles into our corporate decision-making and business operations, responding tangibly to stakeholder expectations.

The journey ahead is long; we will stride forward with determination.

Through diligent and persistent effort, the future holds great promise. The year 2026 marks the beginning of the 15th Five-Year Plan. Standing at this new historical juncture, we will closely follow the pace of green and low-carbon development, continuously forging a green industrial chain, enhancing industrial value through technological innovation, cultivating new productive forces, better serving ecological civilisation construction and public welfare, and demonstrating corporate value through tangible actions.



China Conch Environment
Protection Holdings Limited
Chairman of the Board
Mr. Zhou Xiaochuan
April 2026



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Highlighted Achievements in 2025



Wuhu Conch Environment was awarded the title of "Waste-Free Factory" in Wuhu City



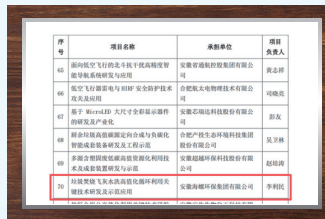
Chongqing Conch Environment was recognised as a Grade A "Harmonious Labour Relations Enterprise" in Chongqing



The *Integrated Technological Innovation and Industrial Application of Fly Ash Harmless Disposal and Full-Quantity High-Value Utilization* project won a provincial/ministerial-level science and technology award – Second Prize of the Environmental Protection Science and Technology Award.



The *R&D and Demonstration Application of Key Technologies for High-Value Recycling of Washed Fly Ash from Waste Incineration* project was selected into the Anhui Provincial Science and Technology Innovation Tackling Plan.



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Jining Conch Environment received the title of "Employee Well-being Enterprise" in Jining City



Yiyang Conch Environment was awarded the title of "Jiangxi Provincial Safety Culture Construction Demonstration Enterprise"





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About Conch Environment

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1 About Conch Environment

1.1 Company Profile

China Conch Environment Protection Holdings Limited is a large-scale integrated environmental protection enterprise focusing on the field of energy conservation and environmental protection, integrating process research and development, design innovation, production and operation, terminal disposal and after-sales services. It aims to build the industrialization and scaling up new energy conservation and environmental protection technologies to achieve the sustainable development with low energy consumption and low pollution.

Conch Environment has been involved in the industrial waste disposal industry since 2015, and was listed on the Hong Kong Stock Exchange (HK.00587) in March 2022. The Group possesses advanced solid waste disposal technology. While continuously consolidating its core advantages in collaborative disposal of cement kilns, the Group is also constantly promoting the diversified development of environmental protection industries such as oil sludge disposal, fly ash washing, medical waste disposal, dismantling of end-of-life motor vehicles, and comprehensive utilization of resources. As of 31 December 2025, the Group had successfully expanded a total of 85 environmental protection projects in 21 provinces across the country, with a disposal scale of 12.1211 million tonnes per annum and dismantling capacity of 15,000 vehicles per annum.

Adhering to the business concept of "lucid waters and lush mountains are invaluable assets", we insists on being innovation-driven and technology-led, and constantly explores new fields of environmental protection while improving existing environmental technologies and promoting technology upgrades, helping to create lucid waters and lush mountains, thereby creating a beautiful homeland for the future of human.

1.2 Business Overview

In strict line with the guidance of the national green and low-carbon development strategy, Conch Environment actively seizes policy opportunities, and adheres to technological innovation as the leading factor. With a focus on the main business of environmental protection, the Group takes "synergistic disposal, resource utilization, and low-carbon recycling" as the development direction, and concentrates efforts on transforming and developing into a high-tech environmental protection enterprise, further consolidating the leading position of the Group in the environmental protection industry.





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Green Transformation Build an Eco-friendly Future Together

Conch Environment is committed to promoting the organic unity of environmental governance, economic benefits and social value, integrating the concept of sustainable development into the entire value chain. By building a green operation system, deepening industrial collaborative innovation and practicing an open and shared mechanism, it systematically creates a new pattern of sustainable development for the future.



2 Green Transformation. Build an Eco-friendly Future Together

2.1 Environmental Management

As an industry practitioner deeply engaged in the environmental protection sector, Conch Environment has always regarded sustainable development as the core orientation of its business operations and is committed to promoting the coordinated integration of industrial production and the ecological environment. By continuously innovating technological processes and optimizing the resource allocation system, we promote the green transformation of our own operations and contribute professional strength to low-carbon development.

2.1.1 Development of environmental system

Conch Environment has always complied with relevant laws and regulations of the PRC and the places where it operates, such as the *Environmental Protection Law of the People's Republic of China*, and the *Cleaner Production Promotion Law of the People's Republic of China* to ensure that all business activities strictly abide by compliance requirements. Meanwhile, the Company systematically constructs and implements an environmental protection responsibility system. Through improving the management structure and strengthening process supervision, it ensures the effective implementation of various environmental management measures and promotes the unity of enterprise operation and environmental responsibility. As of the end of the Reporting Period, all of the 36 subsidiaries of the Group have completed the ISO 14001 environmental management standards certification.

The Group's core business focuses on areas such as industrial solid and hazardous waste disposal, fly ash washing, sludge disposal, oil sludge disposal, medical waste disposal, comprehensive utilization of renewable resources, collaborative disposal of contaminated soils, and alternative fuels.

- **Solid and hazardous waste disposal:** Relying on the stable high-temperature environment of the cement kiln, the cement kiln collaborative disposal technology independently developed by the Group realizes the efficient degradation of dioxins, the solidification of heavy metal ions and the simultaneous treatment of wastewater, ensuring no ash or residue discharge and no odor diffusion, and achieving the goals of emission reduction, resource utilization and harmlessness. This process features a high degree of automation, stable system operation, and emission indicators that are better than international advanced levels.
- **Fly ash washing:** The collaborative disposal technology of fly ash in cement kilns realizes the recovery and utilization of potassium, sodium and other resources through the initial water-washing dechlorination process. The fly ash after desalination is then sent to the cement kiln for high-temperature calcination. This process can completely decompose dioxins in a high-temperature environment and stably solidify heavy metals in cement minerals. The entire process is odorless without secondary pollution.
- **Oil sludge disposal:** The Group has established a full-process technical system covering "pretreatment + hot washing + thermal desorption + wastewater treatment + cement kiln collaboration" in the field of oily sludge disposal, achieving classified disposal and resource utilization of oil sludge. This technology adapts to materials with different properties through differentiated pyrolysis processes. The final residue is harmlessly disposed of in cement kilns, with no secondary pollution throughout the process.
- **Harmless disposal of municipal sludge:** The Group adopts a sludge treatment process that combines "mechanical dewatering + energy drying + cement kiln collaborative disposal" to achieve the resource utilization of sludge. This technology utilizes the waste heat from the cement kiln system for sludge drying, reducing energy consumption and operating costs. Meanwhile, the high-temperature alkaline environment inside the kiln can efficiently solidify heavy metals and absorb acidic gases. The incineration residue can be directly integrated into the clinker minerals. The overall process is simple and has significant environmental benefits.
- **Alternative fuels:** The Group has established a tiered comprehensive utilization and industrial collaboration system for solid waste, converting low-value combustible industrial solid waste and agricultural or forestry residues into standardized clean fuel products. This promotes the transformation of the green energy structure featuring "consuming waste instead of energy and reducing carbon emissions through waste", and supports the Group in achieving "dual carbon" goals.

In 2025, the Company's key performance in waste and resource comprehensive utilization is as follows:

Category	Disposal volume (10,000 tonnes)	Year on Year (YoY) Change
Industrial solid waste	173.42	-4.5%
General hazardous waste	97.71	-1.4%
Fly ash washing	9.13	36.9%
Oily sludge	8.84	-18.1%
Comprehensive utilization of resources products	0.27	-3.5%
Alternative fuel	60.43	99.9%

During the Reporting Period, the Group successfully achieved all environmental protection objectives, with no incidents under the supervision with a public notice and no environmental protection administrative penalty liability incidents.



**Environmental
Management Goals
in 2025**

The number of incidents under the supervision with a public notice issued by the Ministry of Ecology and Environment was

0

The number of incidents involving environmental protection administrative penalty liabilities was

0

2 Green Transformation, Build an Eco-friendly Future Together

2.1.2 Water Resource Management

Conch Environment strictly 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* and other relevant laws and regulations, adheres to the concept of rational water use and water conservation, and continuously strengthens the resource-based management of wastewater, integrating water conservation and recycling into the core links of production and operation. We have formulated the Pollutant Emission Management System to clarify the responsibilities for wastewater discharge management, strengthen the whole-process control of discharge, and eliminate unorganized discharge and excessive discharge. By introducing high-efficiency water treatment technologies and improving the plant water circulation system, the Company has continuously promoted water conservation, emission reduction and resource utilization. During the Reporting Period, we carried out comprehensive technological renovation of the fly ash washing project, upgrading the washing system, water treatment system, evaporation and salt production system, etc., which improved the disposal efficiency of the fly ash system and effectively reduced water resource consumption.

In terms of wastewater resource management, we conduct in-depth treatment and reuse of wastewater generated from the operation of our subsidiaries. Production wastewater is fully recycled with no external discharge, which reduces pollutant emissions and improves water resource utilization efficiency. Domestic sewage in the plant is treated by the sewage treatment system and fully reused for greening and other purposes.



We have formulated wastewater management objectives and plans

100

compliance rate
% of wastewater treatment

0

discharge of
domestic sewage.

During the Reporting Period, our domestic sewage was treated up to standards and reused for greening, and production wastewater was recycled or completely treated after disposal with no wastewater discharged. The water consumption data of Conch Environment in 2025 is as follows:

Type of water resource	Unit	2025
Tap water consumption	Tonne	655,079.56
Reused water consumption	Tonne	206,635.35
Tap water consumption per revenue	Tonne/thousand RMB	0.40
Wastewater	Unit	2025
Ammonia nitrogen emissions	Tonne	0.16
Ammonia nitrogen emissions per million RMB revenue	Tonne/million RMB	0.0001
Chemical oxygen demand (COD)	Tonne	11.16
COD emissions per million RMB revenue	Tonne/million RMB	0.0068

2.1.3 Energy Management

Conch Environment complies with the *Energy Conservation Law of the People's Republic of China* and applicable laws and regulations of the places where it operates, formulates internal systems such as the Operation and Management Measures for Photovoltaic Power Generation, continuously deepens the construction of the energy management system, and comprehensively improves energy utilization efficiency by relying on the promotion and application of advanced energy-saving technologies and equipment, supporting green and low-carbon operation.

The direct energy consumed by the Group mainly consists of natural gas, liquefied petroleum gas, coal, diesel and gasoline; the indirect energy consists of purchased electricity and purchased steam. We actively expand the cement kiln co-processing business, replacing part of coal with general industrial solid waste with certain calorific value, effectively reducing carbon emissions in the cement production process. During the Reporting Period, the cumulative supply of alternative fuels reached 604,293 tonnes, equivalent to saving approximately 345,000 tonnes of standard coal (converted according to the average calorific value of alternative fuels and the calorific value of standard coal), significantly increasing the replacement ratio of traditional energy and providing quantifiable practical support for the green and low-carbon transformation of the industry. Meanwhile, the Company actively expanded the dosing space for high-calorific value materials (calorific value > 1,300 kcal/kg), with a total dosing volume of approximately 350,000 tonnes during the Reporting Period, equivalent to saving approximately 200,000 tonnes of standard coal consumption.

In addition, we actively promote photovoltaic power generation projects. During the Reporting Period, two photovoltaic technological renovation projects in Ninghai Huanbao and Wuhan Hanshi Huanbao were newly put into operation, with a cumulative power generation of 442,500 kWh during the year. As of the end of the Reporting Period, 7 photovoltaic power generation projects had been put into operation with a total installed capacity of 3.69 MW, and the cumulative power generation during the year reached 3,485,800 kWh, reducing carbon emissions by approximately 1,850 tCO₂e accordingly.

The energy consumption data of Conch Environment during the Reporting Period is as follows:

Energy consumption	Unit	2025
Direct energy consumption	MWh	110,428.43
Indirect energy consumption	MWh	135,000.00
Total energy consumption	MWh	245,428.43
Energy consumption per revenue	MWh/thousand RMB	0.15

2 Green Transformation. Build an Eco-friendly Future Together

2.2 Emission Management

With technological innovation as the core driving force, Conch Environment systematically promotes pollutant emission reduction and resource recycling. By optimizing process flows, strengthening end-of-pipe treatment and expanding the path of solid waste resource utilization, we have achieved continuous decline in emission intensity and improvement in resource efficiency, providing feasible industry practices for regional environmental quality improvement and ecological sustainability.

2.2.1 Exhaust Gas Emission Management

Conch Environment strictly abides by the *Atmospheric Pollution Prevention and Control Law of the People's Republic of China*, the *Regulations on the Administration of Pollutant Discharge Permits*, the *Standard for Pollution Control on Co-processing of Solid Wastes in Cement Kiln*, the *Integrated Emission Standard of Air Pollutants* and other relevant national and local laws and regulations, and formulates internal systems such as the Pollutant Emission Management System to continuously optimize the internal exhaust gas emission control system. We improve the emission monitoring mechanism, strengthen the control of key pollutants, and regularly conduct dioxin monitoring at the kiln end of co-processing projects and data reporting to ensure compliant operation in accordance with the law.

The Company continuously promotes the technological upgrading and operation optimization of exhaust gas treatment equipment, and continuously reduces emission intensity by improving the quality of activated carbon materials, optimizing replacement frequency and improving flue gas purification processes, driving continuous improvement of emission performance on the basis of stable compliance with standards.



We have formulated exhaust gas management objectives and plans

The emission concentration of all exhaust gas pollutants is better than the relevant national and local emission standards.

The exhaust gas emission data of Conch Environment during the Reporting Period is as follows:

Exhaust gas	Unit	2025
Hydrogen chloride (HCl) emissions	Tonne	193.77
Hydrogen fluoride (HF) emissions	Tonne	26.65
Air pollutants	Unit	2025
Nitrogen oxide (NO _x) emissions	Tonne	33.64
NO _x emission intensity	Tonne/million RMB revenue	0.02
Sulphur oxide (SO _x) emissions	Tonne	0.03
SO _x emission intensity	Tonne/million RMB revenue	0.00002
Particulate matter (PM) emissions	Tonne	2.55
PM emission intensity	Tonne/million RMB revenue	0.002
Volatile organic compounds (VOCs) emissions	Tonne	9.24
VOCs emission intensity	Tonne/million RMB revenue	0.006
Non-methane total hydrocarbons (NMHC) emissions	Tonne	108.95

2.2.2 Waste Emission Management

Relying on cement kiln co-processing technology, the Group promotes the resource utilization of industrial solid waste and hazardous waste, effectively reducing their direct discharge and potential risks to the environment. To improve the standardized management level, we have formulated and continuously improved internal systems such as the *Technical Guidelines for Hazardous Waste Production and Operations Management*, *Interim Measures for Emergency Solid & Hazardous Waste Expansion and Disposal Management*, and *Regulations on Hazardous Waste Collection, Reception and Disposal Processes*, realizing the whole-process control of solid and hazardous waste disposal.

During its operations, the waste generated by the Group is primarily categorized into two main types: general solid waste and hazardous waste.

- General industrial solid waste includes pyrolysis tailings and tailings generated from the incineration process of the medical waste project, which can be recycled and comprehensively utilized.

- Hazardous waste includes waste activated carbon, waste liquid from laboratories generated by project companies, fly ash generated from the medical waste incineration project, and packaging containers generated during the hazardous waste disposal process. Among these, waste activated carbon and waste liquid from laboratories are disposed of by the Company itself, while fly ash and hazardous waste packaging containers are entrusted to qualified third-party organizations for harmless disposal.



2 Green Transformation, Build an Eco-friendly Future Together

In response to hazardous waste, the Group has established a digital management model covering the entire process of hazardous waste treatment and formulated the **Implementation Plan for the Promotion of a Full-Process Information System for Hazardous Waste**, achieving full traceability and compliance control throughout the hazardous waste disposal process. During the reporting period, we completed the deployment of the full-process information system for hazardous waste at 31 cement kiln co-processing enterprises and one incineration disposal enterprise. Leveraging a hazard early warning system, we conduct real-time monitoring and intelligent early warning at operation sites. During the Reporting Period, we completed the full integration of video surveillance and the hazard early warning platform system for all subsidiaries of the Group, achieving full-process visual supervision of hazardous waste storage, disposal and other stages. Through a unified reporting system, operation analysis reports are automatically generated, forming a data-driven management closed loop for decision-making, thereby systematically enhancing the compliance, safety and operational efficiency of waste disposal.



We have established the following waste management targets and plans

100

% compliant disposal of hazardous waste

100

% recycling and utilization of general solid waste.

General solid waste	Unit	2025
General solid waste generated (recyclable)	Tonne	45,908.96
General solid waste generated (non-recyclable)	Tonne	8,911.83
Total general solid waste generated	Tonne	54,820.79
General solid waste generated per unit of revenue	Tonne/million RMB revenue	33.42
Total volume of waste recycled and reused	Tonne	45,908.96
Waste recycled and reused per million RMB of revenue	Tonne/million RMB revenue	27.99
Proportion of waste recycled and reused	%	83.74
Hazardous waste	Unit	2025
Total hazardous waste generated	Tonne	65,229.92
Hazardous waste generated per unit of revenue	Tonne/million RMB revenue	39.77



2 Green Transformation. Build an Eco-friendly Future Together

2.3 Addressing Climate Change

Leveraging its industry characteristics, Conch Environment proactively identifies climate-related risks and opportunities across its entire business chain and has established a response system with a forward-looking perspective. By enhancing its management framework and implementing control measures, the Company continues to drive momentum for green and low-carbon development while mitigating climate risks.

2.3.1 Governance

Conch Environment has established a three-tier climate change governance system comprising the Board of Directors, the Environment, Health and Safety (EHS) Management Committee, and the ESG working group. The Board of Directors, as the highest decision-making body for climate change matters, is responsible for formulating climate change-related policies, strategies and targets, and oversees the overall progress of climate change initiatives. The EHS Committee is responsible for studying, deploying, guiding and coordinating climate change response and sustainable development matters. It works collaboratively with various business departments to implement environmental initiatives such as greenhouse gas emission management and energy structure optimization, promotes the development of the Company's ESG governance system, and regularly reports progress to the Board of Directors. To strengthen accountability, we have incorporated core ESG indicators, including climate risk management, into the performance assessment system for Board members and senior management.

2.3.2 Strategy

Pursuant to the requirements of the Hong Kong Stock Exchange's Climate Disclosure Code, Conch Environment has, with reference to the disclosure methods and recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), benchmarked against industry best practices, and taken into account the climatic conditions of its operating locations, national policy directions, as well as the Company's own business characteristics, systematically identified climate change-related risks (including physical risks and transition risks) and potential climate opportunities, assessed and analyzed the potential impacts of climate change on business operations, and simultaneously formulated targeted response plans, thereby continuously improving its climate change management system and response measures, and enhancing its resilience and adaptability in addressing climate change.

Conch Environment has integrated climate change response into its risk assessment and management system, progressively establishing a closed-loop management process of "risk identification - risk analysis - risk response - risk monitoring". The Company regularly conducts identification and assessment of climate risks and opportunities, and has preliminarily established a working mechanism under which the Board of Directors makes decisions, the EHS Management Committee takes responsibility, and relevant departments at various levels provide coordination. Through scientific analytical methods, the Company comprehensively considers various impacts arising from climate factors, formulates corresponding response strategies accordingly, and continues to promote the integration of low-carbon transition and sustainable development strategies.

Conch Environment systematically assesses the impact magnitude of climate change-related risks across different time dimensions, establishing a climate risk assessment time framework with 2026 as the short term, 2030 as the medium term and 2050 as the long term. This ensures that periodic risk assessments align with operational realities, enhances the relevance and forward-looking nature of risk management, and provides a scientific basis for formulating phased environmental and sustainable development strategies.

Scenario Analysis and Financial Impact Analysis

Through methods such as interviews, seminars and expert assessments, combined with an analysis of actual climate risk response expenditures incurred during the current period, Conch Environment has determined that climate-related risks have not had a material adverse impact on the Company's financial condition, operating results or cash flows during the current period. To assess the potential impact of climate-related risks on future financial performance, the Company conducted an expected financial impact assessment on the identified climate-related physical risks during the Reporting Period.

The scenario analysis and financial impact assessment results set out in this section are for reference only and do not constitute a prediction or guarantee of the Company's actual future results. The assumptions underlying the relevant scenarios are subject to uncertainties, and the realization of such scenarios may or may not occur. Furthermore, the information and models used in the analysis process may be affected by factors not incorporated into the assumptions.

Physical Risks

We conduct physical risk assessments based on the RCP2.6 and RCP4.5 climate scenarios of the Intergovernmental Panel on Climate Change (IPCC).

Physical Risk Scenario	Scenario Description
RCP2.6	This scenario requires global greenhouse gas emissions to reach net zero around the middle of the century, representing an ideal pathway that limits the global temperature increase by the end of the century to within 2°C above pre-industrial levels
RCP4.5	This scenario assumes that countries implement certain climate policies, with global carbon dioxide emissions remaining at current levels until the middle of the century without reaching net zero, and the temperature increase by 2100 is projected to be less than 3°C

The Group has introduced authoritative risk data platforms, including the WRI Aqueduct Water Risk Assessment Tool, the CLIMADA Typhoon Modelling Tool of ETH Zurich, and the Climate Analytics Climate Impact Database, to conduct damage ratio calculations for all production facilities of Conch Environment and assess the probability of occurrence and potential impact magnitude of various physical risks. Based on this, we have precisely identified medium-risk and high-risk areas, providing reliable data support and decision-making reference for physical risk identification and climate resilience building.

Impact Level	Corresponding damage ratio
Low	0-3%
Medium	3-5%
High	5% and above

Definition of physical risk impact level intervals

2 Green Transformation, Build an Eco-friendly Future Together

Physical risk category	Specific risks	Description of relevance	Time frame	Level of impact		Countermeasures
				RCP2.6	RCP4.5	
Acute risk	Extreme heat	Extreme heat can affect the process stability and treatment efficiency of collaborative disposal of cement kilns, and has a significant impact on the environmental safety of collaborative disposal products (such as dioxin emission concentrations and fly ash leaching toxicity) as well as environmental compliance.	Short-term	■■■■	■■■■	- Conch Environment integrates the capabilities of heat preservation and disaster resistance into architectural design, and regularly conducts environmental emergency drills to ensure the effective implementation of emergency response plans for extreme weather. - During the investment and construction phase of its new plant, Conch Environment incorporated the risk of sea-level rise into its site selection evaluation system. It regularly monitors environmental changes at its operational sites and continuously strengthens the relevant risk mitigation infrastructure.
			Mid-term	■■■■	■■■■	
			Long-term	■■■■	■■■■	
	Typhoon/Tropical Cyclone	Conch Environment's subsidiaries in regions along the south-eastern coast—including Guangdong, Hainan, Zhejiang, and Fujian—where typhoons occur frequently, face operational challenges year-round due to typhoons or tropical cyclones. During typhoons, the relevant enterprises implement response measures such as suspending operations and evacuating personnel in accordance with government directives. Although extreme weather may affect some facilities and equipment, the Company has established a robust emergency management system, and its past responses have not resulted in significant operational losses.	Short-term	■■■■	■■■■	
			Mid-term	■■■■	■■■■	
			Long-term	■■■■	■■■■	
	Flood	Conch Environment's production facilities along the Yangtze River (such as Chizhou Huanbao and Wuhu Huanbao) face significant operational risks during floods. If floodwater enters the plant premises, they could cause water ingress into electrical substations, leaks of hazardous substances from hazardous waste storage facilities, erosion of general solid waste storage areas, and overflow from underground wastewater treatment facilities, posing potential environmental pollution risks. At the same time, production operations and technical upgrade projects would be forced to suspend, directly impacting the Company's normal operations.	Short-term	■■■■	■■■■	
			Mid-term	■■■■	■■■■	
			Long-term	■■■■	■■■■	

Based on our analysis of damage ratios associated with physical risks across different scenarios and time horizons, such as extreme heat, typhoons and flood, we have identified production facilities located in areas assessed as having "medium" to "high" risk levels as "operations exposed to climate-related physical risks." On this basis, we have calculated the proportion of fixed assets attributable to these facilities relative to the Company's total production assets. The corresponding asset distribution is set out below:

	Extreme heat	Typhoon/Tropical Cyclone	Flood
RCP 2.6			
Short-term	15.64%	0.00%	9.44%
Mid-term	33.31%	0.00%	9.44%
Long-term	82.45%	0.00%	9.44%
RCP 4.5			
Short-term	16.42%	0.00%	9.44%
Mid-term	33.31%	0.00%	9.44%
Long-term	85.07%	0.00%	10.04%

Across both climate scenarios, extreme heat has been identified as the most significant physical risk faced by the Group, with the proportion of affected assets exhibiting a clear upward trend over time in line with the intensifying trajectory of global warming. By contrast, flood risk has a relatively limited and stable impact, while typhoon risk is assessed to have a comparatively low effect on the Group's assets and operations within the current assessment horizon. This analysis provides a clear basis for prioritisation in resource allocation, enabling the Group to focus investment on more targeted and effective adaptation measures.

2 Green Transformation. Build an Eco-friendly Future Together

Transition risk

Transition risk category	Specific risks	Related financial impact	Description of relevance	Countermeasures
Transition risk	Policies, laws and regulations risk	Under the national "dual carbon" goals, costs associated with clean energy procurement, as well as the construction, investment, and management of related projects, are expected to rise. As the carbon market matures and carbon prices rise, the cost pressure on corporate carbon emissions continues to grow, prompting companies to increase their investments.	Increased costs for project investment, operations, and management	- Leveraging cement kiln co-processing technology, Conch Environment achieves waste disposal and emissions reduction concurrently. By enhancing operational energy efficiency and optimising resource allocation, the Company effectively reduces carbon emission intensity per unit of waste treated, thereby strengthening its resilience to carbon pricing risks. - Conch Environment systematically reduces greenhouse gas emissions through continuous improvements in operational efficiency, minimisation of energy losses during production processes, and optimisation of resource allocation. - Conch Environment actively advances alternative fuel initiatives, progressively substituting conventional fossil fuels with non-traditional fuel resources, with a view to achieving both energy conservation and emissions reduction, as well as broader environmental protection objectives.
	Technical risk	Enterprises need to strengthen carbon emissions control, replace energy-inefficient production technologies, and develop low-carbon technologies and products. This will inevitably lead to increased investment in clean technology research and development, which may result in higher operating costs in the short term.	Increased investment in research and development	

At the same time, against the backdrop of accelerating low-carbon transition, the new energy and environmental protection industries are poised for significant growth. The Group is capitalizing on this trend by actively expanding into related business areas, exploring growth opportunities across multiple dimensions, and transforming potential opportunities into tangible competitive advantages through targeted initiatives.

Opportunity

Opportunity category	Description of relevance	Countermeasures
Products and services	Leveraging its core businesses in cement kiln co-processing and resource utilisation, Conch Environment continues to provide green and low-carbon integrated solutions that meet the growing market demand for environmental services, while effectively driving revenue growth.	Conch Environment will continue to expand its cement kiln co-processing and resource utilisation businesses. By increasing disposal capacity and enhancing technical service capabilities, it aims to strengthen market competitiveness and support steady growth in operating performance.
Resource efficiency	Building on its core technological advantages, the Company converts waste into alternative fuels and raw materials, achieving harmless treatment while reducing energy consumption and operating costs, thereby contributing to carbon emissions reduction.	Leveraging its cement kiln co-processing technology, Conch Environment transforms various types of waste into alternative fuels and raw materials. This approach enables harmless treatment of waste, reduces energy and resource consumption, and supports the achievement of its carbon reduction targets.

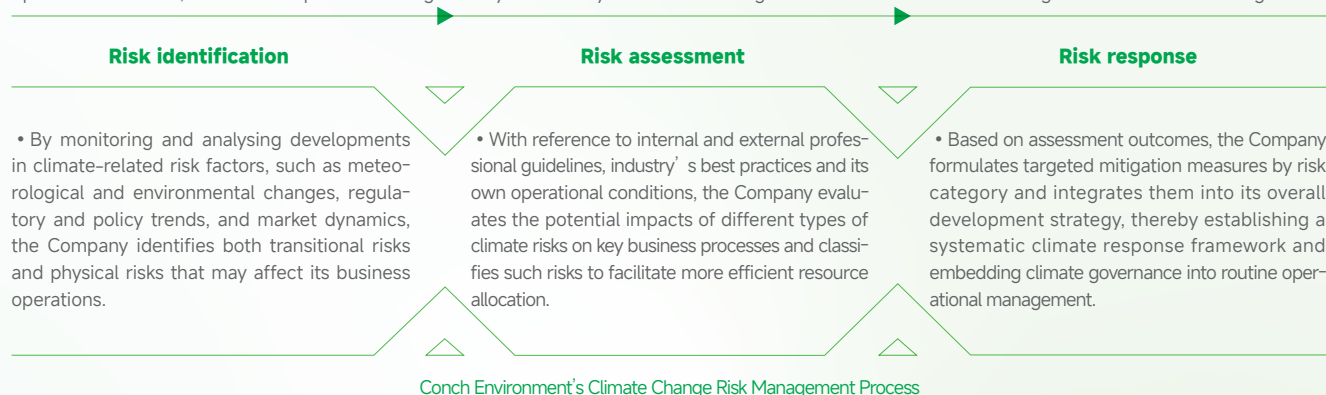
Identification of Climate Change-related Opportunities of Conch Environment



2 Green Transformation, Build an Eco-friendly Future Together

2.3.3 Risk management

Conch Environment attaches great importance to climate change-related risks and treats them as a key focus of its risk management framework. We conduct regular assessments of climate-related risk factors and their potential impacts, and, in coordination with relevant departments and in light of its operational realities, formulate responsive strategies to systematically establish a management mechanism for addressing climate-related challenges.



2.3.4 Metrics and Targets

Since 2022, Conch Environment has continuously standardized the disclosure of Scope 1 and Scope 2 emissions data. In 2025, based on actual conditions, Conch Environment engaged an independent third-party institution to conduct the 2025 annual greenhouse gas emission verification, and prioritized the inclusion of Category 3 (Fuel and Energy-related Activities) and Category 6 (Business Travel) into the Scope 3 greenhouse gas emission accounting scope¹.

Going forward, the Group will continuously improve the data collection, accounting and analysis of Scope 3 emissions, and further expand the disclosure boundary of Scope 3 greenhouse gas emissions data, so as to more comprehensively measure and manage its carbon footprint and enhance the completeness and transparency of disclosure.

Greenhouse gas emissions	Unit	2025
Scope 1 greenhouse gas emissions ²	tCO ₂ e	32,831.75
Scope 2 greenhouse gas emissions ³	tCO ₂ e	71,631.00
Total greenhouse gas emissions (Scope 1+Scope 2)	tCO ₂ e	104,462.75
Greenhouse gas emissions per revenue (Scope 1+Scope 2)	tCO ₂ e /thousand RMB	0.06
Scope 3 greenhouse gas emissions – Category 3: Fuel and energy activities	tCO ₂ e	12,369.33
Scope 3 greenhouse gas emissions – Category 6: Business travel	tCO ₂ e	166.25

For greenhouse gas emission reduction, Conch Environment has set specific reduction targets guided by the principle of “continuously expanding the layout of alternative fuel projects, strengthening resource utilization of solid and hazardous waste, and actively implementing the dual carbon goals”. Focusing on alternative fuels and photovoltaic power generation, the Company has established short-term targets for 2026: the volume of alternative fuel business to increase by more than 10% year-on-year, and the power generation of the photovoltaic power generation projects to rise by over 300,000Kwh. By accelerating the use of clean energy, the Company supports greenhouse gas emission reduction.

In addition, the Company will adopt an internal carbon pricing mechanism in due course and seriously consider integrating progress on climate-related targets into employees' remuneration and performance appraisal. It conducts regular monitoring of energy consumption and greenhouse gas emission data, continuously promotes energy conservation, emission reduction and resource efficiency improvement, and makes timely external disclosures to ensure the emission reduction process is traceable and targets achievable.

Climate-related Targets	
Energy utilization	Reduce the use of traditional energy, further increase the proportion of clean energy, improve energy efficiency, and continuously lower unit energy consumption
2026 alternative fuel business volume growth	Over 10%
2026 photovoltaic power generation increase	Over 300,000 KWh

¹ The calculation was conducted in accordance with the recommendations and requirements of the Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard (Revised Edition) (“GHG Protocol”), covering all subsidiaries within the organizational boundary of this inventory, for the period from 1 January 2025 to 31 December 2025.

² Scope 1 greenhouse gas emissions mainly originated from natural gas, liquefied petroleum gas (LPG), diesel, gasoline, and other fuels. The calculation of Scope 1 GHG emissions was based on frameworks including the GHG Protocol published by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD), and the 2006 IPCC Guidelines for National Greenhouse Gas Inventories issued by the Intergovernmental Panel on Climate Change (IPCC).

³ Scope 2 greenhouse gas emissions mainly originated from purchased electricity. For 2025, GHG emissions from purchased electricity were calculated using the emission factor of 0.5306 kg CO₂e/kWh, as specified in the Announcement on Issuing the 2023 Power Sector Carbon Dioxide Emission Factor published by the Ministry of Ecology and Environment.

E S G

Steady Operations Build Sustainable Value Together

Conch Environment has always adhered to high standards and strict requirements. While strictly controlling product quality and ensuring production safety, it continues to strengthen the coordinated development of upstream and downstream industrial chains. The Company is committed not only to the development of cutting-edge environmental technologies but also to accelerating the application and transformation of technological achievements, effectively addressing multiple environmental challenges and fulfilling its important social responsibilities through concrete actions.



3 Steady Operations, Build Sustainable Value Together

3.1 Innovation-driven, Empowering Technological Innovation

Conch Environment consistently upholds an innovation-driven development strategy and fully implements national green development guidelines. It strengthens its technological leadership, focusing on cutting-edge areas of solid and hazardous waste treatment and resource utilization. By improving the R&D system, deepening industry-university-research cooperation, and refining incentive mechanisms, it provides efficient technical support and solutions for the green and low-carbon transformation of the industry.

3.1.1 Technology R&D

Conch Environment has deepened the reform of its R&D management system, integrating the former Environmental Research Institute and Access Management Department to reorganize and establish the Technology Access Department. As a professional center for technical research and process risk prevention, the Technology Access Department is responsible for R&D support, quality and risk control throughout the solid and hazardous waste treatment process, and exercises vertical management over subordinate laboratories.

Conch Environment has continuously improved R&D-related management systems. Based on the implementation of the *Conch Environment Technology R&D Management Measures*, it revised and issued the Interim Measures for the Administration of Intellectual Property Rights of Conch Environment, achieving a systematic upgrade of intellectual property protection and incentive mechanisms. During the Reporting Period, the Company issued the *Conch Environment Staff Innovation Activity Plan* and, based on the *Conch Environment Innovation Work Management Measures*, established a comprehensive and multi-level innovation incentive system. It implements quarterly regional review and publicity and semi-annual centralized evaluation by the labor union, with graded incentives for "micro-innovations" and rationalization proposals. Regional companies provide tiered cash rewards quarterly for projects that significantly drive technological progress, cost reduction and lean management. The labor union conducts comprehensive evaluations semi-annually and grants honors at the annual work conference, fostering an innovation culture of continuous improvement and pursuit of excellence across the Group.

During the Reporting Period, we approved 36 internal innovation projects, implemented 496 micro-innovations, and adopted 567 rationalization proposals across the Group. Total R&D investment amounted to RMB88 million, accounting for 5.39% of total operating revenue. We are committed to breaking through technical bottlenecks in the environmental protection sector, adhering to scientific standards, and developing efficient and sustainable green technological solutions to inject strong impetus into industrial upgrading.

R&D Strategies and Planning

Conch Environment closely aligns with the national green development strategy and industry trends to formulate and implement short-, medium-, and long-term R&D plans. During the Reporting Period, we completed the solicitation, evaluation, and approval of a total of 27 research projects for 2026, covering core business areas such as fly ash, sludge, oil sludge, and medical waste. In addition, we have scientifically formulated the key plans for scientific and technological innovation during the 15th Five-Year Plan period, exploring technological development pathways in energy conservation, environmental protection, industrial informatization, and intelligent technologies. We have also conducted forward-looking technology pre-research in areas such as the high-value recycling of white mud, phosphogypsum, and waste plastics, continuously expanding our technology pipeline.

▶	Short term	▶ ▶	Mid term	▶ ▶ ▶	Long term
	Based on the existing achievements in cement kiln collaboration, fly ash washing, sludge drying, medical waste, sludge, alternative fuels and other technologies, the company will continue to research and optimize, reduce operating costs, and accelerate the transformation of achievements.		Focusing on the primary direction of solid and hazardous waste resourceful utilization, we will continue R&D efforts in areas such as bulk solid waste resourceful utilization and the extraction of rare and precious metals. We strive to achieve technological breakthroughs and integrated applications in key areas, providing technical support for industrial upgrading.		We will continue to tackle cutting-edge technologies in emerging scientific fields, with a strategic focus on conducting forward-looking arrangements and exploratory research in areas such as the high-value recycling of waste tires, waste plastics, waste batteries, and photovoltaic modules; carbon resource recycling; and the catalytic preparation of biomass pyrolysis products. This will provide an inexhaustible source of intellectual capital and innovation momentum for achieving our long-term goals of sustainable, high-quality development.

Key R&D Projects

By focusing on areas such as fly ash, municipal sludge, oil sludge and medical waste, and paying close attention to the key issues of the industry, Conch Environment carried out a total of 18 technology research and development projects. We have prioritized the advancement of several core projects, including the "Research and Development of Sludge Cell Wall Breakers and Deodorizing Agents", the "Research and Development of Fly Ash Pyrolysis Catalysts", and the "Development of Nano-Calcium Carbonate Preparation Technology from Fly Ash Washing Wastewater". During the Reporting Period, the Company, in collaboration with an academician workstation, successfully developed a new type of sludge cell wall breaker and deodorizing agent, achieving the expected results. The technology for preparing nano-calcium carbonate from fly ash washing wastewater successfully passed pilot-scale testing. A number of core technological achievements have entered the patent application and commercialization stage.

Research and Development of Sludge Cell Wall Breaker and Deodorizing Agent

Conch Environment conducted specialized research on sludge cell wall breakers and deodorizing agents to address issues arising from the previous practice of modifying sludge with iron-based inorganic salt chemicals prior to dewatering, as well as the use of ex-situ deodorization. These issues included difficulties in treating the filtrate after dewatering, high level of sulfur and other components in the sludge, and challenges in removing odorous pollutants.

In 2025, we collaborated with an academician workstation to conduct joint research, optimizing the chemical formulation to improve sludge cell wall breaking efficiency. To date, the new sludge cell wall breaker and deodorizing agent has achieved the expected application results, with chemical costs reduced from approximately RMB25 per ton of sludge (at 80% moisture content) to RMB15 or less per ton.



3 Steady Operations, Build Sustainable Value Together

Application Development of Nano-Calcium Carbonate Preparation Technology from Fly Ash Washing Wastewater

To address the issues of high sodium carbonate consumption during fly ash treatment and the low value-added utilization of solid-phase calcium carbonate, Conch Environment launched a project to develop technology for preparing nano-calcium carbonate from fly ash washing wastewater. In 2025, we completed additive screening, optimization of preparation conditions, and hydrodynamic simulation design of a dedicated reactor. Pilot-scale trials for the preparation of light calcium carbonate were subsequently conducted at the Quanjiao Huanbao. The quality of the calcium carbonate produced in the pilot trials met our operational requirements, while significantly reducing fly ash treatment costs, thereby enhancing overall profitability.



Development and Application of a Kiln Dust Washing System

Through the research, development, and application of a kiln dust washing system, Conch Environment has successfully established a new business direction, effectively resolving the challenge of kiln dust disposal. While reducing the chloride ion content in cement kilns, this system has significantly increased the feeding capacity for solid and hazardous waste as well as alternative fuels.

Industry-Academia/Research Institute Cooperation

Conch Environment has actively built an open innovation platform, continuously deepening industry-academia/research institute cooperation with renowned domestic universities and research institutions, while carrying out collaborative innovation with advanced enterprises in the industry. During the Reporting Period, we focused on frontier areas such as solid and hazardous waste resourceful utilization and the circular utilization of renewable materials, and engaged in in-depth exchanges with various prestigious universities on professional treatment technologies.

Technical Research on Hexavalent Chromium Content in Clinker



Given the decisive impact of hexavalent chromium content in cement clinker on the quality of finished products, Conch Environment, in collaboration with Xi'an University of Architecture and Technology, has undertaken technical research to reduce the hexavalent chromium content in clinker, aiming to address key challenges in the production of green building materials. The project involves optimization trials for smelting slag dosage and, under a new calcination system, in-depth investigations into the effects of different chromium dosages on water-soluble hexavalent chromium, total chromium, and raw meal burnability. During the Reporting Period, we completed multiple rounds of supplementary trials, providing a scientific basis for controlling the hexavalent chromium content in our products.

Resourceful utilization and Recovery of Platinum Group Metals

Conch Environment, in collaboration with Jiangxi University of Science and Technology, has carried out technological research on the resourceful utilization and recovery of platinum group metals (PGMs) to address the pain points of low recovery rates, complex processes, and high costs in recovering PGMs from HW50-type spent catalysts. The project focuses on the integrated recovery process combining "pyrometallurgy + hydrometallurgy" and explores disposal ways and equipment configurations with strong adaptability to raw materials.

To date, we have completed the first-phase iron capture experiment, successfully collected the intermediate precious metal iron alloy, and carried out acid dissolution experiments for iron removal from the alloy. The implementation of this project will further enhance the Company's level of resourceful utilization.



In addition, Conch Environment has held discussions with several environmental protection companies on the pyrolysis technologies for waste plastics and waste tires. During the Reporting Period, we conducted research on photovoltaic (PV) module recycling equipment manufacturers, engaged in technical exchanges with relevant testing institutions, and ultimately completed a special research report on the recycling of end-of-life PV modules. Through resource sharing and complementary strengths, we are accelerating the transfer of relevant scientific and technological achievements from the laboratory to industrial applications, continuously enhancing our core technological competitiveness through collaborative innovation.

3.1.2 Management of R&D Results

Conch Environment places great emphasis on the commercialization and standardized management of R&D results, and has established and continuously improved core systems such as the *Measures for the Management of Technology Research and Development of Conch Environment* and the *Measures for the Management of Innovation Work of Conch Environment*. Through refined, full-process control, we regulate the initiation, implementation, evaluation, and results acceptance of R&D projects, ensuring the effective transformation of technological innovation outcomes.

3 Steady Operations, Build Sustainable Value Together

R&D Awards

- The project "Integrated Technological Innovation and Industrial Application of Fly Ash Harmless Disposal and Full-Quantity High-Value Utilization" was awarded the Second Prize of the Environmental Protection Science and Technology Award (Science and Technology Progress Award), a provincial/ministerial-level science and technology award
- The "Integrated Technological Innovation and Industrial Application of Fly Ash Harmless Disposal and Full-Quantity High-Value Utilization" project " was selected into the Anhui Provincial Science and Technology Innovation Tackling Plan
- In collaboration with the Hunan Academy of Environmental Sciences, Tongji University, and other institutions, the Company successfully applied for the "Major Ecological Environment Cooperation Project of the Hunan Provincial Department of Ecology and Environment — Provincial-University Cooperation Project"

Conch Environment strictly complies with the national laws and regulations applicable to its operations, including the Patent Law of the People's Republic of China, the Trademark Law of the People's Republic of China, and the Copyright Law of the People's Republic of China, as well as other relevant laws and regulations in the jurisdictions where it operates. The Company has revised and issued the *Interim Measures for the Management of Intellectual Property of Conch Environment*, achieving a systematic upgrade of its intellectual property management responsibilities and systems. At the same time, we have established differentiated patent reward standards and confidentiality mechanisms, further improving the quality and management level of intellectual property creation.

During the Reporting Period, the Group applied for a total of 37 patents, with 30 patents granted, including 1 invention patent and 29 utility model patents. Subsidiaries of the Group, including Wuhan Huanbao, Yulin Huanbao and Binzhou Huanbao, were recognised as High-tech Enterprises.

Intellectual property
protection process
of Conch Environment

Preliminary
search
and analysis

In-depth search
and
comparison

Risk
evaluation

Decision and
response

Application and
maintenance

Promotion of Industry Development

Conch Environment actively participates in the formulation of industry standards and continues to lead industry development. During the Reporting Period, we took part in the drafting of the group standard *Technical Specification for Comprehensive Utilisation of Fly Ash from Municipal Solid Waste Incineration*, initiated by the China Resources Recycling Association. Our involvement in this standard effectively filled the gap in our policy and standard framework for fly ash disposal, and significantly enhanced our technical influence and market recognition in the relevant field.

We continue to engage in various industry exchange activities and actively share our latest practices and technological achievements in environmental protection areas such as fly ash disposal with external parties. At the same time, we extensively draw on advanced industry experience and continuously explore new pathways for collaborative development, aiming to promote technological progress and standardised development of the environmental protection industry.

Conch Environment Participated in the 2025 Construction Waste Management and Resource Utilisation Exchange Conference

In September 2025, Conch Environment was invited to participate in the Construction Waste Management and Resource Utilisation Exchange Conference held in Ningbo, the conference facilitated exchanges on the latest policy directions, industry development trends, and key technologies related to construction waste management. The conference conducted in-depth discussions on the application of information technology in construction waste management and provided a detailed analysis of Ningbo's carbon trading practice case regarding construction waste.

During the conference, representatives of Conch Environment actively engaged with advanced industry players and conducted on-site visits to a decoration waste resource utilisation project and an information-based supervision platform. The conference enabled us to gain a deep understanding of the practical effectiveness of digital closed-loop management systems, laying the foundation for the Group's future business expansion and inter-enterprise collaboration in the field of construction waste disposal.



Conch Environment Actively Engaged in Cooperation and Exchanges with Industry Peers in 2025

Conch Environment held business exchange meetings with Zhonghuang Environmental Protection Technology Co., Ltd. The two parties conducted in-depth discussions on technological applications and project cooperation in the field of sludge disposal and reached a consensus. They decided to continuously strengthen exchanges on sludge resource utilisation technologies and actively promote project cooperation, contributing to the construction of a Beautiful Anhui. Conch Environment visited Anhui Huaqi Environmental Technology Co., Ltd. for exchanges and discussions. The two parties engaged in in-depth dialogue on the resource utilisation of solid and hazardous waste, joint research and development of smart environmental protection equipment, and the coordinated development of the environmental protection industry. They reached a consensus to establish a regular communication mechanism, explore environmental technology innovation, and jointly promote the transformation and upgrading of the environmental protection industry from a single environmental service provider to a comprehensive provider for systematic and environmental solutions. This will inject momentum into building a modern environmental quality system and support the construction of a "Zero-Waste City".



3 Steady Operations, Build Sustainable Value Together

3.2 Quality as the Foundation, Strengthening Operational Base

Conch Environment adheres to the business philosophy of putting quality first, and has established and continuously improves a quality management system that covers the entire lifecycle of its operations. We implement whole-process quality control, embedding stringent quality standards into key stages such as project planning, engineering construction, and daily operations through standardised processes and digital means. At the same time, we continue to deepen the development of a quality culture. By enhancing company-wide quality awareness and professional competency, we foster a quality atmosphere that pursues excellence and rigorous compliance, laying a solid foundation for the Company's high-quality operations and sustainable development.

3.2.1 Quality Management System

Conch Environment places quality at its core and strictly enforces internal systems such as the *Process Quality Management System, Dynamic Management Mechanism for Co-disposal, Regulations on Hazardous Waste Collection, Reception, and Disposal Processes, Material Storage Management System, and Interim Measures for Emergency Solid and Hazardous Waste Expansion and Disposal Management*, ensuring that operational procedures at each business stage are standardised and risks are controllable, while continuously improving project operation quality and efficiency.

In addition to maintaining a stringent system guarantee, we have reformed our management structure. The restructured Technical Access Department fully implements quality management and supervision functions, taking overall responsibility for whole-process quality control. At the same time, we have established quality professional teams in each region to ensure effective implementation of quality control measures. Each subsidiary has set up dedicated quality management departments based on its production characteristics, achieving full coverage of critical links such as material access, compatibility, and quality monitoring. As of the end of the Reporting Period, 36 subsidiaries of the Group have obtained ISO 9001 quality management standards certification.



ISO9001, ISO14001 & ISO45001
Certificate of Dengfeng Huanbao

3.2.2 Whole-Cycle Quality Control

In its pursuit of high-quality management and sustainable development, Conch Environment has always regarded quality control as a key factor in corporate development. We have established a rigorous management system covering multiple aspects, including material access, process quality management, and engineering quality control, ensuring excellent product and service quality across all dimensions.

Material Access Control

Conch Environment has established a three-tier access control mechanism for solid waste treatment, covering contract access, scheduling access, and production access, strictly regulating the management process for solid and hazardous waste. Guided

by the Management System for Collaborative Disposal, we have developed a closed-loop management model covering the entire chain from market research, contract signing, sorting and transportation, acceptance and compatibility, to final disposal. Through detailed process control, we ensure that all operational stages are fully compliant in terms of safety and environmental protection, while also guaranteeing that the quality of co-processed kiln products consistently meets required standards.

Contract Access

- Professional technical personnel conduct on-site investigations and sampling analyses of solid and hazardous waste to obtain key material data. Only after the test results meet the relevant standards can the contract signing process proceed.

Scheduling Access

- We define specific requirements and division of responsibilities for each stage of material sorting, transportation, acceptance, and storage, systematically identify safety and environmental risks, and formulate corresponding control measures to ensure that risks are manageable throughout the entire process.

Production Access

- Guided by the principle of "enhancing safety risk control, restricting hazardous component levels, and improving disposal efficiency", we formulate compatibility plans in a scientific manner and carry out material compatibility and final disposal for both incoming and inventory materials.

At the same time, Conch Environment leverages digital means to deepen refined management, continuously building and rolling out a material access information system. During the Reporting Period, we completed system deployment at 31 cement kiln co-processing subsidiaries and one traditional incineration company. By establishing standardised processes covering market research, access assessment, contract review, inbound testing, compatibility management, and high-risk material control, we have achieved online dynamic supervision of the entire hazardous waste disposal process. Through the operation of this system, which reduces human interference factors, we have further strengthened our compliance management foundation and enhanced the safety, controllability, and operational efficiency of our operations.

Process Quality Control

Conch Environment closely integrates the quality of raw and auxiliary fuels for co-processing kilns with product standards and production process characteristics. We strictly adhere to relevant national stan-

dards and the Group's internal the Co-processing Dynamic Management Mechanism. We have established a series of rigorous internal control management indicators and a supporting performance assessment system to ensure effective implementation of these indicators. In addition, we implement targeted process quality management measures to effectively prevent quality fluctuations and environmental risks during production and operations, thereby ensuring the safe and efficient operation of our projects.

Testing and Management of Incoming Raw Materials

Regular testing is conducted on the raw burning materials (such as limestone, clay, sandstone, iron-containing materials, coal powder, etc.) used in the feedstock of the collaborative kiln, as well as the raw materials entering the kiln and the clinker exiting the kiln, to determine the baseline values of the collaborative kiln. These values are used to estimate the control indicators for the components of each disposal system.

Development of Control Plan for Harmful Components in Materials Entering the Kiln

Based on the product quality indicators of the collaborative kiln and the baseline values, a comprehensive control plan for harmful components in materials entering the kiln is established. This plan defines the control indicators for harmful components in each disposal system to ensure the stable, safe, and environmentally controllable quality of the collaborative kiln products.

Establishment of an Admission Control Chart for Harmful Components

Based on the control plans for harmful components, compatibility requirements, and disposal system capacities, the acceptable admission indicators for solid hazardous waste are defined. This sets the entry standards for harmful components in various materials from the source, ensuring the safety, environmental protection, and controllable quality risks in the disposal process.

Material Compatibility and Disposal

According to the indicator requirements of each disposal system and the material inventory entering the plant, material compatibility work is carried out. Daily testing of the materials used in each disposal system is conducted, and if any non-compliance is detected, adjustments are made immediately to ensure compliance with the kiln entry requirements.

3 Steady Operations, Build Sustainable Value Together

Testing of Harmful Components in Raw Materials and Clinker

Daily testing is conducted on the harmful components in the cement plant's raw materials and clinker. Regular self-testing and external testing are carried out on the heavy metals in the raw and clinker materials, as well as the leachable heavy metal content of the clinker. High-frequency testing is performed to monitor clinker quality and ensure comprehensive control.

Project Quality Control

Conch Environment adopts institutionalised and standardised management approaches to drive the construction and maintenance quality of our engineering projects to industry-leading levels. We have formulated and continuously update the Compilation of Construction Project Management System and Standardized Management Materials to ensure that the maintenance and management of newly built, acquired, and existing projects all comply with professional standards. During the Reporting Period, we focused on optimising and improving the engineering design phase. Through technological enhancements, we continuously improved the construction quality and sustainable operational capability of our engineering projects.



Engineering Solution Design of Conch Environment

In addition, Conch Environment regards inspections as a crucial approach to ensuring engineering quality. It strictly implements inspections and promptly addresses any issues identified, reducing potential quality risks during construction.

Quality and Safety Inspections
We conduct inspections on the construction quality and safety of all ongoing projects, covering aspects such as embedded components, concrete pouring quality, and concealed work documentation. This ensures comprehensive monitoring of the engineering quality, safeguarding the stability and safety of the building structure.
Engineering Quality Specialty Inspections
We implement specialized inspections for each project, with professional departments conducting in-depth on-site inspections. The project company performs inspections based on management and contractual requirements. The inspections cover areas such as equipment and material entry, qualifications of management and construction personnel, concealed work records, and financial document review. Any issues identified during inspections are rectified immediately to ensure that all projects meet the required quality and safety standards.

Engineering Quality Assurance Measures

3.2.3 Quality Culture Development

Conch Environment places strong emphasis on fostering a quality culture within the Group. Through diversified education and training programmes as well as skills competitions, we continuously enhance all employees' quality management awareness and sense of responsibility in performing their duties. We are committed to deeply integrating quality culture into every aspect of our production and operations. By cultivating a corporate atmosphere that pursues excellence and strict compliance, we provide robust cultural support for strengthening the foundation of high-quality operations and ensuring service quality.

Quality Month Activities



In September 2025, Conch Environment actively responded to the national "Quality Month" initiative. Centred on the theme of "Strengthening Comprehensive Quality Management and Promoting the Construction of a Quality Powerhouse", we organised a series of quality enhancement activities across the Group. We conducted chemical testing skills competitions and professional management training sessions, achieving the objective of "promoting practice and learning through competition". These activities comprehensively enhanced frontline employees' quality awareness and professional competence.

The series of activities not only effectively stimulated the enthusiasm of all employees to participate in quality improvement, but also further strengthened the foundation of the Company's quality management. This has provided solid talent and technical support for safeguarding environmental safety and enhancing operational quality and efficiency.

Specialised Quality Training



In 2025, we organised two specialised technical admission training sessions. These sessions focused on six key internal systems, including the *Management System for Material Storage*, the *Technical Guidelines for the Production and Operation Management of Hazardous Waste*, the *Practical Guidelines for Laboratory Management in Cement Kiln Co-processing*, and the *Administrative Measures for the Acceptance of Externally Purchased Raw and Auxiliary Fuels* (Trial Version). We also provided detailed interpretations and learning sessions on relevant national standards such as GB/T 30760, HJ 662, and GB 30485. These initiatives further enhanced the professional skills of our technical personnel.

3 Steady Operations, Build Sustainable Value Together

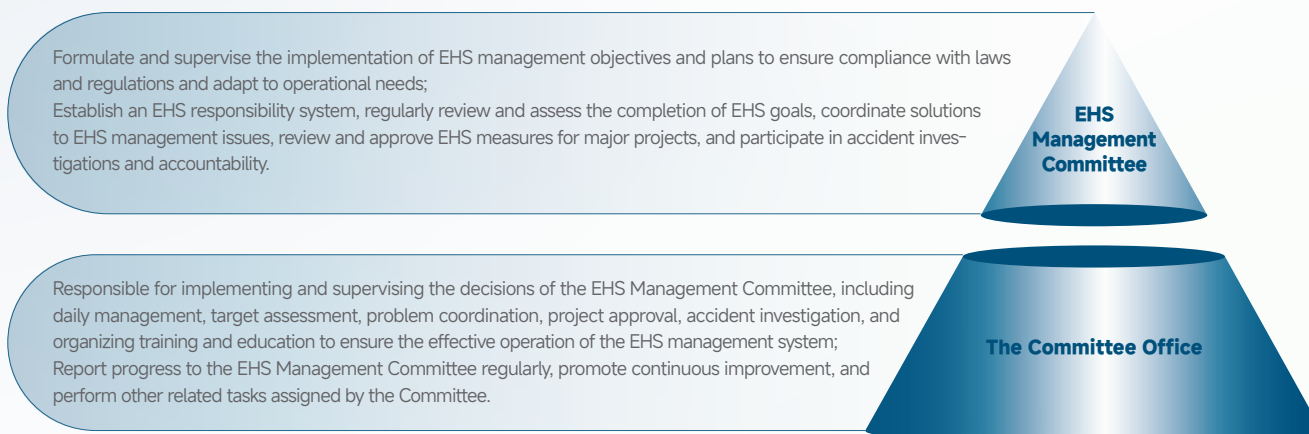
3.3 Safety First, Building a Solid Bottom Line for Development

Conch Environment always regards safe production as the core foundation for the Company's stable operations and is committed to safeguarding the health and safety of every employee. We strictly comply with all applicable safety production laws and regulations in the regions where we operate, continuously improve our safety management system, and embed rigorous safety control requirements throughout the entire production and operation process through the enhancement of inherent safety. We actively cultivate a safety culture, strengthen all employees' bottom-line thinking and red-line awareness, and strive to create a safe and healthy working environment, thereby providing solid assurance for the comprehensive development of our employees and the sustainable operation of the enterprise.

3.3.1 Operational Safety and Security

Conch Environment strictly complies with national laws and regulations such as the *Work Safety Law of the People's Republic of China* and the *Measures for the Administration of Contingency Plans for Work Safety Accidents*, as well as applicable laws and regulations in the regions where we operate. Building upon the implementation of the *Work Safety Accountability System and the Management System for Classification and Approval of Dangerous Operations*, we have formulated and issued the *Interim Provisions on Safety Management of Conch Environment Related Parties*, the *Measures for Accountability Management of Hidden Safety Hazards*(Trial), the *Measures for Accountability Management of Fire Accidents*, and the *Guiding Opinions on the Internal Reporting and Reward Mechanism for Hidden Hazards*. Through the establishment and improvement of mechanisms for identifying hidden hazards and assigning accountability, we strengthen source risk governance and ensure compliant and safe production and operations.

We have established an EHS Management Committee, with the chairman of the company serves as the director, the general manager serves as the executive vice director, and members of the leadership team serve as vice directors, and the main person in charge of each department and subsidiary of the Group as committee members. The Committee Office is located within the Safety and Environmental Protection Department, led by the head of that department.



Safety Production Management Framework of Conch Environment

The Group takes the annual overall safety management objectives as its guide and continuously promotes the implementation of the production safety responsibility system. By improving rules and regulations and strengthening management foundations, we have achieved full coverage of the signing of employees' production safety and occupational health target responsibility letters. Under the Group's unified management, we further refined the annual safety and environmental protection management targets, setting the thousand-person injury rate target at no more than 1‰. During the reporting period, we formulated and issued the *Interim Provisions on Safety Management of Conch Environment Related Parties*, the *Measures for Accountability Management of Hidden Safety Hazards*(Trial), and the *Measures for Accountability Management of Fire Accidents*. We also actively conducted fire safety training and fire drills, further strengthened the identification and rectification of safety risks and hidden hazards, and worked to minimise

In addition to installing safety alert systems at our existing hazardous waste disposal facilities, we have expanded the use of video surveillance systems to enhance the efficiency of safety inspections. Furthermore, we have introduced incentive measures for the development of safety culture demonstration sites and green factories, ensuring that production safety responsibility targets are accurately implemented on the ground. During the reporting period, the Group's safety management targets and their achievement are as follows, covering the safety performance of the Group's subsidiaries and external related parties.

Safety management targets for 2025	Achievement of safety targets for 2025
0 work-related fetal liability accidents	Achieved
0 work-related severe injury liability accidents	Achieved
Lost-time injury rate per 1,000 employees ≤1‰	Achieved
Minor work-related injuries ≤ 3 incidents	Achieved
0 fire incidents with direct economic loss ≥ RMB500,000	Achieved
0 new occupational disease cases	Achieved

To further strengthen production safety, Conch Environment has enhanced risk control in production operations by promoting an integrated safety management platform and smart technologies. We have improved our safety management mechanism for related parties, embedded digital applications into risk warning and hazard identification processes, and built a systematic defense system. By adhering to rigorous process management and continuously strengthening hazard management, we systematically identify and address various risks, thereby comprehensively reinforcing risk prevention and elevating our safety management standards.

3 Steady Operations. Build Sustainable Value Together

Optimization of safety management processes

Leveraging digital tools, Conch Environment has improved safety management efficiency. Taking Wuhan Hanshi as a pilot, we have promoted the application of an integrated safety management platform to standardize critical processes such as hazardous work approval and power switching control. At the same time, we have streamlined the approval process for safety and environmental protection expenditures and introduced a new approval procedure for hazardous waste operation permit code changes. This has strengthened risk review controls over market research and technical access when project companies add hazardous waste codes and disposal capacity.

Hazardous waste project inspections and hazard rectification

Through digital and smart technologies, Conch Environment has continuously enhanced the monitoring effectiveness and inspection depth of solid and hazardous waste disposal projects. In 2025, relying on a full-process hazardous waste information platform, we integrated the safety alert systems of hazardous waste disposal subsidiaries with the video surveillance systems of solid waste disposal subsidiaries, enabling efficient head-office video-linked inspections of each subsidiary's operational status. To strengthen control over critical production areas and high-risk points, we deployed advanced monitoring equipment to achieve 24/7 real-time monitoring and intelligent early warning of equipment operation, material status, and gas concentrations. During the reporting period, we conducted special hazardous waste compliance inspections and follow-up reviews, identifying a total of 2,391 hazards, thereby continuously improving hazardous waste management compliance and effectively mitigating environmental risks.

Safety inspections for related parties

In 2025, Conch Environment issued the *Interim Provisions on Safety Management for Related Parties*, clarifying the unified coordination and management responsibilities for non-owned related parties. To ensure the safety and compliance of new project construction, we carry out regular safety inspections of construction contractors, covering key dimensions such as training implementation, safety measure execution, on-site hazard identification, work practice compliance, personnel insurance payment, and possession of safety construction permits. By strengthening supervision throughout the construction process, we have significantly improved on-site safety management. Meanwhile, we regularly organize special safety training for related parties, focusing on core topics such as on-site hazard identification and operational safety management requirements, ensuring that all construction activities meet stringent safety standards. These measures have not only improved the Company's safety management efficiency but also further consolidated its production safety compliance foundation.

Strict enforcement against work violations

In 2025, we implemented routine supervision of subsidiaries' operational processes through a combination of on-site inspections and remote information-based monitoring. During the reporting period, a total of 801 violations were identified, and disciplinary actions were taken against 133 individuals, effectively curbing the "three violations" and further reinforcing the safety red-line awareness of all employees.

Guilin Huanbao leads emergency special investigation and remediation project for heavy metal hazards

In the second half of 2025, Guilin Huanbao, in coordination with several subsidiaries of Conch Environment in the Guangxi region, actively responded to and participated in local government-led special campaigns to investigate and remediate heavy metal hazards.

In June, Guilin Huanbao led the emergency special investigation and remediation project for heavy metal hazards in Wuxuan District, Laibin City, Guangxi Zhuang Autonomous Region, working with Xingye Huanbao, Longan Huanbao and Chongzuo Huanbao. Together, they completed the investigation and disposal of approximately 19,000 tonnes of heavy metal hazardous materials. During the same period, Guilin Huanbao actively responded to the Wanxiu District Government of Wuzhou City's request for heavy metal hazard cleanup, completing the investigation and disposal of around 7,000 tonnes, effectively curbing risk proliferation. In September, the company continued to cooperate with the Guilin Municipal Bureau of Ecology and Environment in a systematic risk investigation in Yanshan District, completing the compliant disposal of about 1,000 tonnes of heavy metal materials, thereby achieving a dynamic clearing of risks and hazards in that area.

Production Safety Training

Conch Environment continuously improves its comprehensive safety education and training system, and regards the enhancement of employee safety awareness and professional competence as a key safeguard for production and operation safety. We adhere to the management principle of "addressing root causes and

attending to every detail". During the reporting period, in line with legal and regulatory requirements and production safety priorities, we carried out multi-dimensional training and capacity-building efforts, raising safety awareness across the workforce and ensuring a consistently safe and stable operating environment.

Special safety education training

In 2025, Conch Environment used monthly "micro-lectures" to continuously improve employees' risk prevention awareness and emergency response capabilities. At the same time, we strengthened professional training for project management personnel, covering safety laws and regulations, operating procedures, and the use of personal protective equipment. Training effectiveness was verified through performance assessments and practical tests, ensuring that relevant personnel possess the necessary safety competency.



Production Safety Month activities

In 2025, Conch Environment launched a series of "Production Safety Month" activities under the theme "Everyone Speaks Safety, Everyone Knows Emergency Response - Keep Life Avenues Clear". The Company widely disseminated knowledge of production safety laws, regulations, and emergency response through mobilization and deployment meetings, pledge-signing events, and safety knowledge competitions. During the activities, we actively carried out self-inspection and self-correction actions such as "Find Hidden Hazards Around You" and, in response to changes in office premises, organized special fire safety training and evacuation drills to ensure that all employees master necessary emergency escape skills.



3 Steady Operations, Build Sustainable Value Together

3.3.2 Occupational Health and Safety

Conch Environment attaches great importance to the occupational health and safety of our employees and is committed to creating a safe and healthy working environment. We continue to strengthen our occupational health and safety management system and implement comprehensive occupational health safeguards to effectively ensure the well-being of our employees and the sustainable development of the enterprise.

Conch Environment strictly complies with all applicable laws and regulations on work safety and occupational health in the jurisdictions where it operates, and continuously implements the *Compendium of Safety, Environmental Protection and Occupational Health Regulations* and the *Compilation of Safety Production and Occupational Health Systems* to ensure that occupational health and safety work is carried out within a rigorous and scientific institutional framework. As of the end of the Reporting Period, 36 subsidiaries under the Group had obtained ISO 45001 Health and Safety Management Standards certification, laying a solid occupational safety foundation for the Group's steady operations.

During the Reporting Period, Conch Environment continuously improved its list of occupational disease hazards and regularly commissioned third parties to conduct testing and evaluation, ensuring that the working environment meets national occupational health standards. To further optimize the working environment, we comprehensively upgraded personal protective equipment (PPE) and, relying on a rigorous micro-negative pressure environment control and highly efficient deodorization facilities, significantly improved the air quality in operational areas and resolved odor issues. At the same time, each year we arrange comprehensive occupational health examinations for all employees working in positions exposed to occupational hazards, establish complete occupational health records, and scientifically adjust job placements based on the examination results, thereby effectively safeguarding employees' life safety and physical and mental health.



ISO 45001:2018 Health and Safety Management Standard Certification

Conch Environment's Occupational health protection series measures

Protective supplies	For toxic gas risks at solid and hazardous waste treatment sites, we have completely phased out old-style ordinary dust masks and uniformly upgraded to silicone facepieces equipped with filter cartridges to ensure employee safety.
Occupational health checkup	Regular employee occupational health checkups are carried out to detect and deal with occupational contraindications in a timely manner and to ensure that employee occupational health management is effectively controlled.
Working environment	Implement strict micro-negative pressure environmental control in key areas and regularly replace the activated carbon in deodorization facilities to effectively eliminate operational odors and promptly remove toxic and hazardous gases.
Technical prevention and control	- Deploy high-definition video surveillance, temperature sensors, and toxic/hazardous gas detectors in key production areas and high-risk points to achieve 24/7 real-time monitoring and intelligent early warning; - Conduct solid and hazardous waste inspections using intelligent and remote monitoring methods, significantly reducing safety risks associated with manual inspections.
Dynamic Intervention	Establish a job rotation mechanism based on medical examination results, reasonably adjusting employee work assignments according to their health status to reduce occupational health risks at the preventive end.
Risk identification	Conduct testing for occupational hazards and update warning signs to raise employee awareness and prevention of potential risks.
Risk response	Conduct regular occupational health inspections to form monthly inspection reports; timely completion of potential hazards investigation and rectification and formation of records to effectively control occupational hazards.

Occupational Disease Prevention Publicity Week Activity

Conch Environment actively responded to the call of the National Health Commission and other relevant authorities by launching a campaign to promote the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*. Through a variety of activities such as thematic presentations, expert consultations, awareness education and training, and distribution of promotional materials, we strived to foster a corporate culture in which everyone cares about occupational health.

During the campaign, the Group organized a total of 89 thematic presentations, 89 awareness education and training sessions, and 62 promotional and consultation activities, mobilizing 350 promotional staff and reaching a total audience of 2,102 person-times. This campaign effectively enhanced employees' legal awareness regarding occupational disease prevention and their self-protection capabilities, laying a solid foundation for building a healthy and safe working environment.



3 Steady Operations, Build Sustainable Value Together

3.4 Win-win Cooperation, Establish Responsible Supply Chain

Conch Environment strictly complies with the laws and regulations of the state and applicable to the respective operational locations, such as the *Bidding Law of the People's Republic of China* and the *Implementation Regulations of the Tendering and Bidding Law of the People's Republic of China*. Considering the actual management and need, we amended and issued the *Conch Environment Mechanical and Electrical Equipment Supplier Management Measures*(Trial Draft), the *Regulations of Conch Environment on Tendering Management of Engineering Construction Projects*(Second Revised Draft) and the *Regulations of Conch Environment on Tendering Management of Engineering Construction Projects Equipment*(Second Revised Draft) as well as implementation rules. Through further improvement on supplier access, assessment and grading systems and optimization of tendering scope and approval procedures, we ensure that all purchasing and tendering activities are conducted in accordance with the principles of openness, fairness and impartiality, thereby safeguarding a good market order.

During the Reporting Period, Conch Environment had a total of 20,219 suppliers, with the following distribution:

Region	Number
Northeast China	404
North China	1,567
Northwest China	2,333
Southwest China	2,592
South China	4,384
East China	8,831
Hong Kong, Macao and Taiwan	47
Overseas	61

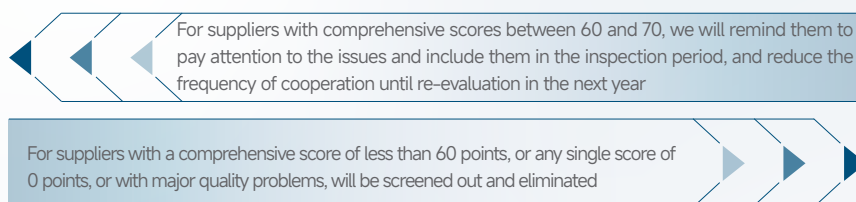
3.4.1 Supplier Access

Conch Environment has established rigorous screening criteria in the supplier access process, strictly reviewing suppliers' corporate qualifications, business licenses, personnel information, default records, and legal dispute records to comprehensively control the tendering management process. In 2025, in accordance with the newly issued *Conch Environment Mechanical and Electrical Equipment Supplier Management Measures*(Trial Draft), we carried out public online bidding for supplier shortlisting and established a qualified supplier database, further optimizing the allocation of supply chain resources. At the same time, by signing the *Agreement on Safe Production Management of Construction Works and the Commitment for Civilized On-site Construction* with contractors, we ensure safe and orderly construction activities, protecting personnel and the surrounding environment. During the Reporting Period, we revised the *Regulations of Conch Environment on Tendering Management of Engineering Construction Projects*(Second Revised Draft), introducing special management measures for small-scale projects, strengthening pre-qualification site inspections and eligibility reviews of suppliers, including supplier qualifications, reputation, performance capability, history of employee injury incidents or liability accidents, wage arrears, etc. ESG factors are incorporated into the tender evaluation process, focusing on the weaknesses of small-scale project suppliers in sustainable management, thereby enhancing the overall governance level of projects.

Furthermore, Conch Environment resolutely opposes commercial bribery and improper business conduct, requiring all suppliers to sign Integrity Agreements and Production Safety Agreements to maintain safe and smooth production processes. During the Reporting Period, the Group achieved a 100% signing rate for both the supplier Integrity Agreements and Production Safety Agreements, continuously strengthening the safety and compliance defenses of the supply chain.

3.4.2 Supplier Assessment

After establishing cooperation with suppliers, Conch Environment conducts an annual comprehensive evaluation covering dimensions such as equipment delivery timeliness, product quality, service quality, product price, and drawing quality. Based on the scoring results, we implemented tiered management, continuously optimizing cooperative relationships by rewarding outstanding suppliers and guiding underperforming units to improve. In 2025, we further refined its review mechanism for construction units. Through daily construction briefings, weekly meetings, and monthly project coordination meetings, we conducted comprehensive assessments of management staffing, technical construction plans, schedule compliance, and the implementation of safety and environmental measures, ensuring that issues identified during project construction are resolved and rectified in a timely manner.



Supplier Assessment and Elimination Mechanisms

Conch Environment places great emphasis on supplier ESG risk management and regularly inspects the implementation of safety, environmental protection, and commercial integrity clauses in engineering projects. We explicitly require contractors to minimize environmental impact during operations and strictly supervise the identification and rectification of on-site safety hazards. Throughout project implementation, we insist on weekly safety and civilized construction inspections, regularly verify the effectiveness of the safety management system of externally commissioned entities, and carry out on-site supervisory oversight for critical and high-risk operational tasks. For units or individuals with serious violations, we will hold discussions with management to ensure operational safety. In addition, Conch Environment continues to strengthen dynamic management and constraint mechanisms for suppliers. Based on the annual comprehensive evaluation results, we classify construction units into three tiers: "recommended for participation," "prohibited from participation for six months," and "prohibited from participation for one year." We have established clear follow-up cooperation access conditions, aiming to guide suppliers to strengthen their performance awareness and jointly promote the construction of a green and sustainable supply chain.

Suppliers provide internal integrity agreements and regularly carry out verifications in accordance with the agreements

The Project Management Department, as the leading unit, improves the project construction management system and management process every year to minimize the risk of corruption

Management staff for the department's business, supervisors of subsidiaries and related personnel are required to sign a pledge of integrity practice with the Company every year

Conch Environment's Requirements for Supplier Ethics Review

3.4.3 Supplier Empowerment

Conch Environment actively deepens communication and collaboration with its suppliers. Through continuous interactive communication and knowledge sharing, we work together with our partners to promote progress and development in the environmental protection industry. We organize supplier exchange meetings on an irregular basis to provide in-depth interpretation of environmental policies and share technological innovation achievements and market trends. At the same time, we conduct targeted professional training to continuously enhance suppliers' ability to perform their duties in areas such as environmental management, safe production, and energy conservation and emission reduction, jointly building a mutually beneficial and sustainable responsible supply chain.

3 Steady Operations, Build Sustainable Value Together

3.5 Achieving Long-Term Development Through Responsibility and Enhancing Service Value

Conch Environment continuously optimizes its service system and is dedicated to providing every customer with professional, efficient, precise, and personalized environmental protection solutions. We continuously raise service standards, strictly regulate business conduct, always adhere to integrity as the foundation, and resolutely resist false advertising and unfair competition. We deeply cultivate the market with outstanding technical strength and responsible service. By building long-term, trust-based cooperative relationships with customers, we jointly create environmental and social value.

3.5.1 Responsible Marketing

Conch Environment strictly complies with the laws and regulations, such as the *Advertising Law of the People's Republic of China* and the *Law of the People's Republic of China on the Protection of Consumers' Rights and Interests*. We continuously optimize service system, and are dedicated to providing every customer with professional, efficient, precise, and personalized environmental protection solutions. We strictly regulate our own business conduct, always adhere to integrity as the foundation, resolutely resist false advertising and unfair competition, and by building long-term, trust-based customer cooperation relationships, jointly create environmental and social value.

In terms of management systems, on the basis of continuing to implement the Measures for the *Management of Pricing and Approval Process of Conch Environment* and the *Interim Management Measures for Customer Service Standardization*, Conch Environment further improved its framework system in 2025 in light of changes in the market environment. During the Reporting Period, we revised and issued the *Guidelines for the Salary Assessment and Incentive of Marketing Personnel*(Second Revision), the *Management Measures for Consulting Service Providers* (Second Revision), and the *Provisional Measures for the Management of Accounts Receivable*(Fourth Revision), and newly formulated the *Interim Measures for Tender Management of Solid and Hazardous Waste Business*. By strengthening control over the pricing process and clarifying responsibilities and procedures, we enhance the effectiveness of internal foundational management, ensuring the scientific soundness and adaptability of our marketing strategies and systems.

In addition, to strengthen the development of the marketing team, Conch Environment continues to increase compliance management training. In 2025, we issued the *2025 Guidelines on the Management and Training of Marketing Personnel*. By organizing marketing work conferences and multiple specialized business training sessions, we comprehensively enhance marketing personnel's understanding of the solid and hazardous waste market and relevant laws and regulations. We are committed to forging a marketing team with strong professional expertise and robust execution capabilities, deeply cultivating the market through outstanding technical strength and responsible service.

2025 Marketing Work Conference

In April 2025, the Group organized and held the annual marketing work conference at its headquarters, and simultaneously conducted a one-day professional capability training. This training closely focused on the market dynamics of the solid and hazardous waste sector and industry laws and regulations, aiming to strengthen marketing personnel's in-depth understanding of the business environment through systematic knowledge dissemination.



Specialized Publicity and Implementation Training on the Newly Revised Management System

In August, September and December 2025, the Group, targeting the marketing-related management systems that were newly revised and issued during the year, organized and carried out a series of specialized training activities in phases. The training focused on the core provisions of the *Management Measures for Consulting Service Providers*(Second Revision), the *Provisional Measures for the Management of Accounts Receivable*(Fourth Revision), and the *Interim Measures for Tender Management of Solid and Hazardous Waste Business*.

This specialized training, through an in-depth interpretation of the various management guidelines and approval processes, ensured that marketing personnel accurately grasped the business compliance requirements, further strengthening the Company's risk management and control capabilities and system implementation effectiveness on the marketing side.

3.5.2 Customer Service

Conch Environment is committed to providing customers with a reliable, transparent, and high-quality service experience. We continuously implement and have revised the *Interim Measures for Customer Credit Rating Management*, classifying customer credit level as A, B, and C. By comprehensively assessing the overall credit status of customers, we focus on strengthening in-depth cooperation with high-credit-rating customers and continuously improve our customer management level. At the same time, we strictly follow the *Interim Management Measures for Customer Service Standardization*, which clearly defines the division of responsibilities and operating standards for each department and position in service, ensuring the standardization and high-quality operation of customer service work. In 2025, the Company further strengthened proactive service awareness and whole-process supervision, continuously implementing the "daily customer visit check-in mechanism" covering marketing personnel, middle-level marketing managers, and marketing leaders in charge. Through daily visit check-ins, statistical sorting at the beginning of each month, and special notifications, we ensure that market visit work is effectively implemented. In addition, we have set clear monthly customer visit quantity targets and organized and carried out a special training on "Environmental Steward" services, aiming to enhance professional capabilities so as to provide customers with more targeted and in-depth environmental technical support and services.

In terms of feedback mechanisms, Conch Environment conducts customer satisfaction surveys semiannually in the form of online QR code surveys. The survey evaluates and analyzes multiple dimensions, including the gap between customer expectations and customer perceptions, the gap between customer expectations and the Company's service quality, and the gap between service quality standards and actual service delivery, and scores and ranks the final evaluation results. For problems identified in the survey, we assign responsible persons and set clear rectification time points. During the Reporting Period, the Company received no customer complaints, and customer satisfaction rate reached 97%.

E S G

Upholding a People-Oriented Approach to Create a Happy Workplace

Conch Environment regards talent as the core driving force of enterprise development. We adhere to a people-oriented approach, continuously improving the employee recruitment and employment system, optimizing the compensation and benefits system, comprehensively safeguarding employee rights and interests, and creating a diverse, equal, and inclusive workplace environment. At the same time, we are committed to cultivating high-potential talent, providing employees with a comprehensive training and promotion system, and achieving mutual growth between the enterprise and employees.



4 Upholding a People-Oriented Approach to Create a Happy Workplace

4.1 Rights and Interests of Employees

Compliant employment is the cornerstone that Conch Environment adheres to. By fully safeguarding employees' legitimate rights and interests, providing employees with rich compensation and benefits, motivating employees to realize their maximum potential, and enhancing employees' sense of belonging and happiness, we achieve a win-win situation between the enterprise and employees.

4.1.1 Employee Employment

Conch Environment strictly complies with laws and regulations including the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, the *Employment Promotion Law of the People's Republic of China*, the *Special Rules on Labour Protection of Female Employees*, the *Law of the People's Republic of China on the Protection of Minors*, and the *Provisions on the Prohibition of Using Child Labour*. We have established and strictly implemented the *Measures for the Management of Employment and Recruitment of the Company* and other internal rules and regulations, to further standardize employee recruitment processes and mechanisms.

Conch Environment respects and protects the legitimate rights and interests of its employees, and opposes any form of harassment or discrimination based on ethnicity, gender, geographic origin, religious belief, health status, or other factors. At the same time, we maintain a zero-tolerance stance toward child labor and forced labor, ensuring that all employment practices of the Company comply with national laws and regulations. As at the end of the Reporting Period, Conch Environment did not engage in the employment of child labor or forced employment. Anhui Conch Environment Group Co., Ltd., a subsidiary of the Company, was successfully rated as an A-grade unit for labor law compliance and integrity in Wuhu City; Jining Conch Environment was selected as a Jining City-level employee Well-being Enterprise for 2025; and Chongqing Conch Environment was honored with the A-grade title of Chongqing Harmonious Labor Relations Enterprise.

In addition, the Group is committed to creating a diverse, inclusive, and equal-opportunity workplace for its employees. We actively implement equal pay for equal work and, based on job requirements, intensify efforts to recruit female employees, ensuring that female employees have equal development opportunities in suitable roles and increasing the overall proportion of female employees to achieve gender equality and talent diversity.

Conch Environment actively expands diversified employee recruitment channels, including campus recruitment and social recruitment, conducting annual campus recruitment at universities. During the Reporting Period, Conch Environment recruited a total of 16 new employees.

As at the end of the Reporting Period, the employee composition of Conch Environment was as follows:

	Employee Type	Unit	Number
	Full-time employees	Person(s)	2,854
	Contingent employees	Person(s)	85
	New recruited full-time employees	Person(s)	16
Breakdown of full-time employees by gender	Male	Person(s)	2,396
	Female	Person(s)	458
Breakdown of full-time employees by age	<30	Person(s)	715
	30-50	Person(s)	2,037
	>50	Person(s)	102
Breakdown of full-time employees by category	Senior management	Person(s)	119
	Middle management	Person(s)	356
	General management	Person(s)	775
	General staff	Person(s)	1,604
Breakdown of full-time employees by region ⁴	Eastern	Person(s)	644
	Zhejiang region	Person(s)	130
	Guangdong region	Person(s)	223
	Guangxi region	Person(s)	204
	Jiangxi region	Person(s)	156
	Hunan region	Person(s)	230
	Sichuan-Chongqing region	Person(s)	215
	Yunnan-Guizhou region	Person(s)	112
	Northwestern	Person(s)	516
	Shandong region	Person(s)	221
	Henan region	Person(s)	115
	Northeastern	Person(s)	88

⁴ The term 「region」 referred to in this report refers to the management jurisdiction divided within the company, rather than defined by administrative regions or geographical provinces. The statistical caliber of the scope divided by region has been adjusted this year.

4 Upholding a People-Oriented Approach to Create a Happy Workplace

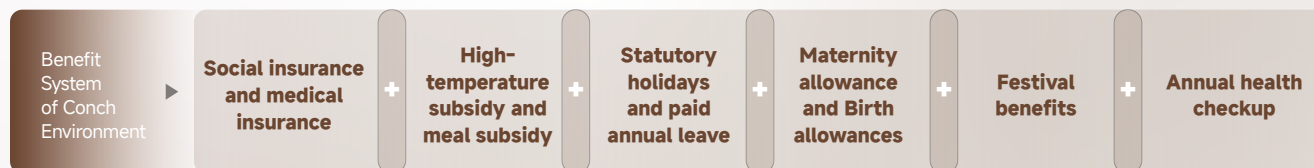
4.1.2 Remuneration Benefits

Adhering to a talent-centric corporate development strategy, Conch Environment continuously optimizes its remuneration, benefits and performance management systems, providing employees with competitive compensation and performance-based rewards. During the Reporting Period, we have formulated the **2025 Special Incentive Implementation Plan**, introducing "volume expansion and efficiency enhancement rewards" for the solid waste and oil sludge treatment businesses, and further refined the reward criteria and requirements, thereby fully stimulating organizational effectiveness and employee potential to support the achievement of operational goals.

Compensation System of Conch Environment

Management positions	- Executives in the parent company, and mid-level management and above personnel in subsidiaries are paid with monthly basic salary consisting of post salary and post bonus; - Assignment allowance system and special incentive system are adopted for mid-level management and above personnel.
Technical and auxiliary positions	- Technical specialists in the parent company, and technical supervisors, professional technicians, operators, auxiliary personnel and logistics personnel in subsidiaries are paid with monthly basic salary consisting of minimum salary, education-based salary, post salary and post bonus; - Enjoy the special incentive system for management positions at the same time.

The Group strictly complies with the *Labor Law of the People's Republic of China*, the *Social Insurance Law of the People's Republic of China*, the *Regulation on Paid Annual Leave for Employees* and other laws and regulations in the places where we operate to offer statutory benefits including five social insurances and the housing provident fund and statutory holidays for employees. In addition, we also provide diverse benefits such as festival benefits, high-temperature subsidies and meal subsidies for employees, enabling them to dedicate themselves to their work with greater peace of mind and comfort, thereby enhancing employees' sense of well-being.



During the Reporting Period, the Group's employee turnover rate was 14.4%. The turnover rate by gender, by age and by region was as follows:

	Employee Type	Unit	Turnover Rate
Employee turnover rate by gender	Male	%	14.3
	Female	%	15.3
Employee turnover rate by age	<30	%	17.2
	30-50	%	13.7
	>50	%	7.9
Employee turnover rate by region	Eastern region	%	22.6
	Zhejiang region	%	4.6
	Guangdong region	%	7.8
	Guangxi region	%	7.1
	Jiangxi region	%	5.5
	Hunan region	%	8.1
	Sichuan-Chongqing region	%	7.5
	Yunnan-Guizhou region	%	3.9
	Northwestern	%	18.1
	Shandong region	%	7.7
	Henan region	%	4.0
	Northeastern	%	3.1

4 Upholding a People-Oriented Approach to Create a Happy Workplace

4.2 Training and Development

Conch Environment attaches great importance on the personal growth and career development of its employees. By establishing a diversified career development management system and training programs, the Group fosters a highly competent and professional workforce that effectively supports the talent needs for the implementation of its business strategy and sustainable development.

4.2.1 Employee Training

To enhance the professional competence and occupational skills of its employees, Conch Environment has formulated the *Implementation Rules for the Management of Employee Training*, establishing a training system covering orientation training, training of skills for in-service employees, specialized training and leadership training with a view to continuously enriching its training programs and ensuring employees' professional capabilities and work skills evolve and grow in line with the times.

Training System of Conch Environment

Orientation training	For new employees, we offer orientation trainings covering safety education, corporate culture, regulations, basics of the Company and responsibilities of each department, ensuring that they can adapt to the Company quickly.
Upgrading of skills for in-service employees	Annual training plans with task breakdown by months are prepared and issued in the beginning of the year. The departments organize professional knowledge and skill training, and evaluate the training effect. The training management and appraisal briefing will be regularly issued to ensure training quality and effects.
Large-scale specialized training activities	Specialized training sessions are organized regularly in light of business demands, covering key fields such as marketing management, safety and environmental protection, tax incentives, plan management and management of field supplies and environmental laws and regulations.
Leadership training	Training courses for management cadres are carried out to improve their comprehensive management capacities, thus helping them transform from production-oriented cadres to management-oriented cadres.

Conch Environment launched the Environmental Protection Micro-Lecture training sessions

In 2025, Conch Environment organised the Environmental Protection Micro-Lecture training sessions, tailored to the needs of the Company's business development and talent team building. The training sessions included industry policies, technical management, compliance and risk control, gradually forming a multi-dimensional and accessible curriculum system.

The Environmental Protection Micro-Lecture training sessions is designed to broaden the professional perspective and knowledge base of management and key personnel at all levels, deepen technical learning in the environmental protection field, and promote the development of a professional and versatile talent force, thereby providing solid support for the Group's sustainable development.

As of the end of the Reporting Period, the employee training-related data of Conch Environment are as follows:

	Employee Type	Unit	Training Data
	Total number of full-time employees trained	Person(s)	2,854
	Total training hours	Hours	21,690
	Percentage of trained employees	%	100
	Average training hours per employee	Hours	7.6
Percentage of trained employees by gender	Male	%	83.8
	Female	%	16.2
Percentage of trained employees by category	Senior management	%	4.17
	Middle management	%	12.47
	General management	%	27.15
	General staff	%	56.21
Average training hours for employees by gender	Male	Hours	7.6
	Female	Hours	7.6
Average training hours for employees by category	Senior management	Hours	4.8
	Middle management	Hours	7.0
	General management	Hours	7.1
	General staff	Hours	8.2

In addition, Conch Environment has formulated the *Guiding Opinions on the Reeducation of Employees*, encouraging staff to obtain vocational qualifications and providing subsidies for academic advancement to in-service employees. During the Reporting Period, a total of 53 employees obtained intermediate or senior professional titles, 6 employees obtained vocational qualification certifications, and 1 employee achieved an academic advancement. The total amount of rewards granted exceeded RMB360,000.

Academic Advancement

Program and Vocational Qualification Certification Program of Conch Environment

Vocational qualification certification program

- Employees have obtained, at their own expense, a vocational qualification which is closely related to their job (included in the Catalogue of Professional Qualifications) during their employment.
- Employees may apply for reimbursement with the qualification certificate and invoices, and the Company will fully reimburse the entry fee, cost of teaching materials, training fees, and travel expenses for the exam.

Academic advancement program

- Employees have passed the national unified entrance examination through self-study and obtained the admission qualification of master's degree or doctoral degree in the profession related to his/her job (subject to the admission letter).
- The Company will offer tuition subsidies upon the Management Committee's examination of the written application submitted by the employee.

4 Upholding a People-Oriented Approach to Create a Happy Workplace

4.2.2 Employee Development

Conch Environment is committed to building a diversified career development management system, providing employees with broad space for professional growth. We continuously improve our career advancement mechanisms by formulating and implementing systems such as the *Administrative Measures for the Selection and Appointment of the Company's Cadres* and the *Interim Measures for the Selection and Appointment of Middle-Level Management Personnel*, clearly defining selection standards and procedures to ensure fairness and standardization in talent selection. Moreover, we have established a performance appraisal system centered on professional competence and work performance. The Group organizes annual performance evaluations for employees, and the results serve as an important basis for talent selection. We have also established a feedback mechanism for appraisal results, allowing employees to promptly share their views through interviews.

On the other hand, the Group has established a dedicated management mechanism to identify and recommend outstanding young cadres based on annual evaluation results. The selection process includes multiple review stages, such as democratic recommendation, professional departmental review, and executive meeting deliberation, to ensure objectivity and fairness in the evaluation. For selected young cadres, we implement customized development plans and provide systematic training to enhance their professional capabilities. During the Reporting Period, we conducted open competitions for middle-level management positions across the Group, encouraging active employee participation to further identify outstanding talent. Meanwhile, we have established a dynamic talent management mechanism, regularly evaluated members of the talent pool and making adjustments in accordance with relevant policies for those who do not meet the standards, thereby continuously optimizing the structure of our talent team.

4.3 Communication and Caring

Conch Environment consistently cares for its employees by maintaining open communication channels and implementing a variety of diverse employee care initiatives. These efforts enhance employees' enthusiasm and dedication at work, while strengthening their sense of happiness, fulfillment and belonging.

4.3.1 Employee Communication

Conch Environment effectively safeguards employees' rights to information, participation, and expression. By establishing diversified communication channels, such as employee forums and labor unions, as well as supervision channels including complaint hotlines and email inboxes, the Company ensures that employees' opinions and suggestions are fully heard and addressed. As of the end of the Reporting Period, 32 labor unions had been established across its regional subsidiaries, covering more than 10 provinces, municipalities and autonomous regions, including Anhui, Shaanxi, Chongqing, and Shandong, helping to foster a democratic and harmonious workplace environment.

During the Reporting Period, we regularly organized employee forums to extensively gather feedback and suggestions on production and operations, market expansion, professional management, and logistics services. These inputs were communicated to relevant departments for corrective actions, with continuous follow-up on implementation and timely updates provided to employees. In addition, we actively built communication bridges with employees' families by inviting them to visit the Company, thereby enhancing their understanding and recognition of the enterprise, and further improving employees' satisfaction and sense of belonging.

Open Day Event for Employees' Family Members Held at Luoyang Huanbao



4.3.2 Caring for Employees

To enrich employees' leisure time and foster a positive and progressive corporate culture, we organized a series of employee care initiatives, such as condolence visits, summer heat-relief programs, and a variety of recreational and cultural activities. These efforts aim to enhance employees' physical and mental well-being, strengthen team cohesion, and jointly contribute to the Group's prosperity and development.

Conch Environment's Spring Festival Assistance Program for Employees in Need

Conch Environment attaches great importance to employee care, and the group and its subsidiaries have established files for difficult employees to accurately identify those in need of assistance. The management at all levels conducts regular visits to employees' families to understand the difficulties they face in their daily lives, and actively provides comfort money and daily necessities. While providing strong material support for difficult employees, it also conveys the company's people-oriented and caring corporate culture.



Labor Union Charity Donation Activities

Conch Environment and its subsidiaries are committed to providing care and support to employees in need. Upon learning that certain employees or their family members were suffering from serious illnesses, the labor unions of Wuhu Logistics and Jining Huanbao promptly organized charity donation activities. All employees responded actively and participated enthusiastically, and the funds raised were fully used to support those in need. This initiative not only provided substantial material assistance to employees facing difficulties and alleviated their financial burdens, but also fully reflected the Company's concern for employees' physical and mental well-being, as well as its deep humanistic care.

Staff Cultural and Sports Activities in Celebration of May Day

To celebrate May 1st International Workers' Day, Fuping Huanbao, Tongchuan Huanbao and Yaobai Huanbao jointly held the staff cultural and sports activities with the theme of "Strengthening the Body to Promote Unity, Gathering Strength to Show the Style". The activity included individual table tennis competition and team tug-of-war competition, attended by over 50 employees, which enriched the cultural life of employees, demonstrated their positive and enterprising spirit as well as their teamwork, and enhanced the cohesion of the team.



ESG

Serve the Community and Jointly Build a Better Life

Guided by the philosophy of “being a responsible and outstanding environmental protection enterprise”, Conch Environment actively shoulders its corporate social responsibilities, and repay the society through practical actions by fully leveraging the industry advantages and enterprise characteristics.



5 Serve the Community and Jointly Build a Better Life

5.1 Community Public Welfare

Deeply integrating the concept of public welfare with industrial development, Conch Environment leverages the industry advantages to assist government departments in the emergency disposal of hazardous waste, and the maintenance of community safety and stability. We have established the Environmental Open Day to carry out environmental protection publicity and education activities for the community for several consecutive years, promoting the concept of sustainable development and guiding the public to jointly participate in the construction of ecological civilization.

Environmental Open Day

► In June 2025, Wuhu Huanbao invited over 40 teachers and students from Wuhu University to participate in the Environmental Open Day, during which the teachers and students went deep into the core area of the factory and gained a firsthand insight into the strict classification and pre-treatment process of solid wastes, as well as the entire process of resource utilization of solid and hazardous waste through the cement kiln collaborative technology. In the central control room, the teachers and students had a close-up experience of the precise control of the disposal process by the information and intelligent system. The clean and orderly factory and the advanced technical management overturned students' stereotype of traditional "waste treatment plants". Conch Environment will also continue to deepen its cooperation with universities and other institutions, actively establish practical exchange platforms, jointly cultivate environmental protection talents, and contribute to the sustainable development of the industry.



► To enhance the environmental awareness of teenagers, in June 2025, Yiyang Huanbao organized an Environmental Open Day with the theme of "Small Hands Holding Big Hands, Building a Green Future Together" jointly with the local environmental protection authority, providing students with a vivid practical lesson of environmental protection. During the activity, the students successively visited the science popularization exhibition

hall, the central control room and the laboratory. Through animation demonstrations, they learned about the entire process of harmless disposal of solid waste. They also listened to lectures on environmental protection knowledge and engaged in active exchanges with environmental experts on the topics of concern. We also set up a fun interactive activity for garbage classification and an "Environmental Guardian" signature activity on the spot, using an educational approach to guide students to participate in environmental protection practices.



Conch Environment conducted activities jointly with local government departments

On July 2025, the 2025 emergency response drill for hazardous waste leakage incidents in Qingxin District of Qingyuan City was successfully held at Qingyuan Huanbao. This drill was hosted by the Qingxin Branch of Qingyuan Ecological Environment Bureau. Through practical simulation, the emergency response capabilities for regional emergent environmental incidents were further tested and the emergency response mechanism of "enterprise self-rescue + collaboration by competent authorities" was improved.



5.2 Charitable Donation

Regarding social welfare as an important way to fulfil its corporate social responsibilities, Conch Environment is committed to giving back to society and spreading warmth through practical actions. As of the end of the Reporting Period, Conch Environment totally spent 300 hours on public welfare and volunteer activities.

Shaoguan Conch Environment Protection's "Children's Day" Caring Activities

On the occasion of the 2025 International Children's Day, Shaoguan Huanbao, in collaboration with local governments and relevant units, carried out caring activities with the theme of "Remember the Party's Instructions and Strive to Be a Strong Nation Youth" in Xincun Primary School in Huilong Town, Xinfeng County. During the activity, Company representatives presented the children with school uniforms and other festival gifts, and carefully organized a "Points Carnival" garden party. Through rich and interesting interactive games, they conveyed warmth and joy, and demonstrated the responsibility and commitment of Conch Environment to support local education and help children grow up healthily through practical actions.



Caring Visits of "Million Project"

On the eve of the Mid-Autumn Festival and National Day in 2025, the Party branch of Qingyuan Huanbao, in collaboration with the local government, went to Nan'an Village to carry out a caring activity, delivering food supplies to Party members in need, veterans and poor households, and conveying the care and warmth of the enterprise. Qingyuan Huanbao has been actively fulfilling its social responsibilities, giving full play to its corporate value, and providing targeted support for the employment of unprivileged groups under the partner development in Nan'an Village. The Company has contributed to the sustainable development of Nan'an Village through industrial assistance, employment support, and regular visits. As of the end of the Reporting Period, Qingyuan Huanbao had provided employment opportunities for 21 local people. It was successively awarded several district and town honors, demonstrating the responsible corporate image of Conch Environment.





E S G

2025

Strengthening Compliance for Sustainable and Steady Operations

Conch Environment has established a clearly defined governance structure and is committed to promoting high-quality, sustainable development within the industry by continuously improving its risk management system and reinforcing commercial ethics and compliance efforts, in collaboration with all stakeholders.



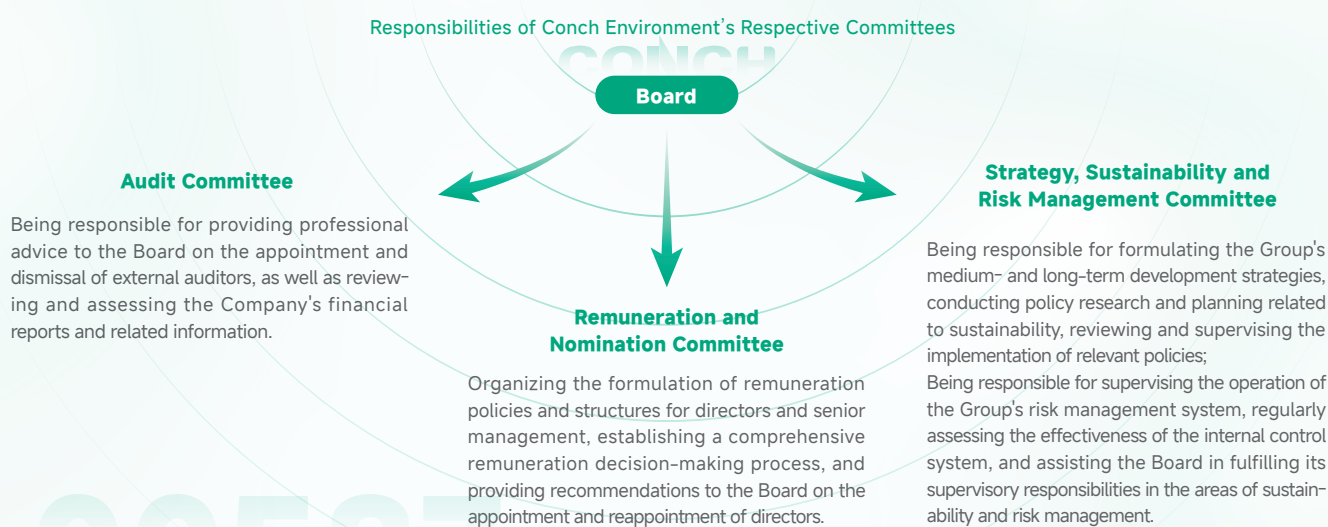
6 Strengthening Compliance for Sustainable and Steady Operations

6.1 Corporate Governance

Conch Environment adheres to a prudent and compliant business philosophy, strictly abides by national laws, regulations, and industry standards applicable in the regions where it operates, and continuously enhances its risk management and internal control system to safeguard the long-term and steady operations of the enterprise.

6.1.1 Board Governance Structure

The Board, as the highest governance body of the Company, provides overall leadership and supervision over the Group's business operations, strategic decision-making, and performance achievement. It fulfills core responsibilities, including improving the governance system, formulating strategic plans, and setting long-term performance and management objectives. To enhance decision-making professionalism and operational efficiency, the Board has established the Audit Committee, the Remuneration and Nomination Committee, and the Strategy, Sustainability, and Risk Management Committee. Each committee exercises supervision over the Group's operations and management in its respective area of expertise, collectively supporting the Board in achieving efficient operations and scientific decision-making.



The Board and its subordinate committees, including the Audit Committee, the Remuneration and Nomination Committee, and the Strategy, Sustainability, and Risk Management Committee, review and resolve significant matters of the Company through meetings. During the Reporting Period, the Board held 6 meetings, the Audit Committee held 3 meetings, the Remuneration and Nomination Committee held 2 meetings, and the Strategy, Sustainability, and Risk Management Committee held 1 meeting.

As of the end of the Reporting Period, the Board of Conch Environment comprises 9 directors: including 3 executive directors, 3 non-executive directors, and 3 independent non-executive directors, each type of directors accounting for 33.3%.

As of the end of the reporting period, the list of members of the board of directors of Conch Environment⁵ is as follows:

Executive directors	Non-executive directors	Independent non-executive directors
Mr. WANG Chunjian	Mr. LI Qunfeng (Chairman) (resigned on 3 April 2026),	Mr. DING Wenjiang
Ms. LIAO Dan	Mr. MA Wei	Ms. WANG Jiafen
Mr. FAN Zhan (resigned on 3 April 2026),	Mr. LYU Wenbin	Ms. LI Chen

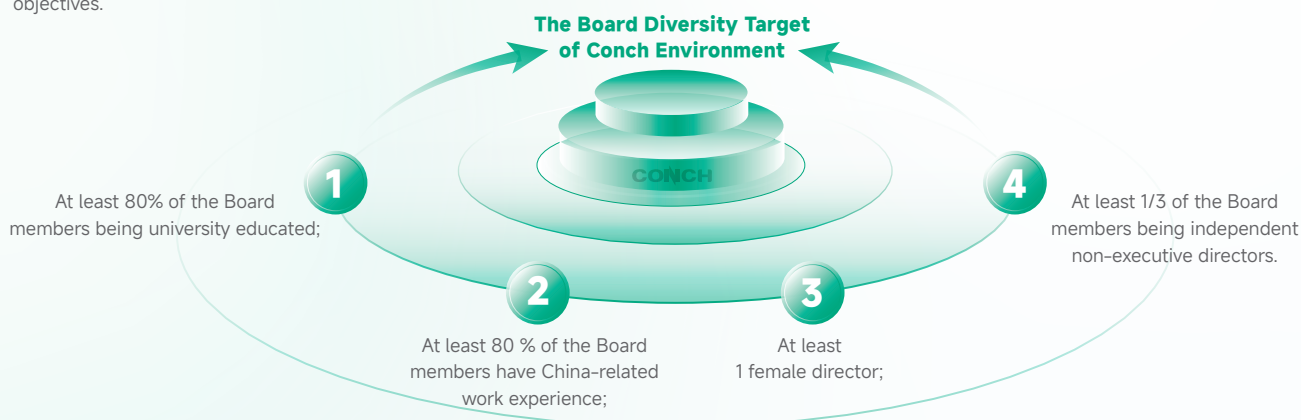
Furthermore, Conch Environment places great importance on communication with various stakeholders. We maintain close communication with shareholders, investment institutions, and other stakeholders through diverse channels such as shareholders' meetings and public announcements to ensure timely and effective information dissemination and continuously enhance investor trust and recognition. In 2025, the Group convened a total of 12 Board and special committee meetings, 1 annual general meeting, conducted 2 performance roadshows, and organized and received approximately 20 research and exchange activities from domestic and foreign securities firms, investment institutions, and investors, establishing comprehensive communication channels to convey the Company's development value.

⁵ On April 3, 2026, Mr. LI Qunfeng resigned as non-executive director and chairman, Mr. FAN Zhan resigned as executive director of the company, and on the same day, Mr. ZHOU Xiaochuan was appointed as executive director and chairman, and Mr. LIU Tianjian was appointed as non-executive director. Details can be found in the announcement published by our company on the Stock Exchange website titled "(1)Change of chairman of the board, Executive directors and non-Executive directors; (2)Change of composition of board committees; And (3)Change of authorized representatives and Process agents".

6 Strengthening Compliance for Sustainable and Steady Operations

6.1.2 Board Diversity

The Company aims to build a diverse, collaborative, and professional Board of Directors. It has established clear indicators for board diversity and regularly reviews the progress and actual effectiveness of their implementation to ensure transparency, standardization, and efficiency in the decision-making process. As of the end of the Reporting Period, the Group appointed 3 female directors, with all Board members holding tertiary education degrees and possessing profound industry expertise as well as extensive practical experience, demonstrating the Group's full achievement of the board diversity objectives.



6.1.3 Internal Control and Risk Management Structure

Conch Environment is committed to compliant operations. It has strictly complied with laws and regulations such as the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China* and the *Norms for the Internal Control of Enterprises*, and continuously improves internal governance systems such as the *Management Measures on the Establishment of Internal Control System*, the *Management Measures on Internal Control Evaluation* and the *Internal Control Manual*, to enhance overall risk management capabilities. In 2025, the Group further optimized its management systems and business processes, revised and improved 29 systems covering finance, marketing, human resources, engineering, production, and other fields, and added several special systems such as the Working Rules for Financial Write-offs of Asset Losses of Conch Environment and the Interim Measures for the Management of Outsourced Labor Services to strengthen supervision over key areas.

The Group has established a comprehensive three-tier risk and internal control management structure, with the Strategy, Sustainability, and Risk Management Committee overseeing the Group's risk management efforts. It clearly defines the functional divisions of labor at each level, providing a solid foundation for the implementation of various risk and internal control management tasks.

Risk and Internal Control Management Framework of Conch Environment

Strategy, Sustainability and Risk Management Committee	• Being responsible for reviewing and supervising the operation of the Group's risk management and internal control systems; • Supervising the effective implementation of internal control mechanism and the conduct of internal control self-assessments; • Coordinating and guiding the advancement of internal control audits and related special projects.
Audit Department	• Supervising the actual implementation of internal control-related systems and processes; • Submitting internal audit reports and proposing rectification opinions and suggestions for identified issues; • Conducting follow-up or subsequent audits on rectification progress based on the nature of the issues and actual circumstances.
Business Departments and Subsidiaries	• Designing, establishing, and continuously improving internal control processes within the scope of responsibilities; • Strictly implementing internal control requirements and conducting business activities in a standardized manner; • Promoting the optimization and improvement of business processes for the department and the specialty; • Actively cooperating with internal control evaluations and supervision work and implementing relevant requirements.

In 2025, the Group continued to pursue the control objectives of "strengthening internal control, preventing risks and promoting compliance" and deployed annual internal control audit work in accordance with the *Key Points of Internal Control Management of Conch Environment*. We focused on key businesses, critical processes, and important positions, conducting routine operational verification of units with established internal control systems. We primarily assessed the reasonableness of internal control design, the effectiveness of implementation, and the applicability of systems, identifying and promoting the rectification of 1,308 design or implementation deficiencies to achieve closed-loop issue management. As of the end of the Reporting Period, the Audit Department had completed a total of 15 various audit projects, including departure, routine, and special audits, achieving a 100% plan completion rate. A total of 101 management or operational issues were identified, with a 98% rectification rate before deadline, effectively enhancing the Group's overall risk prevention and compliant operation levels.

6 Strengthening Compliance for Sustainable and Steady Operations

6.1.4 Business Ethics

Conch Environment strictly adheres to laws and regulations, including the *Supervision Law of the People's Republic of China*, the *Anti-Unfair Competition Law of the People's Republic of China*, and the *Prevention of Bribery Ordinance* and internal policies such as the *Anti-Fraud Implementation Guidelines*, the *Anti-Money Laundering Management Measures*, *Disciplinary Commission Work Rules*, the *Interim Measures for Handling Disciplinary Complaints and Reports*, the *Complaints and Reporting Management Measures* have been established to enforce a "zero-tolerance" stance against corruption, bribery, monopolistic and unfair competition, money laundering, and other unethical business practices.

We have established a business ethics governance system comprising the Group's Discipline Inspection Committee and the discipline inspection teams of various subsidiaries, responsible for the day-to-day supervision and management of related issues. In 2025, the Company issued the "Conch Environmental Protection Discipline Inspection Committee's 2025 Key Work Points for Discipline Inspection", providing clear implementation guidance for the year's discipline inspection, supervision, and compliance work, and continuously strengthening the institutional safeguards for integrity operations and ethical governance.

The Group attaches great importance to the construction of a clean and honest Party and the supervision of key areas. During the Reporting Period, the Group has carried out special supervisions and inspections, focusing on the implementation of the primary responsibilities of the Party organization, the execution of "Three Major and One Large", the compliance in bidding and tendering, the procurement, and asset management across 21 subsidiaries in 9 regions. As of the Reporting Period, we have issued 20 supervisory reports and total of 75 issues involving correcting deviations, plugging loopholes and mitigating risks were identified, with 65 recommendations proposed, which effectively strengthened the oversight and guarantee functions, thereby promoting governance enhancement.

In addition, the Group has established open, transparent, and accessible whistleblowing channels and further expanded and optimized multiple channels, such as the "reporting email," "complaint box," and "whistleblowing hotline". We encourage employees and stakeholders to actively report any unethical business conduct either by name or anonymously. At the same time, a strict whistleblower protection mechanism is in place, ensuring that the lawful rights and interests of whistleblowers are safeguarded. It explicitly prohibits the disclosure of whistleblower identities or report details in any form. Any acts of retaliation against whistleblowers will be investigated and held accountable, ensuring the effective operation of the reporting mechanism.

Reporting Channels for Business Ethics of Conch Environment

✉ Email: hlhbhw@163.com

☎ Hotline : 0553-8398850

Conch Environment regularly conducts training on business ethics and anti-corruption, which had covered 100% of its employees and systematically strengthened the construction of an integrity culture through diversified educational formats.

Warning education and thematic presentations

In 2025, during the educational activities to implement the spirit of the Central Committee's eight-point regulations, the Conch Environment Discipline Inspection Committee conducted in-depth educational warning activities. We organized young cadres and employees in key positions to collectively view special educational warning films such as "Always Sound the Charge" and "Anti-corruption for the People," while simultaneously carrying out typical case analysis and thematic lectures on integrity in the workplace. These activities reached over 100 participants. Through scenario-based education and in-depth case analysis, they effectively enhanced the disciplinary awareness and integrity risk prevention capabilities of the employees involved.

Integrity Culture Month Series of Activities

In 2025, in response to the work requirements of Conch Group's fourth "Integrity Culture Month," Conch Environment organized three themed activities: "Conducting Integrity Classes, Creating Integrity Carriers, and Building Integrity Defenses." We organized various Party branches to carry out 75 integrity presentations, reaching over 1,100 participants. We collected 11 pieces of integrity-themed cultural works and arranged for the signing of over 40 family integrity commitment letters. Through diverse forms of integrity education, we have continuously strengthened the culture of integrity, enhanced the appeal and impact of integrity education, and fostered a clean and honest internal environment for the company's high-quality development.



6 Strengthening Compliance for Sustainable and Steady Operations

6.2 ESG Governance

Conch Environment firmly believes that sustainable development is a key driver for creating long-term value for the enterprise. We have established a scientific ESG governance system. Through systematic ESG management, we actively respond to the expectations and concerns of our stakeholders, promoting high-quality, sustainable development.

6.2.1 Board Statement The Board Responsibilities

The Board of Conch Environment, as the highest decision-making body for the Company's ESG matters, assumes ultimate responsibility for ESG management policies, strategy targets and monitoring of target progress, and the overall ESG performance of the Company. The Board is responsible for the final formulation of the ESG reporting strategy and deliberates and makes decisions on the professional recommendations and special reports submitted by the Strategy, Sustainability and Risk Management Committee. In terms of oversight, the Strategy, Sustainability and Risk Management Committee of the Board assists in the implementation of ESG governance, ensures the implementation of ESG policies, monitors and checks ESG-related performance, risks and targets, as well as makes appropriate adjustments to the ESG strategy and reviews ESG reports. Its responsibilities are detailed in the Terms of Reference of the Strategy, Sustainability and Risk Management Committee of the Board of Directors.

During the Reporting Period, Conch Environmental Protection's Board members participated in a thematic training on "Directors' Duties and Responsibilities." Some Board members also attended the "88th Enhanced Continuous Professional Development Programme for Corporate Governance Professionals" organized by The Hong Kong Chartered Governance Institute, effectively enhancing the directors' performance capabilities and ESG governance standards.

The Company has established a Board independence evaluation mechanism, which sets out the processes and procedures to ensure that the Board can obtain independent perspectives and opinions, thereby enabling the Board to exercise independent judgment effectively and better protect the interests of shareholders. During the Reporting Period, all Directors completed the independence evaluation individually in the form of a questionnaire. The Board reviewed the implementation and effectiveness of the Board independence evaluation mechanism, and the results were satisfactory.

ESG Daily Implementation

Conch Environment has established a routine management mechanism led by the Board and executed by the Working Group. The Board has authorised the ESG Working Group

to be responsible for the implementation of daily work.

- Through the establishment of a comprehensive ESG indicator system, the ESG Working Group is responsible for collecting key data and conducting analysis.
- In the management of material ESG matters, the Board, through the Strategy, Sustainability and Risk Management Committee, guides the Working Group in conducting identification and assessment work, deeply integrating sustainable development strategies into daily operational decisions. The Working Group regularly reports its progress to the Committee.
- The Board and the Strategy, Sustainability and Risk Management Committee review the prioritisation and management strategies of material matters to ensure that management focus is closely aligned with the Company's strategic direction.

ESG Risk Management

The Strategy, Sustainability and Risk Management Committee of Conch Environment is responsible for conducting materiality assessments on ESG-related risks. The Committee collaborates with various functional departments to formulate targeted risk response measures, and focuses on adjusting the business development direction in light of the identification of climate change risks. By continuously monitoring the Group's potential ESG risks and its performance in fulfilling related responsibilities, the Company is enabled to operate steadily and in compliance with regulations in a dynamic market and policy environment.

Review of Targets and Progress

Through continuous communication with internal and external stakeholders, Conch Environment has identified 22 material ESG issues, which have been reviewed and approved by the Board, and has formulated sustainable development strategies and management objectives accordingly. The Board places great emphasis on the deep integration of ESG objectives with business development, and regularly reviews the progress made towards these objectives to ensure that management strategies effectively drive the Company's risk prevention and control and efficiency enhancement. To strengthen accountability, the Board has directly linked key ESG indicators, such as the incidence of employee occupational injuries and environmental penalty events, to the performance-based remuneration of senior management and members of leadership teams at all levels.

6.2.2 ESG Governance Framework

Conch Environment is committed to deeply integrating the concept of sustainable development into the Company's development strategy and business decision-making processes. The Company has established a clearly defined, stable and efficient three-tier ESG governance structure, strengthening top-level oversight of the Group's ESG policies, objectives and strategy implementation through the formation of the Strategy, Sustainability and Risk Management Committee at the Board level, which regularly reports the Group's overall ESG performance to the Board. Under the guidance of the Committee, the ESG Working Group coordinates with various functional departments and subsidiaries to ensure the effective implementation of ESG management requirements at the operational level.

Board

- Monitor the ESG development in the industry and assess the Group's ESG risks and opportunities;
- Regularly review the fulfillment of the Company's ESG strategic objectives and targets;
- Decide and lead the Company's ESG planning and review the annual work report.

Strategy, Sustainability and Risk Management Committee

- Assist the Board in implementing agreed ESG policies, goals, regularly report the ESG performance of the Group to the Board;
- Conducts risk assessments on the Group's ESG and other related matters and adjust related objectives to ensure the effectiveness of the risk management system;
- Establish daily communication channels with stakeholders, improve the communication mechanism, and implement daily communication and archive.

ESG Working Group

- Collect the ESG-related information;
- Participate in and implement ESG-related strategies, guidelines, objectives and management policies in business operations.

ESG Governance Framework of Conch Environment

We incorporate indicators such as risk management, occupational health and safety, innovation and R&D, and energy conservation and emissions reduction into the performance evaluation of senior management and Board members, so as to continuously enhance their involvement in ESG management.

6 Strengthening Compliance for Sustainable and Steady Operations

6.2.3 Communication with Stakeholders

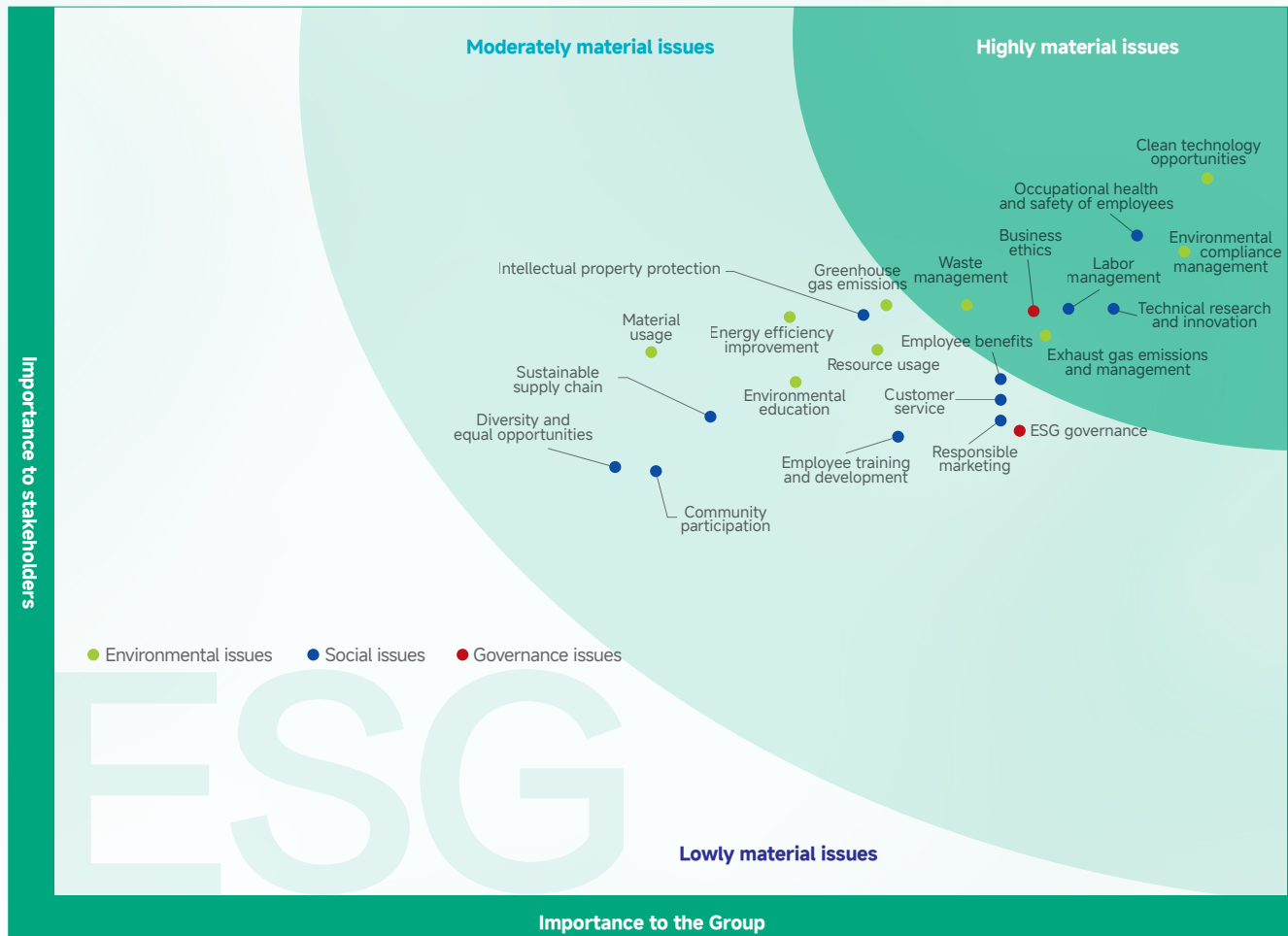
Conch Environment fully understands the significance of stakeholder communication for enterprises in achieving sustainable development. We strictly comply with the Policy on Shareholder Communication of China Conch Environment Holdings Limited, and have built and continuously improved diversified communication channels to ensure smooth communication mechanisms with various stakeholders, including government and regulatory bodies, shareholders and investors, customers, employees, social organisations, the media, and others. We actively listen to and precisely respond to the expectations and demands of all parties, striving to translate stakeholder concerns into drivers for management enhancement, and work together with all sectors to jointly promote the green and high-quality development of the industry.

Stakeholders	Issues of Concern	Communication Channels
Customers/ Consumers	Customer service Responsible marketing	Customer visits National customer service hotline Market researches Customer satisfaction survey Customer appreciation party
Shareholders and investors	ESG governance Business ethics Technical research & innovation Clean technology opportunities	Investor Relations website Teleconferences Shareholders' meetings Roadshows Webinars Information disclosure Visit reception Letter exchanges
Government and regulatory bodies	Environmental compliance management Labor management Exhaust emissions and management Environmental education Occupational health and safety of employees	Visits to bodies Policy implementation Official correspondences to and from Information disclosure
Suppliers	Sustainable supply chain	Supplier evaluation Supplier communication and training
Employees	Occupational health and safety of employees Employee training and development Labor management Employee benefits Diversity and equal opportunities	Trade unions Employee survey Employee activities Employee training
Social organizations	Community participation Waste management Exhaust emissions and management Environmental education Greenhouse gas emissions	Voluntary services Community activities
Media	Environmental compliance management Environmental education Occupational health and safety of employees Community participation Labor management	Media communication and interviews Official website and WeChat official account

6 Strengthening Compliance for Sustainable and Steady Operations

6.2.4 Analysis of Material Issues and Matrices

In 2025, based on the compliance requirements of regulatory authorities, industry best practices, and the expectations and requests of various stakeholders, we reviewed, discussed, and analysed our previously assessed materiality issue list, and the results showed no significant changes. Based on the assessment results of materiality issues, we created Conch Environment's 2025 ESG materiality matrix, and responded to the key concerns of various stakeholders in a targeted manner.



Highly material issues	Areas	Moderately material issues	Areas	Moderately material issues	Areas
Clean technology opportunities	Environmental	ESG governance	Governance	Community participation	Social
Environmental compliance management	Environmental	Intellectual property protection	Social	Greenhouse gas emissions	Environmental
Exhaust gas emissions and management	Environmental	Employee benefits	Social	Energy efficiency improvement	Environmental
Waste management	Environmental	Customer service	Social	Resource usage	Environmental
Occupational health and safety of employees	Social	Responsible marketing	Social	Environmental education	Environmental
Labor management	Social	Employee training and development	Social	Material usage	Environmental
Technical research and innovation	Social	Sustainable supply chain	Social		
Business ethics	Governance	Diversity and equal opportunities	Social		

APPENDIX I: HKEX ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

ESG Areas and General Disclosures and KPIs			Sections
Environmental			
A1: Emissions	General Disclosure	Information on:(a) the policies; and(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Green Transformation, Build an Eco-friendly Future Together
	KPI A1.1	The types of emissions and respective emissions data.	Green Transformation, Build an Eco-friendly Future Together -Emission Management
	KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate,intensity (e.g. per unit of production volume, per facility).	Green Transformation, Build an Eco-friendly Future Together -Environmental Management
	KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Green Transformation, Build an Eco-friendly Future Together r-Emission Management
	KPI A1.4	Total non- hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Green Transformation, Build an Eco-friendly Future Together r-Emission Management
	KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Green Transformation, Build an Eco-friendly Future Together -Emission Management
	KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Green Transformation, Build an Eco-friendly Future Together -Environmental Management , Emission Management
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Green Transformation, Build an Eco-friendly Future Together -Environmental Management
	KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Green Transformation, Build an Eco-friendly Future Together -Environmental Management
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Green Transformation, Build an Eco-friendly Future Together -Environmental Management
	KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Green Transformation, Build an Eco-friendly Future Together -Environmental Management
	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Green Transformation, Build an Eco-friendly Future Together -Environmental Management
	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable, the Group does not involve the use of packaging materials for finished products
A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources	Green Transformation, Build an Eco-friendly Future Together
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Green Transformation, Build an Eco-friendly Future Together
A4: Climate Change	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Green Transformation, Build an Eco-friendly Future Together r-Environmental Management
	KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Green Transformation, Build an Eco-friendly Future Together -Environmental Management
ESG Areas and General Disclosures and KPIs			Sections
Social			
B1: Employment	General Disclosure	Information on:(a) the policies; and(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours,rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Upholding a People-Oriented Approach to Create a Happy Workplace -Rights and Interests of Employees
	KPI B1.1	Total workforce by gender, employment type (for example, full- or part- time), age group and geographical region.	Upholding a People-Oriented Approach to Create a Happy Workplace -Rights and Interests of Employees
	KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Upholding a People-Oriented Approach to Create a Happy Workplace -Rights and Interests of Employees
B2: Health and Safety	General Disclosure	Information on:(a) the policies; and(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Steady Operations, Build Sustainable Value Together-Safety First, Building a Solid Bottom Line for Development
	KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	For details, see Appendix II
	KPI B2.2	Lost days due to work injury.	For details, see Appendix II

APPENDIX I: HKEX ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

ESG Areas and General Disclosures and KPIs			Sections
Social			
B3: Development and Training	KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Steady Operations, Build Sustainable Value Together-Safety First, Building a Solid Bottom Line for Development
	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Upholding a People-Oriented Approach to Create a Happy Workplace Training and Development
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	For details, see Appendix II
	KPI B3.2	The average training hours completed per employee by gender and employee category.	For details, see Appendix II
B4: Labour Standards	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Upholding a People-Oriented Approach to Create a Happy Workplace -Rights and Interests of Employees
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Upholding a People-Oriented Approach to Create a Happy Workplace -Rights and Interests of Employees
	KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Upholding a People-Oriented Approach to Create a Happy Workplace -Rights and Interests of Employees
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	Steady Operations, Build Sustainable Value Together -Win-win Cooperation, Establish Responsible Supply Chain
	KPI B5.1	Number of suppliers by geographical region.	Steady Operations, Build Sustainable Value Together -Win-win Cooperation, Establish Responsible Supply Chain
	KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Steady Operations, Build Sustainable Value Together -Win-win Cooperation, Establish Responsible Supply Chain
	KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Steady Operations, Build Sustainable Value Together -Win-win Cooperation, Establish Responsible Supply Chain
	KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Steady Operations, Build Sustainable Value Together -Win-win Cooperation, Establish Responsible Supply Chain
B6: Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Steady Operations, Build Sustainable Value Together -Achieving Long-Term Development Through Responsibility and Enhancing Service Value
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable
	KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Steady Operations, Build Sustainable Value Together -Achieving Long-Term Development Through Responsibility and Enhancing Service Value
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Steady Operations, Build Sustainable Value Together -Innovation-driven, Empowering Technological Innovation
	KPI B6.4	Description of quality assurance process and recall procedures.	Steady Operations, Build Sustainable Value Together -Quality as the Foundation, Strengthening Operational Base
	KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Steady Operations, Build Sustainable Value Together -Achieving Long-Term Development Through Responsibility and Enhancing Service Value
B7: Anti-corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Strengthening Compliance for Sustainable and Steady Operations-Corporate Governance
	KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	Strengthening Compliance for Sustainable and Steady Operations-Corporate Governance
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Strengthening Compliance for Sustainable and Steady Operations-Corporate Governance
	KPI B7.3	Description of anti-corruption training provided to directors and staff.	Strengthening Compliance for Sustainable and Steady Operations-Corporate Governance
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.	Serve the Community and Jointly Build a Better Life
	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Serve the Community and Jointly Build a Better Life
	KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Serve the Community and Jointly Build a Better Life

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Part D – Climate-related Disclosures		
Climate-related Disclosure Requirements		Index
Governance	19(a) Information about the governance body(s) or individual(s) responsible for overseeing climate-related risks and opportunities;	Green Transformation, Build an Eco-friendly Future Together-Addressing Climate Change
	19(b) The role of management in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities	Green Transformation, Build an Eco-friendly Future Together-Addressing Climate Change
Strategy	20 Climate-related risks and opportunities that may affect its cash flows, access to finance or cost of capital over the short, medium or long term	Green Transformation, Build an Eco-friendly Future Together-Addressing Climate Change
	21 The current and anticipated effects of climate-related risks and opportunities on the business model and value chain	Green Transformation, Build an Eco-friendly Future Together-Addressing Climate Change
	22 The effects of climate-related risks and opportunities on the issuer's strategy and decision-making	Green Transformation, Build an Eco-friendly Future Together-Addressing Climate Change
	23 The progress of the plan disclosed in accordance with paragraph 22 in each previous reporting period	Green Transformation, Build an Eco-friendly Future Together-Addressing Climate Change
	24 Qualitative and quantitative information about the current financial effects of climate-related risks and opportunities	Green Transformation, Build an Eco-friendly Future Together-Addressing Climate Change
	25 Qualitative and quantitative information about the expected financial effects of climate-related risks and opportunities	Green Transformation, Build an Eco-friendly Future Together-Addressing Climate Change
	26 The resilience of the strategy and business model to climate-related changes, developments or uncertainties, and how and when climate-related scenario analysis has been used to assess that climate resilience	Green Transformation, Build an Eco-friendly Future Together-Addressing Climate Change
Risk management	27(a)(b) The processes and related policies used to identify, assess and prioritise climate-related risks and opportunities, and to monitor them on an ongoing basis	Green Transformation, Build an Eco-friendly Future Together-Addressing Climate Change
	27(c) How processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into the overall risk management processes, and the extent of that integration	Green Transformation, Build an Eco-friendly Future Together-Addressing Climate Change
Metrics and Targets	28 Absolute gross greenhouse gas emissions for the reporting period, broken down into: · Scope 1, Scope 2 and Scope 3	Green Transformation, Build an Eco-friendly Future Together-Addressing Climate Change
	29 The standards, methodologies and other reasonable and supportable information used to measure greenhouse gas emissions	Green Transformation, Build an Eco-friendly Future Together-Addressing Climate Change
	30 The amount and percentage of assets or business activities vulnerable to climate-related transition risks	Green Transformation, Build an Eco-friendly Future Together-Addressing Climate Change
	31 The amount and percentage of assets or business activities vulnerable to climate-related physical risks	Green Transformation, Build an Eco-friendly Future Together-Addressing Climate Change
	32 The amount and percentage of assets or business activities related to climate-related opportunities	Green Transformation, Build an Eco-friendly Future Together-Addressing Climate Change
	33 The amount of capital expenditure, financing or investment directed towards climate-related risks and opportunities	Green Transformation, Build an Eco-friendly Future Together-Addressing Climate Change
	34 Whether and how carbon pricing has been applied in decision-making, and the price per metric tonne of greenhouse gas emissions used to assess the cost of its greenhouse gas emissions	Not applicable
	35 Whether and how climate-related considerations are factored into remuneration policies	Green Transformation, Build an Eco-friendly Future Together-Addressing Climate Change
	36 Industry-based metrics associated with the business model and activities, or with participation in common features of the relevant industry	Green Transformation, Build an Eco-friendly Future Together-Addressing Climate Change
	37 Climate-related qualitative and quantitative targets set to monitor progress towards achieving its strategic goals, and any targets required by law or regulation that the issuer is required to meet	Green Transformation, Build an Eco-friendly Future Together-Addressing Climate Change
	38 The methodology for setting and reviewing each target, and how progress against each target is monitored	Green Transformation, Build an Eco-friendly Future Together-Addressing Climate Change
	39 The disclosure of the information about the performance against each climate-related target and an analysis of trends or changes in its performance	Green Transformation, Build an Eco-friendly Future Together-Addressing Climate Change
	40 For each disclosed greenhouse gas emissions target, the type of target, scope, methodology for setting the target, and the use of carbon credits	Green Transformation, Build an Eco-friendly Future Together-Addressing Climate Change
	41 The applicability of cross-industry metrics and industry-based metrics	Green Transformation, Build an Eco-friendly Future Together-Addressing Climate Change

APPENDIX II: KEY ESG DATA SUMMARY

Performance Indicator	Unit	2024	2025
Operating revenue	RMB 100 Million	16.87	16.40
Total industrial hazardous waste treated	10,000 Tonnes	116.57	115.68
General hazardous waste treated	10,000 Tonnes	99.10	97.71
Oil sludge treated	10,000 Tonnes	10.80	8.84
Fly ash treated	10,000 Tonnes	6.67	9.13
Total industrial solid waste treated	10,000 Tonnes	181.51	173.42
ISO 9001: 2015 Quality Management standards certified coverage of hazardous waste treatment projects	%	60	84
ISO 14001 Environmental Management standards certified coverage	%	60	84
ISO 45001 Health and safety standards certified coverage	%	60	84
Hydrogen chloride (HCl) emissions	Tonne	426.20	193.77
Hydrogen fluoride (HF) emissions	Tonne	50.30	26.65
Nitrogen oxide (NOX) emissions	Tonne	16.07	33.64
Sulfur oxide (SOX) emissions	Tonne	0.02	0.03
Particulate matter (PM) emissions	Tonne	1.59	2.55
Volatile organic compounds (VOCs) emissions	Tonne	/	9.24
Non-methane total hydrocarbon emissions	Tonne	/	108.95
Scope 1 greenhouse gas emissions	Tonne CO ₂ e	29,688.88	32,831.75
Scope 2 greenhouse gas emissions	Tonne CO ₂ e	59,412.29	71,631.00
Total greenhouse gas emissions (Scope 1+Scope 2)	Tonne CO ₂ e	89,101.16	104,462.75
Greenhouse gas emissions per revenue	Tonne CO ₂ e /thousand RMB	0.05	0.06
Scope 3 Greenhouse Gas Emissions - Category 3: Fuel- and Energy-Related Activities	Tonne CO ₂ e	/	12,369.33
Scope 3 Greenhouse Gas Emissions - Category 6: Business Travel	Tonne CO ₂ e	/	166.25
Direct energy consumption	MWh	99,497.33	110,428.43
Indirect energy consumption	MWh	111,622.78	135,000.00
Total energy consumption (Direct + Indirect)	MWh	211,120.12	245,428.43
Energy consumption per revenue	MWh/thousand RMB	0.13	0.15
General solid waste generated (recyclable)	Tonne	31,450.57	45,908.96
General solid waste generated (non-recyclable)	Tonne	/	8,911.83
Total general solid waste generated	Tonne	31,450.57	54,820.79
General solid waste generated per revenue	Tonne/thousand RMB	0.02	0.03
Total hazardous waste generated	Tonne	75,903.09	65,229.92
Hazardous waste generated per revenue	Tonne/thousand RMB	0.04	0.04
Water consumption	Tonne	486,136.32	655,079.56
Water consumption per revenue	Tonne/thousand RMB	0.29	0.40
Wastewater discharge ⁶	Tonne	0	0

⁶ Domestic waste water discharge.

APPENDIX II: KEY ESG DATA SUMMARY

Performance Indicator		Unit	2024	2025
Total employees		Person	3,288	2,854
By gender	Male	Person	2,759	2,396
	Middle management	Person	529	458
By employee category	Senior management	Person	126	119
	Middle management	Person	377	356
	General management	Person	829	775
	General staff	Person	1,956	1,604
By age	<30	Person	1,041	715
	30-50	Person	2,164	2,037
	>50	Person	83	102
By geographical region	Eastern China	Person	732	644
	Zhejiang	Person	169	130
	Guangdong	Person	227	223
	Guangxi	Person	215	204
	Jiangxi	Person	202	156
	Hunan	Person	272	230
	Sichuan-Chongqing	Person	221	215
	Yunnan-Guizhou	Person	163	112
	Northwestern China	Person	543	516
	Shandong	Person	276	221
	Henan	Person	150	115
Minority employees	Northeastern China	Person	118	88
	Numbers	Person	222	179
	Proportion	%	6.8	6.3
Employee turnover rate		%	13.0	14.4
By gender	Male	%	12.5	14.3
	Female	%	13.7	15.3
By age	<30	%	18.4	17.2
	30-50	%	11.2	13.7
	>50	%	6.0	7.9
By geographical region	Eastern China	%	22.3	22.6
	Zhejiang	%	5.1	4.6
	Guangdong	%	6.9	7.8
	Guangxi	%	6.5	7.1
	Jiangxi	%	6.1	5.5
	Hunan	%	8.3	8.1
	Sichuan-Chongqing	%	6.7	7.5
	Yunnan-Guizhou	%	5.0	3.9
	Northwestern China	%	16.5	18.1
	Shandong	%	8.4	7.7
	Henan	%	4.6	4.0
	Northeastern China	%	3.6	3.1
Work-related fatalities and ratio	2023	Person	/	/
		‰	/	/
	2024	Person	2	/
		‰	0.57	/
	2025	Person	/	1
		‰	/	0.35
Number of security accidents		Case	9	12
Number of major and above accidents		Case	0	0
Number of work-related injuries		Person	9	2
Work-related injury rate		%	0.26	0.07
Number of lost days due to work injury		Day	324	6,120

APPENDIX II: KEY ESG DATA SUMMARY

Performance Indicator		Unit	2024	2025
Safe production investment		RMB 10,000	2,731.57	2,589.00
Proportion of safe production investment to revenue		%	1.62	1.58
Million-working hour injury rate		Person/million working hours	1.29	2.12
Number of occupational disease cases		Person	0	0
Incidence of occupational disease		%	0	0
Total number of employees trained		Person	3,288	2,854
Total hours of employee training		Hour	24,660	21,690
Total duration of employee safety training		Hour	5,190.5	7,796.60
Percentage of employees trained		%	100	100
By gender	Male	%	83.9	83.8
	Female	%	16.1	16.2
By employee category	Senior management	%	3.8	4.2
	Middle management	%	11.5	12.5
	General management	%	25.2	27.2
	General staff	%	59.5	56.2
Average training hours completed per employee		Hour	7.5	7.6
By gender	Male	Hour	7.5	7.6
	Female	Hour	7.5	7.6
By employee category	Senior management	Hour	4.5	4.8
	Middle management	Hour	7.0	7.0
	General management	Hour	7.5	7.1
	General staff	Hour	7.8	8.2
Number of suppliers		Supplier	19,931	20,219
By geographical region	Northeastern China	Supplier	505	404
	Northern China	Supplier	1,536	1,567
	Northwestern China	Supplier	2,287	2,333
	Southwestern China	Supplier	2,541	2,592
	Southern China	Supplier	4,298	4,384
	Eastern China	Supplier	8,658	8,831
	Hong Kong, Macau and Taiwan	Supplier	46	47
	Overseas	Supplier	60	61
Number of products and service related complaints received		Case	0	0
Customer satisfaction		%	97	97
Number of legal cases regarding corrupt practices		Case	0	0
Amount invested in charity		RMB	0	0
Anti-corruption training provided to board members, management and staff		%	100	100

APPENDIX III: CONTRIBUTION TO THE UN SUSTAINABLE DEVELOPMENT GOALS

We exercise our social responsibilities around the United Nations Sustainable Development Goals (SDGs).

Contribution to SDGs		Section
3		Upholding a People-Oriented Approach to Create a Happy Workplace/Serve the Community and Jointly Build a Better Life
4		Upholding a People-Oriented Approach to Create a Happy Workplace/Serve the Community and Jointly Build a Better Life
5		Upholding a People-Oriented Approach to Create a Happy Workplace
6		Green Transformation, Build an Eco-friendly Future Together
8		Upholding a People-Oriented Approach to Create a Happy Workplace/Serve the Community and Jointly Build a Better Life
9		Steady Operations, Build Sustainable Value Together
10		Upholding a People-Oriented Approach to Create a Happy Workplace/Serve the Community and Jointly Build a Better Life
11		Serve the Community and Jointly Build a Better Life
12		Steady Operations, Build Sustainable Value Together
13		Green Transformation, Build an Eco-friendly Future Together
16		Strengthening Compliance for Sustainable and Steady Operations
17		Steady Operations, Build Sustainable Value Together

**CHINA CONCH
ENVIRONMENT PROTECTION
HOLDINGS LIMITED
2025 ENVIRONMENTAL, SOCIAL
AND GOVERNANCE (ESG)
REPORT**

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