

2025

Grandblue Environment

Sustainability Report



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Address: Grandblue Plaza, No.23 Ronghe Road, Guicheng Street, Nanhai District, Foshan, Guangdong

Postal Code: 528200

Tel: (86) 0757-86280090

Fax: (86)0757-86328565

Email: csr@grandblue.cn

Investor Hotline: (86)0757-86280996

Investor enquiries Email: 600323@grandblue.cn

About the Report

This publication marks the 18th Sustainability Report issued by Grandblue Environment Co., Ltd. It provides a systematic disclosure of the Company's performance in addressing the key concerns of its stakeholders throughout 2025, along with its measurable achievements across four dimensions: economic value, environmental value, social value, and corporate governance

Time Frame

The reporting period covered by this report spans from January 1, 2025 to December 31, 2025, with select content extended to prior or subsequent years relevant to actual business circumstances. Canvest Environmental Protection and its subsidiaries have been incorporated into the scope of this report effective June 1, 2025; accordingly, all related data and content pertain to the period from June 1, 2025 to December 31, 2025.

Report Scope

This report covers the same scope of entities as the consolidated financial statements of Grandblue Environment Co., Ltd. Relative to 2024, the primary addition to this scope is Canvest Environmental Protection and its subsidiaries. For further details on the Company's business development and consolidated financial statements, please refer to the Grandblue Environment Annual Report 2025.

Data Sources

All information and data presented in this report are sourced from official Company records, statistical data, and relevant public materials, and include environmental, social, and corporate governance information compiled, consolidated, and reviewed by the Company. This report is published in both Chinese and English. In the event of any inconsistency between the two versions, the Chinese version shall prevail. Unless otherwise stated, all financial figures are expressed in Renminbi (RMB).

Description of Expression

For ease of reference, "Grandblue Environment Co., Ltd." is also referred to throughout this report as "Grandblue Environment," "Grandblue," "the Company," or "we." Nanhai Gas, Nanhai Water Supply, and other entities mentioned herein are all subsidiaries of Grandblue Environment Co., Ltd.

Basis of Preparation

This report has been prepared in strict accordance with applicable laws, regulations, and policies, including the Company Law, the Securities Law, and the Listing Rules of the Shanghai Stock Exchange, as well as the Self-Regulatory Guidelines for Listed Companies of the Shanghai Stock Exchange No. 14 — Sustainability Report (Trial).

Report Commitment

This report has been reviewed and approved at the 26th meeting of the 11th Board of Directors of the Company. The Company confirms that the contents of this report contain no false records, misleading representations, or material omissions. In the event of any discrepancy between this report and the Company's financial statements, the financial statements shall prevail.

Access to the Report

This report is available in both print and electronic formats. The report may be accessed online or downloaded at www.grandblue.cn. To request an electronic copy, please write to csr@grandblue.cn and one will be provided upon receipt of your enquiry.

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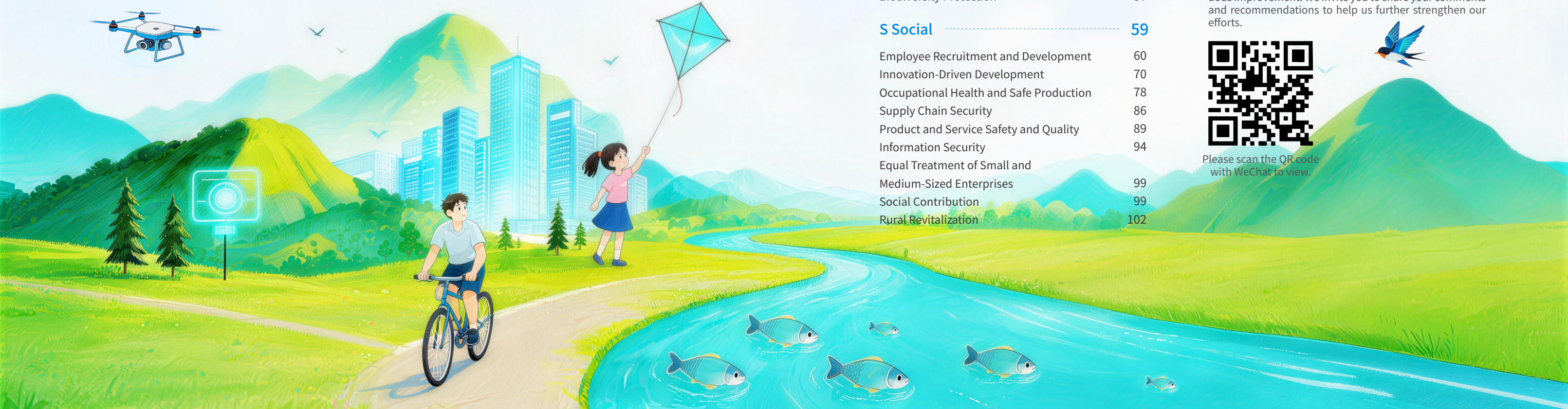
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Reader Feedback

As part of our ongoing commitment to enhancing our environmental, social, and governance performance, we welcome feedback. Your insights and suggestions regarding the Report and our sustainability initiatives are valuable to us and will serve as a key reference for continuous improvement. We invite you to share your comments and recommendations to help us further strengthen our efforts.



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ABOUT US



◆ Company Profile

Grandblue Environment Co., Ltd. (stock code: 600323) is a publicly listed enterprise headquartered in Nanhai District, Foshan, specialising in comprehensive environmental services encompassing solid waste treatment, energy, and water supply and drainage. The Company ranks among the Top 10 Environmental Enterprises by Revenue in China, has been recognized as one of the Top 10 Influential Enterprises in the Solid Waste Treatment Industry in China for 12 consecutive years, and holds a top-three position in the industry by waste-to-energy capacity. Guided by the mission of "Creating Harmony Between Humans and Nature" and the corporate responsibility ethos of being an "Excellent Keeper for the City, Excellent Model for the Industry, and Excellent Neighbor for the Community," the Company remains committed to becoming a leading enabler of green innovation.

In 2025, the Company recorded operating revenue of RMB 13.937 billion, representing a year-on-year increase of 17.25%. Revenue from principal business amounted to RMB 13.541 billion, a year-on-year increase of 17.90%, accounting for 97.16% of total operating revenue. Net profit reached RMB 2.294

billion, up 36.23% year-on-year. Net profit attributable to shareholders of the listed company was RMB 1.973 billion, a year-on-year increase of 18.58%, while net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses stood at RMB 1.919 billion, a year-on-year increase of 18.05%. As at year-end 2025, total assets amounted to RMB 62.217 billion, reflecting an increase of 58.29% compared to the end of 2024.

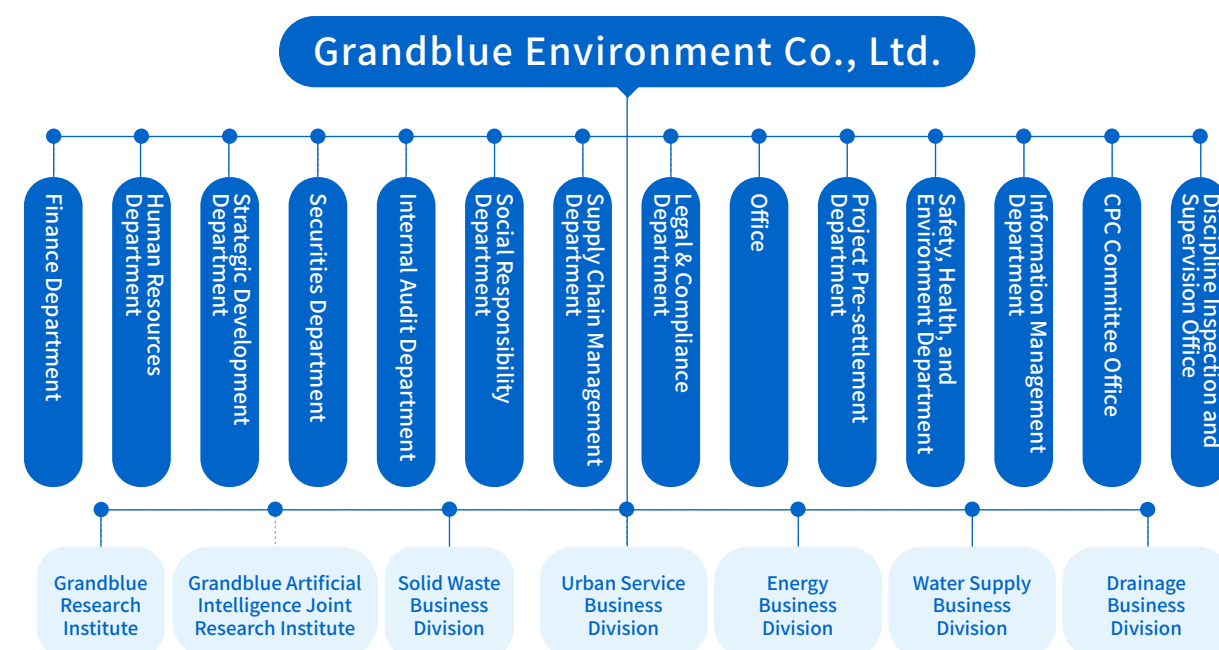
As at the end of 2025, Grandblue had delivered high-quality solid waste treatment services across 53 cities and 78 counties and districts spanning 20 provinces, autonomous regions, and municipalities in China, namely Guangdong, Fujian, Hubei, Hunan, Hebei, Liaoning, Guizhou, Jiangxi, Heilongjiang, Shandong, Shanxi, Anhui, Inner Mongolia, Zhejiang, Sichuan, Yunnan, Jiangsu, Guangxi, Shanghai, and Hong Kong and stands as the largest waste-to-energy enterprise in both Guangdong Province and Fujian Province. The Company also holds equity interests in several waste-to-energy projects in Bangkok, Thailand.

TOP 3
Top 3 in China's
Waste-to-Energy Industry
by Capacity

TOP 10
Top 10 Environmental
Enterprises by Revenue
in China

**For 12
Consecutive Years**
Top 10 Influential Enterprises
in China's Solid Waste
Treatment Industry

Company's Organizational Structure



The Solid Waste Business Group comprises the former Solid Waste Business Division I and Solid Waste Business Division II (the same applies hereinafter).

◆ Ratings Performance

Hang Seng ESG Rating **A-**

CCXI ESG Rating **AA-**

◆ Awards and Honors

Awards and Honors

- | | |
|---|--|
| Asian Corporate Social Responsibility Award | Top 50 Environmental Enterprises in China by Revenue (8 consecutive years) |
| Top 10 Influential Enterprises in the Solid Waste Treatment Industry in China (12 consecutive years) | China's Most Socially Responsible Enterprise in the Water Industry (14 consecutive years) |
| China's Most Socially Responsible Enterprise in the Environmental Sanitation Industry (4 consecutive years) | China's Most Valuable Listed Companies List |
| Outstanding Sustainability Case of the China Association for Public Companies | 2025 Technological Innovation Member Enterprise of the China Environmental Service Industry Chamber of Commerce, All-China Federation of Industry and Commerce |
| 2025 Corporate ESG Case, Publicity and Education Center of the Ministry of Ecology and Environment | Outstanding Collective in the Green and Beautiful Guangdong Ecological Construction Initiative |
| 2025 Greater Bay Area Outstanding Responsible Competitiveness Case | Gold Mark of the Hong Kong Quality Assurance Agency 2025 Sustainability-Related Financial Disclosures Pilot Program |
| Greater Bay Area ESG Annual Honors Achievement Award | Bloomberg Green Finance DEI Caring Workplace List |
| 2025 People's Corporate Social Responsibility Forum "Green Development" Case | 2025 People's Daily Online Ingenuity Service Case |
| "Xinhua Credit Pearl Cup" Climate-Friendly Enterprise Practice Project Achievement | Annual Outstanding ESG Demonstration Enterprise |
| Typical Case of Green and Low-Carbon Development | Cutting-Edge Case in Climate Action |

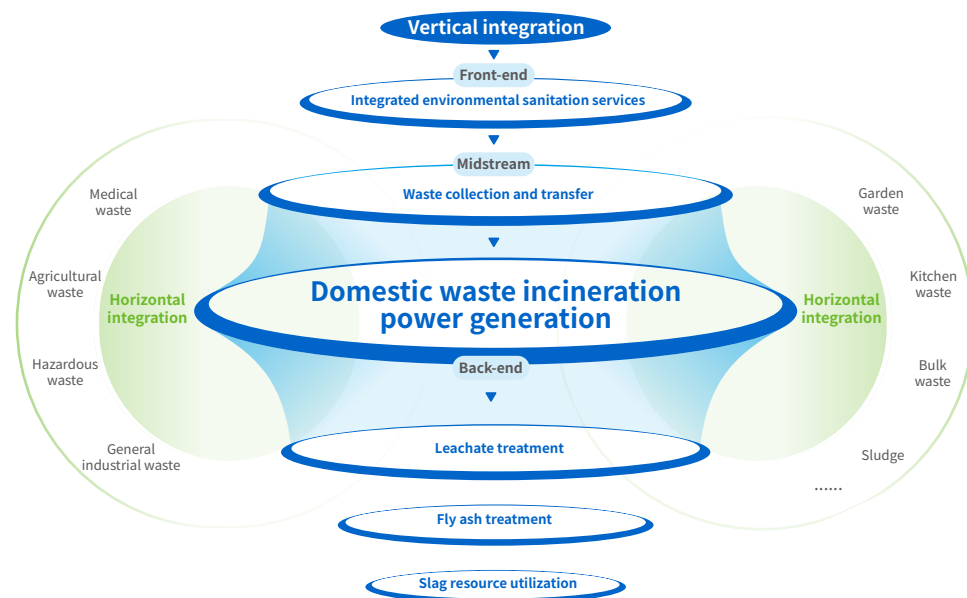
- | | |
|---|--|
| ESG Excellence in Environmental Performance Professional Award | ESG Outstanding Social Performance Professional Award |
| ESG Outstanding Corporate Governance Performance Professional Award | ESG Commendation Certification |
| Best ESG Practice Case Award | Sustainable Development Leadership Award |
| Governance Pioneer Model | Securities Times Investor Relations Management Pegasus Award |
| "Golden Round Table Award" for Chinese Listed Companies' Board of Directors - "Special Contribution Award for Corporate Governance" | Shanghai Securities News Corporate Governance Award |
| Best Practice in Investor Relations Management of Listed Companies (2024) | 2025 Best Practice of Listed Company Board Offices |
| Foshan Top 100 Enterprises | Foshan Top 30 in Profits and Tax Contribution |
| Foshan Top 30 in Technological Innovation | 2024 Outstanding Contribution Unit in Nanhai Charity |



Business Segments

Solid Waste Treatment

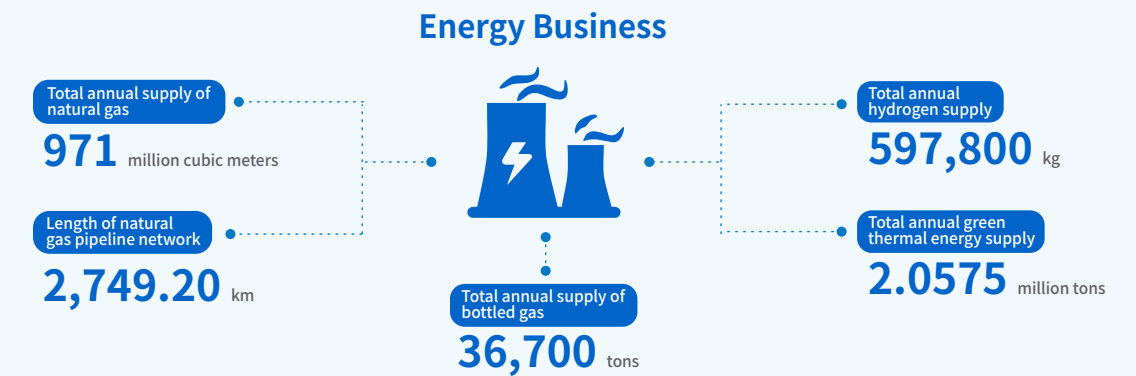
In alignment with the national "Waste-free Cities" initiative, Grandblue has developed an integrated, end-to-end solution for solid waste management. The Company has established a complete industrial chain encompassing front-end "Great Municipal" steward-style services, midstream intensive "broad diversion" and "fine sorting" transfer and treatment, and back-end comprehensive collaborative treatment and resource utilization of multi-source solid waste, collectively forming the "Grandblue Model," which minimizes overall social cost while maximising green value.



Total scale of domestic waste incineration power generation (including equity participation projects)

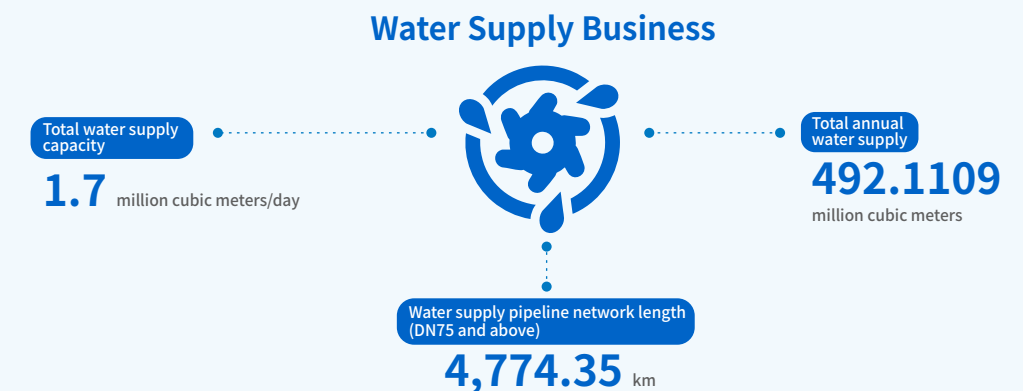
Energy

Grandblue's energy business encompasses urban gas and new energy, including urban natural gas, LNG trading, bottled liquefied petroleum gas, hydrogen energy, and thermal energy. The Company is further actively exploring photovoltaic power generation and distributed energy solutions, with the aim of safeguarding green and low-carbon energy supply for cities and driving regional industrial upgrade and high-quality economic development.



Water supply

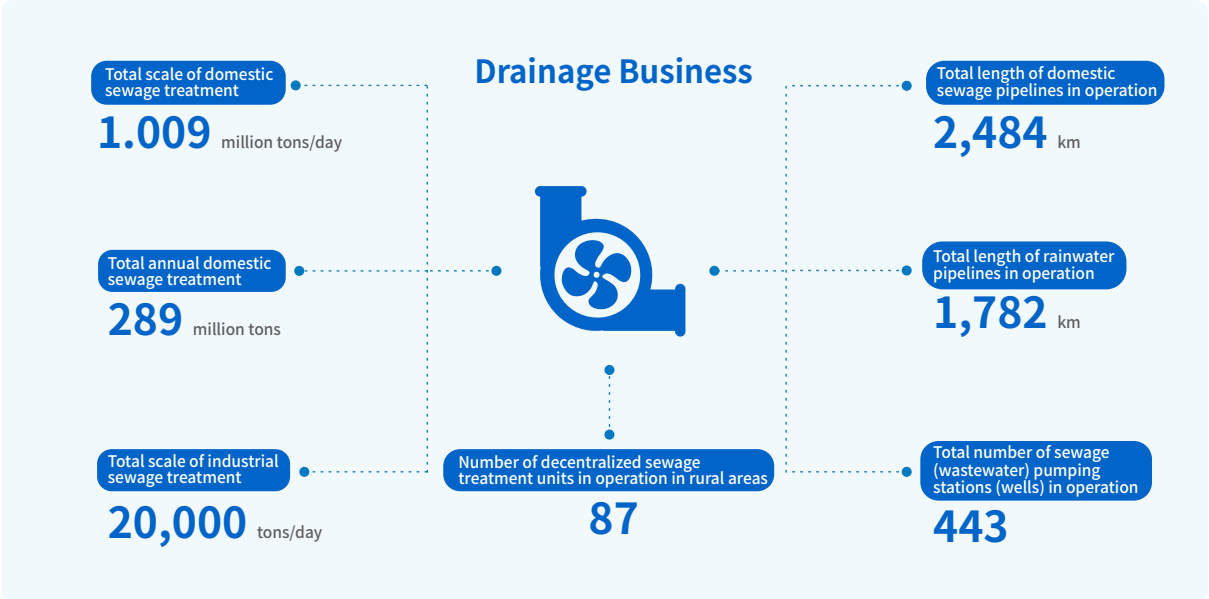
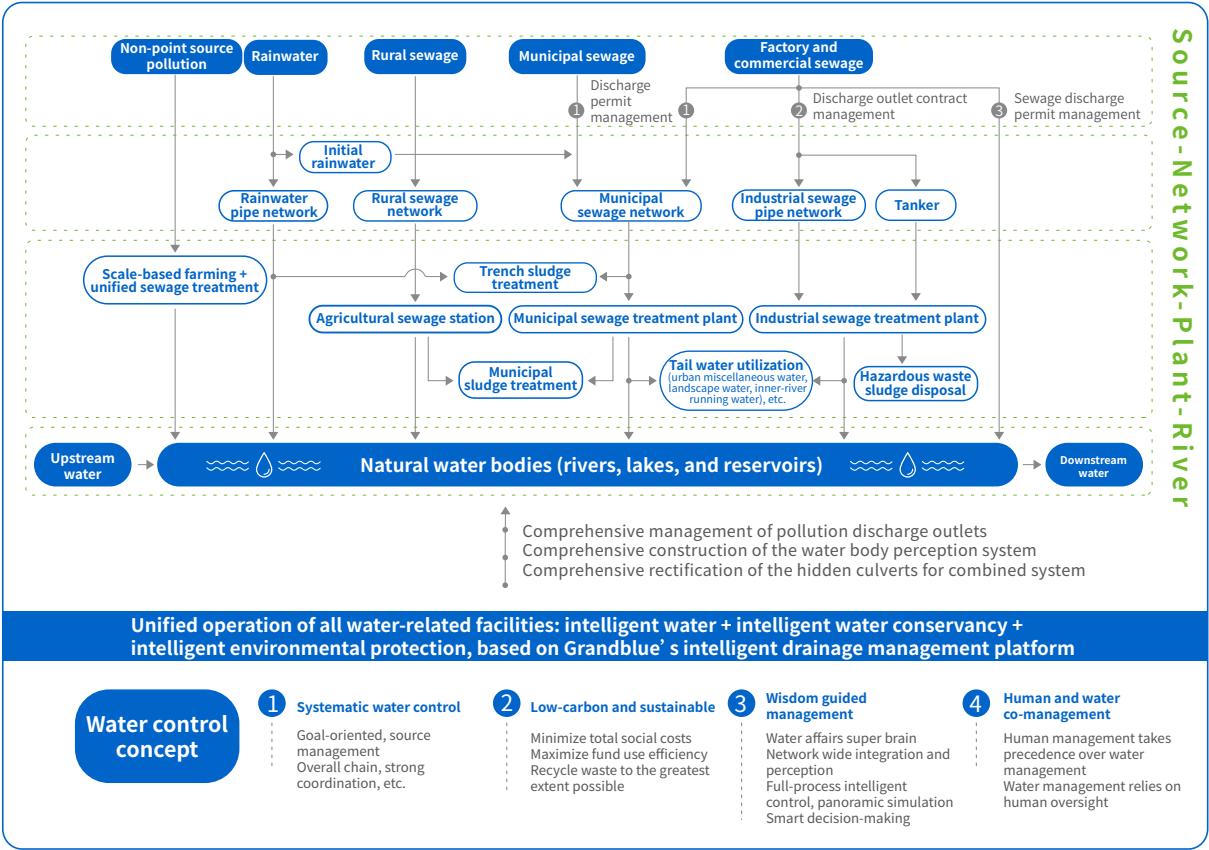
Grandblue holds a 5A-grade water supply service accreditation awarded by the China Water Supply Service Alliance, operating a full water supply industry chain spanning water intake, treatment, transmission, and end-customer service. The Company currently maintains a daily water supply capacity of 1.7 million cubic meters, including a single plant with a designed daily capacity of 1.38 million cubic meters.



Drainage

Through innovative management practices, Grandblue is actively developing a smart "Plant-Network-Source-River" integrated water management model, with operations encompassing water treatment plant management, stormwater and sewage/wastewater pipeline network operation and maintenance, drainage user management, and river outlet management. Through BOT, TOT, and entrusted operation models, the Company operates and manages 21 water treatment plants, 4,303 kilometres of stormwater and sewage/wastewater pipeline networks, including 443 supporting pump stations and wells, 87 agricultural sewage stations, and 178 smart flap gates and associated facilities. Total domestic sewage treatment capacity stands at 1.009 million tons/day, with an additional industrial wastewater treatment capacity of 20,000 tons/day.

The Grandblue Drainage Smart Management Platform, independently developed by the Company, pioneered in China the "central control model" of centralised remote management and control across all water treatment plants, supporting pump stations, and pipeline networks. The platform achieves fully integrated "six online" management systems spanning the entire chain of plants, stations, networks, sources, personnel, and vehicles, delivering continuously improving smart and information-based operational efficiency.

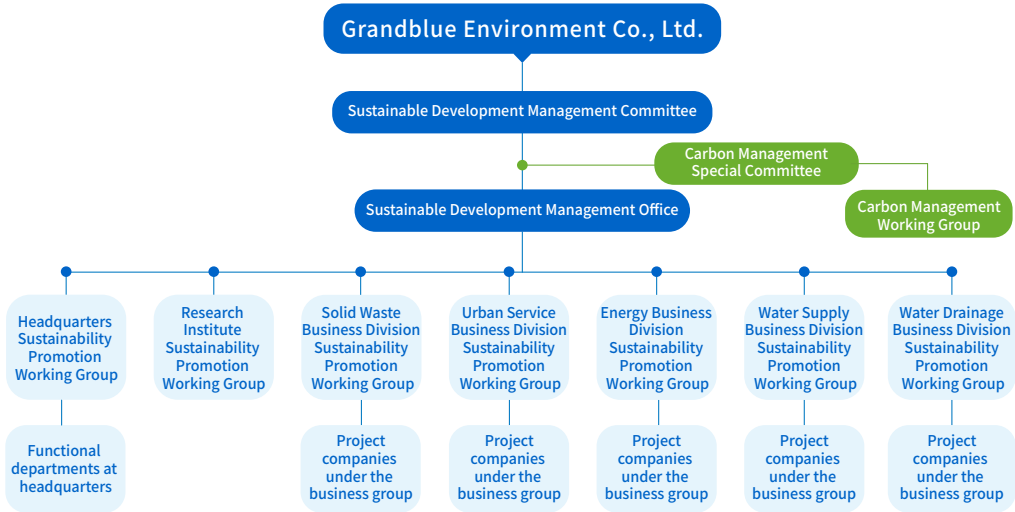


Sustainable Development Management Structure

The Company's Sustainability Management Committee (the "Committee") is chaired by the President, with the Secretary of the Board of Directors serving as Executive Director and other senior executives serving as Deputy Directors. The heads of the Group's functional departments and the general managers of the business divisions serve as members. The Committee is responsible for sustainability planning and decision-making on material matters, and for driving the full integration of environmental, social, and governance factors into strategy, operations, and corporate culture. The Committee's membership spans diverse genders, age groups, and professional backgrounds, enabling comprehensive scrutiny of sustainability challenges and providing robust strategic support from a broad range of perspectives.

Operating under the Committee, a Sustainability Management Office (the "Office") has been established, composed of relevant personnel drawn from various departments and business divisions, forming a sustainability organizational framework that extends from headquarters through business segments to individual project companies. The Office is responsible for implementing the Committee's decisions and carrying out related management activities.

In parallel, with a focus on the opportunities and risks associated with the national "dual carbon" goals, the Company has established a Carbon Management Special Committee under the Committee, supported by a dedicated Carbon Management Working Group, to drive the effective implementation of carbon management initiatives.



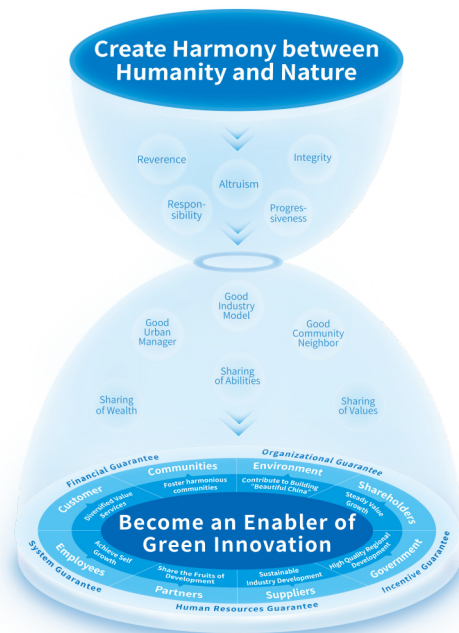
In 2025, Grandblue Environment convened three Sustainability Management Committee meetings, systematically planning its ESG management agenda for the year with a focus on top-level planning and work deployment in the area of carbon management. With regard to capacity building for Committee members, the Company actively participated in initiatives including the high-quality development series training for listed companies, covering the special training on sustainability reporting (ESG) as well as compliance and due diligence training for directors, supervisors, and senior executives. The Company also engaged extensively in domestic and international forums and seminars on sustainability and ESG, fostering knowledge exchange and renewal while continuously enhancing the professional capabilities of relevant personnel.

- In March, the Company's 2024 Social Responsibility Report was reviewed, with in-depth discussion of the year's social responsibility practices and identifying areas for improvement.
- In October, the key outcomes report of the 2025 Sustainability Management System Construction Project was reviewed and deliberated upon.
- In October, the Company's carbon peaking and carbon neutrality plan was reviewed and approved.

◆ Sustainability Strategy

Responsibilities and Commitments of the Company

For Shareholders:	Promote stable and long-term value creation	For Employees:	Provide clear career development pathways
For Government:	Support high-quality regional development	For Communities:	Foster harmonious community relations
For Customers:	Deliver diversified and high-value services	For Suppliers:	Promote sustainable practices across the value chain
For Environment:	Contribute to Building "Beautiful China"	For Partners:	Share in development outcomes



Grandblue's Mission-Driven Social Responsibility Management Model

- The outer layer forms the "Driver Circle," reflecting Grandblue's enduring commitment to its mission of "Creating Harmony Between Humanity and Nature" and its unwavering adherence to its founding purpose.
- The outer and inner circles are interconnected through the core values of "Three Good and Three Shares and Five Virtues of Grandblue People." These core values guide and facilitate the effective functioning of all lower layers of the social responsibility model.
- The inner circle forms the "Practice Circle". Centered on the vision of "Becoming an Enabler of Green Innovation," it fulfils eight social responsibility commitments in response to the expectations and demands of eight distinct stakeholder groups. Underpinned by five key enablers: organization, systems, human resources, capital, and incentive mechanisms. It drives the steady, sustained, and in-depth advancement of the Company's social responsibility initiatives.

◆ Material Topic Assessment and Management

Grandblue Environment places great importance on the management of material sustainability topics. In 2025, the Company conducted a systematic identification and assessment of material ESG (environmental, social, and corporate governance) topics, establishing a sound scientific basis for setting short-, medium-, and long-term sustainability goals.

Double Materiality Assessment Process

Material topic management serves as both the foundation and a key lever of sustainability management and information disclosure. Drawing on guidance from the Shanghai Stock Exchange, relevant industry regulatory policies, industry standards and development trends, and peer benchmarking analysis, the Company has established a comprehensive list of material sustainability topics and conducts regular "double materiality" assessments of these topics.

Step 1: Background analysis and topic identification

Drawing on the characteristics of its own business and the broader industry landscape, and taking into account factors such as Shanghai Stock Exchange guidance, relevant industry regulatory policies, industry standards and development trends, and peer benchmarking analysis, the Company identifies the risks and opportunities affecting its development and their corresponding impacts, and compiles these into a consolidated list of sustainability topics.

Step 2: Topic materiality assessment

Through methods including internal and external stakeholder questionnaire surveys, expert interviews, and meeting discussions, each topic is analysed across two dimensions, financial materiality and impact materiality, to determine the respective scores and rankings of each topic.

The assessment dimensions of financial materiality include: the likelihood of a financially material impact on the Company's operations occurring in the short, medium, and long term; and the degree of such impact on the Company's operational finances.

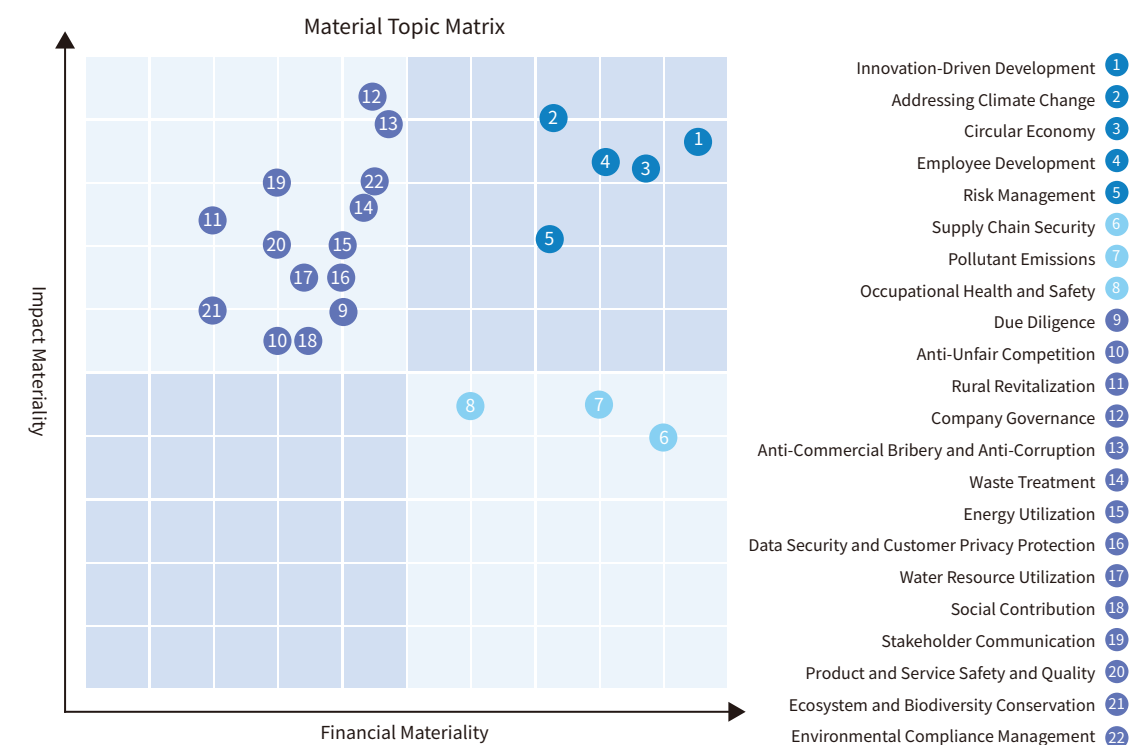
The assessment dimensions of impact materiality include: the likelihood of an impact occurring; and the severity of the impact, encompassing the scale, scope, and irremediability of the impact.

Step 3: Topic review and confirmation

Based on the results of the double materiality assessment and in consideration of the Company's operational management capabilities, materiality threshold standards are established to derive a definitive list of material topics. A "double materiality" topic matrix is subsequently constructed. Upon review and approval by the Company's Sustainability Management Committee, the identified material sustainability topics are disclosed in this report.

Material Topic Assessment Results

In 2025, the Company developed the following material topic matrix through impact materiality and financial materiality analysis. The assessment identified 5 topics as carrying both financial materiality and impact materiality, 3 topics as carrying financial materiality only, and 14 topics as carrying impact materiality only.



Financial Materiality Management Framework

Innovation-Driven Development

Governance

The Company has established an efficient and collaborative technological innovation governance system, with the Grandblue Technology Committee serving as the core decision-making and management body, comprehensively coordinating innovation and technology governance and maintaining a professional management structure. In parallel, a robust technological innovation management system has been established to provide solid technical and decision-making support for the implementation of the Company's innovation strategy.

Strategy

The Company has consistently regarded innovation-driven development as the core engine of high-quality growth, continuously strengthening innovative organizational capabilities, reinforcing innovation leadership, and deepening its culture of innovation. Across three dimensions: business innovation, technological innovation, and business model restructuring, the Company is driving Grandblue's transformation from a scale operator to a comprehensive green innovation services enterprise.

Risk/ Opportunity Identification and Management

The Company has established an institutionalized innovation management process. The Grandblue Technology Committee and the Grandblue Research Institute conduct regular technology scanning and market research to systematically identify, assess, prioritize, and manage innovation-related impacts, risks, and opportunities, ensuring effective oversight and control.

Management Objectives:

The Company is committed to becoming an enabler of green innovation, effecting a fundamental transformation in value creation, building a green innovation ecosystem, and expanding its presence across a broader range of green innovation industry tracks.

2025 Progress:

Total R&D expenditure for the year amounted to RMB 185 million;
The Grandblue Environment Artificial Intelligence Joint Research Institute was established;
A total of 64 new invention patents and utility model patents were authorized.

Addressing Climate Change

Governance

The Company has incorporated climate change management into its sustainability governance framework, establishing the Sustainability Management Committee as the highest decision-making body for this topic, with a Carbon Management Special Committee established under it to provide overall guidance and supervision of carbon management work. A dedicated Carbon Management Centre has been established at the Research Institute to lead specific functions including carbon inventory, carbon emission reduction, and the development, trading, and management of green rights and interests.

Strategy

The Company has formulated and released its carbon peaking and carbon neutrality strategic plan, targeting carbon peaking by 2030 and carbon neutrality by 2060. In parallel, the Company has developed a plan comprising six core actions and four supporting actions in pursuit of its "dual carbon" goals, with a view to systematically advancing carbon management across the entire business chain.

Risk/ Opportunity Identification and Management

Drawing on the characteristics of the environmental protection industry and its business layout, the Company systematically identifies, assesses, and manages the physical and transition risks of climate change, while accurately capturing low-carbon development opportunities.

Management Objectives:

Grandblue's carbon peaking and carbon neutrality target action plan sets out to achieve carbon peaking by 2030 and carbon neutrality by 2060.

2025 Progress:

Total carbon emissions amounted to 8.8048 million tons, comprising Scope 1 emissions of 8.3683 million tons, Scope 2 emissions of 112,900 tons, and Scope 3 emissions of 323,600 tons;
Carbon reductions achieved totaled 4.1673 million tons.

Circular Economy

Governance

The Company advances circular economy initiatives with operational management as the core, promoting the full integration of circular economy principles into its strategy and operations. Each business segment, in alignment with its own business development and production and operation management, coordinates the implementation of circular economy practices across its respective subordinate projects.

Strategy

Guided by the core principles of "harmlessness, reduction, and resource utilization," the Company systematically transforms waste into resources and energy through the "Grandblue Model" of integrated end-to-end full-chain coordination. In the vertical dimension, the Company integrates front-end environmental sanitation, midstream transfer, and back-end treatment; in the horizontal dimension, it achieves collaborative disposal of multi-source waste and energy exchange within the industrial park.

**Risk/
Opportunity
Identification and
Management**

The Company systematically identifies circular-economy-related risks and opportunities and enhances its risk-response capabilities through upfront assessment, improved control mechanisms, and strengthened technological innovation, integrating relevant risk-response measures into its annual work plan. In parallel, drawing on the specific business characteristics of each segment, the Company actively capitalizes on circular economy opportunities through innovative means.

Management Objectives:

Comprehensively upgrade the "Grandblue Model" to version 2.0, achieving a transformation in solid waste treatment toward "efficient, high-value, and large-scale utilization."

2025 Progress:

The Company has preliminarily completed the construction of the "domestic-source resource recovery network integration" and "two-network integration" models;
Waste-to-energy treatment volume reached 21.4922 million tons;
Waste-to-energy power generation amounted to 8.169 billion kWh;
Green heat supply totaled 2.0575 million tons;
The volume of waste recycled and reused as resources totaled 33,994.14 tons.

Employee Development**Governance**

The Company's operational management bears responsibility for the employee development agenda, ensuring that employee rights protection mechanisms, talent development systems, and incentive mechanisms are aligned with the Company's high-quality development goals. With the Human Resources Department serving as the core executor of employee development initiatives, the Company empowers employee growth and fosters alignment between employees' personal development and the Company's strategic objectives.

Strategy

With a focus on enhancing organizational capabilities and empowering talent value, the Company has built a strategy-oriented human resources management system. Through optimizing organizational design and management models to consolidate the management foundation, strengthening innovation culture and tool empowerment, and improving talent evaluation and incentive mechanisms, the Company actively stimulates organizational vitality.

**Risk/
Opportunity
Identification and
Management**

Drawing on its Talent Cultivation and Development Management Regulations, the Company systematically conducts talent inventory, demand planning, cultivation implementation, and effectiveness assessment. Through mechanisms such as regular organizational climate surveys and performance interviews, the Company continuously identifies and manages relevant risks and opportunities.

Management Objectives:

With the Company's strategic goals at the core, focus on enhancing organizational capabilities and empowering talent value to build a robust, strategy-oriented human resources system.

2025 Progress:

A performance management system was established, achieving performance assessment coverage of 100%;
Average employee training hours amounted to 51.60 hours per employee;
Total training investment amounted to RMB 5.7463 million.

Risk Management**Governance**

The Company has established a Risk Management Committee and developed a "four-in-one" risk management system with clearly defined rights and responsibilities and layered implementation, comprehensively advancing its risk management operations.

Strategy

The Company adheres to the core strategic orientation of strengthening its risk management system and preventing and resolving major risks. Underpinned by a sound governance structure and a "three lines of defense" mechanism, it maintains a robust barrier for risk prevention and control, reinforces risk management across all business lines and processes, and safeguards the Company's stable operations and high-quality development.

**Risk/
Opportunity
Identification and
Management**

By clarifying the risk management rights and responsibilities of each level and department, and standardizing the end-to-end process of risk identification, assessment, and response, the Company promotes the deep integration of "four-in-one" management with operational decision-making and business activities. Through sound systems and clearly defined lines of defense, it implements upfront risk prevention and control to effectively address potential risks in operational business. In parallel, supported by this system, the Company accurately captures development opportunities arising from compliant operations and standardized management, ensuring the execution of its strategy and enhancing core competitiveness through strengthened risk management.

Management Objectives:

Ensure that risks are maintained within a range commensurate with and manageable against overall objectives; that financial reporting remains true and reliable; that all applicable laws, regulations, rules, and major directives are adhered to; that major initiatives are fully and efficiently implemented; and that the Company does not suffer material losses as a result of catastrophic risks or human error.

2025 Progress:

Completed the preparation and evaluation of the risk list and carried out corresponding risk control and management measures;
A total of 280 internal control inspections were conducted during the year.

Supply Chain Security

Governance

With the Group's Supply Chain Management Department as the core executor, the Company has established a robust supply chain management system, coordinating the development of a "vertically integrated, horizontally collaborative" supply chain governance structure that reports to the Company's operational management. In addition, the Company has innovatively developed a "separation of three powers" procurement organizational structure, in which the Tendering Leadership Group, Working Group, and Supervision Group independently exercise decision-making authority, execution authority, and supervisory authority respectively, forming a standardized and transparent procurement governance mechanism.

Strategy

The Company integrates supply chain management into its overall development strategy. Guided by the core objective of building an open, transparent, efficient, and green supply chain system, it achieves cost reduction, efficiency improvement, risk controllability, and value co-creation across the supply chain through digital empowerment, full-process compliance management, supplier collaborative development, and sustainable procurement practices.

Risk/ Opportunity Identification and Management

Underpinned by a sound supply chain governance structure, the Company proactively strengthens its capabilities in managing and controlling supply disruption and performance risks. In parallel, in alignment with business development priorities, it integrates ESG requirements into the supplier evaluation and incentive system, continuously reinforcing supply chain resilience and supporting supplier partners in continuously improving their ESG risk and opportunity management capabilities.

Management Objectives:

Build an open, transparent, efficient, and green supply chain system to provide robust and reliable supply chain support for the Company's strategic implementation and sustainable development.

2025 Progress:

A total of 36 supplier responsibility empowerment training sessions were conducted during the year. Procurement compliance rate achieved 100%.

Occupational Health and Safety/Pollutant Emissions

Governance

The Company has established a Safety, Health, and Environment Production Committee as the highest decision-making body for occupational health and safety management, environmental protection management (including pollutant emissions), and safe production management. The Committee is chaired by the President, with relevant senior executives, department heads, and business division heads serving as members. It comprehensively coordinates the formulation of management policies and objectives, decides on and deploys major initiatives, and coordinates the resolution of key issues. The Safety, Health, and Environment Department serves as the dedicated lead and coordinating department for day-to-day operations, responsible for implementing the Committee's resolutions, coordinating daily affairs, consolidating primary responsibility for safety, health, and environment, and building a solid safety foundation in support of the Company's high-quality development.

Strategy

The Company has established an EHS (Environment, Health, and Safety—encompassing occupational health and safety and pollutant emissions management) vision of "zero accidents, zero pollution," and thoroughly implements an EHS policy of "people-oriented, holding the bottom line, and full participation." In strict adherence to the Work Safety Law of the People's Republic of China and other applicable laws and regulations, the Company has built a rigorous responsibility system and established a company-wide work safety responsibility framework predicated on "layer-by-layer responsibility, universal accountability, and clearly defined duties."

Risk/ Opportunity Identification and Management

The Company adheres to source governance, systematically conducting risk identification and graded control, deepening the "four no's and two directs" hazard investigation and remediation framework, and strictly implementing the "five implementations" of rectification to ensure closed-loop resolution of identified hazards. The Company has innovatively established a full-business-type EHS management effectiveness evaluation system, and routinely advances three-level safety education, certified employment, pre-shift briefings, and live-scenario drills throughout the year to comprehensively enhance company-wide awareness of safety, health, and environment risks and emergency response capabilities, continuously driving the EHS management system toward greater refinement and standardization.

Management Objectives:

Guided by the Company's EHS vision, uphold the concept of proactive safety, continuously optimize the safety, health, and environment effectiveness management system, and achieve the goals of zero accidents and zero pollution.

2025 Progress:

Major work safety accidents or above: zero recorded.
Occupational disease cases: zero recorded.
Pollutant discharge compliance rate achieved 100%.
Environmental protection investment totaled RMB 511.6618 million.

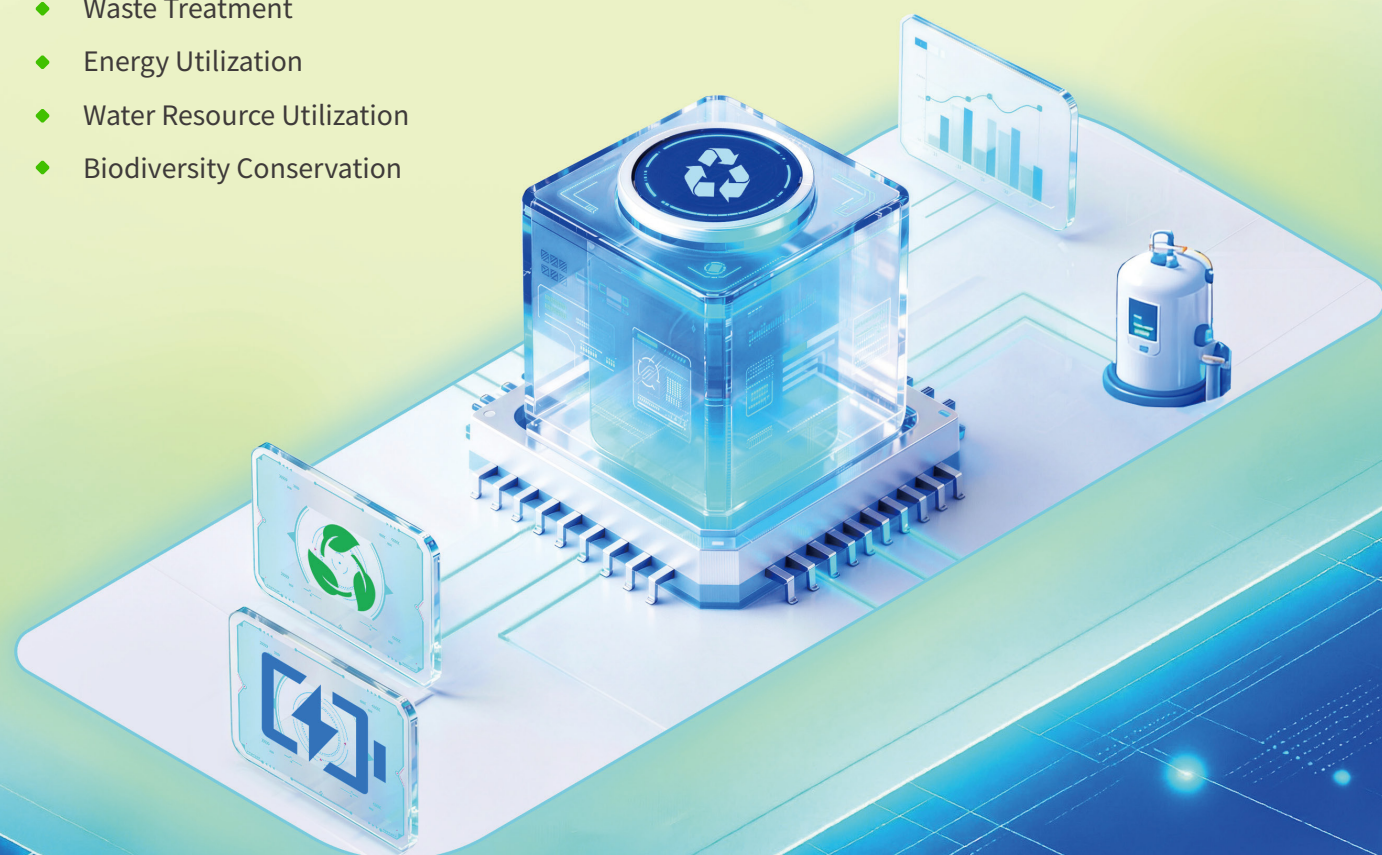
◆ Stakeholder Communication

Stakeholders	Expectation	Response Measures	Communication Activities
Shareholders and Investors	Safeguard shareholder interests, maintain open communication channels, ensure return on earnings, and disclose true, accurate, complete, timely, and fair information.	- Establish and maintain smooth communication channels for shareholders, publicly disclose contact information, and guarantee shareholder dialogue and information feedback; - Ensure lawful, compliant, and high-quality information disclosure; - Maintain a high level of profitability, strict risk control, strong credit ratings, and enhanced market value management capabilities.	- General Meeting of Shareholders - Performance presentation - Teleconferencing - Group Meeting Day for Listed Companies - Reverse road shows - Information disclosure - SSE e-interaction - Email
Government	Provide safe and environmentally friendly solid waste treatment services, energy supply, water supply services, and sewage treatment services.	- High-standard construction of environmental service processing facilities; - Comprehensive production and operation management systems and information management platforms to guarantee safe and efficient operation of facilities and equipment; - Regular and unscheduled pollutant emission testing; - Improve solid waste service levels and accelerate the construction of "Waste-free Cities."	- Daily communication and reporting - Undertake government activities and exchange activities - Special research
Customer	Offer safe, environmentally friendly, and stable products and services to protect the legitimate rights and interests of customers.	- Establish a standardized safety management system; - Conduct regular equipment maintenance to ensure safe and efficient operation of power generation and transmission equipment; - Strengthen personnel training to ensure that staff in relevant positions hold the required technical qualifications; - Conduct regular water quality testing; - Conduct regular natural gas quality testing; - Strengthen customer information management.	- Organization of customer satisfaction questionnaires - Customer telephone interviews - Online event participation - Publish business notices - Window and online services
Media	Maintain excellent media relations and ensure accurate and timely information disclosure.	- Maintain open communication and cooperation with the media; - Proactively conduct positive publicity and guidance; - Facilitate field interviews, press announcements, press conferences, media meetings as required.	- Accept interviews - Issue press announcements - Organize media meetings - Organize media visits and exchanges
NGOs	Promote social responsibility, environmental protection, and sustainable development.	- Liaise and communicate effectively; - Ensure lawful, compliant, and high-quality information disclosure; - Participate in and support social charity activities.	- Daily communication and exchange - Information disclosure - Charity activities

Stakeholders	Expectation	Response Measures	Communication Activities
Employees	Provide reasonable remuneration and incentive mechanisms, a good working environment and development and promotion opportunities, while protecting legal rights and interests.	- Improve the remuneration system and incentive measures; - Strengthen communication and feedback mechanisms to improve employee satisfaction; - Strengthen corporate culture development; - Upgrade the level of democratic management; - Support employees' career development through timely and reasonable career planning and guidance; - Guarantee the realization of employees' legitimate rights and interests.	- Convene union members' meetings - Organize employee satisfaction surveys - Organize employee training programs - Carry out cultural and sports activities - Employee welfare visits - Internal publications - Grandblue College - Business management conference - Voluntary services
Partners	Information sharing, honest cooperation, intellectual property protection, mutual assistance, and shared benefits.	- Improve communication mechanisms to enhance efficiency and quality of communication; - Establish intellectual property protection mechanisms; - Build equal and efficient cooperation relationships; - Expand cooperation fields and innovate cooperation methods.	- Enterprise visits - Enterprise exchange forums or summits - Topic-specific project cooperation - Technical exchanges
Communities	Operate in a safe and environmentally friendly manner, maintain community communication, and serve as a harmonious community builder.	- Guarantee high construction standards and operational excellence; - Develop the park as an environmental science education base to provide environmental education services for surrounding communities; - Organize volunteer teams to provide volunteer services.	- Organize community exchange activities - Participate in community cultural activities - Carry out safety activities in the communities - Carry out community science education - Conduct visits to the environmental science education base - Direct contact activities of CPC members
Suppliers	Adhere to the principles of open, fair, and equitable procurement and maintain long-term stable cooperation.	- Establish comprehensive management systems including <i>Procurement Management System and Bidding System</i>, standardize procurement processes, improve procurement supervision, and ensure fair competition; - Establish a procurement structure comprising different tiers such as bidding leadership team, bidding working group, and bidding supervision team to guarantee openness and transparency in the procurement process; - Establish a supplier directory and a quality supplier selection mechanism.	- Issue tender notices - Examine suppliers - Conduct supplier evaluation and assessment - Hold supplier exchange meeting - Organize supplier training programs

E | Environmental Dimension

- ◆ Climate Change Mitigation and Adaptation
- ◆ Circular Economy
- ◆ Environmental Compliance Management
- ◆ Emissions Management
- ◆ Waste Treatment
- ◆ Energy Utilization
- ◆ Water Resource Utilization
- ◆ Biodiversity Conservation



◆ Climate Change Mitigation and Adaptation

The Company recognizes the far-reaching impacts of climate change on the global ecological environment and economic development. It actively responds to the national "carbon peaking and carbon neutrality" strategic objectives by integrating climate change risks, opportunities, and corresponding response strategies into its strategic planning and day-to-day operations. Guided by the principles of sustainable development, the Company has systematically advanced its climate change response efforts, with carbon management at the core, across the dimensions of climate governance, risk identification and response, and opportunity transformation.

Governance

The Company has incorporated climate change mitigation and adaptation into its sustainability governance framework, establishing the Sustainability Management Committee as the highest decision-making body, with a Carbon Management Special Committee established thereunder to provide overall guidance and oversight of carbon management efforts. A dedicated Carbon Management Center has been established within the Research Institute to lead specific initiatives relating to carbon inventory, carbon emission reduction, and the development, trading, and management of green rights. The Company has developed a comprehensive carbon management system, supported by a carbon management information system integrating functions relating to carbon strategy, carbon emissions, green rights, and carbon disclosure. Through systematic management and the empowerment of digital and intelligent technology, the Company enhances management efficiency and strengthens its core foundation for climate change mitigation and adaptation.

Strategy

"Carbon Peaking and Carbon Neutrality" Target Planning

The Company actively responds to the national "carbon peaking and carbon neutrality" objectives, aligning closely with the Action Plan for Carbon Peaking Before 2030 and relevant national and local policies and plans. Drawing on its own operational realities, the Company advances the national strategic deployment through full-chain carbon management across its business operations and has formulated and published Grandblue's carbon peaking and carbon neutrality plan.

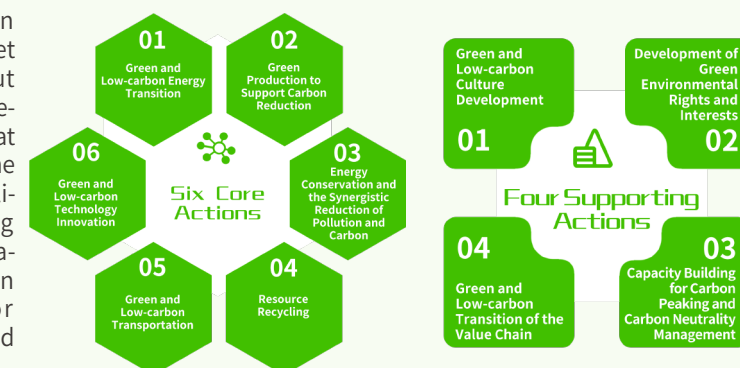
Achieve Carbon Peaking by 2030

Business divisions with the requisite conditions, including the Energy Business Division and the Water Supply Business Division, will endeavor to achieve carbon peaking ahead of schedule.

Achieve Carbon Neutrality by 2060

Business segments with the requisite conditions, including the Energy Business Division and the organic waste treatment business of the Solid Waste Business Division, will endeavor to achieve carbon neutrality at the earliest opportunity.

In support of Grandblue's "carbon peaking and carbon neutrality" target plan, the Company has mapped out ten major actions under a "6+4" framework, comprising six core actions that establish the strategic backbone of the "carbon peaking and carbon neutrality" strategy and four supporting actions that strengthen implementation, thereby forming a dual-driven "strategy-execution" system for advancing the "carbon peaking and carbon neutrality" agenda.



Climate Scenario Analysis

The Company places a high priority on climate scenario analysis and recognizes its strategic value in supporting climate change mitigation and adaptation management. The Company remains committed to continuously strengthening its relevant professional capabilities to support the identification of potential climate risks, uncover transition opportunities, inform strategic decision-making, and enhance climate resilience. In 2025, the Company conducted climate scenario analysis covering all business segments.

Climate Scenario Framework

As a comprehensive environmental services enterprise, the Company's business encompasses solid waste treatment, energy, water supply, and drainage. To comprehensively assess the impact of climate change on its operations, and taking into account the scientific rigor, applicability, and comparability of the scenarios, the Company selected the IPCC's Representative Concentration Pathways (RCPs) and Shared Socioeconomic Pathways (SSPs) scenario frameworks as its core analytical tools.

The RCP scenarios are used to assess physical risks: Based on different radiative forcing trajectories, the RCP scenarios provide scientific projections of physical climate changes under varying levels of temperature increase, and are well suited to assessing the impacts of climate change on the Company's various business segments, including the frequency of extreme weather events, water availability, and temperature changes.

The SSP scenarios are used to assess transition risks and opportunities: The SSP scenarios describe different socioeconomic development pathways, encompassing dimensions such as economic growth, technological advancement, energy structure, and environmental policy, and are better suited to reflecting future policy directions. They are therefore well suited to assessing the policy risks, technology risks, and market risks the Company faces during the low-carbon transition process, as well as related transition opportunities.

Climate Scenario Selection

Typical climate scenarios are constructed primarily on the basis of projected temperature increases, together with a series of assumptions relating to energy structure, policy trends, and technological development. In close alignment with its own business characteristics and taking into comprehensive consideration factors such as the operational regions in which its projects are located, the Company has scientifically selected the following three highly differentiated climate scenarios.

Scenario Type	Selected Scenario	Scenario Source	Projected Temperature Increase ¹	Description
Green Transition Scenario	RCP2.6 SSP1-2.6	IPCC AR6 Scenario Database	1.5-2.0 °C	A sustainable development pathway aligned with the goals of the Paris Agreement, under which the global community takes proactive climate action, low-carbon technologies achieve rapid breakthroughs, and the energy structure undergoes deep decarbonization. The focus is on assessing transition risks and opportunities arising from proactive transition policies, accelerated low-carbon technology substitution, and shifts in market preferences.
Baseline Scenario	RCP4.5 SSP2-4.5	IPCC AR6 Scenario Database	2.4-2.8 °C	A development pathway based on current policy trends, characterized by steady technological progress and incremental rather than aggressive implementation of climate policies. The focus is on assessing risks and opportunities under conditions of moderate policy advancement, steady technological development, and stable changes in market demand.
Conservative Scenario	RCP8.5 SSP5-8.5	IPCC AR6 Scenario Database	4.0-5.0 °C	A fossil fuel-intensive development pathway under which economic growth remains dependent on fossil fuels and climate policy efforts are insufficient. The focus is on assessing acute physical risks to the continuity of production and operations arising from extreme weather events, as well as chronic physical risks associated with severe temperature increases and water resource shortages resulting from long-term climate change.

¹: The projected global temperature increase refers to the increase in global average temperature above pre-industrial levels by 2100.

Time Horizon Definitions

Taking into account its own business characteristics, strategic planning cycles, and internal risk management requirements, the Company has defined three time horizons—short-term, medium-term, and long-term—with the aim of systematically identifying and assessing the material impacts that climate change-related risks and opportunities may have on the Company's business model, operations, development strategy, financial condition, operating results, cash flows, financing methods, and financing costs:

Short-term: Within 3 years, with a focus on identifying physical risks and transition pressures requiring immediate attention.

Medium-term: 3 to 5 years, with a focus on assessing risks and opportunities arising within the current strategic planning cycle during the implementation of strategic plans and achievement of targets.

Long-term: Beyond 5 years, with an outlook extending to 2030 (the national carbon peaking target year) and 2060 (the national carbon neutrality target year) under the "carbon peaking and carbon neutrality" target plan, with a focus on long-term strategic risks and opportunities.

Physical Risks

Risk Type		Time Horizon	Associated Scenario	Impact on Business Model	Financial Impact	Response Measures
Acute Physical Risk	Typhoon	Short-term / Medium-term	Baseline Scenario	The occurrence of typhoons leads to operational disruptions, equipment damage, and supply chain disruptions.	Operating costs ↑	Improve emergency response plans and stockpile typhoon-resilient materials; strengthen routine emergency drills and regular inspections.
		Long-term	Conservative Scenario	Global warming causes significant changes in the intensity, frequency, and trajectories of typhoons, which may render the wind resistance standards of existing facilities inadequate.	Capital expenditure ↑	Monitor trends in typhoon activity; assess and, where necessary, enhance the wind resistance capability of existing facilities; design the wind resistance capability of new facilities with reference to projected typhoon trends.
	Extreme Heavy Rainfall and Flooding	Short-term / Medium-term	Baseline Scenario	The frequency of short-duration intense precipitation remains at current levels or increases slightly, causing localized drainage systems to become overloaded or results in temporary waterlogging, leading to short-term inundation of project facilities and production interruptions.	Operating revenue ↓ Operating costs ↑	Improve emergency response plans; conduct regular dredging and desilting of drainage facilities; strengthen routine emergency drills and regular inspections.
		Long-term	Conservative Scenario	Climate change leads to a significant increase in the frequency of extreme heavy rainfall events; in some areas, rising river water levels driven by climate change may expose project facilities to permanent flood risks, rendering existing flood control design standards ineffective.	Capital expenditure ↑ Asset value ↓	Taking climate change trends into consideration, assess and, where necessary, enhance the flood resistance capability of existing facilities; design new facilities to higher flood control standards aligned with projected climate trends.
Chronic Physical Risk	Rising Temperatures	Long-term	Conservative Scenario	With ongoing climate change, the number of hot days is increasing and may become the new norm, resulting in greater load on waste-to-energy cooling systems, increased consumption of chemical reagents in sewage treatment, accelerated deterioration and wear of equipment and pipelines, and heightened occupational health risks for employees working under high-temperature conditions.	Operating costs ↑	Through technical transformation and upgrades, enhance the operational resilience of existing production facilities under sustained high-temperature climate conditions; strengthen the high-temperature operation safety assurance mechanism.
	Drought	Long-term	Conservative Scenario	Climate change will alter precipitation patterns, causing certain regions to face heightened water scarcity risks, which may lead to imbalances between water supply and demand for production purposes.	Operating costs ↑	Strengthen production water management, develop innovative water-saving technologies, and improve the recycling and reuse rate of water resources.
	Sea Level Rise	Long-term	Conservative Scenario	Climate change-induced sea level rise poses risks of inundation and erosion to facilities located in coastal areas; water intake facilities also face the risk of saltwater intrusion.	Operating costs ↑ Capital expenditure ↑ Asset value ↓	Assess the long-term risks associated with coastal projects, enhance project protection capabilities where necessary, and formulate long-term response measures.

Transition Risks

Risks	Time Horizon	Associated Scenario	Impact on Business Model	Financial Impact	Response Measures
Changes in Carbon Policy	Medium-term / Long-term	Baseline Scenario, Green Transition Scenario	The continued refinement and implementation of the dual control policy on energy consumption and carbon emissions, together with increasingly stringent requirements relating to energy use, carbon emissions, and energy conservation, may present certain challenges to the Company's business operations. However, given the characteristics of the green environmental protection industry in which the Company operates, the overall risk is expected to remain manageable, with relatively limited impact arising from policy pressures.	Operating costs ↑	Closely monitor policy developments and formulate response measures in advance; optimize the energy consumption structure; advance energy-saving retrofits; and adjust the business portfolio in line with policy changes.
Tightening of Industry Standards	Medium-term / Long-term	Baseline Scenario, Green Transition Scenario	In line with climate change trends and the advancement of climate change mitigation and adaptation policies, relevant construction, production, and operational standards within the industry may become more stringent, resulting in increased operating expenditures.	Construction costs ↑ Operating costs ↑	Closely monitor changes in industry standards, actively participate in the development of industry standards, and develop cutting-edge technologies to strengthen compliance capabilities.
Low-carbon Technology Substitution	Medium-term / Long-term	Green Transition Scenario, Conservative Scenario	Existing process technologies within the business may gradually be replaced by emerging low-carbon technologies, leading to weakened competitiveness relative to new low-carbon technologies; failure to implement timely technology upgrades may affect the Company's long-term development.	Operating revenue ↓ Asset value ↓ Technology investment ↑	Track and assess developments in low-carbon technologies; establish technology reserve capabilities; formulate a phased technology transition roadmap; and build a flexible technology upgrade mechanism and technology innovation ecosystem.

Transition Opportunities

Opportunities	Time Horizon	Associated Scenario	Impact on Business Model	Financial Impact	Response Measures
Changes in Carbon Policy	Medium-term / Long-term	Green Transition Scenario, Baseline Scenario	The gradual expansion of the national carbon market and the steady increase in carbon prices create opportunities for certain business segments to be incorporated into the carbon trading system, enabling the monetization of carbon assets. In the green environmental protection industry wherein Grandblue operates, transition opportunities arising from carbon policy changes generally outweigh transition risks.	Operating revenue ↑	Actively monitor developments in carbon market policies; diligently advance carbon inventory and carbon emission reduction management; and proactively pursue the development and trading of carbon assets and other green rights and interests.
"Waste-free Cities" Development	Medium-term / Long-term	Baseline Scenario, Green Transition Scenario	The comprehensive advancement of the "waste-free cities" initiative continues to generate policy dividends, expanding market opportunities across various solid waste treatment sub-sectors.	Operating revenue ↑	Monitor pilot opportunities under the "waste-free cities" initiative, promote replication of the "Grandblue Model", and accelerate the development of "Grandblue Model 2.0".
Circular Economy Development	Medium-term / Long-term	Baseline Scenario, Green Transition Scenario	China is accelerating the establishment of a circular economy-oriented industrial system and encouraging the development of zero-carbon parks, driving rapid growth in market demand for solid waste recycling and resource utilization, green heating, and related sectors.	Operating revenue ↑ Technology investment ↑	Strengthen the research, development, and application of solid waste recycling and resource utilization technologies; expand market channels for resource utilization products; promote waste incineration combined heat and power (CHP) projects and increase market share in the heat supply market; and develop integrated energy and environmental services for industrial customers.
Low-carbon and Green Technology Substitution	Medium-term / Long-term	Green Transition Scenario, Baseline Scenario	Low-carbon and green technologies are receiving strong policy support and are accelerating towards maturity and commercial application, with costs gradually declining while market demand grows rapidly. This positions the Company to cultivate a second growth engine and strengthen its technological competitive advantage; the earlier the Company establishes its presence in these areas, the greater the first-mover advantage it will secure.	Operating revenue ↑ Technology investment ↑	Formulate a low-carbon and green technology innovation plan focused on frontier areas such as solid waste resource utilization and new energy; continuously strengthen technology innovation in high-value-added resource utilization and related fields; and promote the practical application of technological achievements.
Digital Intelligence Technology Development	Short-term / Long-term	Baseline Scenario, Green Transition Scenario, Conservative Scenario	The maturation and large-scale application of AI, big data, and IoT technologies are accelerating the industry's transition toward refined and intelligent operations models. Digital and intelligent technology significantly enhances operational efficiency, promotes energy conservation and the synergistic reduction of pollution and carbon emissions, and gives rise to emerging niche markets for digital services within the environmental protection industry.	Operating revenue ↑ Technology investment ↑ Operating costs ↓	Formulate a digital and intelligent upgrade strategy and comprehensively promote the adoption of digital applications; establish an artificial intelligence (AI) research and development platform and strengthen AI technology capabilities; create digital benchmarks; and cultivate digital talent.

Impact, Risk, and Opportunity Management

Drawing on the characteristics of the environmental protection industry and its business portfolio, the Company has incorporated the identification, assessment, prevention, and control of climate change physical risks, transition risks, and transition opportunities into the working framework of its Sustainability Management Committee. During the reporting period, the climate change-related risks and opportunities faced by the Company did not undergo material changes, nor did they have a material impact on the Company's financial condition, operating results, or cash flows.

Climate Risk Response and Opportunity Conversion Actions

In 2025, the Company continued to advance its carbon management efforts, comprehensively accelerating its systematic response to climate risks and the conversion of climate opportunities into tangible outcomes. By closely monitoring national carbon policies and market developments, the Company refined and updated its Carbon Management Regulations, reinforcing the institutional foundation required to support a continuously evolving carbon management system. All business divisions collaborated in a coordinated manner to establish a multi-dimensional, full-chain carbon reduction framework, driving emissions reduction through technological innovation.

Deepening Energy Structure Adjustment to Enhance Equipment Operational Efficiency

The Company placed particular emphasis on advancing clean energy substitution and developing distributed energy projects, effectively reducing dependence on the external conventional power grid while significantly increasing the proportion of self-consumed clean energy. High energy-consuming equipment underwent systematic optimization, including power adjustments and technical upgrades to key facilities such as fans, pumps, and heat exchange equipment. Concurrently, intelligent control systems such as precise chemical dosing and variable frequency operation were commissioned, enabling on-demand resource allocation, improving equipment operational efficiency, reducing ineffective energy consumption, and minimizing the waste of materials and energy.

Innovating Process Technology Pathways to Unlock Core Emissions Reduction Potential

In the core operational processes of solid waste treatment, the Company continuously refined combustion control and acid removal processes, successfully implementing key energy-saving technologies such as waste heat recovery and utilization, thereby significantly reducing carbon emissions from production. The Company also actively explored frontier technologies including hydrogen energy integration and CO2 utilization, achieving cascaded energy utilization and pollutant reduction across areas such as sewage treatment and energy utilization, further strengthening the core technological capabilities underpinning the Company's long-term carbon reduction efforts.

Innovating Management and Operational Models to Cultivate a Company-wide Low-carbon Culture

The Company actively explored green environmental rights trading pathways and established a refined energy consumption management mechanism, achieving a balance of environmental and economic benefits through market-based instruments. Through regular publicity and education initiatives, the Company reinforced low-carbon awareness among all employees, embedding the green development philosophy into corporate culture and day-to-day operations. This fostered a company-wide culture of participation and collaborative advancement, strengthening the soft-power foundation for climate risk response.

Converting Climate Development Opportunities to Build a Dual-Engine-Driven Model

To accurately encapsulate climate change opportunities, the Company is actively developing a dual-engine model comprising "core operations" and "green innovation business initiatives." The Company expanded its presence in businesses including waste-to-energy heat supply, solid waste recycling and resource utilization, and green environmental rights trading, while conducting in-depth exploration of green innovation business initiatives, converting climate challenges into drivers of development, advancing the Company's high-quality green and low-carbon transformation, and contributing meaningfully toward the achievement of the national "carbon peaking and carbon neutrality" targets.

Indicators and Targets

Total greenhouse gas emissions^{*1} **8.8048** million tons of CO₂ equivalent

Total greenhouse gas emissions classified by emission scope

Scope 1^{*2} 836.83 10,000 tons of CO ₂ equivalent	Scope 2^{*3} 11.29 10,000 tons of CO ₂ equivalent	Scope 3^{*4} 32.36 10,000 tons of CO ₂ equivalent
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Scope 1 greenhouse gas emissions
Classified by emission source

Industrial Process Emissions
8.1796 million tons of CO₂ equivalent

Fugitive Emissions
112,400 tons of CO₂ equivalent

Mobile Source Emissions
59,200 tons of CO₂ equivalent

Stationary Source Emissions
17,100 tons of CO₂ equivalent

Scope 3 greenhouse gas emissions
Classified by emission category

Category 1: Purchased Goods and Services
286,700 tons of CO₂ equivalent

Category 4: Upstream Transportation and Distribution
36,900 tons of CO₂ equivalent

Greenhouse gas emission intensity
6.32 Based on gross output value
tons of CO₂ equivalent/RMB 10,000
1.24 Based on grid-connected electricity
from waste-to-energy
kg of CO₂ equivalent/kWh

Total greenhouse gas emission reductions^{*5} **4.1673** million tons of CO₂ equivalent

Classified by reduction category

Emission reductions directly attributable to green electricity generated from harmless treatment of solid waste

3.6185 million tons of CO₂ equivalent

Carbon emission reductions directly attributable to resource utilization

517,800 tons of CO₂ equivalent

Carbon emission reductions generated through energy-saving technologies or project implementation

31,000 tons of CO₂ equivalent

Total certified emission reductions from VCS and Clean Development Mechanism (CDM) projects **2.22** million tons of CO₂ equivalent

Number of tradeable green certificates within validity period
3.4838 million certificates

Number of green certificates sold
13.1724 million certificates

Volume of green certificates procured and retired
45,000 certificates

^{*1}Total greenhouse gas emissions are calculated as the aggregate of Scope 1 direct emissions, Scope 2 indirect emissions, and selected Scope 3 other indirect emissions. Scope 1 encompasses stationary combustion emissions; mobile combustion emissions from company-owned vehicles, forklifts, and operationally leased vehicles; fugitive emissions from air-conditioning chillers, fire-fighting equipment, sewage treatment facilities, and septic tanks; and industrial process emissions from the incineration of domestic and hazardous waste. Scope 2 covers indirect emissions arising from purchased electricity and steam. Scope 3 is calculated in accordance with the GHG Protocol emission categories, limited to Category 1 (purchased goods and services) and Category 4 (upstream transportation and distribution).

^{*2}Calculated with reference to ISO 14064-1:2018, the 2006 IPCC Guidelines for National Greenhouse Gas Inventories, and the Guidelines for Greenhouse Gas Emission Accounting and Reporting for Enterprises in Other Industrial Sectors (Trial). Emission sources encompass stationary combustion emissions, mobile combustion emissions from company-owned official vehicles, forklifts and operationally leased vehicles, fugitive emissions from air-conditioning chillers, fire-fighting equipment, anaerobic sewage treatment facilities and septic tanks, and industrial process emissions from domestic waste and hazardous waste incineration. Greenhouse gases included in the calculation comprise CO₂, CH₄, N₂O, and HFCS. Calorific values are referenced from the General rules for calculation of the comprehensive energy consumption (GB/T 2589), applying the lower heating value (LHV) for energy combustion. Carbon oxidation rates and related parameters are based on the default values set out in the Guidelines for Greenhouse Gas Emission Accounting and Reporting for Enterprises in Other Industrial Sectors (Trial) (2015) while carbon content per unit of calorific value is referenced from the 2006 IPCC Guidelines for National Greenhouse Gas Inventories. It should be noted that greenhouse gas emissions attributable to domestic waste incineration are calculated on the basis of the proportion of fossil carbon to total carbon in domestic waste; accordingly, variations in domestic waste composition may have a material impact on reported greenhouse gas emission figures.

^{*3}Indirect emissions from purchased electricity and steam are calculated with reference to ISO 14064-1:2018 and the General guideline of the greenhouse gas emissions accounting and reporting for industrial enterprises (GB/T 32150-2015) with CO₂ as the sole greenhouse gas species included in the calculation. For the 2025 reporting year, emissions attributable to purchased electricity at operational sites in mainland China are calculated using the provincial average CO₂ emission factor for electricity for 2023, as published in the Ministry of Ecology and Environment's Announcement on the Release of the 2022 Electricity CO₂ Emission Factor. For operational sites in Hong Kong, the electricity emission factor stated on electricity billing notices is applied. Emissions attributable to purchased steam are calculated using the carbon emission factor for heat supply as set out in the Guidelines for Greenhouse Gas Emission Accounting and Reporting for Enterprises in Other Industrial Sectors, issued by the National Development and Reform Commission.

^{*4}Calculated with reference to the GHG Protocol and the General guideline of the greenhouse gas emissions accounting and reporting for industrial enterprises (GB/T 32150-2015) Scope 3 accounting covers Category 1 (purchased goods and services) and Category 4 (upstream transportation and distribution). Categories 2, 3, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, and 15 have been assessed and determined to represent non-material indirect emission sources and have accordingly not been quantified. Scope 3 emission factors are referenced from ecoinvent version 3.8.

^{*5}In the calculation of greenhouse gas emission reductions, emission reductions directly attributable to harmless treatment of solid waste are calculated using the green electricity substitution calculation method, whereby emission reductions equal grid-connected electricity volume multiplied by the 2024 baseline CO₂ emission factor for China's regional power grids applicable to emission reduction projects. For emission reductions directly attributable to resource utilization, reductions from externally supplied steam are calculated with reference to AMS-I-C Thermal Energy Production with or without Electricity (Small-Scale); reductions from biodiesel production are calculated with reference to CM-055-V01 Production of Biodiesel for Use as Fuel (Version 1); and reductions from hydrogen production from biogas are calculated with reference to CMS-078-V01 Hydrogen Production from Methane Extracted from Biogas (Version 1). Carbon emission reductions generated through energy-saving technologies or project implementation are calculated by multiplying electricity savings achieved through project implementation by the 2024 baseline CO₂ emission factor for China's regional power grids applicable to emission reduction projects, plus chemical reagent savings achieved through project implementation multiplied by the corresponding emission factors for such reagents (sourced from ecoinvent version 3.8).

◆ Circular Economy

The Company strictly complies with all applicable national laws and regulations, including the *Circular Economy Promotion Law of the People's Republic of China* and the *Law of the People's Republic of China on the Prevention and Control of Solid Waste Pollution*, and actively implements key national policies including the *14th Five-Year Plan for Circular Economy Development*, the *Pilot Work Plan for "Waste-free Cities" Development*, the *Action Plan for Accelerating the Establishment of a Waste Recycling System*, and the *Comprehensive Solid Waste Management Action Plan*. The Company fully adheres to the relevant policy requirements of governments at all levels with respect to circular economy development, recyclable resource recovery, and waste classification.

The Company continues to deepen its exploration of resource recycling mechanisms and technological innovation, driving the green, efficient, and resource-oriented transformation of the entire solid waste treatment chain, while continuously improving reduction, harmless treatment, and resource utilization across municipal solid waste, industrial solid waste, and agricultural waste streams.

In 2025, the Company's projects collectively treated
22.1240 million tons of solid waste

Total annual domestic waste incineration treatment volume
21.4922 million tons

Total annual waste transfer volume
3.1228 million tons

Total annual kitchen waste treatment volume
533,900 tons

Total annual sludge treatment volume
601,600 tons

Total annual industrial hazardous waste treatment
78,500 tons

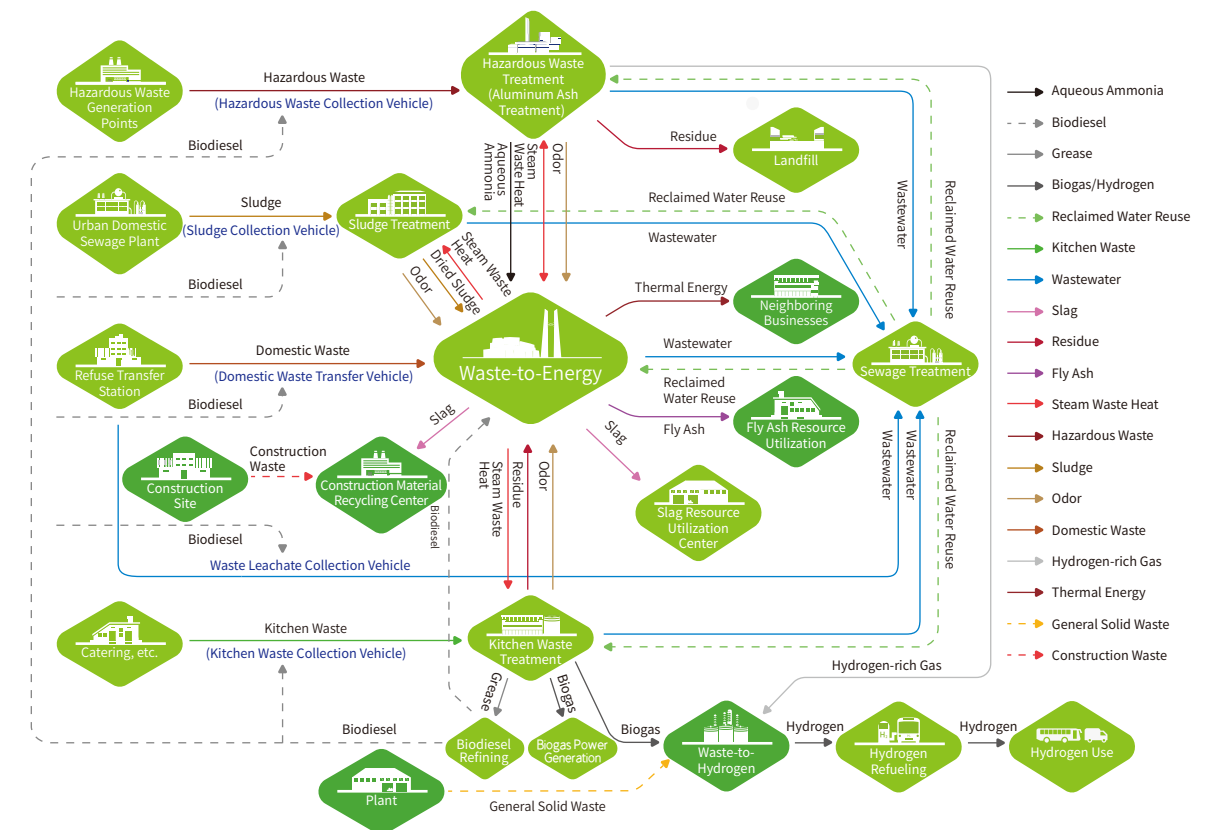
Total annual agricultural waste treatment volume
32,300 tons

Total annual medical waste treatment volume
16,600 tons

Total annual fly ash stabilization and disposal volume
83,900 tons

Solid Waste Treatment Resource and Energy Synergy

The "Grandblue Model," developed on the basis of a whole-chain, intensified, and collaboration-oriented management philosophy, positions domestic waste incineration power generation plants as the energy and disposal centers of industrial parks, achieving resource sharing and collaborative treatment across projects. This substantially enhances resource utilization levels, minimizes overall social costs, and maximizes social green value. As at the end of 2025, the total designed installed capacity of domestic waste incineration power generation facilities within the scope of this report was 1,587 MW, with cumulative annual electricity generation reaching 8.169 billion kWh. Among the kitchen waste treatment projects within the scope of this report, the total designed installed capacity of biogas power generation facilities was 11 MW, with cumulative annual electricity generation of 4.9682 million kWh.

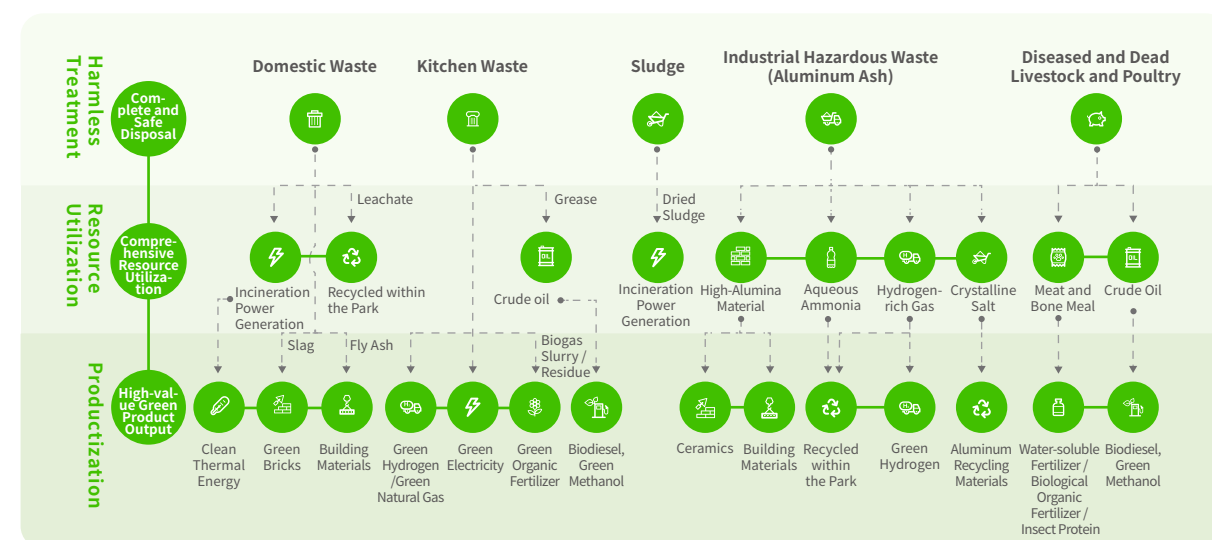


Case Study | Deep Integration between Kitchen Waste Projects and Waste Incineration Power Plants

Within the Foshan Nanhai Environmental Protection Industrial Park for Solid Waste Treatment, the waste-to-energy plant supplies precise thermal energy to the heated oil extraction system of the kitchen waste treatment plant, utilizing waste heat recovered from its steam turbine generator sets during the power generation process. The kitchen waste treatment plant simultaneously draws on electricity generated by the incineration plant, significantly reducing its reliance on purchased electricity and lowering both energy consumption and operating costs, all while maintaining a well-functioning closed-loop cycle that integrates solid waste treatment with energy circulation. Odors arising from the kitchen waste treatment process are captured via a negative pressure collection system and channeled to the incinerator for high-temperature destruction. Biogas residue generated during treatment is similarly transferred to the incineration plant as supplementary fuel for power generation, ensuring the harmless disposal of pollutants and the fullest possible synergistic utilization of resources across the park.

Solid Waste Resource Utilization

Across two dimensions, the intensive utilization of existing resources and the comprehensive resource utilization of secondary waste and by-products, the Company continues to deepen its solid waste resource utilization capabilities, enhancing co-processing, energy exchange, and resource recycling across various waste streams. These efforts are driving the evolution of solid waste management toward "high-efficiency, high-value, and large-scale resource utilization," advancing the transition from mere "harmlessness" to full "resource utilization" and "productization."



Total waste resource utilization volume
5.0239 million tons

Total waste-to-energy generation volume
8.169 billion kWh

Total waste-to-energy grid-connected electricity volume
7.118 billion kWh

Waste-to-energy electricity generation per ton of waste
380.11 kWh

Waste-to-energy grid-connected electricity per ton of waste
331.19 kWh

Total green thermal energy supply volume
2.0575 million tons

Slag reuse and resource recovery volume
4.9973 million tons

Total kitchen waste oil recovery volume
0.0162 million tons

Kitchen waste electricity generation volume
4.9682 million kWh

Total annual biodiesel production volume
3,591.88 tons

Total meat and bone meal production volume
6,878.59 tons

Total organic fertilizer production volume
121.60 tons



Case Study | "Agricultural Waste — Animal Protein — Green Fertilizer" — Clean Energy Circular System

In the agricultural business segment, the Company has established a whole-chain circular system spanning from organic waste to high-value products, with technological innovation as its core driving force, through in-depth collaboration with the Guangdong Academy of Agricultural Sciences. Grounded in the principles of plant nutrition and employing advanced enzymatic hydrolysis and microbial decomposition technologies, the Company has fully activated the biological activity of high-quality proteins. Through multiple rounds of laboratory analysis and field trial verification, it has successfully developed animal protein peptide stock solution and premium organic fertilizer products, forming a green fertilizer product matrix centered on animal protein.

In parallel, the Company has innovatively established a resource utilization pathway for meat and bone meal, extending the insect protein value chain, and is driving the conversion of harmlessly treated animal fats and oils into high-value-added clean energy products such as biodiesel, aviation turbine fuel, and surfactants. Through refined operations management, the Company achieves cascaded utilization of agricultural organic waste, contributing to the development of a new circular economy model in the agricultural sector.



Case Study

Grandblue Nanhai Solid Waste Treatment and Environmental Protection Industrial Park Supplying Green Thermal Energy to Yanjing Beer

The Grandblue Nanhai Solid Waste Treatment and Environmental Protection Industrial Park, located in Shishan Town, Nanhai District, Foshan City, Guangdong Province, processes 4,500 tons of domestic waste per day, generating substantial volumes of high-temperature steam during the electricity generation process. The green heating project within the park recovers waste heat from waste-to-energy operations through a highly insulated steam distribution network, supplying this recovered thermal energy to neighboring enterprises in sectors such as food processing and new energy that have heat demand. This effectively replaces traditional fossil fuel-based heat supply, achieving cascaded utilization and circular regeneration of energy.

The designed flow capacity of the project's heat supply pipeline is 120 tons per hour, with the first phase achieving a steam supply capacity of 75 tons per hour—sufficient to meet the current annual steam demand of approximately 143,000 tons from the adjacent Songxia Industrial Park. Preliminary estimates indicate that the first phase of the project will reduce carbon dioxide emissions by approximately 25,000 tons per year, while also reducing emissions of air pollutants including sulfur dioxide (SO₂) and nitrogen oxides (NO_x), thereby delivering significant environmental benefits.

Currently, the first segment of the project's first phase has commenced steam supply to Guangdong Yanjing Brewery Co., Ltd. within Songxia Industrial Park, where the steam is utilized in production processes including saccharification, wort boiling, and sterilization of packaging containers. The enterprise's maximum instantaneous steam demand is approximately 25 tons per hour, with annual steam demand totaling approximately 33,000 tons. With access to piped steam, the enterprise no longer needs to operate its own gas-fired boilers, generating savings in both fuel costs and boiler equipment management and maintenance expenses. A representative of Guangdong Yanjing Brewery Co., Ltd. noted that green heating has not only reduced production costs but has also enhanced the enterprise's environmental profile and market competitiveness.

To date, the Company has established 23 heat supply service points across multiple projects in Huai'an, Wanzai, Huangshi, Zhangzhou, Jining, Jinjiang, Xiaogan, Nanping, Kaiping, Anxi, and other locations, forming a large-scale city-level green heating network that provides critical support for the low-carbon transformation of urban energy systems.

Recyclable Resources Recycling and Utilization

The Company has consistently adhered to the "circular economy" development philosophy, building a whole-chain operational management system through technological and managerial innovation to comprehensively enhance recyclable resource recovery and waste recycling and reuse.



Building a Whole-chain Recycling System to Enhance Resource Circulation Efficiency

In response to the demand for recyclable resource recycling and utilization arising from social production and daily life, the Company has established a whole-chain operational management system based on "front-end networking, midstream centralized management, and back-end high-value utilization," achieving standardized, full-process treatment across multiple categories of recyclable resources. The business comprehensively covers waste paper, waste plastics, waste metals, bulky furniture, green waste, and kitchen waste, forming a comprehensive and diversified resource recycling network that provides strong support for the development of circular economy benchmark projects.

Front-end recycling innovation: Flexible models such as the "vehicle-based collection model" and "appointment-based bulky waste collection" are adopted to effectively improve the convenience and coverage of recycling services.

Midstream transfer optimization: Transfer station upgrade and renovation, combined with the application of centralized sorting technologies, substantially improves transfer efficiency and reduces environmental impact.

Back-end resource utilization: Focusing on the professional sorting, baling, and market-oriented sales of recyclable resources to maximize resource value.



Enhancing Recyclable Resource Recycling and Waste Recycling and Reuse Levels in Production

Throughout the solid waste treatment process, the Company has implemented a range of circular economy practices to drive the maximum conversion of various waste streams into usable resources.

Solid waste disposal resource utilization: During the waste incineration disposal process, generated slag is professionally treated and reused as building materials, converting waste into resources. Fly ash undergoes stabilization treatment and, upon meeting the required standards, is safely utilized or disposed of in regulated landfills, rigorously controlling environmental risks at source.

Water resource recycling: Production wastewater undergoes advanced treatment and is recycled for reuse, substantially improving water use efficiency and achieving economical and circular utilization of water resources.

Material reduction and reuse: A material reduction management system is implemented across production and operations to promote the turnover and reuse of packaging materials, reducing resource consumption and improving operational efficiency at source. Recyclable packaging materials associated with hazardous waste are processed through professional cleaning and returned to the recycling stream, further enhancing the overall resource recycling and reuse rate.



Waste recycling and reuse volume^{*1}

33,994.14 tons

^{*1}Refers to waste materials directly or indirectly converted by the Company into secondary resources, encompassing treated agricultural waste recycling and resource utilization, food waste resource utilization, comprehensive utilization of biodiesel by-products, and industrial waste recycling and resource utilization. Excludes the total volume of domestic waste directly used for electricity generation through incineration.



Case Study

Grandblue Nanhai District Bulky (Garden) Waste Resource Utilization Project

The Grandblue Nanhai District Bulky (Garden) Waste Resource Utilization Project, which commenced trial operations in December 2025, has a designed treatment capacity of 60 tons of bulky and garden waste per day and is among the few large-scale bulky waste treatment projects of its kind in China.

The project has established a whole-chain operational management system encompassing "front-end collection and transportation—midstream sorting—end-of-pipe resource utilization." At the front-end, the "Grandblue Recyclable Resources" mini-program provides free drop-off point inquiry and home collection appointment services, leveraging digital capabilities to address the challenges of storage and transportation. At the midstream stage, recyclable materials such as metals are recovered through classified sorting, while remaining materials are dismantled and transferred for further processing. At the end-of-pipe stage, a "three-stage crushing, magnetic separation, and air classification" process is employed to produce scrap iron, wood chips, and RDF-3 fuel (refuse-derived fuel grade 3), with garden waste such as tree roots being co-processed and the crushed materials sent for incineration power generation — forming a complete "recycling—treatment—regeneration" closed loop. The project has established a leading bulky waste resource utilization model in China, driving the comprehensive utilization of solid waste and the low-carbon development of cities.



Case Study

Closed-loop Utilization of Recovered Iron from Hazardous Waste Incineration Slag and Hazardous Waste Packaging Materials

The Company's hazardous waste treatment projects have established a "point-to-point" circular utilization management process for recovered iron from hazardous waste incineration slag, enabling the direct recycling of slag iron resources to steelmaking enterprises. In parallel, a cleaning and circular utilization management system has been implemented for recyclable packaging materials used in hazardous waste management, effectively completing the resource recycling closed loop at the production end.

Environmental Compliance Management

Grandblue Environment has consistently adhered to the principle of environmental compliance, strictly observing the requirements of national and local environmental protection laws, regulations, and policies. Through key measures including management system upgrades, risk prevention and control, awareness enhancement, and facility investment, the Company comprehensively fulfills its primary environmental responsibilities, regulates its own and related parties' environmental conduct, and continuously advances environmental management system certification and optimization, ensuring that environmental management achieves normalized compliance and continuous improvement.

During the reporting period, the Company incurred no penalties from competent authorities for violations of environmental laws and regulations, and overall environmental management performance remained satisfactory.

Environmental protection investment amount^{*1}

RMB **511.6618** million

Environmental liabilities outstanding as at year-end^{*2}

RMB **0** million

Number of incidents subject to major administrative penalties imposed by ecological and environmental authorities or criminal prosecution arising from environmental incidents during the reporting period

0 incidents

Total penalty amounts arising from major administrative penalties imposed by ecological and environmental authorities or criminal prosecution due to environmental incidents during the reporting period

RMB **0** million



Pollutant discharge compliance rate
100 %

^{*1} The scope of environmental protection investment covers two categories: (1) Daily operational expenditures, including costs of environmental protection materials, operation and maintenance expenses for online pollution source monitoring equipment, environmental testing fees, and disposal costs for solid waste (slag, fly ash, hazardous waste, etc.); and (2) Technical transformation projects, including expenditures on pollution prevention and control facilities, environmental impact assessments (EIA), and related investments for technical renovation, new construction, renovation, and expansion projects.

^{*2} Refers to environmental penalty fines or monetary penalties outstanding as at the end of the reporting period, including anticipated penalties for cases not yet concluded.

Environmental Management System

regulations, and policies, and firmly fulfills its primary responsibility for corporate environmental management. The Company has established an EHS Committee as the highest decision-making body for environmental protection, occupational health, and safety management. Chaired by the President, the Committee comprises relevant senior executives, department heads, and heads of business divisions as members. It is responsible for formulating overall EHS objectives, making decisions on major matters, and coordinating the resolution of significant issues arising during the management process. Underpinning this governance structure, the Company has developed a dual-engine model of "proactive safety culture leadership and EHS management system support," continuously raising EHS management standards through systematic management mechanisms while pursuing increasingly comprehensive and rigorous management practices.

The Company's EHS management system operates across three levels — corporate headquarters, business divisions, and project companies — with clearly defined responsibilities at each tier: corporate headquarters provides standard guidance and integrated enablement; business divisions exercise supervisory guidance and focused oversight; and project companies are responsible for on-site implementation and autonomous management

Environmental Management Policy

The Company has formulated and published its EHS vision, policy, and red line policy, complemented by comprehensive management documents covering various categories of environmental impact factors, including the *Environmental Production Management Regulations*, and has publicly issued a *Climate Change Response and Environmental Management Statement*. The Company actively promotes environmental regulatory compliance among all employees, suppliers, and other partners, working collaboratively to fulfil environmental responsibilities.

Environmental Management Supervision and Evaluation

The Company adheres to a normalized and rigorous approach to environmental inspections, deepening collaboration with third-party testing agencies and adopting a combined model of "unannounced inspections" and "four no's and two directs" inspections to conduct irregular spot-check testing of pollutant discharges at project companies. This ensures data authenticity and process impartiality, enabling early identification, early warning, and early resolution of risks, and ensuring the stable and compliant discharge of pollutants. In parallel, the Company actively leverages information technology to enable precise supervision, connecting online pollution source monitoring data from all project companies to the Grandblue Environmental Protection Data Management Platform to achieve real-time monitoring.



The Grandblue Environmental Protection Data Management Platform provides functions including data monitoring and viewing, aggregated statistics, and early warning alerts, strengthening the monitoring capabilities of corporate headquarters and business divisions and enabling timely supervisory guidance to project companies on environmental discharge management and control. By enhancing supervisory efficiency through digital and intelligent means, the Company continues to strengthen its environmental management system and reinforce the foundation for compliant operations and green development.

The Company has innovatively established a comprehensive EHS management effectiveness evaluation system across all business segments, adopting a "dual-track advancement approach" combining "EHS management effectiveness" and "safety culture evaluation." This initiative encompasses the development of an overall framework, compilation of the *EHS Management Manual*, establishment of a tool library, and cultivation of a team of 45 evaluators. By standardizing EHS management requirements, the system drives the formation of a sustainable long-term management ecosystem and promotes a comprehensive upgrade toward greater systematization and long-term effectiveness. It has established a new management landscape across all business segments, marking the Company's EHS management as entering a new stage of standardization and laying a solid institutional foundation for enhanced governance capabilities.

Environmental Management System Certification

The Company places great importance on standardized, normalized, and internationally aligned operations, and actively pursues internationally recognized environmental management system certification, with certification scope comprehensively covering all principal business divisions. The management system operates in a stable and consistently effective manner.

In 2025, a total of 56 project companies within the Group obtained ISO 14001 Environmental Management System certification, representing 43.75% of all operational projects across the Group—a proportion that has continued to increase. All remaining operational and under-construction projects are actively establishing environmental management systems in accordance with ISO 14001 requirements. The Company strictly implements certification surveillance audit and recertification requirements. All certified entities continuously maintain valid certificates, with the management system operating in a standardized manner and with no records of interruption, suspension, or withdrawal, thereby achieving normalized compliance management and continuous improvement.

Environmental Risk and Emergency Management

Establishing a Normalized Risk Prevention and Control Mechanism

Upholding the principle of "source prevention," the Company regularly organizes project companies to conduct thematic environmental protection "self-inspection and self-correction" activities, comprehensively identifying environmental risk points, thoroughly assessing environmental impact factors, supervising the implementation of pollution prevention and control measures and hazard rectification, and continuously raising environmental management standards and sustainable development capabilities.

Advancing Extended Management of External Entities

The Company comprehensively implements expanded environmental management for upstream and downstream enterprises associated with project companies, supervising the timely rectification of environmental hazards identified through inspections. This effectively mitigates the impact of non-compliant external environmental conduct on project operations, reduces the risk of extended management liability, and minimizes the occurrence of sudden environmental incidents triggered by external factors.

Improving the Emergency Response Plan Management System

The Company continuously refines emergency response plans for production accidents and sudden environmental incidents across all business divisions and project companies, enhancing their scientific rigor, targeted applicability, practical effectiveness, and regulatory compliance. Each project company formulates emergency response plans tailored to its specific circumstances, submits them for local filing, and updates them on a regular basis to ensure continued relevance, thereby providing robust institutional support for emergency response.

Environmental Management Training and Awareness Enhancement

The Company continuously strengthens environmental management capacity among all employees, enhancing workforce competencies through a systematic training framework. Production and environmental management personnel are organized to participate in thematic training sessions, systematically acquiring professional environmental protection knowledge and emergency response skills, and completing the requisite assessments. Learning outcomes are verified through a combination of on-site spot checks and tabletop exercises, effectively reinforcing employees' environmental management awareness and emergency response capabilities.

Environmental Protection Training^{*1}

849 sessions

Environmental protection training coverage (person-times)

19,254 person-times

Total environmental protection training hours

14,914.23 hours

^{*1}All indicators relating to environmental protection training are, by default, limited to the total number of employees covered.

◆ Emissions

The Company strictly complies with laws and regulations including the *Environmental Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Water Pollution*, the *Atmospheric Pollution Prevention and Control Law of the People's Republic of China*, the *Soil Pollution Prevention and Control Law of the People's Republic of China*, the *Noise Pollution Prevention and Control Law of the People's Republic of China*, and the *Measures for the Administration of Lists of Major Entities under Environmental Regulation*. In accordance with these requirements, the Company has formulated management systems including the *Environmental Production Management Regulations*, the *Regulation on the Administration of Permitting of Pollutant Discharges*, and the *Environmental Protection Surprise Inspection Guidelines*, and strictly requires its subordinate entities to establish and improve operational ledgers for pollution prevention and control facilities covering wastewater, waste gas, and noise emissions, implement soil protection measures, and achieve full-process management and traceability of discharges.

Wastewater Management

The Company regards wastewater treatment as an integral component of production and operations management. A comprehensive wastewater management and control system has been established, implementing classified collection and centralized treatment of industrial wastewater and domestic sewage, and ensuring the stable and compliant discharge or regulated disposal of pollutants through supporting facilities and biochemical treatment processes.

Wastewater Types	Industrial wastewater, domestic sewage
Major Pollutants	Chemical oxygen demand (COD), ammonia nitrogen (NH3-N), total nitrogen (TN), total phosphorus (TP)
Treatment Facilities and Methods	For industrial wastewater, effluent is treated to meet environmental impact assessment (EIA) requirements prior to centralized discharge into sewage treatment plants. Depending on the type of wastewater, appropriate treatment processes—such as UASB+MBR+NF+RO and A2O+high-efficiency sedimentation tank + sodium hypochlorite disinfection—are applied to treat wastewater to EIA standards before discharge, or the wastewater is entrusted to qualified entities for compliant disposal. Domestic sewage is uniformly discharged into the municipal sewer system for proper treatment at municipal sewage treatment plants.

Total industrial wastewater discharge volume* ¹ 4,480,497.48 m ³	Total chemical oxygen demand (COD) discharge volume 3,188.24 tons
Chemical oxygen demand (COD) discharge intensity 2.29 kg/RMB 10,000	Ammonia nitrogen (NH ₃ -N) discharge volume 148.42 tons
Ammonia nitrogen (NH ₃ -N) discharge intensity 0.11 kg/RMB 10,000	Total nitrogen (TN) discharge volume in wastewater 2,206.04 tons
Total phosphorus (TP) discharge volume in wastewater 53.74 tons	Waste leachate treatment volume (including landfill sites) 2.7536 million tons
Total chemical oxygen demand (COD) reduction volume 151,395.78 tons	Total ammonia nitrogen (NH ₃ -N) reduction volume 12,887.38 tons
Total nitrogen (TN) reduction volume 11,018.72 tons	Total phosphorus (TP) reduction volume 952.93 tons

*¹The scope of total industrial wastewater discharge covers the total volume of industrial wastewater ultimately discharged by the enterprise into the external environment through permitted discharge outlets.

Waste Gas Management

The Company continuously strengthens waste gas pollution prevention and control throughout its production and operational processes through the construction and improvement of air pollution control facilities and the installation of online pollution source monitoring systems. For organized and fugitive air emissions generated from domestic waste incineration, hazardous waste incineration, sewage treatment, kitchen waste processing, and waste collection and transfer operations, a combination of treatment processes — including deNO_x, acid removal, dust removal, adsorption, oxidation, and combustion — is applied through classified treatment approaches, ensuring stable and compliant discharge of all categories of waste gas, with data connected to regulatory monitoring networks.

Emission Sources	Stack emissions encompass flue gas from domestic waste incineration boilers, hazardous waste incineration flue gas, biochemical odors from sewage treatment plants, odors from the harmless treatment of diseased and dead livestock and poultry, and odors from kitchen waste treatment. Fugitive air emissions encompass waste gas from waste storage facilities at domestic waste incineration projects, odors escaping from the surface of sewage treatment ponds, ammonia-containing waste gas from solidified fly ash storage areas at domestic waste incineration projects, and malodorous gases from waste collection and transfer operations.
Major Pollutants	Particulate matter (PM), nitrogen oxides (NO _x), sulfur dioxide (SO ₂), volatile organic compounds (VOC _s), hydrogen sulfide (H ₂ S), ammonia (NH ₃)
Treatment Facilities and Processes	Stack emissions: 1. Waste gas from domestic waste incineration boilers is primarily treated through a combination of processes including dry/semi-dry acid removal, selective non-catalytic reduction (SNCR) deNO_x technology, PSR/PNCR deNO_x technology, bag filters, and activated carbon injection. Online pollution source monitoring facilities are installed to conduct real-time monitoring of major pollutant discharge indicators. 2. Hazardous waste incineration flue gas is primarily treated through a combination of processes including selective non-catalytic reduction (SNCR) deNO_x technology, quench towers, cyclone dust collectors, neutralization reaction towers, bag filters, wet acid scrubbers, GGH flue gas heat exchangers, and activated carbon injection. Online pollution source monitoring facilities are installed to conduct real-time monitoring of major pollutant discharge indicators. 3. Biochemical waste gas from sewage treatment plants is primarily treated through biological deodorization trickling filters, whereby the waste gas comes into contact with the liquid on the surface of the trickling filter and organic compounds dissolved in the liquid phase are adsorbed by microorganisms. Through microbial metabolic activity, harmful pollutants in the waste gas are decomposed and converted into harmless substances such as carbon dioxide and water, thereby achieving waste gas purification and compliant discharge. 4. Stack emissions from projects involving the harmless treatment of diseased and dead livestock and poultry, and from kitchen waste treatment projects, are primarily treated through a combination of processes including acid scrubbing, alkaline scrubbing, oxidation (plasma, photocatalysis, sodium hypochlorite spray, etc.), and activated carbon adsorption. Fugitive air emissions: Fugitive air emissions are uniformly collected through facility sealing and negative pressure exhaust ventilation and are treated through purification methods including redirection to incinerators or dedicated waste gas treatment facilities. 1. Fugitive air emissions — including waste gas from waste storage facilities at domestic waste incineration projects and odors escaping from the surface of sewage treatment ponds — are collected through negative pressure exhaust ventilation and directed to domestic waste incineration systems for treatment. Under abnormal operating conditions, collected malodorous gases are treated through activated carbon adsorption for deodorization and purification. 2. Ammonia-containing waste gas from solidified fly ash storage areas at domestic waste incineration projects is uniformly collected and purified through ammonia spray scrubbing facilities. Waste gas from storage warehouses of hazardous waste management entities is uniformly collected through negative pressure exhaust ventilation and subsequently treated through acid scrubbers, alkaline scrubbers, molecular sieve concentration combined with regenerative thermal oxidizer (RTO) combustion, and activated carbon adsorption for purification. 3. Enclosed hoods and high-speed roller shutter doors are installed at odor source locations such as waste unloading areas, transfer stations, and temporary storage areas, complemented by sealed collection air ducts to maintain a negative pressure working environment and prevent the fugitive release of waste odors.
Treatment Methods	Waste gas is treated through dedicated waste gas treatment facilities to achieve compliant discharge. Online pollution source monitoring facilities are installed to conduct real-time monitoring of major waste gas pollutant discharge indicators, with data connected and reported in real time to the competent ecology and environment authorities.

Total air pollutant emission^{*1}

6.483 billion m³

Total annual particulate matter (PM) emissions

181.58 tons

Annual particulate matter (PM) emission intensity

0.13 kg/RMB 10,000

Total annual nitrogen oxides (NO_x) emissions

10,160.38 tons

Annual nitrogen oxides (NO_x) emission intensity

7.29 kg/RMB 10,000

Total annual sulfur dioxide (SO₂) emissions

2,030.12 tons

Annual sulfur dioxide (SO₂) emission intensity

1.46 kg/RMB 10,000

Total volatile organic compounds (VOC_s) emissions^{*2}

6.16 tons

Volatile organic compounds (VOC_s) emission intensity:

4.42 g/RMB 10,000

^{*1}The scope of total air pollutant emissions covers the total volume of pollutant-containing gases discharged into the atmosphere from the enterprise's major emission sources following compliant treatment.

^{*2}The scope of total VOC emissions covers industrial hazardous waste disposal projects only.

Noise Management

The Company incorporates noise pollution prevention and control into the core scope of its environmental management framework, requiring all subordinate entities to strictly control noise generation, establish noise control measures for both the construction and operational phases, ensure that boundary noise complies with national standards, and effectively protect the surrounding environment and employee health.

Project Type	Specific Management and Control Measures
Construction Phase	1. Optimize the facility layout by positioning high-noise equipment at the center of the plant area to minimize noise impacts on surrounding residents. 2. Strictly control construction hours in noise-sensitive areas and establish a registration and filing mechanism for municipal engineering construction machinery. 3. Strengthen on-site supervision, prioritize the selection of low-noise equipment and processes, and install physical noise barriers to enclose noise sources. 4. Proactively engage with surrounding communities and residents, communicating construction arrangements and progress through announcements, community group notifications, and other channels to secure understanding and cooperation. 5. Provide construction personnel with appropriate personal protective equipment, including protective earmuffs and earplugs, to mitigate the impact of noise on workers.
Operational Phase	1. Establish and implement a noise pollution control management mechanism in accordance with the <i>Emission Standard for Industrial Enterprises Noise at Boundary</i> and all other relevant regulatory requirements. 2. Install vibration damping pads, vibration dampers, and similar devices on machinery generating intense vibration to reduce vibration-induced noise. 3. Utilize greenbelt areas within the plant such as trees and shrubs to form natural noise barriers that absorb and attenuate noise levels. 4. Strengthen equipment maintenance and servicing systems by conducting regular maintenance to minimize mechanical wear and ensure equipment remains in optimal operating condition. 5. Strengthen the management of transport vehicles by implementing effective preventive measures against potential noise impacts, including controlling vehicle speeds, prohibiting horn sounding, and avoiding night-time transportation. 6. In production workplaces where noise is generated, provide employees with appropriate personal protective equipment such as protective earmuffs and earplugs, and adopt low-noise equipment to minimize the impact of noise on workers.

Soil Conservation

The Company strictly implements full-process protection of soil and groundwater. During the project construction phase, pollution is prevented and controlled at source through measures including stormwater diversion, anti-seepage and anti-corrosion works, coverage of exposed ground surfaces, site restoration, and the concurrent construction of prevention and control facilities. During the operational phase, the Company strengthens facility maintenance, hazard identification, regular monitoring, and emergency response, while standardizing the management of chemical reagents and waste, effectively mitigating the risks of soil and groundwater contamination.

Project Type	Specific Management and Control Measures
Construction Phase	1. Design outdoor stormwater drainage networks to divert rainwater within the site, and carry out greening works in accordance with landscaping standards, including the planting of trees, shrubs, ground cover plants, and turf. 2. Following excavation of foundation pits to the designed elevation, install drainage ditches, sump wells, and interceptor drains, and apply anti-corrosion and anti-seepage measures to newly constructed tanks to ensure construction quality. 3. Cover sporadic soil stockpiles and exposed ground surfaces at construction sites with tarpaulins; during the later stages of construction, cover greening areas accordingly. 4. Upon completion of temporary construction site use, carry out comprehensive land restoration to restore the original landform, including mechanical tillage and the application of organic fertilizer. 5. Key locations and critical facilities and equipment are designed and constructed with anti-seepage engineering in accordance with applicable anti-seepage technical requirements to ensure construction quality. 6. Soil pollution prevention and control facilities are designed, constructed, and commissioned simultaneously with the main works. 7. Monitoring wells are installed in accordance with applicable industry standards and specifications to enable long-term and effective monitoring of anti-seepage engineering performance.
Operational Phase	1. Conduct regular maintenance of plant structures, equipment, facilities, and pipelines, and carry out routine inspections to prevent leakage. 2. Carry out routine green space conservation, implementing landscaping maintenance in a scientific and standardized manner. 3. Establish a soil and groundwater pollution hazard identification, investigation, and remediation system, and conduct regular hazard inspections of key areas and critical facilities. 4. Conduct regular soil and groundwater monitoring, with particular focus on areas with potential pollution hazards and the vicinity of relevant facilities, and disclose relevant information in accordance with regulatory requirements. 5. Where signs of soil or groundwater contamination are identified during hazard inspections, monitoring, or other activities, the Company investigates pollution sources, identifies the causes of contamination, implements measures to prevent further contamination, and promptly carries out soil and groundwater environmental investigations and risk assessments in accordance with relevant provisions governing the environmental management of contaminated sites. Risk control or treatment and remediation measures are then implemented based on the findings of such investigations and risk assessments. 6. Ensure the rational use and standardized storage of chemical reagents to prevent contamination of soil and groundwater. 7. Ensure the proper disposal of waste generated during sewage treatment processes to prevent secondary land contamination. 8. Establish a robust monitoring and early warning system to identify and promptly address situations that may give rise to land contamination.

Waste Treatment

The Company strictly complies with national laws, regulations, and industry standards, including the *Law of the People's Republic of China on the Prevention and Control of Solid Waste Pollution*, the *Standard for Pollution Control on Non-Hazardous Industrial Solid Waste Storage and Landfill*, and the *Standard for Pollution Control on Hazardous Waste Storage*. The Company has formulated the *Environmental Production Management Regulations*, clearly defining management responsibilities and disposal standards for various categories of waste, and has established solid waste treatment records to achieve full-process traceability. Complementary systems including the *Health, Safety and Environment Handbook* and the *Management Procedure for Nonconformity, Corrective and Preventive Measures* are implemented alongside regular inspections of waste and strictly controlled materials management and disposal, ensuring compliant and controlled management throughout.

Total waste generated*1 6,073,121.43 tons

*1Total waste generated = hazardous waste generated + non-hazardous waste generated.

Hazardous Waste

Hazardous Waste Identification

The Company conducts comprehensive inspections and precise identification of hazardous waste generated during its production and business operations, in strict accordance with the National Hazardous Waste List and relevant environmental standards.

Hazardous waste generated during production operations includes domestic waste incineration fly ash, hazardous waste incineration fly ash, hazardous waste incineration slag, waste mineral oil and waste oil sludge, hazardous waste sludge and other controlled waste, contaminated packaging waste, and laboratory wastewater.

Hazardous waste arising from office and daily life activities includes waste batteries, waste toner cartridges and ink cartridges, waste fluorescent tubes, and waste pesticides.

Hazardous Waste Disposal

In response to the various categories of hazardous waste identified above, the Company has established a standardized management system and implemented specific disposal measures accordingly:

Waste Reduction at Source

Strictly control the quality of furnace feedstock and reduce the generation of fly ash and slag at source through the optimization of incineration conditions and feed formulation.

Standardized Storage

Classified storage by area: Designated storage facilities meeting the requirements of the *Standard for pollution control on hazardous waste storage* are established, with clearly displayed warning signs. Waste is stored in a classified manner by area in strict accordance with the physical, chemical, and hazardous characteristics of each category of waste, with commingled storage strictly prohibited.

Ledger tracking: A digitalized hazardous waste management ledger is established, documenting in detail the generation time, quantity, warehousing time, and destination of each category of waste to achieve full-process traceability.

Safety protection: personnel engaged in collection, handling, and storage operations are required to wear appropriate personal protective equipment (PPE) in strict accordance with regulatory requirements to ensure operational safety.

Harmless Treatment and Resource Utilization

Incineration fly ash: Domestic waste incineration fly ash is treated on-site through the addition of chelating agents, chelation, and curing. Upon testing and confirmation that it meets the requirements of the *Standard for Pollution Control on the Landfill Site of Municipal Solid Waste* (GB16889-2024), it is transported using dedicated vehicles and entrusted to qualified entities or project-dedicated fly ash landfills for harmless landfill disposal. Fly ash from certain projects in its raw form is entrusted to qualified entities for disposal, achieving resource utilization through co-processing in cement kilns and other methods.

Other hazardous waste: For waste that cannot be self-treated, such as waste oil sludge, laboratory wastewater, and waste fluorescent tubes, disposal is entrusted to professionally qualified entities once the stored quantity reaches a specified threshold. The hazardous waste transfer manifest system is strictly implemented to ensure that transportation, receipt, and final disposal are carried out lawfully and in full compliance with regulations, eliminating the risk of illegal dumping.

Total hazardous waste generated **584,559.85** tons

Hazardous waste generation intensity per unit output
0.42 tons/RMB 10,000

Hazardous waste disposal amount **588,557.58** tons

Non-hazardous waste

Non-hazardous Waste Identification

Non-hazardous waste generated during the Company's production and business operations primarily includes domestic waste incinerator slag, sewage treatment sludge, kitchen waste biogas residue, and other general industrial solid waste.

Non-hazardous Waste Disposal

In response to the various categories of non-hazardous waste identified above, the Company prioritizes a waste reduction at source strategy and has formulated comprehensive treatment, disposal, and resource utilization measures accordingly:

Waste Reduction at Source

Domestic waste incinerator slag: The calorific value of municipal domestic waste is improved through thorough fermentation, while combustion efficiency is maximized through precisely controlled incineration conditions, thereby reducing slag generation rates at source.

Sewage treatment plant (station) sludge: Sewage treatment stations are equipped with appropriate high-efficiency dewatering equipment to significantly reduce sludge moisture content.

Treatment, Disposal, and Resource Utilization

Domestic waste incinerator slag: Entrusted to qualified entities for compliant disposal; following sorting, it is utilized as raw material for building materials production.

Sewage treatment plant (station) sludge: Sludge generated by sewage treatment plants, as well as sludge generated by leachate treatment stations associated with domestic waste incineration projects, is dewatered and dried before being fed into incinerators for co-processing with domestic waste. Other project types entrust qualified entities to carry out compliant disposal through harmless treatment and resource utilization methods such as composting and incineration.

Kitchen waste biogas residue: Entrusted to qualified entities for compliant disposal through harmless treatment and resource utilization methods such as composting and incineration.

Other general industrial solid waste: Where self-disposal conditions are available, harmless treatment or resource utilization disposal is carried out independently, subject to completion of all required compliance procedures. Where self-disposal conditions are not available, the waste is entrusted to external entities with the requisite disposal qualifications for harmless treatment or resource utilization.

Total non-hazardous waste generated
5,488,561.58 tons

Non-hazardous waste generation intensity per unit output
3.94 tons/RMB 10,000

Non-hazardous waste disposal amount (excluding externally sourced waste)
5,488,087.63 tons

◆ Energy Utilization

The Company strictly complies with relevant laws, regulations, and standards including the *Energy Conservation Law of the People's Republic of China*, the *Energy Law of the People's Republic of China*, and the *Guideline for Energy Management in Industrial Enterprises*. The Company has formulated energy resource management regulations, established a comprehensive energy management system, and developed and implemented energy conservation and consumption reduction measures spanning production and operations, office management, and the use of energy materials and resources, comprehensively promoting the concept of energy conservation and environmental protection while diligently advancing the efficient utilization of energy resources.

Principal Energy Types Consumed

Primary energy consumed by the Company principally includes natural gas, gasoline, diesel, and liquefied petroleum gas (LPG), while secondary energy comprises purchased electricity and purchased steam.

Business Type	Principal Energy Types Consumed
Solid Waste Business Division	Electricity, natural gas, diesel, carbon black feedstock oil, gasoline, etc.
Urban Service Business Division	Diesel, electricity, gasoline, etc.
Energy Business Division	Electricity, diesel, gasoline, etc.
Water Supply Business Division	Electricity, gasoline, diesel, etc.
Water Drainage Business Division	Electricity, diesel, gasoline, etc.
Office Operations	Electricity, gasoline, natural gas, etc.

The electricity consumption of waste-to-energy projects under the Company's Solid Waste Business Division, as well as the electricity consumption of other solid waste treatment facilities and sewage treatment facilities operating in coordination with waste-to-energy projects, is entirely sourced from green electricity generated on-site at the waste incineration projects, achieving 100% renewable energy-powered production and operations. Other solid waste treatment projects primarily rely on electricity purchased through the municipal power grid.

In parallel, the Energy Business Division is actively expanding its photovoltaic projects, installing photovoltaic equipment on rooftops and structures such as water pools at the Group's internal water supply, drainage, and other projects, prioritizing the supply of green electricity to production facilities through on-site photovoltaic power generation, with the remaining electricity demand met through purchases from the municipal power grid. As at the end of 2025, the Company had developed a total of 11 photovoltaic projects both within and outside the Group, with a total installed capacity of approximately 6.7 MW and cumulative annual electricity generation of 7.75 million kWh.

Total comprehensive energy consumption^{*1}

398,340.75

tons of standard coal equivalent (tce)

Comprehensive energy intensity

0.29

tons of standard coal equivalent/RMB 10,000

Direct energy consumption^{*2} **38,354.41**
tons of standard coal equivalent

Classified by energy type

Diesel	Natural gas
25,218,846.43 liters	3,673,459.66 m ³
Gasoline	Liquefied petroleum gas (LPG)
1,623,563.61 liters	60,966.36 m ³
	Carbon black feedstock oil
	485.03 tons

Indirect energy consumption^{*3} **359,986.34**
tons of standard coal equivalent

Classified by energy type

Total electricity consumption^{*4} **1,328,720,993.54** MWh

Of which: purchased electricity — domestic (mainland China)

246,010.76 MWh

Of which: purchased electricity — overseas (Hong Kong)

346.27 GJ

Waste-to-energy self-generated and self-consumed electricity
(auxiliary power consumption)

1,327,141.50 MWh

Company distributed photovoltaic power generation —
self-consumed electricity

6,242.94 MWh

Total heat supply consumption (e.g. steam)

80,924.91 GJ

¹Derived from the sum of total primary energy consumption and total secondary energy consumption.

²Calculated by converting each category of direct energy consumption individually and aggregating the results. Conversion factors are referenced from GB/T 2589-2020 *General Rules for Calculation of Comprehensive Energy Consumption*: natural gas standard coal equivalent conversion factor 1.3300 kgce/m³; gasoline standard coal equivalent conversion factor 1.4714 kgce/kg; diesel standard coal equivalent conversion factor 1.4571 kgce/kg; liquefied petroleum gas (LPG) standard coal equivalent conversion factor 1.7143 kgce/kg; carbon black feedstock oil standard coal equivalent conversion factor 1.4286 kgce/kg.

³Calculated by converting each category of indirect energy consumption individually and aggregating the results. Conversion factors are referenced from GB/T 2589-2020 *General Rules for Calculation of Comprehensive Energy Consumption*: electricity (equivalent value) standard coal equivalent conversion factor 0.1229 kgce/kW·h; and steam (equivalent value) standard coal equivalent conversion factor 0.0342 kgce/MJ.

⁴Electricity consumption includes electricity sourced from the grid, electricity generated and consumed from the Company's own distributed renewable energy generation facilities, and auxiliary power consumption from the Company's domestic waste incineration power generation operations.

Total clean energy consumption

1,373,137.91 MWh

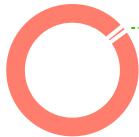


Clean energy
consumption as a
proportion of total
comprehensive
energy consumption
42.36 %

Classified by energy type

Natural gas

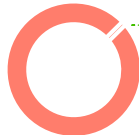
3,673,459.66 m³



Natural gas
proportion
1.22 %

Solar energy

6,242.94 MWh



Solar energy
proportion
0.19 %

Biomass energy

1,327,141.50 MWh



Biomass energy
proportion
40.95 %

Energy Management System

The Company has designated its production and operations management department as the primary responsible unit for energy management, formulating and strictly implementing energy resource management regulations while driving the deep integration of the energy management system with the production and operations management system. As at 2025, a total of 6 subsidiaries under the Company had obtained ISO 50001:2018 Energy Management System certification.

By strengthening its long-term energy management mechanism, the Company embeds clear energy resource management standards and procedural requirements within the operational management systems of each business segment, promoting the continuous optimization of its energy structure, increasing the proportion of renewable energy used in operations, investing in energy conservation and consumption reduction technology innovation, carrying out energy-saving retrofits, and continuously improving energy efficiency.

Number of subsidiaries certified under ISO 50001:2018 Energy
Management System: 6

Energy Conservation and Consumption Reduction Measures

Technological and Process Innovation

Through hardware upgrades and process innovation, energy and material consumption is reduced at source while overall system operational efficiency is enhanced.

Energy Efficiency Upgrade of Production Equipment

Water Supply Business Division: A motor cooling system retrofit was implemented, upgrading from natural air cooling to a closed-loop water cooling system that utilizes finished water as the cooling medium through dedicated pipelines and pressure reducing valves, effectively reducing equipment temperature and improving operational stability. A 10 kV high-voltage variable frequency drive was also installed, with an independently developed PID control strategy enabling on-demand speed regulation of water supply pumping units, significantly reducing electricity consumption.

Process Optimization and Adjustment

Solid Waste Business Division: Optimization of high-power equipment, air leakage control, and combustion condition adjustment were carried out, successfully reducing the auxiliary power consumption rate to below 12%. The "waste-to-waste treatment" concept was implemented, with dynamic adjustment of material structure effectively reducing the consumption of raw and auxiliary materials including lime, 32% liquid caustic soda, and fly ash.
Water Drainage Business Division: Low-carbon denitrification processes including shortcut nitrification-denitrification and anaerobic ammonium oxidation (Anammox) were applied, while new processes including membrane-based moving bed biofilm reactor (MBBR), AGS, and AOD were introduced, substantially reducing external carbon source dosing volumes and overall system energy consumption.

Digital Intelligence Enablement

Big data analytics and algorithmic models are leveraged to achieve precise sensing, intelligent decision-making, and predictive maintenance across production processes, improving production efficiency and reducing energy consumption.

Solid Waste Business Division: A safety instrumented system (SIS) platform was established to collect and monitor key production data in real time, providing data support and decision-making guidance for production and operational management.

Water Drainage Business Division: Fuzzy control and deep learning algorithms were developed and applied to implement precise regulation of aeration and chemical dosing systems, achieving simultaneous reductions in electricity and chemical reagent consumption. An equipment failure prediction model based on multi-dimensional data, including vibration and temperature, was developed to enable predictive maintenance for key equipment such as blowers and water pumps, effectively reducing failure-related losses and unplanned downtime.

Operational Management Quality Enhancement

Energy conservation management requirements are integrated into every aspect of day-to-day operations through organizational safeguards, indicator controls, and operations and maintenance optimization.

Subordinate entities of the Company: Equipment regular maintenance systems are established to identify potential hazards in advance, improve operational efficiency, and reduce resource wastage caused by equipment failures.

Solid Waste Business Division: An energy-saving and consumption reduction team and a combustion optimization task force were established, with unplanned shutdown management measures and guidance systems for fuel oil use during furnace start-up and shutdown implemented. Through refined combustion adjustment, fuel oil consumption during furnace start-up and shutdown, as well as non-shutdown fuel oil consumption, were significantly reduced. Strict quality control was maintained over environmental protection materials used in domestic waste incineration power generation projects, with scientifically regulated dosing volumes, achieving a year-on-year reduction in specific lime consumption of 0.66 kg/ton, a year-on-year reduction in specific aqueous ammonia consumption of 0.42 kg/ton, and a year-on-year absolute reduction in fly ash generation rate of 0.15 percentage points.

Urban Service Business Division: The "repair and reuse" initiative was vigorously promoted, with a cumulative total of 360 repairs of used components completed during the year, directly reducing new material procurement costs. Waste collection routes were dynamically optimized and vehicle scheduling was managed scientifically to strictly control transportation energy consumption per unit of waste collected; the adoption of new energy vehicles was actively promoted to reduce fuel consumption at source. As at the end of 2025, the Urban Service Business Division operated a total of 3,093 new energy vehicles.

Green Office Operations

Company-wide participation: Measures including duplex printing, waste paper reuse, and office supplies trade-in renewal were comprehensively promoted to reduce office consumables usage, strengthen company-wide energy conservation awareness, and cultivate a green and low-carbon corporate culture.

◆ Water Resource Utilization

The Company strictly complies with laws, regulations, and standards relating to water resource development, utilization, and protection, including the *Water Law of the People's Republic of China*, and conducts water resource management in accordance with the principles of rational development, efficient utilization, and effective protection. The Company continuously strengthens internal water resource management and control measures, establishes a scientific and efficient institutional framework for water resource management, formulates energy and resource management regulations, and comprehensively standardizes the full-process management of water resources.

Principal Types of Water Resources Consumed

Water consumed in the Company's office operations is primarily sourced from municipal water supply. In the production operations of each business segment, the principal types of water resources consumed vary according to business type and primarily include municipal water supply, surface water, circulating water, domestic sewage, ground washing water and first flush stormwater, and industrial wastewater.

Business Type	Principal Types of Water Resources Consumed
Solid Waste Business Division	Municipal water supply, surface water, circulating water, etc.
Urban Service Business Division	Municipal water supply, circulating water, etc.
Energy Business Division	Municipal water supply, etc.

Business Type	Principal Types of Water Resources Consumed
Water Supply Business Division	Surface water, etc.
Water Drainage Business Division	Domestic sewage, ground washing water and first flush stormwater, industrial wastewater, etc.
Office Operations	Municipal water supply, etc.

Water Resource Management System

The Company integrates water resource management into its production and operations management system, designating the production and operations management department as the primary responsible unit for water resource management and formulating management systems including the *Regulations on Daily Inspection Management of Water Supply Pipeline Networks and Ancillary Facilities*. This achieves deep integration of water resource management and control with day-to-day production and operations through unified deployment and implementation, forming a cohesive and integrated management framework.

By strengthening its long-term water resource management mechanism, the Company embeds clear water resource management standards and procedural requirements within the operational management systems of each business segment, promoting the continuous optimization of its water consumption structure, improving reclaimed water utilization rates, investing in water-saving technology innovation, carrying out water-saving retrofits, and continuously improving water use efficiency. Drawing on the production processes and water consumption characteristics of each business segment, the Company systematically integrates full-process management and control requirements covering water withdrawal, water use, drainage, and water conservation into each specialized operational management system, thereby strengthening the long-term mechanism for the intensive and efficient utilization of water resources.

Water Resource Management Policy

The Company consistently adheres to the principles of sustainable development and places great importance on water resource conservation and protection. The Company is committed to comprehensively improving water use efficiency through water-saving process retrofits and technological innovation, while promoting water conservation across office premises. The Company actively advances the full utilization of recycled water resources, improves water recycling rates, strengthens maintenance of water supply pipeline networks to reduce leakage losses, and strictly protects the ecological environment of water source areas. The Company actively responds to the United Nations Sustainable Development Goals, practices responsible water resource management, and vigorously promotes awareness of water conservation and sanitation within its service areas, contributing to the sustainable utilization of water resources.

For projects located in high water stress areas, the Company has further strengthened water resource risk management awareness and deeply integrated the principle of prioritizing water conservation into the entire operational process of such projects. By optimizing water resource allocation mechanisms and establishing a refined management and control system, the Company continuously improves and adjusts its water resource utilization structure. While ensuring the orderly conduct of production and business operations, the Company actively strengthens the dynamic assessment and integrated coordination of water resource carrying capacity, and is committed to improving regional adaptability to water resources, contributing to the efficient utilization of water resources and the maintenance of ecological balance. In 2025, the Company did not experience any water resource-related incidents with a material impact on operating costs or revenues.

Freshwater withdrawal^{*1}

36,658,095.38 m³

Freshwater discharge^{*2}

1,381,767.56 m³

Total water consumption (freshwater)^{*3}

35,276,327.83 m³

Circulating water and reclaimed water consumption^{*4}

7,712,598.34 m³

Total water consumption (freshwater)^{*6}

44,370,693.72 m³

Circulating water and reclaimed water utilization rate^{*5}

17.38 %

Water resource (freshwater) consumption intensity: 31.84 m³/RMB 10,000

^{*1} Refers to the total volume of water newly extracted or purchased from fresh surface water sources (rivers, lakes, reservoirs, etc.), fresh groundwater sources (well water, geothermal water, etc.), and waterworks, for use in production, domestic, and auxiliary systems. Excludes water or water products supplied externally by the enterprise, and accordingly excludes data relating to water supply and drainage business operations.

^{*2} Based on metering at legally designated discharge outlets. This figure excludes data relating to drainage business operations primarily involving sewage treatment.

^{*3} Total water consumption (freshwater) = freshwater withdrawal - freshwater discharge.

^{*4} Refers to the total volume of water reused by the enterprise either directly or after treatment, including circulating water, cascade water, and reclaimed water. As flow meters have not been installed on cooling tower circulation pumps at waste-to-energy plants—and such water is internally recycled through a closed-loop system—accurate metering is not possible, and this volume has therefore been excluded from the statistics.

^{*5} Circulating water and reclaimed water utilization rate = circulating water and reclaimed water consumption ÷ (circulating water and reclaimed water consumption + freshwater withdrawal).

^{*6} Total water consumption (freshwater) = freshwater withdrawal + circulating water and reclaimed water consumption.

Water Conservation Measures

Process Upgrades and Facility Retrofits

Building Water Recycling Systems

The solid waste business segments have established water recycling systems, reducing water consumption per ton of waste treated through the rational utilization of reclaimed water, demineralized water, boiler continuous and intermittent blowdown wastewater, and similar resources generated during the waste incineration production process. The urban service segment collaborates with the drainage segment to establish water withdrawal points at water treatment plants, utilizing purified recycled water in place of tap water for daily sanitation operations including road sprinkling for dust suppression, pavement cleaning, and landscape irrigation.

Precise Optimization of Process Flows

Waterworks dynamically adjust process parameters based on raw water turbidity data, scientifically optimize sludge discharge frequency and duration, and refine the volume and timing of filter backwashing, thereby reducing process water consumption at source.

Hardware Upgrades and Leakage Management

Equipment upgrades: High-precision measuring instruments are installed, while water-saving valves and water-consuming fixtures are replaced in batches, eliminating leakage, overflow, dripping, and emissions at the hardware level.

Hidden leak point repair: Data analysis technology is used to inspect internal pipe networks and valve chambers, precisely locating and repairing hidden leak points and eliminating potential water resource losses.

Intelligent leakage management and control: Water supply plants conduct correlation analysis between self-consumed water and electricity consumption, using abnormal data fluctuations to accurately identify leakage areas and guide operations and maintenance teams in carrying out targeted repairs, thereby achieving the transition from reactive emergency repairs to proactive prevention.

Management and Service Enhancement

Internalization of Personnel Skills and Awareness

Specialized training mechanism: Internal specialist training sessions on water-saving operations are conducted for employees, standardizing production operating procedures and incorporating water conservation indicators into routine management assessments, ensuring that water conservation principles are embedded in employees' day-to-day practices.

Diversified Public Education and Social Services

Themed promotional activities: Leveraging occasions such as "World Water Day" and "China Water Week," a series of themed activities under the banner of "Water Nourishes Every Household, Services Delivered to Your Door" are organized.

Convenience-oriented volunteer services: Volunteer teams are deployed to visit communities, schools, enterprises, and government entities, providing professional services including on-site replacement of water-saving faucets, hose repairs, and free leak detection at premises, assisting social organizations in reducing water wastage.

Water-saving awareness campaigns*¹ **63** sessions

*The scope of water-saving awareness campaigns covers the cumulative number of offline and online publicity and education activities organized for the general public — including schools, communities, enterprises, and rural areas — or conducted internally within the Company, with water conservation as the core theme.

Multi-party Collaborative Development Mechanism

Comprehensive linkage: A collaborative mechanism involving government, enterprises, schools, and society is established, driving the extension of water conservation initiatives from within the enterprise to the wider community and fostering a collective culture of building and sharing a water-saving society.

Water Supply Pipeline Network Construction and Leakage Management

Water Supply Pipeline Network Construction

With a focus on enhancing the quality and efficiency of water supply pipeline network construction and management in Nanhai District, Foshan City, the Company has achieved significant management outcomes driven by high standards, intelligent development, and operational diversification. At the end of 2025, the water supply pipeline network (DN75 and above) operated by the Company had reached 4,774.35 kilometers.

Strengthening Funding and Project Coordination to Ensure Compliant and Efficient Construction

Leveraging national debt and central budget investment fund projects as key drivers, construction is advanced in a coordinated and high-standard manner. By strictly benchmarking against audit requirements, developing reverse implementation schedules, and refining process responsibilities, the Company ensures the orderly implementation of pipeline network construction projects.

Deepening Smart Pipeline System Applications to Enhance Refined Management

The Phase II development of the online hydraulic model was completed and commissioned, enabling real-time monitoring of pipe network operating conditions with broad application across multiple scenarios including water supply planning and intelligent dispatching. Concurrently, the geographic information system (GIS) platform was upgraded to establish an "integrated office and field operations" working model, significantly enhancing the precision of decision-making for pipe network planning, renovation, and optimized dispatching.

Advancing Business Expansion and Model Innovation to Optimize Pipe Network Construction Layout

Actively embracing change, the Company continues to explore new business areas including public infrastructure projects and smart fire protection renovation. Innovative approaches such as government-commissioned construction and compensation-based models have been adopted to advance pipe network construction. Commissioned construction projects such as Guicheng Yingyue Huating and Jiujiang Zhongxing Xincheng Zong'er Road have been successfully implemented, providing valuable precedents for optimizing the water supply pipeline network layout.

Water supply network leakage management

The Company places strong emphasis on the refined management of water supply network leakage, having formulated the *Regulations on Daily Inspection Management of Water Supply Pipeline Networks and Ancillary Facilities* and the *Comprehensive Evaluation Standard for Operation and Maintenance of Water Supply Pipeline Networks*. A series of targeted measures covering pipe network renovation, system upgrades, pressure regulation, and capability enhancement have been implemented, delivering significant results in leakage management and control. In 2025, the non-revenue water rate was reduced to 6.41%, ranking among the leading levels nationwide.

Advancing the Renovation of Ageing Pipeline Networks to Strengthen the Foundation for Leakage Prevention and Control

Adhering to the principle of tailoring measures to local conditions, the Company scientifically formulates targets and implementation plans for the renovation of aging water supply pipeline networks based on the actual water supply conditions, pipe network characteristics, and operational leakage status of each town and sub-district. Through the orderly advancement of pipe network renewal projects, the stability and safety of pipe network operations have been significantly improved, leakage risks have been mitigated at source, and the resilience of water supply infrastructure has been further strengthened.

Upgrading Intelligent Management Systems to Enable Precision Leakage Operations and Maintenance

A digital leakage management system has been established and smart IoT sensing devices for water supply have been deployed to enable real-time monitoring and rapid response to key indicators such as pipe network flow and pressure, significantly improving the efficiency and quality of leak detection and repair. Core systems including GIS have also been upgraded to promote the standardization and normalization of water supply data, providing robust data support and technological empowerment for leakage management and control.

Precise Regulation of Pipe Network Pressure Reducing Leakage at the Operational End

By optimizing nighttime pressure regulation schemes while fully safeguarding users' water demand, the Company reasonably reduces pipe network operating pressure to effectively control background leakage. Retrofit works for variable frequency drive pumps at the Second Waterworks and the Guicheng booster pump station were also completed, enabling stable outlet pressure operation, significantly reducing the risk of pipe bursts caused by pressure fluctuations, and ensuring the safe and efficient operation of the pipe network system.

Strengthening Employee Skills Development Consolidating Talent Support for Leakage Management

A water supply leak detection skills competition was organized to further advance the principle of "promoting learning through competition and training through competition," while strengthening industry exchange and mutual learning. Through practical drills and hands-on exercises, the professional leak detection capabilities of water supply employees have been comprehensively enhanced, cultivating a high-caliber professional team that provides strong talent support for the efficient identification and timely repair of leaks.

Waterworks self-consumed water volum^{*1} **11,412,100** m³

Internal water consumption rate of water treatment plants^{*2}
2.6 %

Non-revenue water rate^{*3}
6.41 %

^{*1} Refers to the total self-consumed water volume used in the production processes and office operations of the Company's waterworks.
^{*2} Internal water consumption rate of water treatment plants = [self-consumed water volume of waterworks (freshwater) / total water withdrawal volume of waterworks during the same period (freshwater)] × 100%.
^{*3} Non-revenue water rate = [(water supply volume — water sales volume) ÷ water supply volume] × 100%. Where water supply volume is regarded as production output and water sales volume as sales, a certain degree of loss between supply and sales is inevitable, giving rise to the non-revenue water rate. In addition to reflecting operational efficiency, this indicator may also serve as a metric for managing water losses.

◆ Biodiversity Protection

The Company strictly complies with relevant laws, regulations, and policy requirements, including the *Law of the People's Republic of China on Environmental Impact Assessment* and the *Wildlife Protection Law of the People's Republic of China*. It integrates the concept of biodiversity conservation throughout the full lifecycle of project site selection, construction, and operations, comprehensively identifying and assessing impacts on the surrounding ecological environment to ensure the coordinated advancement of business activities and biodiversity conservation.

Strictly Upholding the Environmental Impact Assessment Compliance Baseline Strengthening Risk Control at Source

The environmental impact assessment (EIA) system for new, renovation, and expansion projects is strictly implemented, with comprehensive ecological environment risk identification and hazard inspections carried out. The potential impacts of construction projects on surrounding ecosystems are scientifically assessed, and effective pollution prevention and control measures are formulated and implemented to prevent and mitigate the adverse impacts of business activities on biodiversity at source.

Strengthening Pollution Prevention and Control and Resource Recycling Protecting Terrestrial Ecosystems

By providing high-quality solid waste treatment and sewage treatment services alongside high-standard pollutant control, the Company protects the soil, groundwater, and surrounding natural environment of the cities it serves from pollution and degradation, thereby supporting the preservation of natural habitat integrity. Waste and chemical reagent disposal processes are standardized to promote resource recycling and reduce dependence on primary resource extraction. Idle land is also utilized rationally to create green ecological buffer zones, effectively improving the ecological environment surrounding project sites.

Enhancing the Effectiveness of Water Treatment Processes Building a Joint Ecological Barrier for Water Bodies

Sewage treatment processes are continuously optimized and tailwater discharge standards are strictly controlled to minimize pollutant discharge into water bodies, thereby preventing eutrophication of receiving water bodies and reducing harm to aquatic life. Leveraging its own business operations, the Company actively participates in marine litter management, advocates reducing the use of single-use plastics, and raises public awareness of preventing land-based waste from entering marine environments, effectively safeguarding aquatic ecosystem security and marine biodiversity.

Carrying Out Ecological Public Welfare Activities Enhancing Ecological Protection Awareness

Biodiversity-themed volunteer service activities are actively organized to encourage volunteers and the public to engage in biodiversity conservation practices through diversified activities such as science education, ecological patrols, and environmental clean-up campaigns, thereby enhancing public awareness of ecological protection and strengthening environmental action capabilities.

Strengthening Forest Resource Conservation Building a Green Ecological Protection Barrier

The Company places great importance on forest resource conservation and legally fulfills its responsibilities relating to the assessment, protection, and restoration of forest resources within its operational scope. Public welfare activities such as afforestation are actively carried out to strengthen forest protection awareness among employees and the wider community, while promoting the coordinated advancement of forest resource conservation and regional green development.



Case Study | Case Study | Protecting "Small-scale Wetlands" and Jointly Safeguarding Biodiversity

On December 21–22, 2025, Grandblue Environment organized a volunteer service training and field practice activity themed "Protecting Small-Scale Wetlands," involving company volunteers and their family members. The initiative promoted wetland conservation through an integrated approach combining theoretical learning and practical fieldwork.

The training component comprised thematic lectures on the ecological value of small-scale wetlands and key conservation priorities, as well as instruction on core methodologies and tool applications for wetland patrols and biodiversity surveys. The practical component took place at the Nanhai Yingyue Lake Wetland in Foshan City, where volunteers and family participants conducted on-site investigations into wetland biodiversity and water environment conditions and identified ecological risks. The activity not only contributed to the protection of wetland ecology and biodiversity through direct action, but also promoted the dissemination of environmental protection concepts, encouraging broader public participation in ecological conservation, fostering the development of an "enterprise—society—wetland" coordinated protection network, and contributing to the sustainable ecological development of cities.



S | Social Dimension

- ◆ Employee Recruitment and Development
- ◆ Innovation-Driven Development
- ◆ Occupational Health and Production Safety
- ◆ Supply Chain Security
- ◆ Product and Service Safety and Quality
- ◆ Information Security
- ◆ Equal Treatment of Small and Medium-sized Enterprises
- ◆ Social Contribution
- ◆ Rural Revitalization



◆ Employee Recruitment and Development

Human Resources Management System

To align with business development needs and enhance the Group's human resources management capabilities, the Company has established a specialized human resources management structure centered on the management objective of "energizing employees and empowering business development," comprising six centers with clearly defined responsibilities and a supporting management system.

1 HR Business Partner Center (HRBP)

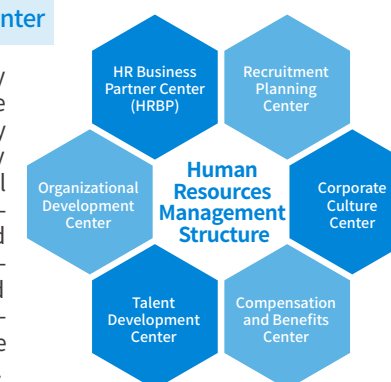
The Company implements a matrix human resources management model, under which HR teams operate locally with dual reporting lines, enhancing the professional capabilities and standardization of HR operations while meeting the development needs of each business segment.

4 Recruitment Planning Center

The Center formulates annual manpower requirements, recruitment plans, and budgets based on actual business needs, analyzes manpower costs and recruitment channels, and maintains a structured interview system. It oversees the complete recruitment process, encompassing recruitment applications, job postings, interview organization, and onboarding management.

2 Organizational Development Center

Focused on organizational capability development, the Center is responsible for designing organizational capability systems, including the competency qualification system and organizational structure assessment, formulating management appointment standards and carrying out talent selection, appointment, and team development, and advancing the decomposition of strategic objectives to achieve comprehensive closed-loop performance management.



5 Corporate Culture Center

The Center develops and enhances the corporate culture system and promotes the practical embodiment of core values; establishes employee benchmark brands, enriches cultural activities, and launches cultural merchandise; manages the corporate newsletter and enterprise account; and promotes internal cultural communication through initiatives such as the corporate culture ambassador program.

3 Talent Development Center

The Center establishes employee career development systems, conducts multi-dimensional talent assessments to identify high-potential talent and succession pipelines, plans and implements tiered and category-based talent development programs, and leverages the corporate learning platform to advance employee training and the development of internal knowledge systems.

6 Compensation and Benefits Center

The Center is responsible for day-to-day compensation and benefits management, including payroll distribution, data management, attendance and leave administration, and employee benefits enquiries; handles procedures related to labor contract signing and renewal, as well as other labor relations matters; manages employee employment and unemployment record updates; and coordinates electronic human resources (EHR) system management.

Protection of Employee Rights and Interests

The Company strictly complies with relevant international conventions and all applicable domestic laws and regulations, and is fully committed to respecting and safeguarding the lawful rights and interests of its employees. The Company has formulated and published the *Grandblue Environment Co., Ltd. Employee Rights and Interests Statement*, which clearly defines and upholds employees' lawful rights and interests.

Employee Rights and Interests Protection Mechanism

The Company has established a comprehensive employee rights and interests protection system, encompassing more than 10 internal regulations including the *Personnel Management Regulations*, *Employee Handbook*, *Labor Contract System*, *Employee Attendance and Leave Management Regulations*, *Talent Training and Development Management Regulations*, *Recruitment Management Measures*, *Regulations on Selection and Appointment Management*, *Compensation and Benefits Management System*, and *Occupational Health and Safety Management Measures*. These regulations comprehensively cover the entire employee career lifecycle, including recruitment, onboarding, training, performance management, compensation, and separation. All human resources management policies are reviewed by the Group's legal compliance department and dynamically updated in response to regulatory changes to ensure alignment with the latest legislative requirements.

Recruitment and Employment Management

The Company strictly complies with laws and regulations such as the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, and the *Employment Promotion Law of the People's Republic of China*, while also observing labor and employment regulations in the jurisdictions where its overseas businesses operate. All employees are engaged under a full-time employment model, with labor contracts signed in accordance with the law, thereby respecting and safeguarding employees' lawful rights and interests and fostering stable labor relations.

(1) Recruitment Management

Improving the recruitment policy system. The Company has formulated the *Recruitment Management Measures and the Regulations on Selection and Appointment Management for Management Personnel*, establishing a fair and transparent recruitment framework supported by a sound recruitment management system.

Ensuring fairness and impartiality in recruitment. The Company resolutely opposes all forms of employment discrimination and safeguards equal employment opportunities for all groups through standardized recruitment procedures, structured interview assessments, and diversified recruitment channels, while strictly implementing the recruitment disclosure system to facilitate oversight.

Implementing localized compliance management. For employees in Hong Kong, the Company strictly complies with local regulations and data protection principles, gives priority to hiring local residents, standardizes recruitment procedures for non-local personnel, and ensures pay equity, thereby comprehensively safeguarding the compliance and fairness of recruitment and employment.

(2) Labor Contract Management

The Company strictly implements the requirement to sign labor contracts with employees on the basis of equality, voluntariness, and mutual agreement, clearly defining the rights and obligations of both parties, including work responsibilities, remuneration, working hours, rest and leave, labor protection, contract duration, and termination conditions.

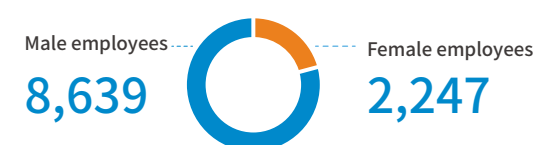
(3) Labor Dispute Prevention and Resolution

The Company places great importance on fostering harmonious labor relations and has established and consistently improved mechanisms for the prevention and resolution of labor disputes. When a labor dispute arises, the Company adheres to the principles of lawfulness and compliance, equal consultation, and timely resolution. Internal communication and mediation procedures are initiated at the earliest opportunity, employees' concerns are fully heard, and investigations and consultative resolution processes are conducted in accordance with labor laws, regulations, and company policies. For matters that cannot be resolved through internal mediation, statutory channels including labor arbitration and litigation are pursued, ensuring that the lawful rights and interests of both employees and the enterprise are safeguarded throughout the process.

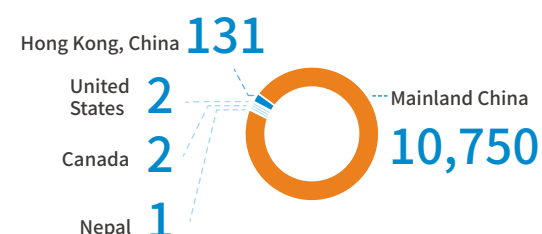
Total number of employees

23,443

Number of employees, classified by gender



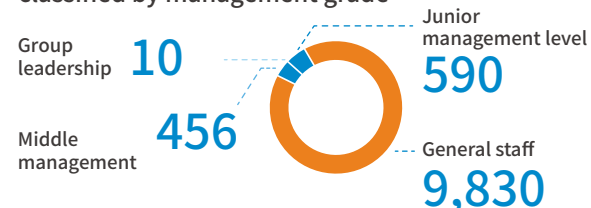
Number of employees, classified by region



Number of employees*¹ (excluding frontline sanitation workers)

10,886

Number of employees, classified by management grade*²



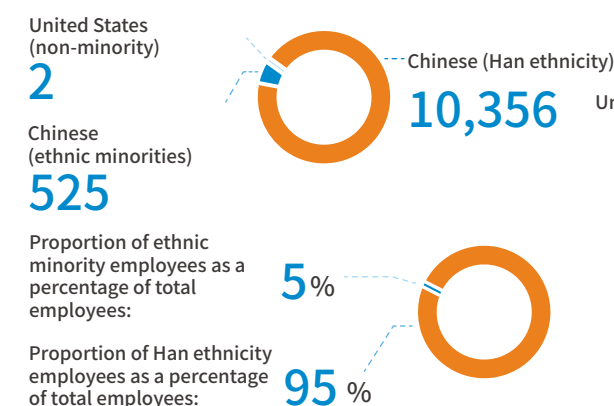
Number of employees holding foreign nationality as a percentage of total employees:

0.05%

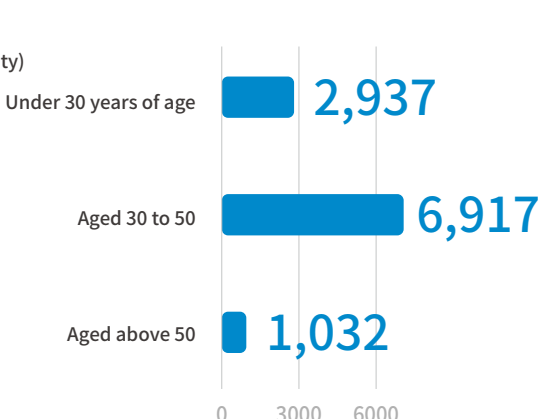
Number of employees who are Chinese nationals (including mainland China, Hong Kong, Macao, and Taiwan) as a percentage of total employees:

99.95%

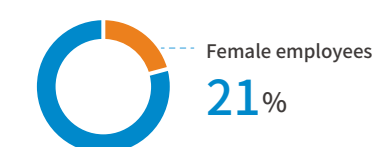
Number of employees, classified by ethnicity



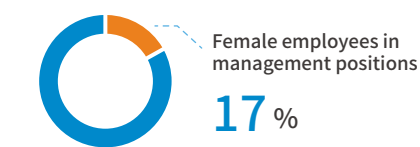
Number of employees, classified by age group



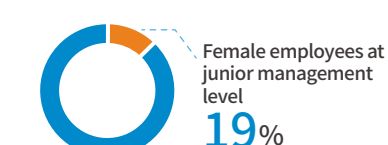
Proportion of female employees



Proportion of women in all management positions*³



Proportion of women at junior management level



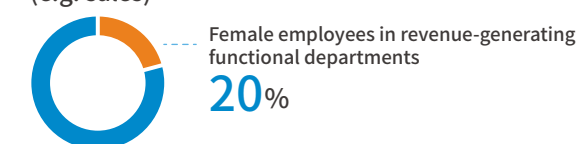
Proportion of women at middle management level



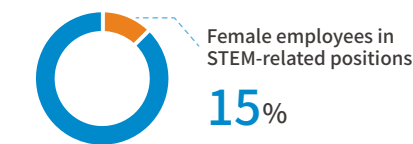
Proportion of women in the senior management team



Proportion of women in management positions within revenue-generating functional departments (e.g. sales)*⁴



Proportion of women in STEM-related positions*⁵



Total number of new employees

796

Proportion of vacancies filled by internal candidates*⁶

32%

Average recruitment cost per hire*⁷

RMB 1,330

Total employee turnover rate^{*8}

6.1 %

Voluntary employee turnover rate^{*9}

3.4 %

Human capital return on investment^{*10}

254.11 %

^{*1} The statistical and calculation scope for employee gender, management grade, age, region, nationality, ethnicity, proportion of female employees, new employee recruitment, proportion of vacancies filled by internal candidates, average recruitment cost per hire, total employee turnover rate, and voluntary employee turnover rate are all based on the number of employees, excluding frontline sanitation workers.

^{*2} Group leadership employees refer to the Company's Chairman, Secretary of the Discipline Inspection Commission, and senior executives (i.e., the General Manager, Deputy General Manager, Chief Financial Officer, and Secretary to the Board of Directors). Middle management employees refer to heads and deputy heads of Group headquarters departments, senior managers, members of division management teams, heads and deputy heads of functional departments within business divisions, and members of the executive management teams of project companies under business divisions. Junior management employees refer to heads and deputy heads of functional departments of project companies under the Company.

^{*3} Proportion of women in all management positions = total number of female employees at junior, middle, and senior management levels ÷ total number of management personnel × 100%. Junior management level is defined as heads and deputy heads of functional departments of project companies and other grassroots-level organizations.

^{*4} Proportion of women in management positions within revenue-generating functional departments (e.g. sales) = number of female employees in revenue-generating positions ÷ total number of personnel in revenue-generating positions × 100%. Revenue-generating positions are defined as line management roles in sales, business development, and similar departments, or roles that directly contribute to the output of products or services.

^{*5} Proportion of women in STEM-related positions = number of female employees in STEM-related positions ÷ total number of employees in STEM-related positions × 100%. STEM refers to science, technology, engineering, and mathematics. STEM practitioners apply their knowledge in these disciplines in their day-to-day work and primarily refer to the Company's technical personnel.

^{*6} Proportion of vacancies filled by internal candidates = total number of employees transferred to fill internal vacancies ÷ (number of internal transfers + total number of newly hired employees) × 100%.

^{*7} Average recruitment cost per hire = total recruitment cost for new employees ÷ total number of newly recruited employees. Of which, total recruitment costs include recruiter salaries, interview expenses, agency fees, advertising costs, recruitment fair expenses, travel costs, and relocation costs.

^{*8} Total employee turnover rate = number of employees who left during the year ÷ [(number of employees at the beginning of the current period + number of employees at the end of the current period) ÷ 2] × 100%.

^{*9} Voluntary employee turnover rate = number of employees who voluntarily resigned during the year ÷ [(number of employees at the beginning of the current period + number of employees at the end of the current period) ÷ 2] × 100%.

^{*10} Human capital return on investment (HC ROI) = [operating revenue - (operating costs - employee salaries and benefits expenditure)] ÷ employee salaries and benefits expenditure.

Employee Attendance Management

The Company has formulated the *Employee Attendance and Leave Management Regulations* to systematically regulate employees' working hours and leave arrangements through a structured policy framework. The regulations strictly control overtime working hours and establish an overtime approval and compensation mechanism to safeguard employees' lawful rights and interests. They also comprehensively define entitlement standards for various categories of welfare leave, including paid annual leave, marriage leave, maternity leave, paternity leave, care leave, family planning-related leave, nursing leave, and bereavement leave, ensuring that employees are entitled to corresponding leave benefits at different stages of life and are able to maintain a healthy work-life balance.

Employee Remuneration and Benefits

Grandblue continuously optimizes its compensation and benefits system through the formulation of the *Compensation Management Regulations* and the *Special Incentive Management Regulations*, providing a competitive remuneration and benefits package that includes base salary, performance bonus, year-end bonus, social insurance, and housing provident fund. The Company also offers employees a range of distinctive benefits including education and training opportunities, in-service training subsidies, and supplementary medical coverage, thereby comprehensively safeguarding employees' lawful rights and interests. The Company regularly conducts market compensation benchmarking surveys to ensure the reasonableness and competitiveness of remuneration levels, establishing a benefit-sharing mechanism between the enterprise and its employees.



Diversity and Anti-discrimination

(1) Strengthening the Foundation of Compliance Management

The Company strictly complies with laws and regulations including the *Labor Law of the People's Republic of China*, and actively aligns with international standards including the *Universal Declaration of Human Rights*, *International Labour Organization (ILO) Conventions*, the *United Nations Guiding Principles on Business and Human Rights*, and SA8000, safeguarding employees' fundamental rights and interests in accordance with the law.

(2) Upholding the Bottom Line of Labor Rights

Adhering to the principles of openness, fairness, and impartiality, the Company resolutely prohibits child labor and forced labor, strictly prohibits discriminatory treatment of employees on the basis of gender, age, nationality, ethnicity, or religious belief, and fosters harmonious and stable labor relations.

(3) Creating a Fair Workplace Environment

Any form of workplace discrimination is strictly prohibited. The Company ensures fairness and impartiality in recruitment, promotion, and compensation, providing employees with equal employment opportunities and development prospects, and fostering an inclusive and diverse workplace environment.

Number of discrimination or harassment incidents: **0**

Democratic Management

With trade union development as its core, the Company has strengthened the democratic management system centered on the Trade Union Congress as its fundamental form. By convening Trade Union Congresses on schedule, completing leadership elections and improving the organizational structure in accordance with the law, and strictly fulfilling democratic deliberation procedures to review and approve relevant work reports, the Company fully safeguards employees' democratic rights and continuously improves democratic decision-making mechanisms. These efforts provide organizational support for the implementation of democratic management, promote the in-depth integration of democratic management with enterprise development, and unite employees in contributing to the Company's high-quality development.

In August 2025, the Company successfully convened the Ninth Congress of Trade Union Members' Representatives, attended by 86 trade union representatives.

Care for Employees

The Company has advanced initiatives across multiple dimensions, including strengthening institutional safeguards, enriching employee care programs, and promoting physical and mental wellbeing, to comprehensively enhance employees' sense of wellbeing and belonging, while also extending care to retired employees.

Consolidating the Foundation of Care Enriching Cultural Life

The Company continuously develops and improves various rules and regulations to foster a positive working and living environment. A special employee hardship assistance fund has been established and a women employee care initiative has been implemented, while cultural, sporting, and festive social activities are regularly organized to enrich employees' leisure time. Care initiatives for retired employees are also actively carried out.

Focusing on Mental Health Providing Professional Support

The Company has introduced an Employee Assistance Program (EAP) and launched a dedicated mental health service platform—the "Grandblue Mental Health Platform"—providing all employees with complimentary mental health services including psychological assessments, mental health training, and counseling, helping employees maintain a positive mental state and achieve fulfillment in both their professional and personal lives.

Focusing on Physical Health Carrying Out Distinctive Health Initiatives

A traditional Chinese medicine workplace health initiative has been implemented to provide employees with basic health services including TCM constitution analysis, dietary therapy and healthcare plan formulation, blood pressure measurement, and blood viscosity analysis. For conditions including neck, shoulder, and lower back pain, as well as the prevention of hypertension, hyperglycemia, hyperlipidemia, and common conditions in urology, gynecology, and gastroenterology, the Company provides professional health consultations, preventive healthcare guidance, and targeted physical therapies, including medium-frequency electroacupuncture therapy, cupping therapy, and gua sha therapy. Health check report interpretation services are also provided, ensuring comprehensive support for employees' physical wellbeing.

Employee Development Management

The Company's talent development framework is fundamentally guided by strategic planning and business objectives. Through systematic and forward-looking talent cultivation and development practices, the Company builds the core talent base and key capabilities required to support both current and future development, continuously enhancing organizational capabilities, supporting employee growth, and ensuring a stable and high-quality internal talent pipeline.

Talent Development and Training System

The Company continues to deepen its talent development and training system, consistently stimulating talent development momentum. Centered on organizational needs and identified capability gaps, differentiated talent development programs covering the entire employee growth lifecycle have been established. At the Group headquarters level, four thematic training sessions under the "Blue Ocean Program"—Deep Blue Program were planned and delivered. In collaboration with various business divisions, 10 thematic training sessions under the "Blue Ocean Program"—Azure Blue Program targeting management teams were also conducted, with ongoing joint planning and implementation together with Solid Waste Business Division II. In addition, the Company organized 5 themed book-sharing sessions, 16 business division-specific thematic capability enhancement training sessions, a leadership training program for management personnel, and the 2024 Management Trainee Rotation Program, with cumulative participation exceeding 2,400 person-times.



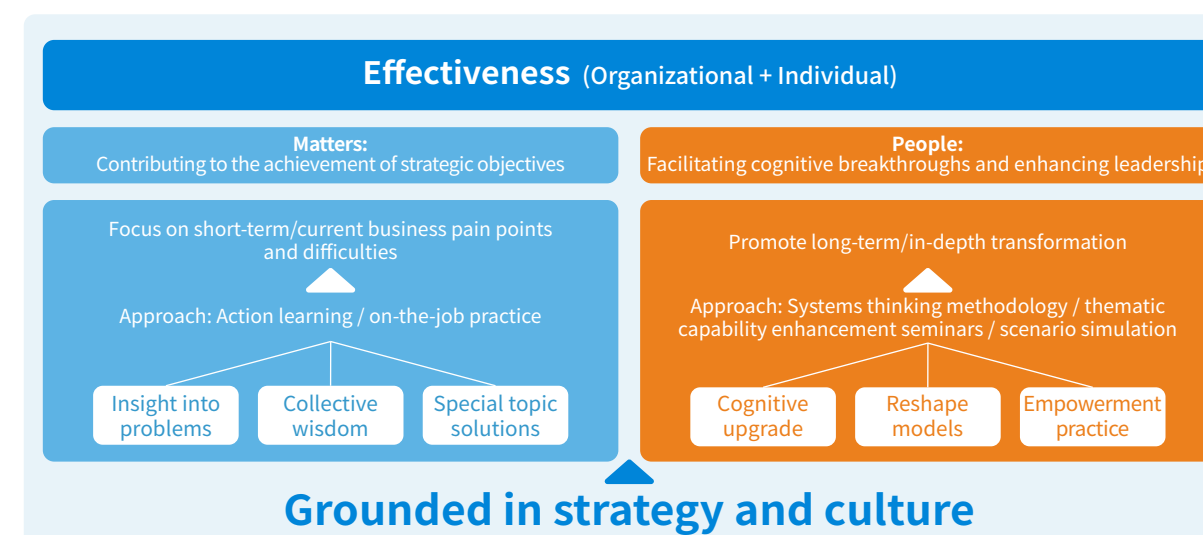
(1) Talent Assessment

The Company has established a "normalized and specialized" talent review mechanism, building a differentiated evaluation model covering management personnel, frontline backbone employees, and general staff. Through standardized processes and multi-dimensional scientific assessments, high-potential talent and succession pipelines are accurately identified, gaps between talent capabilities and organizational needs are objectively evaluated, and a scientific basis is provided for talent management decision-making.

In 2025, the Company comprehensively carried out talent assessment initiatives covering 5,262 employees across all levels. To strengthen data application, assessment results directly provide precise data support for talent development initiatives. To promote individual growth, the Company has established a closed-loop management approach combining one-on-one feedback interviews and personal development plans, building an effective communication bridge between the organization and its employees. This helps employees gain a clearer understanding of their own capabilities, identify areas for improvement, and pursue targeted development, thereby achieving alignment between organizational development and individual growth.

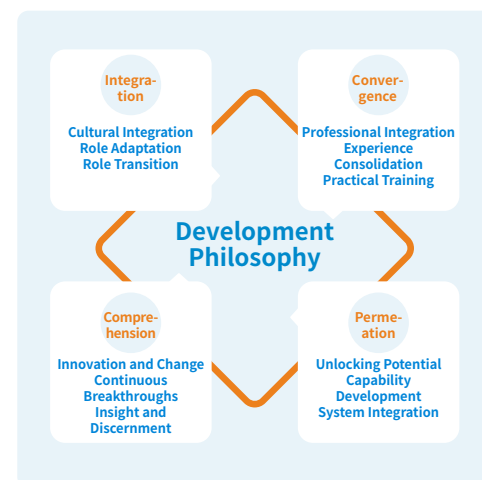
(2) Blue Ocean Program

In alignment with the Company's strategic objectives, and benchmarking against the leadership competency model while incorporating talent assessment results, a specialized leadership development program for key positions was planned and completed. A specialized leadership training program—the "Deep Blue Program"—was planned and delivered for a total of 75 members of the Group headquarters and business division core management teams, with 8 senior executives participating and serving as action coaches. The Solid Waste Business Group, Urban Service Business Division, Energy Business Division, Water Supply Business Division, and Water Drainage Business Division also conducted the specialized leadership training program—the "Azure Blue Program"—for nearly 300 management team members, with the executive management teams of each business division participating and providing guidance as action coaches. Through theoretical knowledge learning, case study analysis and discussion, and action learning, the Blue Ocean Program enables management personnel to continuously refresh their management perspectives, deepen their understanding of management concepts, and inspire one another in exploring business challenges and solutions.



(3) Management Trainee Development

The management trainee development system is designed around the competency model, with the "5i Competency Framework" serving as the core development theme throughout all training activities. The Company conducted multi-dimensional development for 68 management trainees from the 2025 cohort through online learning, rotational training, regular progress tracking, and development performance reviews. Following the completion of centralized onboarding training, trainees are assigned to various positions for on-the-job practical learning of professional and technical skills, while also undertaking comprehensive online competency and skills development through Grandblue Academy. In 2025, a total of 54 management trainees from the 2024 cohort were assigned to permanent positions, achieving a placement rate of 100%.

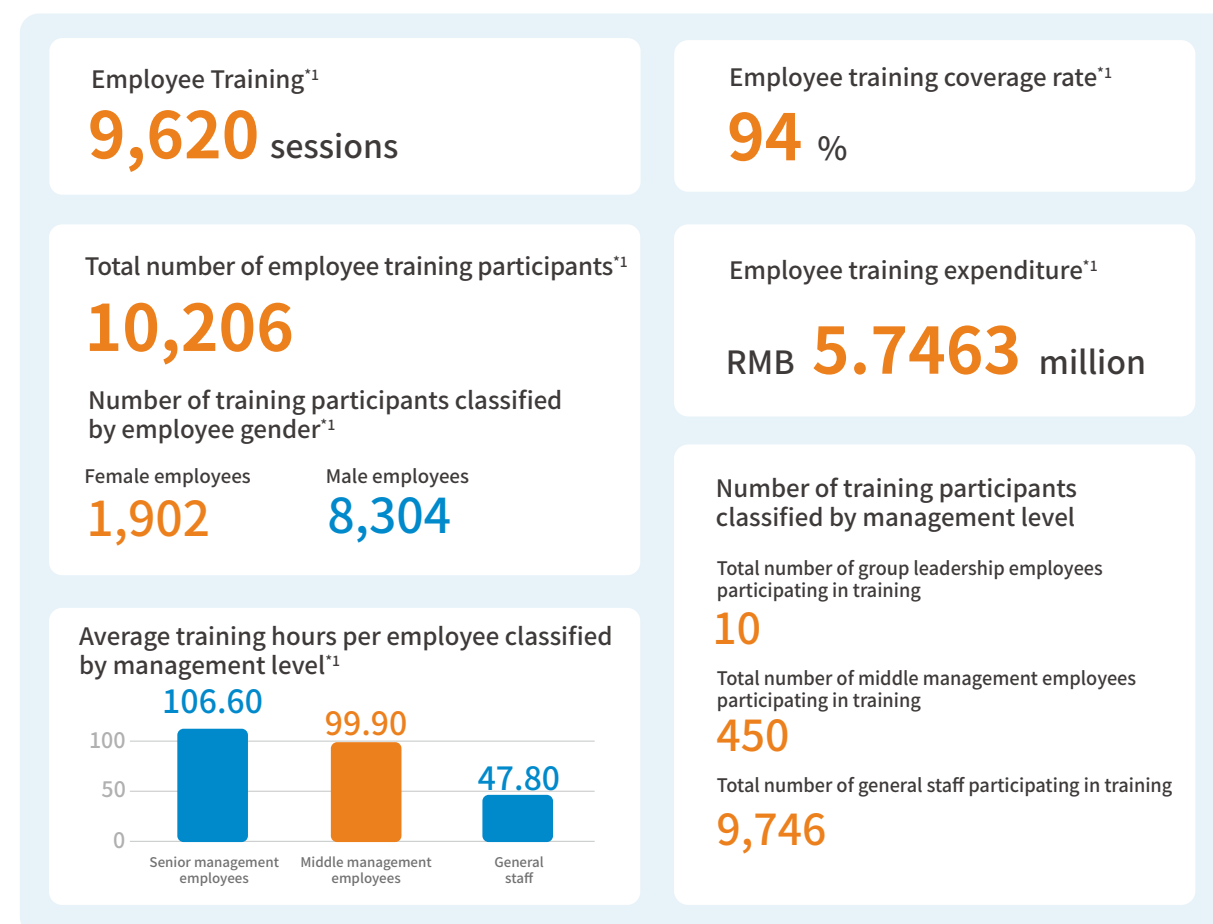


(4) New Employee Development

To help new employees quickly acclimate and integrate into the Company, a one-stop standardized onboarding training system has been established and continuously refined. The system integrates online learning, offline instruction, and on-site business observation, systematically covering the Company's development history, business overview, corporate culture, safety management, policies and regulations, and common guidelines, with learning progress tracked and managed through Grandblue Academy. In 2025, both the new employee learning completion rate and the onboarding training examination completion rate reached 100%.

Employee Training and Capability Enhancement

Through rigorous oversight of key process stages, including needs assessment, program implementation, and effectiveness evaluation, the Company achieves closed-loop management and continuous quality improvement of training operations, further consolidating the foundation for systematic operations and providing robust institutional safeguards and intellectual support for talent development.



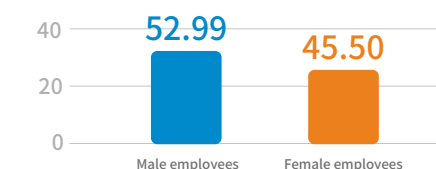
Total employee training hours¹

526,673.70 hours

Average training hours per employee¹

51.60 hours

Average training hours per employee classified by employee gender¹



¹All statistical and calculation data relating to employee training are based on the number of employees, excluding frontline sanitation workers. The statistical scope covers only training activities conducted through the "Grandblue Academy" platform; training activities carried out through other channels are not included.

(1) Grandblue Academy

"Grandblue Academy," a cloud-based learning platform with distinctive Grandblue characteristics, has established a one-stop, full-process learning mechanism integrating online learning, training assessment and evaluation, effectiveness tracking, and data delivery, significantly improving the relevance, practicality, and timeliness of training. In 2025, the Company optimized and consolidated both internal and external course resources, achieving unified development, management, and sharing of training resources, with 3,225 new online courses added. The number of active online learners on the platform reached 9,192, with total learning hours amounting to 1.1795 million hours.

(2) "Knowledge and Action "Reading for Joy" Book Club

In 2025, the Company continued to deepen the development of a company-wide reading culture, building a reading ecosystem characterized by full employee participation and comprehensive coverage, effectively enhancing the vitality of organizational learning.

Strengthening the reading platform and organizational framework. The book club's organizational structure continued to expand, with 30 new primary and secondary branch clubs established during the year, bringing the total to 88 and forming an extensive and responsive organizational network that provides strong support for company-wide reading initiatives.

Focusing on diverse themes to inspire widespread participation. Closely aligned with business needs and employee development, the Company organized 81 online and offline reading activities throughout the year across 6 major themes, including women's growth, management empowerment, and safety culture, attracting over 7,400 participant-times and achieving deep integration between cultural activities, business scenarios, and employees' daily lives.

Strengthening platform empowerment to establish a shared reading closed loop. Leveraging Grandblue Academy, the Company independently developed an internal shared reading and exchange platform, establishing a closed-loop mechanism of "reading—sharing—conversion," effectively promoting the externalization and sharing of tacit knowledge while facilitating the conversion of learning outcomes into practical work capabilities.

Climate Transition Training and Reskilling

Against the backdrop of industrial structure upgrade and the "carbon peaking and carbon neutrality" objectives, the Company has closely aligned with core priorities including green production, digital upgrade, and carbon emission reduction, establishing the core concept of "resolving transition pain points, consolidating the talent foundation, and achieving shared growth." On this basis, the Company has formulated and implemented a training plan characterized by "tiered and categorized approaches, targeted empowerment, and long-term implementation" to systematically address the skills challenges arising from the transition.

(1) Advancing Company-wide Foundational Training to Strengthen the Cognitive Foundation for Transition

Adhering to the principle of "full staff coverage and unified understanding," the Company places particular emphasis on communicating and implementing industrial transformation trends, climate transition policies such as ESG regulations and carbon emission reduction standards and the Company's transition strategy. By integrating the concepts of green development and low-carbon operations and providing in-depth interpretation of measures for protecting employee rights and interests during the transition process, the Company helps employees gain a deep understanding of the necessity and urgency of the transition, clearly define their roles in the transition process, and strengthen company-wide consensus on transition.

(2) Focusing on Empowerment for Key Positions to Reshape the Professional Skills System

For key positions significantly affected by the transition, including roles in production, technical research and development, supply chain management, and carbon management, the Company conducts targeted professional reskilling training, focusing on the development of three core modules:

Green Skills Module: Focused on the needs of low-carbon operations, this module delivers training in carbon accounting, carbon management, green processes, and energy conservation and consumption reduction technologies. By engaging industry experts and internal backbone personnel as instructors, the Company equips production and technical employees with core green development capabilities, precisely addressing the requirements of the green production transition.

Digital Skills Training Module: Aligned with digital transformation trends, this module provides training for operations management positions in areas including digital tool applications, intelligent equipment operation, and data-driven management. Leveraging the "Grandblue Academy" platform to deliver microlearning resources, the Company effectively enhances employees' digital literacy and adaptability to the transition.

Transition Alignment Module: In response to position adjustments and changes in responsibilities, position-specific training and career development guidance are provided based on actual needs, helping employees quickly adapt to new responsibilities, minimizing transition-related disruption, and safeguarding the continuity and stability of employees' career development.

(3) Strengthening Core Talent Development and Leadership to Enhance Transition Management Effectiveness

For core talent and technical leaders in key positions, the Company implements transition leadership capability enhancement training. The training focuses primarily on strengthening strategic analysis and judgment capabilities regarding industry trends, team facilitation skills, and innovative thinking. Through strategic interpretation sessions, management capability seminars, and innovative thinking training, combined with practical activities such as industry exchanges and benchmark enterprise visits, the Company enhances the transition leadership capabilities of backbone talent, enabling them to play a demonstrative and leading role in driving the overall capability enhancement of their teams.

Performance management

The Company adheres to a systematic approach and continuously optimizes its performance management system, establishing a complete closed loop from strategic planning through organizational performance to individual evaluation, thereby achieving effective integration of strategy, organization, and individual performance.

With Strategy Deployment as the Core Strengthening the Top-level Orientation of Performance Management

Leveraging the "531" strategic management system comprising five-year planning, three-year rolling targets, and one-year plans, the Company connects the full chain from strategic research to evaluation, and translates macro strategic objectives into specific annual business plans through strategy deployment. These are subsequently split into precise organizational performance indicators, ensuring that organizational performance assessment consistently serves the Company's strategic objectives and making performance management more targeted and strategically aligned.

With Integrity and Competence as the Standard Deepening the Management Connotation of Employee Performance

Building on the implementation of organizational performance management, the Company advances the application of the positive and negative behavior checklist through a dual-dimensional evaluation system integrating performance and values, thereby establishing a clear talent orientation. By leveraging performance

review meetings as a key mechanism, the Company strengthens two-way interaction between managers and employees, encouraging managers to focus not only on tasks but also on people, fostering a positive atmosphere of team empowerment and shared growth.

With Value Creation as the Orientation Inspiring the Intrinsic Motiva- tion of Specialized Incentives

To support the achievement of ambitious targets, the Company has established a competitive and motivating specialized incentive system by introducing the Special Incentive Management Regulations. The incentive mechanism focuses on the core teams of special projects and implements the distribution principle of "high challenge, high goals, high incentives," significantly motivating employees and providing strong momentum for the achievement of strategic objectives.

Employee Satisfaction Survey

The Company continuously conducts the *Grandblue Organizational Climate Survey*, utilizing the Gallup Employee Engagement 12-Item Survey. Results indicate that employees demonstrate a high level of identification with the Company's mission, vision, and values. In 2025, the *Grandblue Organizational Climate Survey* score reached 4.39 out of a maximum of 5 points, maintaining a consistently high level.

Gallup's Q12 Employee Engagement Survey results¹

4.39
points



¹All statistical data relating to employee engagement surveys use the number of employees (excluding frontline sanitation workers) as the basis.

◆ Innovation-Driven Development

The Company adheres to its innovation-driven development strategy and complies with applicable laws, regulations, and policies, including the *Law of the People's Republic of China on Scientific and Technological Progress*, the *Outline of the National Strategy of Innovation-Driven Development*, the *Rules for the Implementation of the Patent Law of the People's Republic of China*, the *Patent Law of the People's Republic of China*, the *Administrative Measures for Determination of High and New Tech Enterprises*, and the *Enterprise Intellectual Property Compliance Management System Requirements*. The Company is committed to strengthening science and technology innovation management, improving institutional frameworks, and building high-quality research and development platforms, thereby comprehensively enhancing scientific and technological innovation capabilities and the efficiency of research commercialization, and injecting strong momentum into the Company's high-quality development.

Technology Innovation Management System

The Company uses the Technology Management Committee as the coordinating body for innovation management, taking overall responsibility for the planning and advancement of all science and technology innovation initiatives. Centered on core areas including research and development resource allocation, fund management, and innovation incentives, the Company has formulated 13 management systems including the *Guidelines for Technical Project Review*, the *R&D Project Management Regulations*, and the *Intellectual Property Management Regulations* covering areas including research and development resources and fund management, intellectual property, postdoctoral innovation practice centers, and science and technology project submission, providing robust institutional safeguards for the standardized and efficient implementation of innovation activities.

With Grandblue Research Institute serving as the core functional platform, the Company has established an integrated technology development (ITD) system to coordinate the advancement of science and technology innovation planning, key technology breakthrough research, and research commercialization. A full-process closed-loop management mechanism covering technology planning, project initiation review, project implementation, promotion, and commercialization has been established, driving the coordinated advancement of independent research and development and external technology collaboration.

Drawing on actual business conditions, the Company systematically identifies opportunities arising from science and technology innovation, including short-term operational efficiency improvements, medium-term technology iteration, and long-term industrial upgrade. It also assesses risks across different time horizons and impact levels, including risks related to technology investment, research commercialization, and safety compliance. Centered on opportunity capture and risk response, the Company formulates specialized technology plans, optimizes resource allocation and incentive mechanisms, and strengthens tiered review and process management and control. Through systematic and integrated science and technology innovation management, the Company supports safe and stable operations and sustainable development, while effectively transforming technological capabilities into comprehensive environmental, social, and governance value.

Number of research and development personnel

418

Proportion of research and development personnel¹

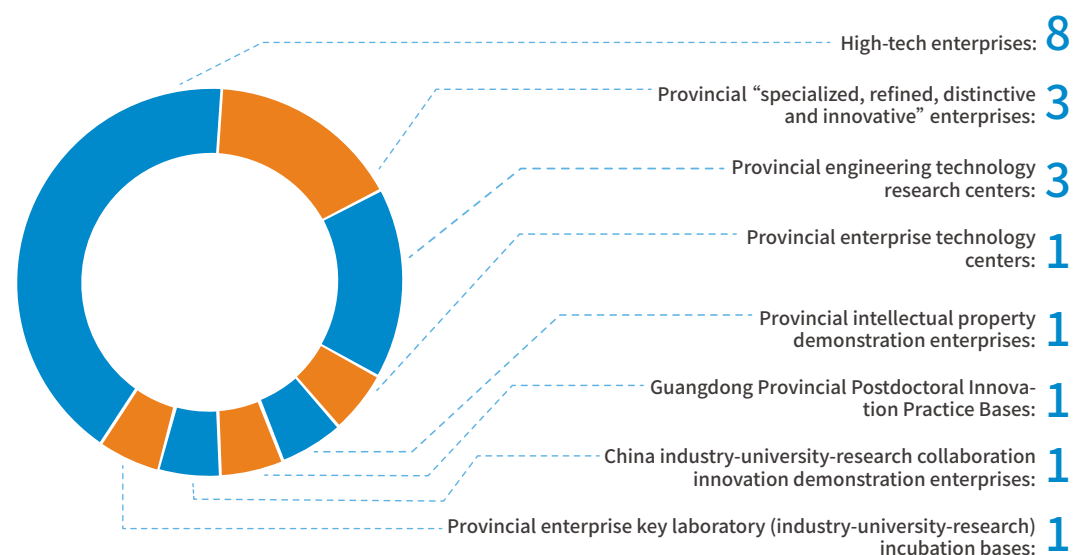
3.84 %

Research and development investment amount

RMB **1.85** million

Research and development investment as a proportion of revenue from principal operations²

1.37 %



¹ Proportion of research and development personnel = number of research and development personnel ÷ number of employees (excluding frontline sanitation workers) × 100%.

² Research and development investment as a proportion of revenue from principal operations = R&D expenditure (RMB 10,000) ÷ operating revenue (RMB 10,000) × 100%; the scope of operating revenue is consistent with the scope of the consolidated financial statements.

Technology Research and Development Innovation

The Company adheres to innovation-driven and technology-led development, promoting the deep integration of technology research and development with production and business operations in alignment with business development needs. In 2025, the Company focused on advancing whole-chain technology research and development innovation across areas including resource utilization, energy conservation and carbon reduction, intelligent safety, and green governance. It achieved breakthroughs in multiple key technologies, implemented a series of research commercialization and technical transformation projects, and infused strong technological momentum into the high-quality development of both the Company and the industry.

(1) Solid Waste Treatment Sector

By advancing frontier key technology breakthrough research and operational technical transformation optimization, the Company achieved breakthroughs in core technologies including chemical recycling of waste plastics, fly ash resource utilization, and waste combustion simulation. It also advanced the implementation of technical transformation projects such as in-furnace desulfurization and intelligent ash removal, developed low-temperature deNO_x catalysts, and established integrated process packages for waste heat utilization and production of materials from solid waste. These efforts enabled the resource utilization of waste, fly ash, slag, and waste acids and alkalis, while simultaneously improving operational efficiency and system stability. The organic waste treatment business focused on the high-value utilization of organic waste materials by developing technologies including composite carbon sources and low-temperature flue gas waste heat recovery, establishing an industrialized closed loop, and expanding utilization pathways for feed and fertilizer applications. Through the "turning waste into resources" model, the business reduced costs and improved energy efficiency.

(2) Energy Sector

The Company focused its independent technology research and development efforts on three key areas. First, it developed an intelligent safe LPG supply system, transforming the fragmented "one cylinder, one stove" gas supply model into a centralized "micro-pipeline network" gas supply model, thereby addressing at source the pain points of non-compliant gas use and regulatory difficulties in the LPG industry. Second, it carried out key technology research on oxygen-enriched combustion to support energy-intensive industries such as ceramics and metallurgy in energy conservation and carbon reduction. Third, it developed high-efficiency, low-cost amine-based carbon capture technology to help reduce purification costs in the biomethane production from biogas business, while proactively exploring carbon capture, utilization, and storage (CCUS) technology for the waste-to-energy industry, supporting the Company's achievement of its "carbon peaking and carbon neutrality" targets.

(3) Water Supply Business

Focusing on the key challenge of emerging contaminant control technology research and development, the Company completed the acceptance of a provincial-level research project, screened priority controlled emerging pollutants, and developed a low-cost pre-oxidation and pre-adsorption-coupled process technology package adaptable to waterworks retrofitting.

(4) Drainage Business

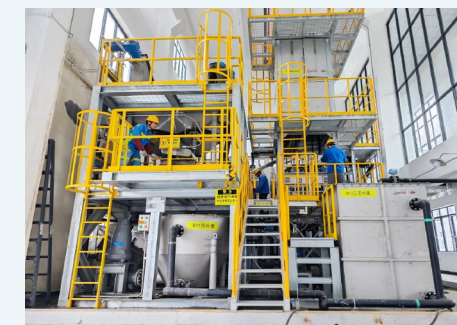
The Company achieved a breakthrough in core technology for high-efficiency sulfur autotrophic denitrification. Its self-manufactured denitrification carriers require no external carbon source addition, driving the green and efficient upgrade of sewage treatment.



Case Study

Contributing to "Waste-free Cities" Development: Grandblue Achieves Resource Utilization of Drainage Sludge

Grandblue has established an "integrated plant, network, and source" drainage operations model, operating more than 2,000 kilometers of sewer network across seven towns and sub-districts in Nanhai District. Drainage sludge generated from sewer network cleaning is rich in inorganic sand particles and organic matter, offering significant resource utilization value. Located at Pingzhou Water Treatment Plant, the drainage sludge project has a daily treatment capacity of 30 tons and adopts integrated washing and screening technology for material classification and dewatering. Fine sand is used for backfilling works, gravel is utilized as building materials or landscaping materials, and organic matter is processed into soil amendments or fertilizers. The project equipment operates within an enclosed environment and is equipped with an odor collection system, while recycled water from the water treatment plant is used for co-processing of wastewater, achieving zero odor and zero emissions. The project fills a gap in Foshan's drainage sludge treatment capacity and provides a replicable demonstration model for regional "Waste-Free Cities" development.



Grandblue Drainage Sludge Project Production Equipment

Digital Intelligence Innovation

Centered on its four major business segments of solid waste, urban services, water supply, and drainage, the Company is comprehensively advancing digital and intelligent transformation. By developing intelligent platforms, implementing AI applications, enhancing data governance, and deepening digital twin applications, the Company is driving intelligent upgrades across the full chain of production and operations, safety management and control, and customer services. These efforts have effectively improved operational efficiency, reduced energy and material consumption, and strengthened scientific decision-making, yielding significant results in digital and intelligent transformation.

Grandblue Environment Artificial Intelligence Joint Research Institute

In 2025, the Grandblue Environment Artificial Intelligence Joint Research Institute was formally established. The Institute focuses on three major research areas: model development, algorithm development, and intelligent application research and development. It aims to leverage next-generation artificial intelligence technologies to build a large AI model for the environmental protection industry and an intelligent application platform, creating China's first environmental protection "industry superbrain" and "enterprise superbrain," and injecting sustained momentum into the digital and intelligent transformation of both the Company and the environmental protection industry.

Building a private-domain foundation model: by integrating the Company's core knowledge assets, the Company enhances its overall intelligence level and independent innovation capabilities, providing a unified and reliable underlying AI infrastructure for strategic decision-making and business development.

Developing a customized proprietary business model to provide precise, secure, and efficient AI services, strengthening data governance and business analysis capabilities for key departments, and contributing to improvements in management quality, operational efficiency, and overall effectiveness.

Advancing the intelligentization of high-value scenarios by focusing on high-proportion and high-value operational segments, leveraging digital intelligence to improve operational efficiency, reduce costs, enhance risk response capabilities, and strengthen the competitiveness of principal business operations.

Empowering the intelligent upgrade of traditional systems, the Company is building a digital and intelligent management system covering the entire process, optimizing resource allocation, strengthening process coordination and data-driven management, and enhancing the modernization of its governance system and governance capabilities.

Artificial Intelligence (AI) Empowering the Green Development Ecosystem

In 2025, Grandblue, together with leading enterprises including Xray Bot, Alibaba Cloud, Ztccloud, Kingdee, Inspur, JD.com, Glodon, and Sugon, announced the joint development of an "AI-enabled green development ecosystem." The parties will jointly carry out high-quality AI research and practical applications, build the core engine of an environmental protection industry superbrain cluster, develop an inclusive general technology platform and open ecosystem, and lead the development of a new intelligent environmental protection landscape.

Progress and Outcomes of Digital Intelligence Applications

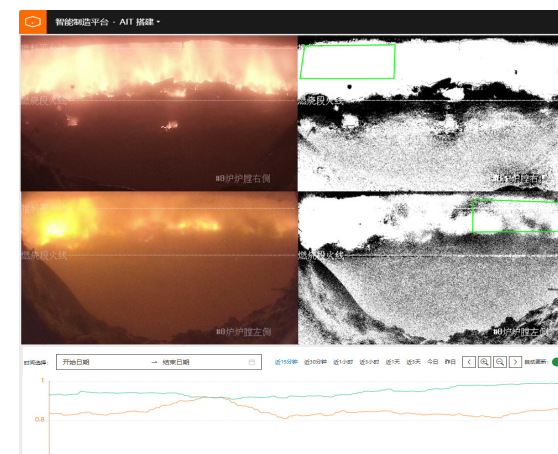
(1) Solid Waste Business: Digital and Intelligent Production Management Platform

The Company's digital and intelligent production management platform has achieved full coverage across 25 waste-to-energy projects. The platform is capable of real-time data acquisition from more than 400,000 measurement points, synchronization with over 1,200 DCS interfaces, deployment of nearly 400 performance calculation dashboards, configuration of more than 4,400 alarm trigger rules, and automatic generation of over 600 report types. It produces an average of more than 50,000 high-quality data entries per day, establishing a full-process, multi-dimensional production data management and control system and providing strong support for achieving clear visibility, precise calculation, and effective management in production management and control.



(2) Solid Waste Business: Intelligent Waste Incineration Control System

In 2025, the Company's intelligent waste incineration control system was implemented and deployed across 10 companies and 19 incinerators. Through the innovative integration of AI algorithms with complex operating conditions, the system establishes an intelligent control chain integrating sensing, decision-making, and execution, effectively addressing the challenge of combustion control under high-disturbance operating conditions. The system has comprehensively achieved the objectives of safety, stability, efficiency, and burden reduction. Compared with manual operations, steam flow stability has improved by more than 23%, boiler evaporation performance has met targets and exceeded manual operation levels, and equipment operation has become more stable, extending service life and reducing maintenance frequency, while continuously optimizing energy and material consumption.



(3) Solid Waste Business: Solid Waste Treatment Environmental Protection Industrial Park Digital Twin System

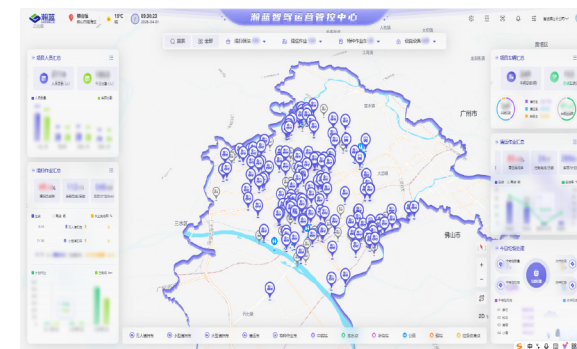
The solid waste treatment environmental protection industrial park digital twin system developed by the Company adopts technologies including sensors, Internet of Things (IoT), virtual reality (VR), and AI to build a virtual model synchronized in real time with the physical park, effectively supporting simulation analysis and decision optimization and addressing industry management and control challenges through technological innovation.

The digital twin system establishes a 1:1 high-fidelity virtual model by integrating all-element data including appearance characteristics, equipment and processes, and pipe network structures. It also integrates core systems including the AI "industrial intelligence platform," automated waste crane control system, and production digital and intelligent management platform, forming a unified digital foundation and achieving an upgrade from the "tool level" to the "intelligent decision-making level." By developing a "public livelihood visualization" module, core data including waste intake volume, incineration efficiency, and flue gas emissions are synchronized in real time, enabling users to intuitively view the entire waste treatment process. This approach resolves social trust barriers through data transparency while simultaneously supporting production and operational decision-making.



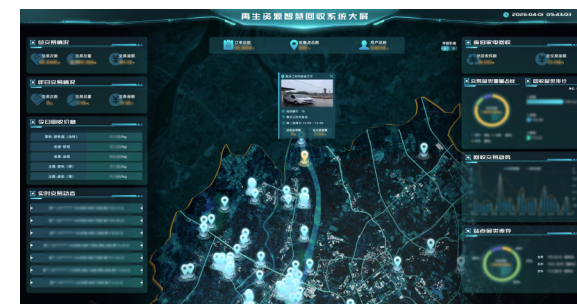
(4) Urban Service Business: Intelligent Driving Operation and Control Platform and Human-Machine Collaboration

The "intelligent driving operation and control platform," independently developed by the Company, achieves integrated connectivity across mini-program, PC, and large-screen display terminals. The platform has cumulatively developed more than 260 functional features, successfully establishing unified access and intelligent dispatching capabilities for autonomous sweepers, and securing leadership in core intelligent equipment management technologies. Building on this foundation, the Company has further deepened the human-machine collaboration model. In 2025, the proportion of human-machine collaboration area exceeded 30%, driving an approximately 30% improvement in overall operational efficiency and effectively enhancing the refined management level of urban services.



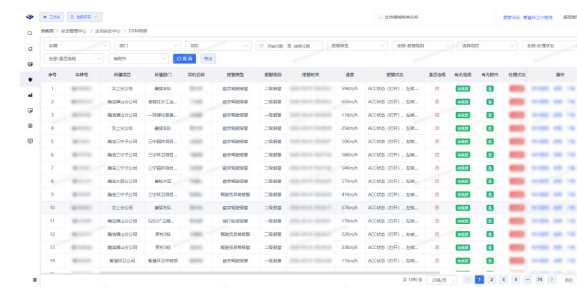
(5) Urban Service Business: Smart Recycling Platform

In 2025, the smart recycling platform continued to enhance its functional system, completing 14 version iterations during the year and adding 132 new functional features, including the successful launch of the appointment-based bulky waste collection system and the construction and demolition waste disposal system. Through digitalized operations, the platform effectively enhanced government regulatory efficiency, significantly improved the public service experience, and provided strong support for the transition of the recyclable resources business toward intelligent operations.



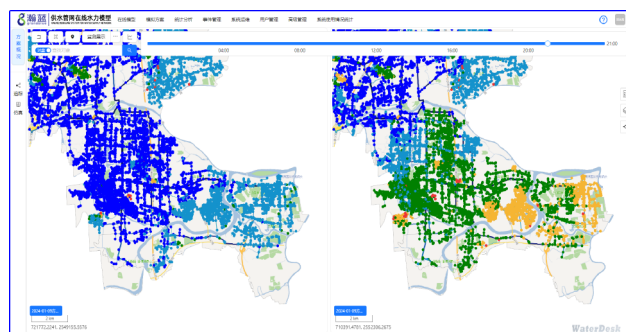
(6) Urban Service Business: Safety Management Centre

Leveraging advanced driver assistance system (ADAS) and AI video surveillance technologies for stations, the Safety Management Center established an intelligent early warning system for traffic violations and an online closed-loop resolution mechanism. Through remote real-time supervision, traffic safety risks are effectively reduced, driving the transformation of operational decision-making from traditional experience-driven approaches to data intelligence-driven models, and strengthening the operational safety defense line.



(7) Water Supply Business: Online Hydraulic Model

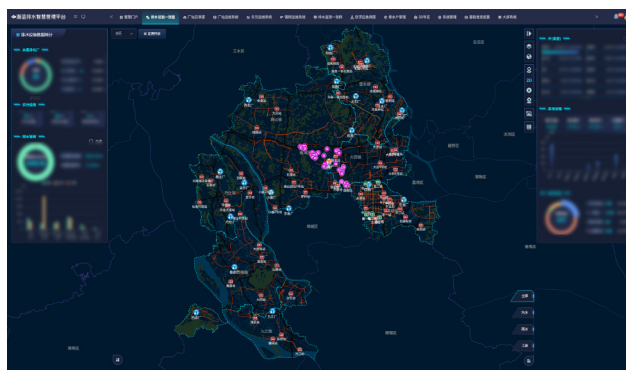
With digital twin technology at its core, the Company has established a real-time online hydraulic model system covering the 900-square-kilometre water supply pipeline network in Nanhai District, Foshan City. The system, built on a domestic platform, comprehensively integrates multi-source heterogeneous data and achieves high-frequency simulation analysis at five-minute intervals. It possesses core capabilities including real-time dynamic simulation, anomaly early warning, and valve shutdown analysis, successfully establishing an "intelligent brain" for pipe network operations management.



In 2025, the system was extensively applied across key scenarios including special planning formulation, joint dispatch of water plants, and pipe burst emergency response. Through precise analysis, emergency response time was significantly reduced from 2 hours to 0.5 hours, a fourfold improvement in efficiency, substantially enhancing the emergency response capability of the water supply system.

(8) Drainage Business: Smart Drainage Management Platform

The smart drainage management platform leverages information and intelligent technologies including IoT, cloud computing, big data, and AI to break down information barriers, achieve digital integration of fundamental data for regional drainage facilities, and provide single-map visualization of "plant-network-source-river" business operations, thereby improving the informatization and refined management level of the drainage business.



In 2025, the Company continued to advance the development of the Grandblue Smart Drainage Management Platform, focusing on functional iteration, system rollout, and data governance. It strengthened intelligent sensing and AI integration capabilities, achieved fully unmanned control across the entire process at water treatment plants and pumping stations, completed the deployment of AI-based sludge settling ratio recognition at five water treatment plants with an accuracy rate exceeding 95%, and carried out drone inspection and pipe network video defect detection training. Concurrently, iteration work for Version 4.0 of the platform was initiated, and when the upgrade is completed in 2026, the platform will incorporate more than 100 new and optimized functional features.

Deepening Strategic Industry-University-Research Collaboration

The Company adheres to an industry-university-research collaboration model characterized by "cutting-edge technology support from universities and colleges and business scenario implementation by the enterprise," focusing on the core needs of the environmental protection industry, deepening collaborative innovation between enterprises and universities, and building differentiated core competitive advantages.

(1) Aligning with national strategies and leading major project breakthroughs.

By accurately aligning the research strengths of universities with the Company's industrial practices, the Company jointly applied with Tsinghua University for and successfully secured the National Key Research and Development Program of China project—Integrated Demonstration of Multi-source Solid Waste Synergistic Utilization Technology for Industry-City Integration in the Guangdong-Hong Kong-Macao Greater Bay Area. In 2025, the project successfully passed the research implementation plan assessment and on-site defense. In collaboration with universities and sub-project teams, investigations into solid waste generation and discharge conditions in five Greater Bay Area cities—Foshan, Shenzhen, Dongguan, Zhuhai, and Zhongshan—were completed. The project identified 12 categories of co-processing solid waste and key testing indicators, established a refined simulation model for a 750-ton/day incinerator, and innovatively designed a multi-objective intelligent formulation algorithm framework. The demonstration project has now entered the civil construction phase, providing critical technical support for the development of a "waste-free bay area."

(2) Deepening technology collaboration and driving the practical implementation and commercialization of research outcomes.

Leveraging the industry-university-research platform, the Company continues to expand both the breadth and depth of enterprise-university collaboration. Ceramic oxygen-enriched combustion technology jointly developed with Kunming University of Science and Technology has been successfully applied in Kunming, achieving practical implementation. Phytoremediation research funded by the Guangdong-Foshan Fund and jointly developed with South China Normal University has completed the relevant research projects, providing a scientific basis for heavy metal soil remediation in South China. These achievements have strongly promoted the deep integration of frontier technologies with industrial practices, contributing to the Company's technological innovation and high-quality development.

Intellectual Property Management

Intellectual Property Management System Development

In 2025, centered on institutional documents including the *Intellectual Property Management Regulations* and the *Grandblue Guidelines for Standardized Patent Process Management*, the Company advanced work across two core areas and two platforms:

1. Refined overall life-cycle intellectual property management platform. The Company established a full-process intellectual property management model covering "mining—application—authorization—maintenance—post-evaluation," achieving full-chain refined intellectual property management. During the mining stage, the traditional "migratory bird" disclosure and mining model was replaced, effectively reducing communication costs. During the application stage, a Group patent pool was established and a fast-track preliminary examination channel for invention patents was opened. During the maintenance stage, dynamic monitoring of the validity of all authorized patents across the Group was fully implemented. During the post-evaluation stage, value assessments were conducted for authorized patents, and targeted plans for abandonment or optimization were formulated to achieve cost reduction and efficiency improvement.

2. Intellectual property risk prevention and early warning platform. The Company has established a comprehensive intellectual property risk prevention and early warning system covering all aspects of enterprise operations and management across six modules: personnel management (intellectual property management in onboarding and offboarding processes); legal compliance management (intellectual property-related contract administration and patent ownership management); research and development management (intellectual property management during project initiation and completion of research projects); information management (intellectual property intelligence analysis and patent data statistics); hierarchical management (three-tier intellectual property management across headquarters, business divisions, and project companies); and supply chain management (intellectual property management in procurement and commercial processes), thereby achieving early warning, effective prevention, and control of intellectual property risks.

Intellectual Property Workstation Development

The Grandblue Intellectual Property Protection Workstation, as one of the first entities to establish a workstation under the Foshan City Intellectual Property Protection Workstation initiative and the only enterprise-type intellectual property protection workstation in Foshan City, officially commenced operations in December 2020. Since its establishment, with strong support from the Foshan City Market Supervision Administration and professional guidance from the Foshan Intellectual Property Protection Centre, the workstation has focused on the core needs of enterprise innovation and development. Centered on key areas including patent portfolio strategy, risk prevention and control, operational commercialization, and rights protection support, it has established a specialized intellectual property service system, effectively supporting the Company's technological innovation and industrial upgrade, contributing to the optimization of the regional intellectual property operational ecosystem, and serving the implementation of the innovation-driven development strategy.

Through a series of initiatives, including company-wide intellectual property awareness development, the deepening of patent life-cycle management, and the implementation of the first PCT international patent application, the Group continues to enhance its comprehensive capabilities in intellectual property management, protection, and utilization, injecting strong momentum into innovation-driven and sustainable development.

Intellectual Property Management Capability Enhancement

Through company-wide intellectual property awareness development and the deepening of patent life-cycle management, the Company continuously strengthens its intellectual property management foundation. During the reporting period, the first PCT international patent application was successfully filed, marking substantive progress in the Company's international intellectual property strategy. These initiatives have systematically enhanced the Group's comprehensive capabilities in intellectual property management, protection, and utilization, injecting strong momentum into its innovation-driven and sustainable development.

Number of invention patent applications filed relating to principal business operations¹

15

Number of invention patent applications filed during the reporting period

15

Number of invention patents granted during the reporting period

9

Number of utility model patents granted during the reporting period

55

Number of valid patents during the reporting period

561

Number of software copyrights granted during the reporting period

10

Number of valid software copyrights during the reporting period

73

¹Principal business operations refer to the Company's business activities excluding non-principal business items such as investment income, non-operating income, and gains and losses from changes in fair value. Invention patents refer to invention patents within the total number of valid patents, excluding design patents and utility model patents.

Collaborative Innovation Ecosystem Development

Fully leveraging the resource integration advantages of a supply chain lead enterprise, the Company has established a whole-chain innovation support system covering "laboratory testing—pilot-scale industrial testing—business enablement." By developing an open and collaborative innovation ecosystem, the Company works together with upstream and downstream innovative enterprises, research institutions, and industry partners to establish a fast-track pathway from technology research and development to industrialized application, accelerating the testing, verification, and scenario-based implementation of frontier industry technologies, and driving industry technology upgrade and high-quality development.

Industrial Innovation Incubation

To accelerate the transformation of frontier technologies into industrial applications and build a collaborative innovation ecosystem, Grandblue has established Guangdong Province's first vertical incubation platform for environmental protection industry startups, which continues to grow by leveraging Grandblue's industrial expertise and market resources. As at the end of 2025, the Grandblue Environmental Protection Industry Incubator had a facility area of 6,195.45 m² and had cumulatively incubated more than 90 high-growth enterprises. It had also cumulatively introduced nine high-level talent teams recognized at the provincial, municipal, and district levels, including two provincial talent teams, one Foshan municipal talent team, three Foshan High-tech Zone talent teams, and three Nanhai District "Blue Ocean Talent Program" talent teams.

Public Testing Platform Development

To support the Company's technology R&D requirements while facilitating the growth of small and medium-sized enterprises across the industrial value chain, Grandblue has adopted an open and collaborative approach to address the limited access of such enterprises to professional testing facilities and high-end instrumentation. Leveraging its internal R&D resources, the Company established the Grandblue Research Institute Laboratory Testing Center as an industry-oriented public testing service platform.

The Center currently possesses testing capabilities across multiple fields including water quality, soil, solid waste, and atmosphere. In 2025, CMA-accredited testing items expanded to 1,281. The Center is also equipped with 638 m² of small-scale experimental facilities, enabling it to provide comprehensive and professional environmental testing services to both the Company's internal business units and external partners.

Science and Technology Innovation Investment

In 2025, Grandblue Environment invested RMB 50 million to establish the "Grandblue Technology Innovation Special Investment Program," focusing on upstream and downstream segments of the industrial chain and strategic emerging industries, and supporting the development of early- to mid-stage hard tech teams through direct investment.

Linnuo Environmental, one of the Company's invested projects, achieved steady growth in both revenue and profit, with revenue increasing by 40% year-on-year and profit rising by 23%. During the year, the company was recognized as a "Provincial 'Specialized, Refined, Distinctive and Innovative' Enterprise," while the national-level recycled glass-based coating research project led by the company progressed smoothly and entered the pilot-scale stage. Another invested project, Aigan Technology, whose "electronic nose" technology won a gold medal at the Geneva International Exhibition of Inventions, completed financing exceeding RMB 10 million during the year, with the enterprise valuation continuing to increase.

Occupational Health and Production Safety

Occupational Health Management

Grandblue Environment strictly complies with laws and regulations including the Work Safety Law of the People's Republic of China and the Occupational Disease Prevention and Control Law of the People's Republic of China. The Company has established and consistently improved its occupational health management system, clearly defining a collaborative management mechanism under which the Human Resources Department assumes overall responsibility for organizing occupational health examinations, while the Safety, Health, and Environment Department oversees full-process implementation, effectively safeguarding employees' occupational health and safety.

Improving the Organizational Support System

The Company has established and strengthened its organizational structure for occupational health management, configured full-time and part-time management personnel in accordance with regulatory requirements, signed EHS responsibility agreements at all levels, clearly defined responsibilities, duties, and work objectives, and reinforced management accountability across all levels.

Advancing Management Standardization

The Company has compiled an occupational health and safety management system tailored to its business characteristics, breaking occupational disease prevention and control work down into 12 specialized tasks, thereby promoting the systematization and process-oriented management of occupational health work and effectively reducing occupational disease risks.

Implementing Overall Lifecycle Health Surveillance

The Company strictly implements occupational health examinations covering the full lifecycle stages of pre-employment, in-service, and pre-departure, ensuring that examination results are promptly communicated to employees and confirmed through personal signatures, thereby effectively safeguarding employees' right to information and occupational health rights and interests.

Deepening Hazard Detection and Control

The Company engages qualified institutions to conduct hazardous factors monitoring and current status assessments in workplaces, with no exceedances of hazardous factor limits identified. The Company also continues to implement specialized control measures targeting odors, dust, and harmful gases in waste storage facilities, ensuring that the working environment meets applicable safety standards.

Standardizing Personal Protective Equipment Management

Occupational protective equipment is issued in accordance with relevant standards, specialized occupational health inspections are conducted, and non-compliant wearing behavior is promptly corrected, thereby strengthening occupational health protection for employees.

Employee work injury insurance investment^{*1}RMB **16.9910** millionEmployee work safety liability insurance investment amount^{*2}RMB **2.8820** million

Employee work injury insurance coverage rate

100 %

Employee work safety liability insurance coverage rate

59 %Employee occupational health examination coverage rate^{*3} (Pre-employment)**100** %Employee occupational health examination coverage rate^{*3} (In-service)**100** %Employee occupational health examination coverage rate^{*3} (Pre-departure)**100** %Number of employee fatalities due to work-related injuries: **0**Employee occupational disease cases: **0**

^{*1} The calculation of work injury insurance investment and coverage rate is based on the number of employees, excluding frontline sanitation workers.

^{*2} In accordance with the Work Safety Law of the People's Republic of China and relevant regulations, the Company is not a production and business operation entity engaged in production activities in high-risk industries such as coal mining, non-coal mining, or hazardous chemicals, and therefore does not fall within the scope requiring mandatory work safety liability insurance. For enterprises outside high-risk industries, the State encourages voluntary subscription based on individual risk profiles, with a view to distributing accident compensation liability and enhancing safety management standards.

^{*3} The scope of employee occupational health examinations covers positions involving occupational health hazards.

Work Safety Management System

(1) Deepening System Development to Build a Comprehensive Safety Management Landscape Across All Business Segments

The Company has established an EHS Committee as the highest leadership body for EHS management. In 2025, the Company advanced a comprehensive upgrade of its EHS management system, preliminarily establishing a new systematic and long-term management framework across all business segments. The Company innovatively developed a comprehensive EHS management effectiveness evaluation system across all business segments, accurately assessing the management level of each business segment through evaluations of management elements, thereby driving EHS management into a new stage of standardization. The occupational health and safety management system has been continuously improved. As at the end of the reporting period, a total of 55 subsidiaries had obtained ISO 45001 certification, with an operational project coverage rate of 42.97%.

(2) Reinforcing Primary Responsibilities and Consolidating the Institutional Defense Line

The Company strictly fulfills its primary responsibility for work safety by compiling the *Work Safety Performance Record List for Principal Responsible Persons*, clearly defining performance requirements and conducting regular inspections to ensure that the principle of "one position with dual responsibilities" is effectively implemented throughout all levels of the organization. The Company has established a "dual main line" advancement approach,

issuing the *EHS Management Manual* to unify and standardize management requirements and build a long-term management ecosystem. Professional team development has also been strengthened. At the end of the reporting period, the Company had 305 full-time safety management personnel, including 163 intermediate certified safety engineers, as well as 668 part-time safety officers, providing robust talent support for safety management.

(3) Establishing an EHS Management Effectiveness Evaluation System

The Company has innovatively established a comprehensive EHS management effectiveness evaluation system across all business segments, adopting a "dual-track advancement approach" combining EHS management effectiveness and safety culture evaluation, building the overall framework, compiling the EHS Management Manual, establishing a tool library, and cultivating a team of 45 evaluators. This initiative has standardized EHS management requirements, driving the formation of a long-term management ecosystem and promoting a comprehensive upgrade of the management system toward greater systematization and long-term effectiveness. It has preliminarily established a new management landscape across all business segments, marking the Company's EHS management as entering a new stage of standardization and laying a solid institutional foundation for enhancing governance capabilities.

(4) Increasing Safety Investment with Significantly Enhanced Outcomes

The Company ensures that work safety investment is fully guaranteed in accordance with applicable laws and regulations. In 2025, a total of RMB 122.2421 million was invested, primarily in key areas including safety facilities upgrades, hazard identification and rectification, safety education and training, and emergency supplies stockpiling, comprehensively strengthening the safety defense line. No major or more severe production safety accidents occurred during the year.

Work safety investment amount

RMB **122.2421** million

Number of entities that have passed external ISO 45001 Occupational Health and Safety Management System certification:

55

Percentage of entities that have passed external ISO 45001 Occupational Health and Safety Management System certification as a proportion of all operational projects across the Group

42.97 %Major and more severe production safety accidents **0** incidentsNumber of full-time safety management personnel **305**Number of personnel holding intermediate certified safety engineer qualifications **163**Number of part-time safety officers **668**

Proactive Safety Culture Development

The Company has established an EHS vision of "upholding the proactive safety philosophy, continuously optimizing the effective EHS management system, and achieving the zero-accident and zero-pollution goal," using ambitious targets to inspire the EHS management potential of managers at all levels. Guided by the EHS policy of "people-centered, upholding bottom lines, prevention first, and full staff participation," the Company consistently prioritizes employee safety and health, firmly upholds the non-negotiable requirements of applicable laws and regulations, and establishes a full lifecycle prevention and control mechanism featuring "prevention before the event, control during the process, and improvement after the event." The Grandblue Three-Year Action Plan for Proactive Safety Culture (2024–2026) has been issued and implemented, mobilizing all employees to actively participate in safety culture development and fostering a strong proactive safety atmosphere through distinctive safety culture initiatives and diversified publicity activities.



To strengthen the foundation of safety management, the Company has established a dual-engine model integrating "proactive safety culture and EHS management system," with work teams serving as the core unit, and achieves closed-loop responsibility management through the "5831 Work Team Safety House" management model. Three progressive implementation strategies are applied. First, cultural empowerment is promoted through the immersion of the "Grandblue Five Hearts" culture and the development of autonomous management systems. Second, mechanism innovation is advanced through the application of dual prevention tools including KYT (Kiken Yochi Training) hazard prediction and the STOP 5-second rule. Third, target leadership is implemented through "zero defect" management standards, driving the transformation of safety management from passive defense to proactive safety creation.



Case Study | The Company's Safety Culture Development Achievements Recognized at Provincial Level

In 2025, the Company achieved a significant milestone in safety culture development by being recognized as a "Guangdong Provincial Demonstration Enterprise for Safety Culture Development." Through systematic development, management practice innovation, and comprehensive fulfillment of company-wide safety responsibilities, the Company successfully passed the evaluation, marking Grandblue's safety culture development as having reached a leading level within the province. This recognition represents authoritative acknowledgement of the Company's commitment to the safety development philosophy and its continuous advancement of safety culture.



Case Study | The Company Receives 15 National-level Standardized Work Safety Management Team Recognitions

In the 2025 China Association of Work Safety (CAWS) Standardized Work Safety Management Team evaluation, 11 work teams under the Company's Solid Waste Business Group stood out among more than 1,800 participating work teams nationwide, receiving a total of 15 national-level honors, including 7 "Class 1 Work Teams," 4 "Class 2 Work Teams," and 4 "National Outstanding Work Team Leaders." This recognition fully demonstrates the Company's systematic achievements in grassroots safety standardization and execution capability.



Safety Supervision and Inspection

The Company has established and continuously strengthened a mechanism for EHS production supervisory inspections led by company leadership, serving as an important means of implementing visible leadership and upholding the principle of "prevention first." Under this mechanism, senior management and management personnel at all levels regularly conduct systematic on-site supervisory inspections at the front lines of operational units, transmitting safety bottom line requirements from top to bottom and reinforcing safety responsibilities at every level. Supervisory inspections focus on key areas and critical risks, with clearly defined rectification requirements and completion deadlines for all identified issues, and closed-loop hazard rectification management implemented throughout.

Total number of EHS inspections conducted

14,729 sessions

EHS hazard rectification completion rate

98.58 %

Safety Risk Governance

In the area of safety risk governance, the Company consistently adheres to the principles of prevention first and combined prevention and control, focusing on transforming safety management from after-the-event response to before-the-event prevention, and systematically advancing the development of safety risk control mechanisms grounded in actual production and business operations.

(1) Building an End-to-end Risk Management and Control System

Guided by the core principles of "full staff participation, tiered management and control, dynamic prevention and control, and closed-loop management," and with clearly defined objectives, responsible parties, process standards, and safeguard measures for each stage, the Company has established a whole-chain closed loop covering risk identification, assessment, classification, management and control, early warning, and review. Thus, they have built a comprehensive management and control framework featuring full coverage across all levels and functions, with responsibilities assigned to individuals and measures fully implemented.

(2) Consolidating the Institutional Foundation of EHS Management

The Company strengthens top-level design by systematically reviewing laws and regulations applicable to multiple business segments and regions, improving the EHS policy and management framework, and establishing EHS management effectiveness evaluation standards. Through comprehensive assessments of the management status and key risks of each business division and project company, management gaps are precisely identified and addressed.

In 2025, the Company successfully completed EHS management effectiveness evaluations for 50 project companies under its management, achieving full coverage of evaluations and assessments for key projects across all business segments. Through these initiatives, EHS management processes have been further standardized, risk prevention and control awareness and capabilities among all employees have been strengthened, and EHS management has been advanced toward standardization and normalization. Various safety risks have been effectively prevented and mitigated, the safety production defense line has been solidly reinforced, and a strong institutional and management foundation has been established for the Company's green, healthy, and safe development.

Safety Emergency Preparedness

In the area of safety emergency preparedness, the Company has established an integrated emergency management system featuring a sound organizational structure, comprehensive emergency response plans, orderly preparedness arrangements, and effective on-duty management.

Improving the Emergency Organizational Structure

An emergency response organization has been established under the leadership of the principal responsible person, comprising six functional sub-groups covering emergency rescue, supply support, communication and liaison, alert and evacuation, medical aid, and public opinion monitoring and management, thereby ensuring comprehensive coverage of all key aspects of emergency management.

Improving the Emergency Response Plan System

The Company has formulated and issued a General Emergency Response Plan together with a series of special emergency response plans covering production safety, natural disasters, and sudden environmental incidents, forming a comprehensive emergency management framework with clearly defined responsibilities, authority, and standardized processes, thereby providing comprehensive guidance for early warning and response, post-incident handling and recovery, and training and drills.

Consolidating the Emergency On-duty Defence Line

Adhering to the principle of moving the checkpoint forward and preventing problems before they occur, the Company issues targeted special work notices and deploys comprehensive defense measures in response to critical periods such as flood season and typhoon conditions. In accordance with warning levels for different meteorological disasters, on-duty personnel, operational personnel, department management, and executive management teams are deployed in advance to implement 24-hour emergency on-duty arrangements, ensuring efficient closed-loop management of flood, typhoon, and storm surge defense command, emergency response, and risk management, and effectively safeguarding the safe and stable operation of production and business activities during such periods.

Number of emergency response drills conducted (comprehensive drills)

228 sessions

Number of emergency response drills conducted (specialized drills)

661 sessions

Number of emergency response drills conducted (on-site disposal plan drills)

910 sessions

Emergency response drill participation

27,402 person-times

Intelligent Safety Management

The Company is deeply committed to EHS informatization, building an intelligent safety management system centered on digitalization and intelligentization, and driving the transformation of safety management toward greater efficiency and precision.

(1) Building a Digital Management Closed Loop

The Company has developed the Grandblue EHS System, comprehensively covering full-process functions including emergency incident response, risk classification-based control, and hazard identification and rectification, thereby achieving closed-loop digital management. An environmental data management platform has also been established to enable normalized monitoring of pollutant discharge. Through the enhancement of the EHS "data dashboard" and the completion of multi-platform data integration, the level of management intelligentization continues to improve. Currently, Phase II of the Grandblue EHS System has been fully launched, and the informatization development of the effectiveness evaluation system has been completed.

(2) Deepening AI Technology Enablement

An AI safety supervision platform has been established, integrating multiple visual recognition technologies and independently developed AI algorithms adapted to business needs, thereby achieving round-the-clock safety monitoring across key areas. Phase II of the platform has achieved coverage across multiple stations and operational scenarios, with algorithm optimization and platform migration and rollout completed. Through pilot applications, core algorithms, including vehicle fall protection hook detection and safety helmet recognition, have approached maturity, effectively enabling precise monitoring of high-risk areas and habitual safety violations by personnel.

(3) Planning for Comprehensive Rollout and Application

Following the principle of "industry-specific measures," the Company is progressively rolling out the AI safety supervision system across all project companies under its management. AI safety monitoring scenarios are tailored to the characteristics of different business segments to ensure technological adaptability, maximize the supporting role of intelligent technologies in safety management and comprehensively strengthen the intelligent safety defense line.

Safety Education and Training

The Company places great importance on safety education and training, adhering to a normalized, professional, and diversified approach. By establishing a systematic training framework and continuously advancing training standardization, enriching delivery formats, and optimizing content, the Company is developing a high-caliber safety management team and providing strong support for the high-quality development of work safety.

Strengthening the Professional Team Development

Junior registered safety engineer evening tutorial classes have been established, with both online and offline instruction delivered outside working hours, effectively strengthening the professional talent pipeline for safety management.

Enhancing Practical Emergency Response Skills

Specialized training sessions for fire safety managers are organized using a "theory and practice" model, with expert instructors invited to deliver training and practical drills conducted to effectively strengthen participants' fire safety capabilities.

Enhancing Integration of Business Operations and Safety

For key areas including production and operations, engineering construction, and related party management, the Company breaks down departmental barriers through formats such as on-site observation, experience sharing, and thematic seminars, focusing on management challenges and driving the deep integration of safety management with business operations.

Number of participants in safety education and training
320,442 person-times

Number of safety education and training sessions conducted¹
17,400 sessions

Total safety education and training hours
373,710.7 hours

Average safety education and training hours per employee
15.94 hours

¹All indicators relating to safety education and training are, by default, based on the total number of employees covered.



Case Study | Addressing Pain Points in Third-party Safety Management: Organizing an Exchange and Discussion Seminar

On September 5, 2025, the Company's Office of the Work Safety Committee organized a thematic seminar on third-party safety management, attended by more than 50 safety management personnel from headquarters functional departments and various business units. The activity adopted a "practical sharing and problem tackling" dual-track model. Each business division conducted experience-sharing sessions on eight practical topics including visual management, homogenized standards, and tiered management and control mechanisms. An industry expert was also invited to deliver systematic instruction on the Six-step Contractor Safety Management Method, with on-site demonstrations of risk identification tool applications. The group discussion session focused on five categories of typical issues, including high-risk operation supervision, cross-operation coordination, and safety culture permeation. Through case reviews and process simulations, 12 specific solutions were developed and consensus was reached on 6 management measures, including "establishing a third-party safety scoring system" and "implementing electronic permit-to-work approval."

◆ Supply Chain Security

Supply Chain Management System

Focused on enhancing supply chain quality, efficiency, safety, and controllability, the Company comprehensively advances the development of a "transparent, efficient, and green" supply chain management system through systematic top-level design, establishing a modern supply chain management model characterized by collaboration, efficiency, clearly defined responsibilities and authority, and digital empowerment.

(1) Optimizing the Organizational Management and Control System

The Company has established an operational management and control structure featuring "vertical alignment and horizontal coordination." Vertically, a three-tier integrated management structure of "Group—business division—project company" is implemented to ensure smooth transmission of directives and unified standards. Horizontally, core supply chain functions are extended across all business divisions, with the Group coordinating key functions to effectively balance headquarters' strategic management and control with the operational efficiency of business units.

(2) Strengthening the Risk Prevention and Control Mechanism

The Company has established a procurement and tendering organizational structure featuring a "three-way separation of powers," under which decision-making, execution, and supervisory rights are independently exercised by different responsible parties. Collective deliberation and decision-making mechanisms, together with random selection and supervision mechanisms, are implemented to ensure that procurement and tendering activities are standardized, transparent, and impartial, thereby strengthening the defense line against integrity and operational risks.

Supply Chain Resilience Enhancement

Supplier Qualification and Evaluation

The Company places great importance on supplier management and adheres to the principles of "strict access control, scientific evaluation, and dynamic management". It has established a supplier lifecycle management system that integrates ESG risk management requirements throughout the entire supplier access and evaluation process, and is committed to building a safe, stable, and sustainable supply chain ecosystem.

Improving the Institutional System

The Company has established an institutional management system covering the entire supplier lifecycle, formulating and continuously optimizing internal regulations including the Supplier Management Regulations and the Supplier Qualification Management Measures, with clearly defined responsibilities and approval procedures. Access management adopts a progressive "two-step" process of "registering potential suppliers" and "introducing qualified suppliers," with differentiated pathways established according to business needs. The Company leverages the Grandblue Supply Chain Management Platform to achieve full online processing of supplier access procedures, thereby improving review efficiency while ensuring full process traceability.

Strengthening Risk Control Integrating ESG Considerations

During the supplier access stage, the Company connects with a third-party risk platform to conduct supplier due diligence. Risk assessment models are configured through the platform to automatically conduct risk assessments and standardize review criteria. The scope of assessment covers dimensions including basic qualifications, legal risks, operational stability, negative news, EHS risks, and internal and external blacklists, integrating ESG-related requirements into key considerations for supplier access control and strictly managing source risks.

Scientific Classification and Evaluation

The Company has established a standardized and well-ordered classification management system to accurately categorize supplier tiers. The *Qualified Supplier Performance Management Measures* have been formulated, establishing a multi-dimensional evaluation system covering contract performance capability, quality assurance, delivery timeliness, service standards, and cost compliance, with evaluations conducted through a combination of quantitative and qualitative approaches. Based on evaluation scores, suppliers are classified into four grades—A, B, C, and D—with strict control maintained over the proportion of Grade A suppliers. A dynamic management mechanism is also implemented under which suppliers are subject to tiered management or partnership adjustments based on periodic evaluation results. Non-compliant suppliers are subject to rectification, elimination, or blacklisting procedures, thereby forming a closed-loop management system that effectively screens for high-quality partners and safeguards the stable operation and security of the supply chain.

Total cumulative number of qualified suppliers registered in the system

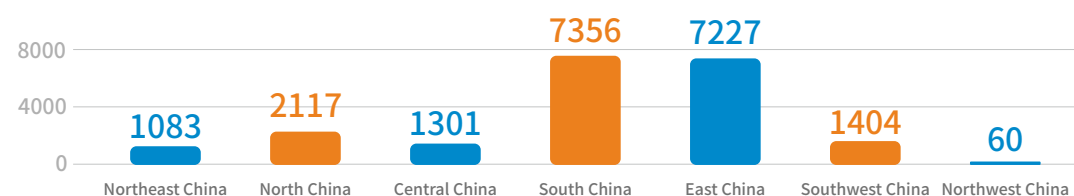
20,548 entities

Mainland China suppliers:
20,542 entities

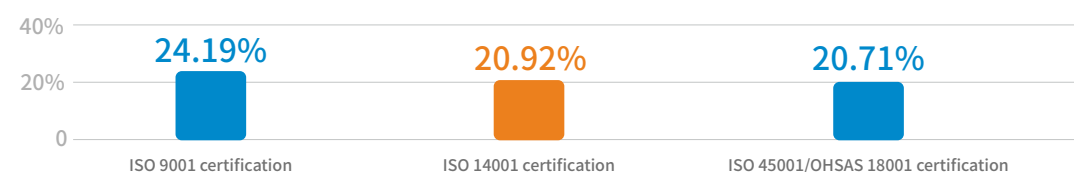


Hong Kong, Macao, Taiwan, and overseas suppliers:
6 entities

Number of mainland China suppliers classified by geographic sub-region



Percentage of qualified suppliers holding certifications



Number of tier-1 suppliers^{*1}

4,487 entities

Of which: number of key tier-1 suppliers^{*2}

103 entities

^{*1}Tier-1 suppliers are defined as suppliers at the "direct trading" procurement level — that is, Party B under the contract — excluding sub-contractors or contract manufacturers engaged by Party B.

^{*2}Key tier-1 suppliers are defined as suppliers within the tier-1 supplier pool that fall within key categories, as classified according to their importance to the Company's production and business operations.

Procurement Management and Supplier Empowerment

The Company upholds the philosophy of "standardized management and control, collaborative and mutual success." While ensuring compliant and efficient procurement, it places strong emphasis on building long-term, stable, and mutually beneficial partnerships, implementing multiple initiatives to empower suppliers in capability enhancement, and building a transparent, efficient, and green supply chain ecosystem.

(1) Strengthening Procurement Management and Control to Ensure Compliance and Efficiency

The Company strictly standardizes the entire procurement process, strengthens compliance management and contract performance supervision, and ensures that procurement activities are transparent and orderly through a comprehensive management system and rigorous execution standards.

In 2025, the Company's supplier contract fulfillment rate reached 99.88%, while the procurement compliance rate reached 100%, effectively safeguarding the safe and stable operation of the supply chain.

(2) Deepening Empowerment Initiatives to Jointly Build a High-resilience Ecosystem

The Company promotes the collaborative development of suppliers through multi-dimensional measures including institutional guidance, joint capability building, and value sharing, jointly advancing ESG management principles and providing strong support for the overall high-quality development of the supply chain.

Deepening integrity co-development: Integrity initiative letters are distributed during key periods including New Year's Day and Chinese New Year, while integrity symposiums, visits, and knowledge challenge activities are conducted on a regular basis to strengthen suppliers' compliance awareness. In 2025, the Company achieved a supplier integrity agreement signing rate of 100%.

Empowering capability development: Thematic training sessions covering topics including supply chain systems, ESG concepts, integrity-related regulations, and health, safety, and environment (EHS) management are organized for relevant personnel across all business units, helping suppliers accurately understand management requirements and improve execution efficiency.

Strengthening positive incentives: The Company organizes an annual supplier convention to recognize outstanding and compliant suppliers, establish industry benchmarks, and encourage suppliers to continuously improve product and service quality.

Promoting strategic synergy: The Company advances in-depth collaboration with core suppliers in areas including technology innovation and green transition, achieving complementary resource integration and value co-creation.

Supplier integrity agreement signing rate

100 %

Procurement compliance rate

100 %

Number of supplier responsibility training sessions^{*1}

36 sessions

Number of supplier participants in responsibility training

636 person-times



Supplier contract fulfillment rate
99.88 %



Coverage rate of tier-1 suppliers that received training^{*2}
15 %

^{*1} This indicator covers training sessions organized by the Company for suppliers, either online or offline, on various ESG topics including EHS, integrity, and compliance management.

^{*2} Tier-1 suppliers are defined as suppliers at the "direct trading" procurement level — that is, Party B under the contract — excluding sub-contractors or contract manufacturers engaged by Party B.



Case Study | Grandblue 2025 Annual Supplier Convention

On November 24, the Grandblue 2025 Annual Supplier Convention was successfully held under the theme of "United in Partnership, Forging a New Journey," bringing together representatives from nearly 60 outstanding suppliers from across the country to discuss collaborative development.

The convention featured professional sharing sessions on topics including smart supply chain system development, social responsibility practices, integrity and compliance, and EHS management, clearly communicating supplier management principles, the full life-cycle management mechanism, and relevant regulatory requirements. Outstanding and integrity-compliant suppliers were recognized on-site, while representatives of award-winning suppliers shared practical experience in building collaborative and mutually beneficial partnerships.

The convention clearly communicated the Company's strategic direction for supply chain development and unified standards of conduct for procurement operations, and promoted the transformation of suppliers from transactional partners into members of a shared value community, effectively strengthening mutual trust between the Company and its suppliers.

Supply Chain Digitalization

The Company focuses on digital procurement transformation, achieving quality enhancement, efficiency improvement, and risk controllability across the entire procurement process through the development of digital platforms, optimization of procurement structures, and innovation in procurement models. Thus, they infuse strong momentum into the high-quality development of the supply chain.

(1) Developing Digital Platforms to Reshape Business Processes

The Company has fully launched its supply chain management platform and e-commerce platform, driving the digital transformation of all supply chain business processes. The platform covers all stages including category management, demand planning, sourcing, contract and order management, and settlement management, achieving end-to-end integrated operations. By integrating data interactions across internal management systems and breaking down information silos, the platform ensures full-process audit trails, node visibility, and business traceability, effectively implementing the philosophy of "open and transparent procurement" while significantly improving decision-making quality and operational transparency.

(2) Optimizing Procurement Models to Enhance Centralized Efficiency

The Company has introduced a scientific category management methodology by applying the Kraljic matrix model to accurately analyze category importance and supply risks and formulate differentiated strategies. By consolidating fragmented demands and expanding centralized procurement scope, annual centralized procurement categories have achieved notable cost reduction and efficiency enhancement. For small-value, high-frequency standardized materials, the Company has innovatively adopted an e-commerce platform model, introducing multiple well-known e-commerce operators to enable automatic price comparison and online direct procurement, substantially reducing the risks associated with human intervention and process costs while achieving rapid response to business needs.

(3) Strengthening Digital Intelligence Risk Control to Consolidate the Compliance Defence Line

Leveraging the digital platform, the Company has established a full-process closed-loop management mechanism covering supplier access, evaluation, assessment, and exit. The platform is deeply integrated with a third-party credit platform, supporting dynamic risk monitoring at key nodes throughout the procurement process and achieving comprehensive management and control before, during, and after procurement events, enabling precise risk identification and interception. Through digital means, the Company effectively ensures the lawfulness and compliance of procurement activities, driving supply chain management toward greater standardization, efficiency, and security.

◆ Product and Service Safety and Quality

The Company places great importance on the safety and quality of public utility products and services. At the legislative and regulatory level, the Company strictly complies with the *Water Law of the People's Republic of China*, the *Regulations on Administration of City Gas*, and the *Law of the People's Republic of China on the Protection of Consumers' Rights and Interests*, ensuring that all aspects of business operations are lawful and compli-

ant, and effectively safeguarding users' right to be informed, right to fair transactions, and right to access services. In response to the *Regulations on Urban Water Supply* scheduled to take effect in June 2026, the Company has proactively initiated benchmarking initiatives and established a normalized service accessibility assessment mechanism to ensure the continuous and stable provision of services to all users.

At the level of standards implementation, the Company strictly complies with mandatory national standards and the latest industry specifications. The water supply business comprehensively benchmarks against GB 5749-2022 *Standards for Drinking Water Quality* and has introduced new emergency management and control standards. The gas supply business strictly complies with the latest national standards, including GB 55009-2021 *Code for Design of City Gas Engineering*, and implements whole-chain service quality management and control from source to terminal.

The Company continuously improves the closed-loop management mechanism for the safety and quality of water supply and gas supply products and services, has obtained ISO 9001 Quality Management System certification, and implements real-time monitoring and management of key indicators through digital technologies. Regular authoritative third-party testing and user satisfaction surveys are also conducted, thereby effectively fulfilling the Company's health and safety commitments to the public.

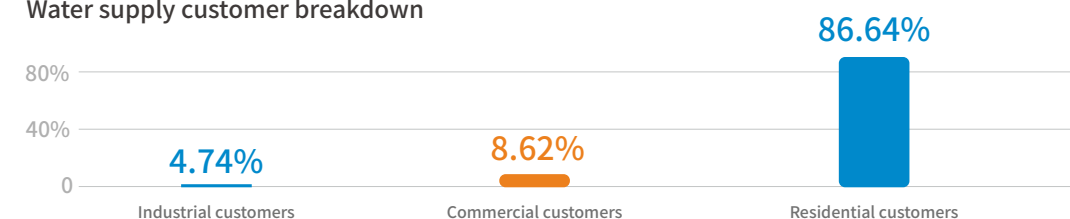
Total number of water supply customers

1.2135 million households

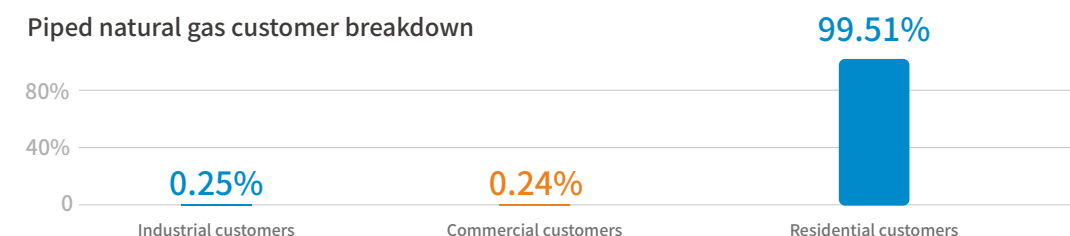
Total number of piped natural gas customers

0.5388 million households

Water supply customer breakdown



Piped natural gas customer breakdown



Amount involved in major safety and quality liability accidents relating to products and services during the reporting period¹

RMB **0** million

¹ Major safety and quality liability accidents relating to products are determined on the basis of accident liability determinations issued by the relevant government authorities.

Water Quality Safety Assurance

The Company upholds the principle of water supply safety and has established a full-process water quality control system:

Deepening Standards Implementation

The Company comprehensively implements the requirements of the new national sanitary standard for drinking water and, while ensuring compliance with GB 5749-2022, has innovatively introduced the WS/T 10038-2025 standard to address gaps in emergency water quality management and control, thereby establishing a dual assurance system combining routine and emergency management.

Full-process Monitoring Closed Loop

Leveraging a digital platform, the Company conducts full-process real-time monitoring of raw water, finished water, water within the pipe network, and tap water at end-user points, while establishing a water quality early warning mechanism and regularly conducting authoritative third-party testing to ensure that water quality safety remains fully controllable.

Annual overall pass rate of random inspections of water quality (water in pipe network)^{*1}

99.99 %

Annual overall pass rate of random inspections of water quality (finished water)^{*1}

100 %

*1 The overall pass rate is calculated based on the weighted average pass rate for the 42 inspection items specified in the *Water Quality Standard for Urban Water Supply* (CJ/T 206-2005).

Enhancing Water Supply Quality

While ensuring basic water safety, the Company has introduced distinctive services such as piped drinking water to meet users' diverse and high-quality water consumption needs and further strengthen water safety assurance.

Gas Supply Safety Assurance

The Company strengthens the gas safety defense line by improving pipeline network facilities and enhancing on-site management and control:

Improving the Pipeline Network Layout

In 2025, the construction of 65 kilometers of municipal gas pipelines in Nanhai District, Foshan City was completed, overcoming complex pipeline network challenges and resolving longstanding issues including insufficient gas sources and unidirectional gas supply, thereby improving the safety and stability of the regional gas pipeline network.

Strengthening On-site Management and Control

The Company has established a "joint prevention and joint control" safety mechanism, promoted the "report-before-excavation requirement" and grid-based management, compiled safety standards and emergency response plans, and effectively mitigated damage caused by third-party construction activities.

Hazard Identification and Rectification

The Company regularly conducts safety hazard inspections and rectification initiatives, while promoting the adoption of commercial NB gas meters and safety monitoring platforms, achieving zero safety accidents throughout the year and effectively safeguarding public safety.

Customer Service Quality Assurance

Centered on the core mission of public livelihood services and guided by customer needs, the Company has established a standardized, precise, intelligent, and convenient service management system. The Company has formulated management systems including the Standards for Customer Service Hotline Agent Services and Management. Through multiple initiatives, including front-loaded services, technology empowerment, government-enterprise collaboration, safety management and control, and the promotion of integrated water and gas service centers, the Company continuously optimizes service processes, improves service convenience, effectively enhances service quality and efficiency, fulfills its public livelihood service responsibilities, and drives the high-quality development of water supply and gas services.

The Company has established a comprehensive closed-loop mechanism for handling customer requests and complaints. Upon receiving customer requests, it promptly conducts full-process tracking and supervision of work order assignment, processing timeliness, and service quality, while proactively following up with customers to collect feedback and evaluations regarding water supply, gas, and other services.

Customer satisfaction score for water supply services

83.24 points

Gas customer satisfaction score

93.42 points

Complaint resolution rate

100 %

Service Accessibility

The Company is committed to eliminating service barriers and ensuring that all user groups can access services fairly and conveniently through digital empowerment, proactive service outreach, and inclusive service initiatives.

Digital Empowerment Achieving "Zero Distance" Services

The Company vigorously promotes online service channels to achieve full online processing of water supply and gas business transactions. In 2025, both the online service processing rate for water supply business and the online service processing rate for water service connection applications maintained high levels, while the online service processing rate for gas business reached 96.23%, enabling "zero trips required" services for both residents and enterprises. For small-value, high-frequency materials, the Company operates an e-commerce platform to improve procurement and response efficiency.

Proactively Extending Services Assisting Enterprises in Reducing Costs and Improving Efficiency

By precisely addressing enterprise needs and leveraging data empowerment, the Company provides extended services including abnormal water usage early warning and leak detection and inspection, helping enterprises reduce operating costs.

Inclusive Services Caring for the Needs of Special Groups

The Company pays close attention to the needs of older residential communities and special groups, transforming counter-based service handling into doorstep services and bridging the "last mile" of service delivery.



Case Study

Water Supply Proactive Service Extension to Safeguard Healthy Enterprise Operations

Grandblue Nanhai Water Supply fully leverages data empowerment by dynamically analyzing enterprises' daily water consumption patterns and proactively providing anomaly early warning services. In February 2025, the Company identified an abnormal increase in water consumption at an enterprise in Danzao Town, Nanhai District during a meter reading inspection and immediately issued a warning. After the enterprise's own investigation failed to identify the cause, the Company proactively assisted with leak detection and successfully identified six concealed leak points. Following repair works, the enterprise's daily water consumption decreased by approximately 80 m³ compared with the same period, reducing monthly water bill losses by approximately RMB 10,000.



Case Study

Quality Upgrade of Gas Services in Old Residential Communities Receiving Public Recognition

An old residential community in the Sanshan area of Guicheng Sub-district, Nanhai District, Foshan City had long relied on liquefied petroleum gas cylinders. In April 2025, in response to the community's distance from service centers and the high proportion of elderly residents, Guicheng Gas Sub-company established a dedicated service team to provide a one-stop service covering on-site application acceptance, design, installation, and gas connection, while also providing doorstep services for residents with mobility difficulties. The initiative processed nearly 1,000 gas connection applications in total and received widespread recognition from residents. A resident commended the service through the Mayor's Hotline Platform, writing: "On Sunday April 13, Nanhai Gas Company came to Jiye Garden to handle on-site piped gas connection services. All staff members were conscientious and responsible, enthusiastic in their service, and patient in addressing residents' enquiries and questions—they truly deserve praise! Staff member No. 109797, Ms. Mai, demonstrated proficient skills, efficient operations, and thorough explanations, and is particularly commendable! We hope the team will continue its excellent work in the next phase." Building on this initiative, the Company has developed a "front-line working method for gas service connection in old residential communities," promoting the normalization of people-oriented services.

Information Security

The Company places great importance on information security and strictly complies with laws and regulations including the *Cybersecurity Law of the People's Republic of China*, the *Data Security Law of the People's Republic of China*, the *Personal Information Protection Law of the People's Republic of China*, and the *Regulations on Network Data Security Management*, ensuring that the full process of environmental protection infrastructure operational data collection, processing, and application, as well as customer personal information protection management, remains lawful and compliant.

Number of data security incidents¹

0 incidents

Specific amount involved in data security incidents¹

RMB 0 million

¹ Data security incidents and the amounts involved are determined on the basis of court judgments or the imposition of administrative penalties.

Information Security Governance Framework

The Company continuously improves its information security governance structure and institutional system, strengthening the foundation of security management and ensuring that information security management and control are scientific, efficient, and compliant.

(1) Optimizing the Governance Structure

The Company has established a Cybersecurity Leading Group to take overall responsibility for cybersecurity management across the Company and its subsidiaries, assume primary responsibility, and guide, supervise, and inspect cybersecurity work, while implementing regulatory requirements and accountability assessments. The Leading Group Office is responsible for normalized security inspections, classified protection assessments, hazard management, and security training. The Information Management Department leads the overall development of the cybersecurity framework, formulates security policies and strategies, and manages network perimeter security, thereby establishing a management structure characterized by clearly defined responsibilities and efficient coordination.

(2) Improving the Institutional System

The Company closely aligns with the latest national requirements relating to artificial intelligence security and comprehensively advances institutional revisions based on the existing framework. In 2025, the Cybersecurity Policies and Procedures were revised with a focus on AI technology application scenarios, placing particular emphasis on improving guidelines for the secure use of AI, strengthening the forward-looking nature and adaptability of the institutional framework, and providing comprehensive institutional support for the Company's information security management.

(3) Reinforcing Primary Responsibilities

In 2025, leveraging the "Grandblue Responsibility Commitment Online Signing" function within the office automation (OA) system, the Company completed preparatory work including responsibility system template maintenance, responsibility relationship review, function development, and testing and optimization, achieving full online management of the drafting, issuance, signing, and statistical analysis of cybersecurity responsibility letters, substantially improving work efficiency and standardization.

A total of 329 responsibility letters within the designated scope were successfully signed during the year, with a hierarchical approval and signing mechanism established. At the business division level, signing follows the sequence of "information department → responsible executive → general manager → Group responsible executive." At the subsidiary and branch company level, a responsibility binding model of "information specialist → general manager → business division general manager" is implemented, achieving full coverage of responsibilities from grassroots operational positions to senior management and effectively strengthening the cybersecurity responsibility defense line.

Cybersecurity Security Vulnerability Analysis and Multi-level Protection Scheme

(1) Deepening Vulnerability Governance

The Company has implemented standardized cybersecurity inspections covering routine vulnerability scanning and high-frequency penetration vulnerability assessments, and has jointly conducted simulated attack and defense drills, including SQL injection, phishing, and penetration testing, with third-party security organizations. In August 2025, a comprehensive self-inspection covering 133 system addresses was completed, with no medium- or high-risk security vulnerabilities identified, effectively enhancing the overall cyberattack resistance capability of the systems.

(2) Implementing Classified Protection

Classified protection assessment work was advanced in batches throughout the year, with the scope of assessment dynamically adjusted in response to business integration, system decommissioning, and newly added operational scenarios. A total of 34 business systems completed full-process assessments and passed acceptance inspections during the year, with the classified protection assessment completion rate reaching 100%, successfully fulfilling the annual assessment and acceptance objectives.

Cybersecurity Emergency Response Drills

The Company focuses on typical cybersecurity risk scenarios and actively conducts practical cybersecurity emergency drills. Through two specialized drills, the Company comprehensively tested and enhanced emergency response capabilities, optimized emergency response processes, strengthened team coordination and operational effectiveness, and established a solid practical foundation for cybersecurity emergency preparedness.

(1) Data Centre Primary Network Outage Drill

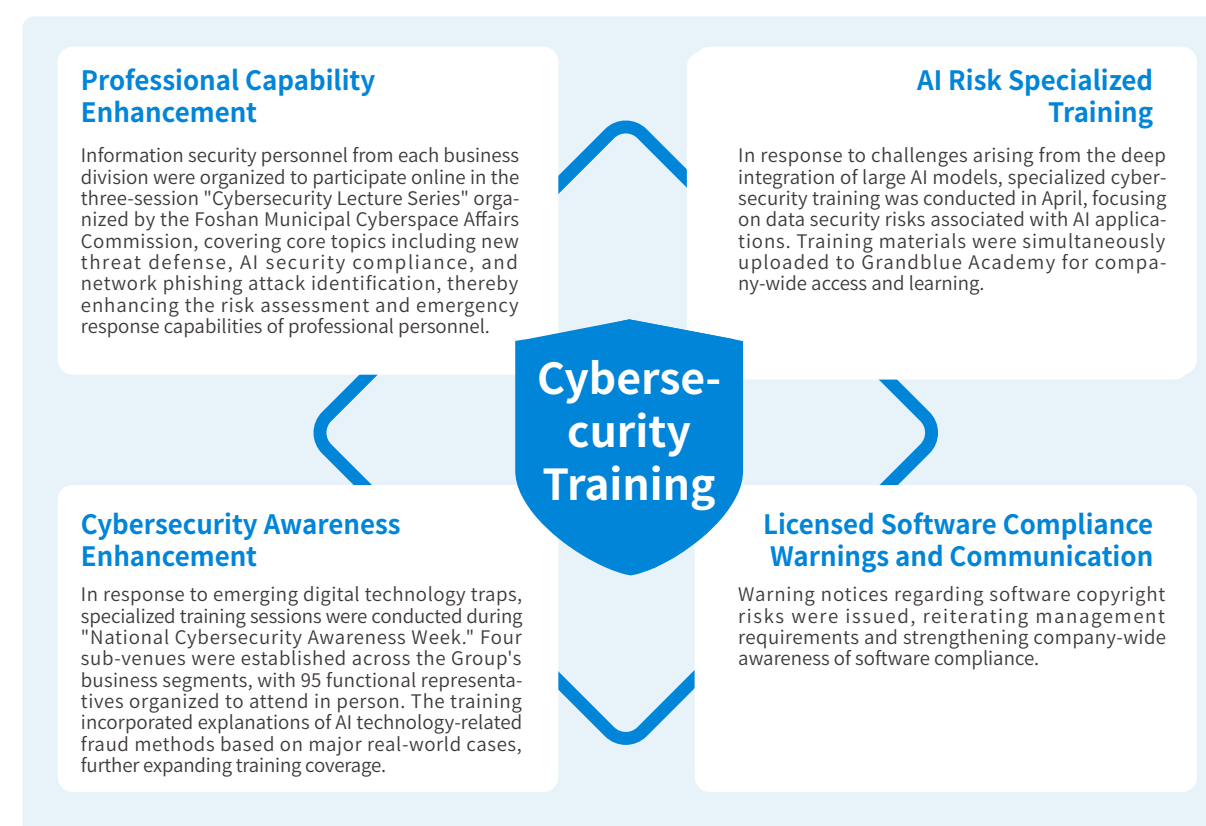
Simulating a scenario in which external construction work caused a core fiber optic cable breakage leading to interruption of the OA system, the Company completed the full response process including fault identification and backup line switchover, resolving the fault within approximately 30 minutes and effectively validating both network redundancy capability and the rapid response capability of the operations and maintenance team.

(2) Phishing Email Attack Drill

Simulating scenarios including trojan implantation through forged official-document phishing emails, endpoint compromise, and internal network penetration testing, the Company carried out a complete end-to-end emergency response process covering anomaly detection, isolation and containment, endpoint threat removal and recovery, and post-incident review, comprehensively testing emergency response capabilities under virus attack scenarios.

Cybersecurity Training

The Company focuses on emerging cybersecurity risks and compliance requirements, conducting tiered and categorized employee information security awareness training:



Data Security and Customer Privacy Protection

The Company strictly complies with laws and regulations including the *Data Security Law of the People's Republic of China* and the *Personal Information Protection Law of the People's Republic of China*, treating data security as a core requirement in information system development and integrating customer privacy protection throughout the entire data lifecycle management process. The Company has formulated management systems including the *Personal Information Protection Policy*, the *Measures for Data Security Management*, and the *Administrative Measures for Safe AI Use*, thereby establishing a comprehensive and multi-dimensional collaborative protection system to safeguard production data and core enterprise assets and effectively prevent customer privacy breach risks.

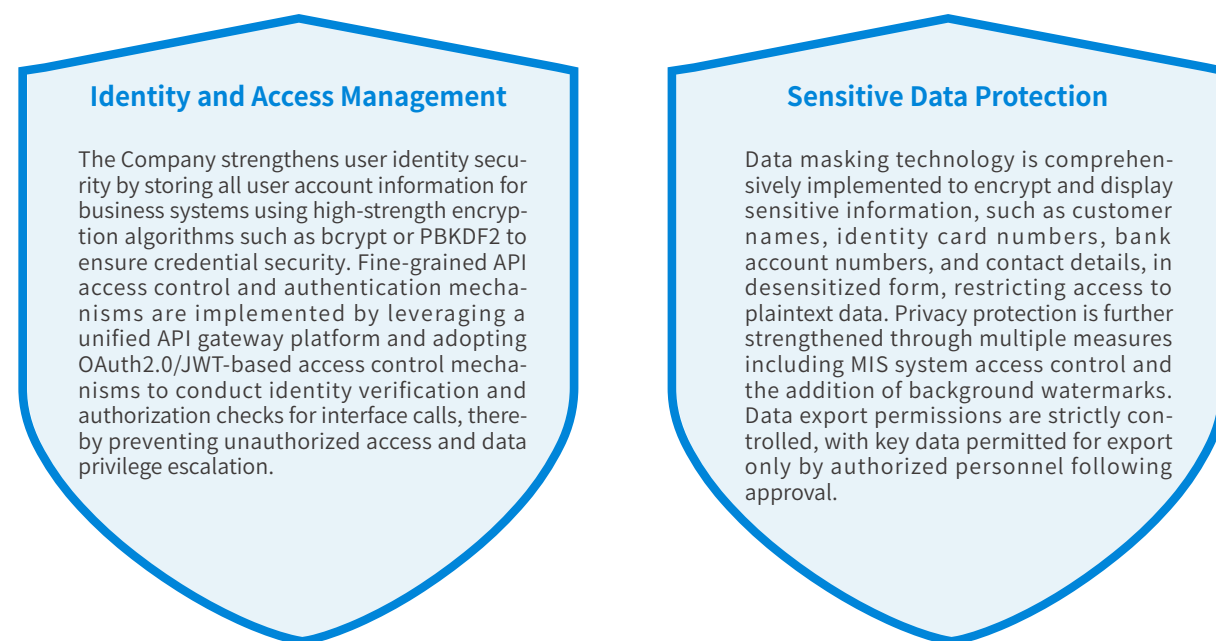
Improving the Institutional and Data Standards System

The Company has formulated and continuously improved the *Data Security Management System for Information Business Systems*. Drawing on relevant management systems including the *Guangdong Provincial Public Water Supply Management Measures*, the *Information Confidentiality Management Regulations*, and the *Customer Information Privacy Protection Management System of the Water Supply Business Division*, the Company clearly defines full lifecycle management standards for data collection, storage, use, sharing, backup, recovery, and customer information management and control, while adhering to the principles of "lawful compliance, minimum necessity, and security and confidentiality."

The Company has established three data standards—the *Technical Specification for Urban Geographic Information System Water Supply Networks*, the *Management Information Systems of the City Water Supply Standard for Urban Planning Data*, and the *Technical Guidelines for Water Utilities IoT Sensing Data Transmission and Access*—clearly defining data classification and tiering rules, specifying data sensitivity ranges, and providing a unified and standardized basis for data operations, security management and control, and customer privacy protection.

Strengthening Technical Protection

The Company safeguards information security across all levels, from underlying architecture to application display, through multiple technical measures.



Improving Audit and Disaster Recovery Mechanisms

(1) End-to-end Operational Audit

An auditable mechanism has been established to record login activities, data queries, modifications, deletions, and other operations across key business systems and databases, supporting multi-dimensional traceability by time, user, operation type, and other dimensions, thereby fulfilling compliance audit requirements.

(2) Data Backup and Recovery

The Company has established a regular database backup mechanism and conducts quarterly backup data recovery drills to verify backup integrity and recovery timeliness, ensuring that business operations can be rapidly restored in the event of failures or security incidents and minimizing the risk of data loss.

(3) Emergency Response Plans

An information incident emergency response plan has been formulated with reference to the Company's *Cybersecurity Incident Response Plan*, ensuring that when sudden cybersecurity incidents occur, emergency response actions can be carried out swiftly, efficiently, and in an orderly manner to minimize the impact of such incidents.

Standardizing Execution Management and Control and Strengthening Awareness

(1) Strict Approval Processes

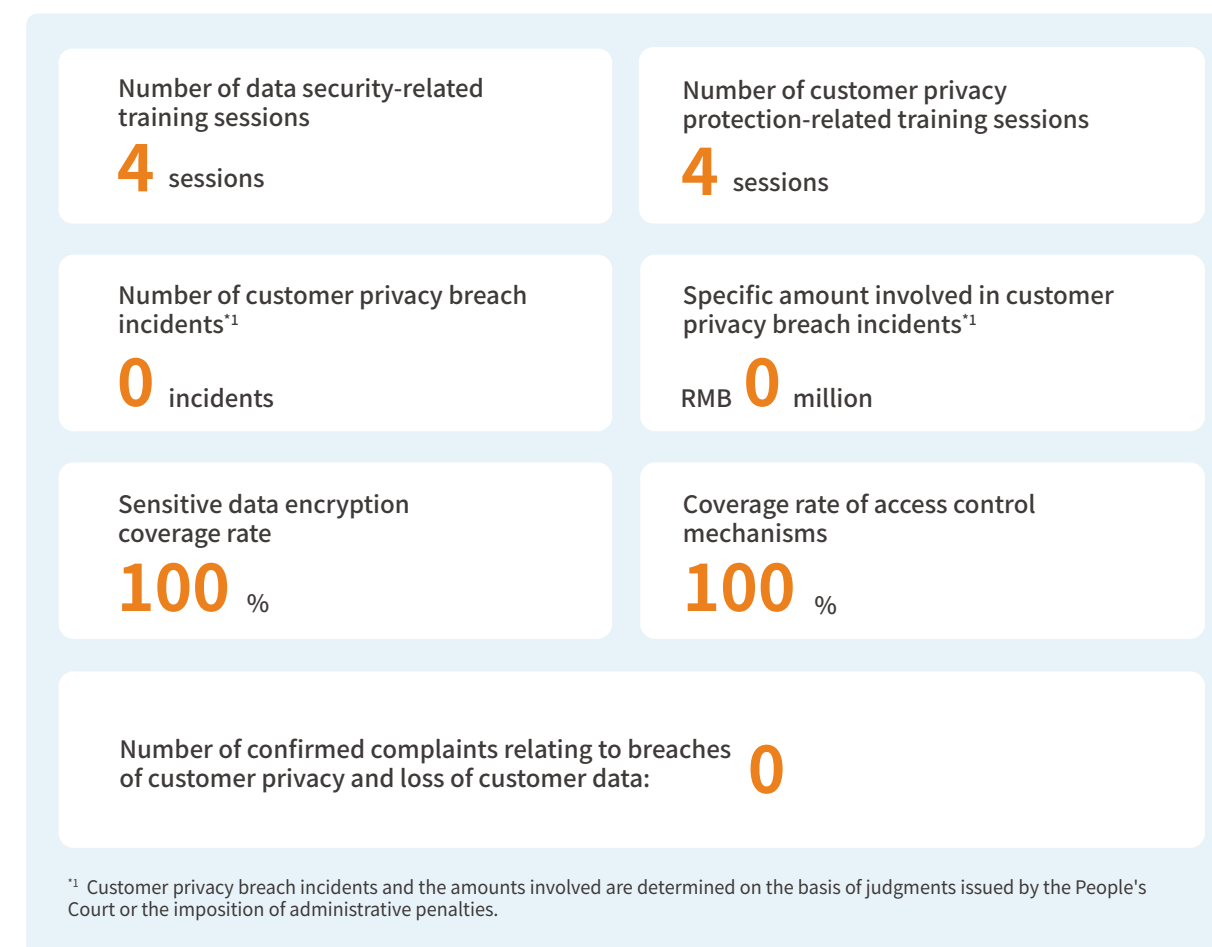
The Company has established strict approval procedures for data reporting and external information submission. The use of customer information and external submissions must be reviewed by the relevant business department and responsible executives. Where external entities request information, the purpose, scope, and intended use must be clearly specified in writing, confidentiality agreements must be signed for sensitive information, and unauthorized external disclosure of information is strictly prohibited.

(2) Standardizing Position Operations

All customer service personnel are required to collect and use customer information strictly within the scope of their authorization, maintain strict confidentiality regarding information accessed in the course of their duties, and refrain from disclosing, tampering with, or illegally providing such information. Any identified risks must be reported immediately.

(3) Strengthening Awareness Education

The Company organizes specialized training on data security and customer privacy protection for internal employees, using real-world case studies to strengthen privacy protection awareness among business personnel and implementing standardized operational guidelines.



◆ Equal Treatment of Small and Medium-sized Enterprises

The Company places great importance on partnerships with small and medium-sized enterprises, adhering to the principles of equality, mutual benefit, fairness, and impartiality, and effectively safeguarding their lawful rights and interests. The Company strictly manages the scale and structure of accounts payable, scientifically plans payment cycles, proactively reviews and optimizes payment processes, and ensures that payments are made in full and on time, thereby maintaining sound commercial cooperative relationships through concrete actions.

◆ Social Contribution

Industry Contribution

Participation in Industry Standard Development

The Company actively advances the development of national, local, and group standards. In 2025, the Company cumulatively served as either a lead or participating drafting entity for 46 national, local, or group standards, covering key areas including high-efficiency grate-fired incinerators, treatment of industrial concentrated brine, domestic waste treatment, recycled aggregate utilization, urban gas safety management, digitalization of environmental sanitation services, and operation and maintenance of municipal drainage facilities. The formulation and implementation of these standards have provided technical guidance for solid waste treatment and resource utilization, strongly supported the development of the urban gas safety management framework, and established industry benchmarks in areas including the informatization of environmental sanitation safety production and the standardization of drainage facilities operation and maintenance. These efforts have effectively driven the standardization, normalization, and high-quality development of the industry, demonstrating the Company's technical capabilities and industry leadership.

Number of national, local or group standards for which the Company served as a lead or participating drafting entity

46

Industry Exchange and Association Participation

The Company actively integrates into the industry ecosystem and places great importance on industry exchange and interaction. Through various formats including high-level industry forums, thematic seminars, and industry development surveys, the Company proactively shares industry insights and practical experience, contributing professional perspectives and constructive recommendations on industry development. By participating in industry associations, the Company maintains close communication and collaborative engagement with industry peers, conducts substantive exchanges on common industry challenges and development opportunities, jointly explores pathways for high-quality industry development, and works collectively to guide the industry toward a more standardized, green, and sustainable direction.

Annual participation in industry activities

52 sessions

Cumulative number of industry associations joined

134

Annual membership fees paid to industry associations

RMB **0.9596** million

Volunteer Services

The Company continuously improves its volunteer service system, establishing an organizational structure with the Company's volunteer service brigade as the core and the volunteer sub-teams of each business division as the main operating units, thereby achieving standardized management of volunteer services. Centered on areas including environmental public welfare, community services, and emergency assistance, and leveraging the professional characteristics of its business operations, the Company fulfills its social responsibilities through normalized and diversified volunteer service initiatives, with the influence of its volunteer service brand continuing to expand.

Volunteer service activities conducted*¹

795 sessions

Number of participants in volunteer activities

4,391 person-times

Volunteer service duration

38,608.57 hours

¹ Statistical data for indicators relating to volunteer service activities under this item exclude data relating to volunteer service activities conducted by Party members.

Environmental Education and Awareness

Centered on core themes including waste classification, environmental knowledge dissemination, and ecological civilization development, the Company continuously conducts diverse and wide-ranging environmental education and awareness activities, making sustained contributions through concrete actions to advancing ecological civilization development and fostering a green and low-carbon social atmosphere.

The organization and implementation of activities emphasize both broad coverage and in-depth communication. On one hand, practical outreach is carried out through formats including campus lectures, community outreach, environmental protection facility open days, government-enterprise joint publicity activities, and parent-child interactive programs. On the other hand, the Company deeply explores front-line environmental protection stories and leverages video-based communication to expand the influence of environmental education and awareness initiatives, effectively promoting environmental protection concepts and disseminating environmental protection knowledge.

Number of entities that opened environmental protection facilities and urban sewage and waste treatment facilities to the public nationwide

22 entities

Total number of open days public events held

426 sessions

Total number of visitors received during open day for the public events

10,614

Total number of environmental education and awareness activities conducted

1,762 sessions

Number of beneficiaries of environmental publicity and education services

103,600

Number of employee participants in environmental publicity and education activities

8,266 person-times



Case Study | China-US Youth Future Climate Leaders Exchange Program Visits Grandblue

On June 18, the China-US Youth Future Climate Leaders Study and Exchange Delegation visited the Grandblue Nanhai Solid Waste Treatment and Environmental Protection Industrial Park. During the visit, 47 students from China and the United States gained firsthand insight into the "Grandblue Model" for solid waste treatment, which is aligned with the development objectives of "Waste-Free Cities." The delegation toured end-of-pipe waste treatment facilities and observed the complete waste-to-energy incineration process. The program enhanced participants' understanding of resource recovery and recycling in solid waste management, while further strengthening awareness of the urgency and importance of ecological and environmental protection, as well as climate change mitigation and adaptation.



Charitable Donations

The Company has established a systematic philanthropic management framework through the implementation of a *Donation Management System* to standardize external donation activities. The framework clearly stipulates that all charitable donations must adhere to the core principles of voluntariness, non-compensation, clearly defined rights and responsibilities, prudence, and good faith. In addition, the Company has established well-defined procedures governing donation decision-making, asset allocation, and full-process management to ensure transparency and effective oversight.

While fully safeguarding the legitimate rights and interests of shareholders, creditors, and employees, the Company actively fulfills its corporate social responsibilities. During the reporting period, the Company's charitable contributions focused primarily on community development, educational support, and emergency disaster relief. In response to emergency incidents, including the "11·26 Tai Po Fire" in Hong Kong, the Company promptly implemented targeted relief and assistance measures.

Amount of charitable donations¹ RMB **0.7459** million

¹ Refers to amounts corresponding to donation projects for which donation receipts uniformly supervised (or printed) by finance authorities have been issued.

◆ Rural Revitalization

The Company actively responded to the "high-quality development project for hundreds of counties, thousands of towns and ten thousand villages," proactively participating in rural revitalization initiatives and contributing to the high-quality development of rural areas.

The Company is deeply involved in the Foshan-Maoming "village-enterprise partnership and inter-village pairing program," providing targeted coordination support to Gaoke Village in Genzhen Town, Gaozhou City, supporting the development of distinctive industries and transportation and logistics infrastructure, and assisting in the construction of waste collection kiosks to continuously improve the village living environment and strengthen the industrial foundation. Paired support programs have been established with six villages, including Xiaobao Village in Majiang County, Qiandongnan Prefecture, Guizhou Province, as well as Gaowu Village, Gaodiao Village, Wuyi Village, and Pingyou Village in Congjiang County, providing targeted support for rural revitalization. The Company also supports rural revitalization initiatives in Baihe Town, Kaiping, and Tonghu Town, Zhongkai, Huizhou. Through the "procurement instead of donation" model, the Company procures local specialty agricultural products from five counties and cities in Qiandongnan Prefecture, as well as Mêdog County in Tibet and Jiashi County in Xinjiang, helping drive farmers' income growth and industrial quality enhancement in the paired support regions.

Rural revitalization investment amount¹ RMB **5.1667** million

¹ Refers to amounts corresponding to the Company's procurement of agricultural products through the "procurement instead of donation" model, as well as donation projects for which donation receipts uniformly supervised or printed by finance authorities have been issued, where the stated purpose of donation falls within the five categories stipulated under the *Law of the People's Republic of China on the Promotion of Rural Revitalization*: (1) rural industrial development (crop farming and animal husbandry, agricultural products processing, cold chain logistics, industrial parks, rural tourism, etc.); (2) rural construction (water supply, sewage treatment, waste management, roads, digital villages, rural housing renovation, etc.); (3) public services (schools, hospitals, elderly care, culture, childcare); (4) financial services and insurance subsidies; and (5) rural living environment improvement and ecological protection. This item is not counted in duplication with the charitable donations item.

G Corporate Governance

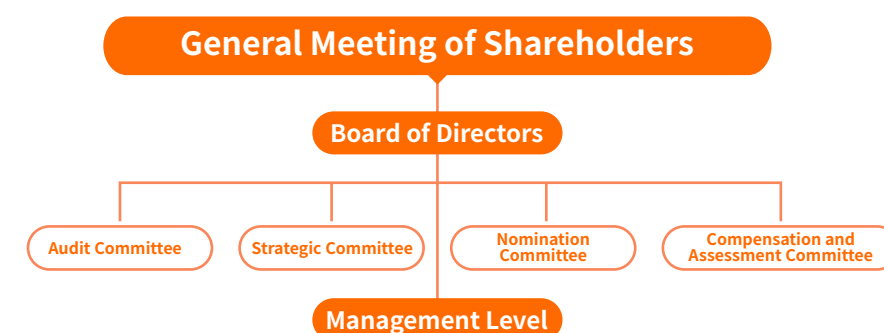
- ◆ Corporate Governance
- ◆ Party Building Work
- ◆ Investor Relations Management
- ◆ Responsible Investment
- ◆ Improving Capital Utilization Efficiency
- ◆ Risk Management
- ◆ Compliance Management
- ◆ Legal Affairs Management
- ◆ Internal Control Management
- ◆ Audit Management
- ◆ Anti-Commercial Bribery and Anti-Corruption
- ◆ Anti-Unfair Competition



◆ Corporate governance

Corporate governance system

In strict accordance with the *Company Law*, the *Securities Law*, the *Code of Corporate Governance for Listed Companies*, the *Rules Governing the Listing of Stocks on the Shanghai Stock Exchange*, and other relevant laws and regulations, Grandblue Environment has established a robust corporate governance structure. The rights and responsibilities of the general meeting of shareholders, the Board of Directors, and senior management are clearly delineated, with each body fulfilling its designated functions and operating in a standardized and transparent manner.



Operation of the Board of Directors

The Board of Directors is accountable to the general meeting of shareholders and exercises its powers in accordance with the *Articles of Association*, the *Rules of Procedure of the Board of Directors*, the *Working System for Independent Directors*, and the rules of procedure of the various specialized committees. All directors discharge their duties diligently and conscientiously, actively fulfilling their statutory obligations and consistently participating in relevant professional training, thereby ensuring the soundness and accuracy of the Company's decision-making on major matters.

The Board of Directors comprises 9 members, including 3 independent directors. During the reporting period, there were no absences among Board members, and the average tenure of directors was 6.11 years.

Number of Board meetings held:

11

Number of proposals reviewed by the Board:

29

Number of Audit Committee meetings held:

4

Number of proposals reviewed by the Audit Committee:

9

Number of Nomination Committee meetings held:

1

Number of proposals reviewed by the Nomination Committee:

1

Number of Compensation and Assessment Committee meetings held:

2

Number of proposals reviewed by the Compensation and Assessment Committee:

3

Number of Strategy Committee meetings held:

2

Number of proposals reviewed by the Strategy Committee:

2

Number of general meetings of shareholders held:

3

Number of extraordinary general meetings held:

2

Average tenure of directors:

6.11 years

Board meeting attendance rate:

100 %

Independence, Professionalism, and Diversity of the Board of Directors

The Board's four specialized committees—the Audit Committee, the Nomination Committee, the Compensation and Assessment Committee, and the Strategic Committee—operate under the Board and provide expert guidance and informed recommendations to support decision-making. The Board of Directors comprises 9 directors, all of whom hold a bachelor's degree or above and possess professional expertise across multiple fields including accounting and finance, law, and business administration, with extensive industry practice and management experience, well-rounded professional competence, and deep industry knowledge.

The Board of Directors maintains full independence within the governance structure, with 3 independent directors accounting for one-third of its membership. Independent directors constitute a majority and serve as conveners of the Compensation and Assessment Committee, the Audit Committee, and the Nomination Committee. The Company also strictly maintains a separation between the roles of Chairman and General Manager, with the two positions held by different individuals.

The Board's composition reflects a commitment to diversity, with 3 female directors currently serving, further strengthening the breadth and quality of Board decision-making through a range of diverse perspectives and backgrounds.

Members of the Board of Directors:

9

Female directors:

3

Independent directors:

3



Proportion of female directors on the Board of Directors

33 %



Proportion of independent directors on the Board of Directors

33 %

Operation of Management

Under the authorization granted by the Board of Directors and in accordance with its statutory responsibilities, the management team is responsible for organizing and conducting production and operational activities, implementing Board resolutions, and reporting on business progress to the Board. The management team comprises 8 members, including 2 women in senior executive roles.

Number of members of the top management team 8

Number of female top management 2

In 2025, Grandblue significantly strengthened its institutional framework, completing the top-level structure across all departments. Through a combination of online and offline training, the Company consolidated practical experience, established clear linkages between hierarchical levels, clarified top-level control structures, optimized organizational functional support, and further standardized internal management processes. These efforts ensured that management actions adhered to established institutional guidelines, effectively improved management efficiency, reinforced the Group's overall control framework, and provided a robust foundation for sustainable corporate development.

In strict accordance with the requirements of applicable laws, regulations, and the Articles of Association, the Company has strengthened its corporate governance mechanism and compliance management system, enhancing the quality of decision-making and risk prevention and control capabilities. In 2025, in accordance with the latest requirements of relevant laws, regulations, rules, and normative documents, and in combination with the Company's actual circumstances, the Company revised 35 systems, including the Articles of Association and the Rules of Procedure of the General Meeting of Shareholders. The Supervisory Board was also abolished, with its functions smoothly transferred to the Audit Committee of the Board of Directors, in conformity with the reform direction of the new Company Law for the governance of listed companies, continuously consolidating the foundation of corporate governance and safeguarding the Company's sustainable development. Grandblue maintains strict independence from its controlling shareholder across business, personnel, assets, organizational structure, and financial management.

Grandblue continued to strengthen its ISO 9001 quality management, ISO 14001 environmental management, and ISO 45001 occupational health and safety management systems. For the thirteenth consecutive year, the Company received management system certifications from the internationally recognized certification body SGS Group. The scope of certification covers a broad range of business areas, including tap water production and supply, urban sewage collection and treatment, environmental monitoring, water purification material testing, and solid waste treatment.

◆ Party Building Work

Writing Party Building into the Articles of Association

The Grandblue Party Committee adheres to *Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era* as its guiding principle, firmly maintaining the core objective of "strengthening Party building around the central task and promoting development through good Party building," systematically advancing the "four integrations" work approach to Party building, and giving full play to the Party Committee's leadership role of "setting the direction, managing the overall situation, and ensuring implementation."

Advance research on "three majors and one large"

The Company has implemented the "writing Party building into the Articles of Association" initiative, incorporating the responsibilities and authority, organizational structure, operating mechanism, and fundamental safeguards of the Party Committee into the Company's Articles of Association, thereby clarifying the Party Committee's legal standing within the corporate governance structure. The Articles of Association clearly define the boundaries of rights and responsibilities of the various governance bodies, including the Party Committee, the general meeting of shareholders, the Board of Directors, and operational management, and stipulate that the Party Committee's research and discussion of major business and management matters constitutes a pre-procedure for decision-making by the Board of Directors and the general meeting of shareholders. The Party Committee has further formulated the *Rules of Procedure and Decision-Making of the Party Committee and the List of Major Business and Management Matters for Party Committee Research and Discussion*, clarifying the scope of responsibilities and working procedures of the Party Committee.

(2) "Bidirectional entry and cross-appointment"

Adhering to the principle of "two consistencies," the Company implements a "bidirectional entry and cross-appointment" leadership mechanism, with the roles of Party Committee Secretary and Chairman held by the same individual. The Company promotes the deep integration of the Party Committee leadership team with the Company's operational management. The current Party Committee team comprises 5 members, of whom 3 have entered operational management through statutory procedures, ensuring that the Party organization plays a substantive role in major decision-making.

(3) "Four integrations, jointly promoting development"

Led by high-quality Party building, the Company promotes the in-depth integration of Party building with corporate governance, production and operations, corporate culture, and social responsibility, transforming the Party's political and organizational advantages into governance effectiveness and development momentum. By ensuring that Party building and business operations are aligned in direction and purpose, the Company effectively fulfills the Party organization's role of "setting the direction, managing the overall situation, and ensuring implementation," embedding this throughout the entire chain of corporate governance and injecting sustained momentum into high-quality development.

Total number of party organizations:

49

Total number of party members

1,094

Strengthening Political Leadership

The Grandblue Party Committee consistently places strong emphasis on political development and theoretical education. The Company guides all employees to comprehensively understand the decisive significance of the "Two Establishments," strengthen the "Four Consciousnesses," reinforce the "Four Confidences," and uphold the "Two Safeguards." The Company strictly implements the ideological work responsibility system, resolutely carries out the decisions and deployments of higher authorities, and reinforces layer by layer the "primary responsibility" of leadership teams and the "one post, dual responsibilities" of leading cadres, providing a strong ideological foundation and sustained motivation for the Company's high-quality development.

Thoroughly Implementing Study and Education on the Spirit of the Central Eight-Point Regulation

The Grandblue Party Committee, in close alignment with the goals and requirements of study and education, deepens the closed-loop mechanism of "study, examine, and rectify" as a whole. It adheres to learning faithfully from original texts to accurately grasp their core essence; adheres to examining against established benchmarks and standards, taking the lead in self-examination and analysis; and adheres to immediate rectification, with particular emphasis on addressing formalism and bureaucratism. By promoting work through study and improving efficiency through rectification, the Company advances comprehensive and strict Party governance toward greater depth, ensuring that the decisions and deployments of higher authorities are effectively implemented and providing a strong political and work-style guarantee for the Company's high-quality development.

Volunteer Service by Party Members

The Grandblue Party Committee consistently upholds a strong sense of social responsibility, integrating the professional Party member forces of various business divisions, engaging at the grassroots level, and routinely carrying out volunteer service in key areas such as ecological and environmental protection and people's livelihood services, giving full play to the vanguard and exemplary role of Party members. The Company steadily advances the "dual reporting" work mechanism, guiding Party members to actively participate in community

governance, extending professional services to the grassroots front line, continuously enhancing the people's sense of gain and wellbeing, and demonstrating the mission and responsibility of Grandblue Party members in serving the broader cause of social development.

Party member volunteer service activities¹

467 sessions

Participation in Party member volunteer service activities:

1,441 person-times

Hours of volunteer service by party members

4,000 hours

¹ Indicator data related to volunteer service activities here only includes data related to Party member volunteer service and is not double-counted with the Company's volunteer service indicators in the S — Society chapter of the report.

People's Militia Work

In alignment with its operational responsibilities, Grandblue Environment proactively supports national initiatives related to civil-military integration, emergency response, and national defense mobilization. With a strong sense of responsibility and mission, the Company actively explores new models and pathways for civil-military integration and national defense mobilization, striving to achieve the coordinated advancement of national defense construction and enterprise development.

During the critical period of mosquito-borne disease prevention and control in 2025, the Company's Party Committee responded swiftly and collaborated efficiently, mobilizing a cumulative total of 310 people's militia personnel across 15 villages and communities in Shunde District and Chancheng District of Foshan City over 13 consecutive days to carry out disinfection and pest control operations. Throughout the campaign, the personnel demonstrated strong organizational discipline and professional competence, successfully completing all prevention and control tasks, and received recognition and commendation from the People's Armed Forces Department of Nanhai District, Foshan City.

Investor Relations Management

Since its listing, the Company has adhered to the principles of long-termism and altruism, placing great importance on investor relations management. Through a diversified communication framework, rigorous information disclosure, an enhanced shareholder return mechanism, and deepened investor education, the Company effectively safeguards investors' rights and interests.

(1) Improving communication mechanisms

The Company continuously optimizes its investor relations management system, adopting a combination of online and offline channels to maintain regular communication with major shareholders and domestic and overseas institutional investors. Through a bidirectional feedback mechanism, the Company enhances transparency and promotes investors' understanding and recognition of the Company.

(2) Adhering to effective disclosure

Guided by investor needs, the Company actively explores its intrinsic value and adheres to the principles of voluntary and effective disclosure. In 2025, the Company issued 6 periodic reports, 55 interim announcements, and 57 other documents, ensuring that all content is true, accurate, and complete. Periodic reports strengthen industry information disclosure and enhance granularity, while the use of illustrated interpretations and similar formats improves readability and has been well received. As a result of its consistent transparency and professionalism, Grandblue has been awarded an A-level rating—the highest rating—for information disclosure by the Shanghai Stock Exchange for 5 consecutive years.

(3) Strengthening shareholder returns

The Company actively implements the requirements of the State Council's *Opinions on Further Improving the Quality of Listed Companies and responds to the Shanghai Stock Exchange's Initiative on Carrying Out the Special Action of "Improving Quality, Enhancing Efficiency, and Emphasizing Returns"* for SSE-Listed Companies, fulfilling its capital market responsibilities. In 2025, the Company implemented its first interim profit distribution, reflecting its confidence and commitment to sharing development outcomes with all shareholders.

The Company's 2025 profit distribution proposal is as follows: based on the number of shares registered on the record date for the implementation of the equity distribution, a cash dividend of RMB 8 (tax inclusive) will be distributed for every 10 shares, with a total proposed cash dividend of RMB 652 million (tax inclusive). Together with the interim cash dividend of RMB 204 million (tax inclusive) already distributed, the cumulative total cash

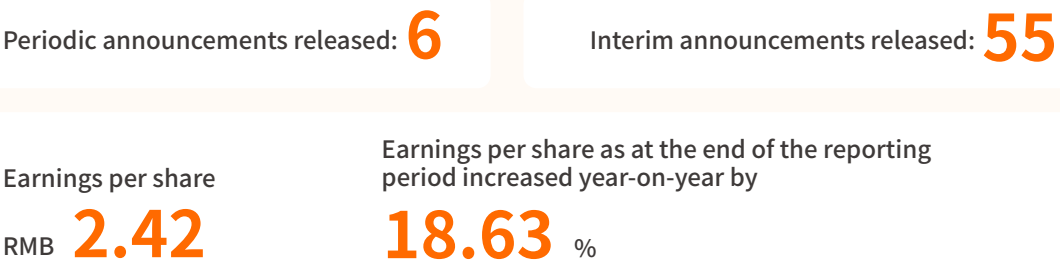
dividend for 2025 amounted to RMB 856 million (tax inclusive), accounting for 43.39% of the net profit attributable to shareholders of the listed company for 2025, representing a year-on-year increase of 31.25%. This fulfilled the commitments set out in the *Shareholder Dividend Return Plan (2024–2026)* and received strong recognition from shareholders.

According to the *Shareholder Dividend Return Plan (2024–2026)*, the cash dividend per share distributed by the Company for 2026 will increase year-on-year by no less than 10% compared with the previous year, i.e., the cash dividend per share for 2026 (including interim dividends) will be no less than RMB 1.155. If the Company's total share capital increases in 2026, the Company will also maintain the above cash dividend per share distribution plan unchanged.

(4) Deepening interactive communication

In 2025, the Company further strengthened communication and engagement with investors through on-site receptions, conference calls, and reverse roadshows. During the reporting period, the Company hosted 73 groups of investors, representing a total of 650 participant visits, and maintained close communication with key analysts.

Leveraging its investor education base, the Company also received 3,058 visitor attendances, providing investors with opportunities to gain first-hand insights into the industry and the Company's operations. Through these activities, the Company promoted the concept of "capital for good," and enhanced investor understanding of the positive social value generated through sustainable investment.



◆ Responsible Investment

Upholding the principle of responsible investment, the Company incorporates ESG factors into the entire investment decision-making process. In its investment direction and target selection, the Company fully considers social responsibility value and potential environmental and social risks, enhancing ESG performance and strengthening risk management and control from the outset. Following the completion of mergers and acquisitions, the Company actively advances ESG management integration. By exporting mature environmental protection standards and social responsibility management systems, the Company facilitates the rapid integration of newly acquired projects into its corporate governance structure, ensuring the coordinated development of existing and incremental assets and achieving a dual enhancement of business value and social value.

Case | Grandblue's Acquisition of Canvest Environmental Protection

In 2025, the Company completed its acquisition of Canvest Environmental Protection. During the due diligence phase, the Company conducted a comprehensive assessment of Canvest Environmental Protection's ESG-related management, including environmental emissions, energy consumption management, community impact, employee occupational health and safety, and compliance management, through on-site inspections, document reviews, and interviews with internal and external project personnel, systematically identifying potential ESG risks. Following completion of the acquisition, the Company carried out comprehensive management integration, accelerating the introduction of ESG-related requirements and driving improvements in management quality and efficiency.

Grandblue's in-depth integration following the acquisition of Canvest Environmental Protection has ensured overall improvement in project operational efficiency and management standards, enabling more cities to benefit from stable, efficient, and low-carbon solid waste treatment services. The further expansion of the Company's business landscape and consolidation of its leading position in China's solid waste industry strengthen its ability to leverage advantages in resources, talent, expertise, and technology, aggregating quality resources to address industry challenges and contributing to the sustainable development of the sector.

◆ Improving Capital Utilization Efficiency

The Company continuously strengthens fund planning and management, centrally coordinating internal fund allocation to enhance the efficiency and effectiveness of fund utilization. In terms of external financing, in addition to bank loans, the Company flexibly expands capital market channels including interbank debt financing instruments, corporate bonds, and equity financing, effectively safeguarding the funds required for operations and development.

In 2025, the Company seized the window period of declining interest rates, continuously advancing loan replacement initiatives to effectively reduce financial expenses. It closely tracked financing market dynamics and actively planned diversified financing schemes, with bond issuance costs for the year reaching the interest rate level of AAA-rated peer enterprises within the province. Following completion of the acquisition, the Company reduced financial expenses by strengthening fund coordination and allocation, loan replacement, and interest rate reduction for Canvest Environmental Protection. To date, Canvest Environmental Protection's total loans have been reduced by approximately RMB 2.3 billion —with the debt-to-asset ratio decreasing from 61.57% on the delivery date to 56.39% at the end of the period — the RMB financing interest rate has been reduced from 2.75%–4.75% before the acquisition to 2.00%–3.785%, and the HKD financing interest rate has been reduced from HIBOR+2.05%–HIBOR+2.17% before the acquisition to HIBOR+0.7%–HIBOR+1.55%.

The Company's fund management practices have ensured the effective implementation of governance mechanisms in the financial domain. By enhancing fund efficiency through institutional constraints, optimizing the financing structure through information disclosure, and controlling financial costs through rigorous risk assessment, the Company has embedded sound governance principles into operational decision-making and consolidated a robust financial foundation for steady development.

◆ Risk Management

Risk Management System Development

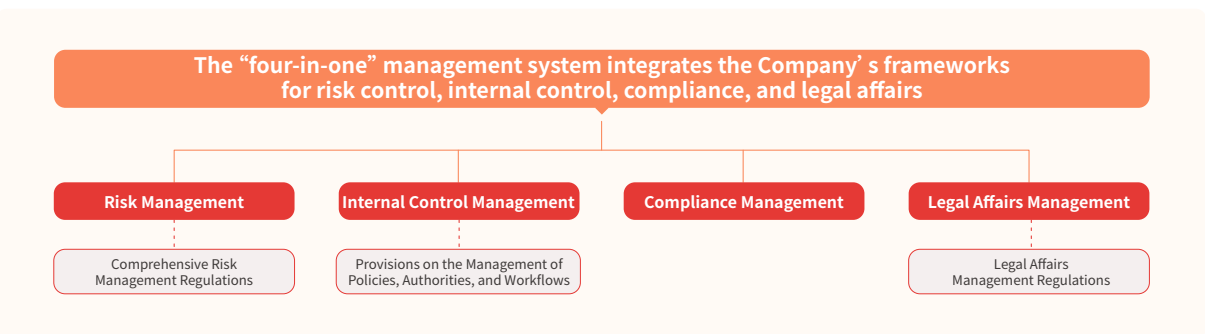
Benchmarking against the Guidelines for Comprehensive Risk Management of Central Enterprises, the Company has established a systematic and standardized "four-in-one" management system integrating risk control, internal control, compliance, and legal affairs. Through institutional development, structural improvement, and the reinforcement of lines of defense, the Company comprehensively enhances risk management effectiveness.

Risk Management Organizational Structure

The Company has established a Risk Management Committee, comprising a leadership group composed of middle and senior management and a working group drawn from backbone employees across headquarters functional departments and business divisions, comprehensively coordinating risk management activities. The Committee is principally responsible for reviewing overall risk management objectives, appetite, tolerance, and major resolution strategies; formulating judgment standards and mechanisms for major decisions, events, and processes; guiding and supervising each unit in fulfilling its responsibilities; coordinating the resolution of major issues; carrying out hotspot governance and violation rectification; and strengthening inter-departmental coordination.

Risk Management System Framework

The Company has formulated and strictly implemented internal regulations including the *Management Regulations on the "Four-in-One" of Risk Control, Internal Control, Compliance, and Legal Affairs* and the *Comprehensive Risk Management Regulations*, establishing a solid institutional foundation for risk management and providing standardized guidance for the operation of the system.



Building Solid Three Lines of Defense Against Risk

The Company has established and continuously strengthened three lines of defense for risk management, clarifying the boundaries of responsibilities and forming a layered prevention and control mechanism with coordinated linkage:

First Line of Defense

Composed of various functional departments, business divisions, and subordinate project companies, responsible for establishing each unit's business risk and compliance management systems, implementing risk identification, assessment, and response, and preparing risk lists, contingency plans, and decision assessment reports.

Second Line of Defense

Led by the Legal and Compliance Department, responsible for formulating cross-departmental risk judgment standards and mechanisms, issuing cross-departmental decision assessment reports, formulating risk management strategies and cross-departmental resolution measures, and organizing and implementing monitoring activities.

Third Line of Defense

Composed of the Internal Audit Department and the Discipline Inspection and Supervision Office, responsible for supervising and assessing the operation of the risk management system, putting forward optimization recommendations, and promoting the continuous improvement of the system.

Risk Management Training and Culture Building

The Company has established a clear risk management policy and objectives, consolidating the cultural foundation of risk management through a systematic core philosophy and a tiered training mechanism.

(1) Establishing core policy and objectives

The Company adheres to the policy of "accurate identification, coordinated efficiency, holding the bottom line, and creating value," and is committed to building a "four-in-one" system of effective identification, scientific assessment, and efficient management. By clarifying the construction direction of being risk-management-oriented, internal-control-focused, compliance-based, and legal-affairs-supported, the Company ensures lawful and compliant operations, prevents and resolves risks, enhances management and control capabilities, and advances its goal of becoming the most trusted eco-environmental service enterprise.

(2) Establishing advanced management concepts

The Company advocates the risk philosophy of "the dialectical interdependence of risks and opportunities," creating and safeguarding value through scientific management. It practices the risk control principle that "managing business requires managing risk control," promoting the integration of risk control into business operations, moving oversight to the front line, and extending professional capabilities where they are needed most. At the same time, the Company promotes the core values of professional coordination, integrity-based operations, and innovation, navigating development with sound judgment, safeguarding sustainability through compliance, and adapting to environmental changes through innovative models.

(3) Deepening culture promotion among all staff

The Company carries out multi-level, targeted training and outreach to effectively strengthen risk awareness for all staff.

Focusing on management: The Company organized the "Deep Blue Class" risk management themed training, conducting specialized awareness sessions for middle and senior management to consolidate the ideological foundation of risk prevention and control.

Strengthening the execution level: The Company held a total of 13 "four-in-one" system promotion and risk awareness training sessions, covering 650 participants from the backbone employee group, with a focus on practical tool training to enable the execution level to proficiently master control and management requirements.

Construction outcomes: The Company achieved deep penetration of the risk culture philosophy among the management team and backbone employee group, building a top-down cultural development framework and providing a solid foundation for the effective implementation of the management system.

Number of special risk awareness training sessions conducted:

13 sessions

Number of employees participating in special risk awareness training:

650 person-times

Risk Management Process

The Company has established a standardized risk management process, encompassing core steps including risk identification, analysis, evaluation, and response, forming a closed-loop management cycle. The Company conducts at least one comprehensive risk assessment annually, achieving routine and systematic identification and management of various categories of risk.

Initial risk management information collection

Risk information is collected from internal and external sources through multiple channels, consolidated into an information database, and submitted for approval and filing on a quarterly basis.

Risk identification

The scope of identification is clearly defined, various assessment techniques are applied, core identification elements are standardized, and the results are incorporated into the risk list for confirmation.

Risk classification and assessment standards

A classification framework is established and unified assessment standards are formulated.

Risk analysis and evaluation

Inherent and residual risks are distinguished, and risk levels are classified in accordance with assessment results.

Risk response

Strategies are selected in accordance with the cost-benefit principle, major risk resolution plans are formulated, and control measures are consolidated.

Risk indicators and early warning mechanisms

Following the four principles of materiality, sensitivity, simplicity, and adaptability, a key risk indicator system is established with defined early warning thresholds and alarm mechanisms.

Risk control sheet management

Risk control sheets are prepared in a unified format, dynamically updated and maintained, with risk level determinations, downgrades, and eliminations approved in accordance with established procedures.

Effectiveness evaluation and supervision

Risk management effectiveness evaluations are carried out, reports are compiled, and optimization measures are monitored and supervised.

◆ Compliance Management

Compliance Review

The Company has established a sound compliance review management system, adhering strictly to the principles of legality and compliance, objectivity and impartiality, and graded division of labor. Compliance review extends across all entities, including headquarters, business divisions, and wholly owned and controlled companies and covers core review matters such as the formulation, revision, and abolition of rules and regulations, major decisions, and the conclusion and modification of major contracts.

The Company has established a comprehensive compliance review and control system to strengthen internal control and risk management. With compliance review as the central function, the system is divided into two stages—compliance self-inspection and compliance re-inspection—and implements level-by-level supervision through a three-tier control structure of "headquarters—business division—project company," forming an effective closed-loop management cycle. Compliance self-inspection is carried out by business departments at all levels fulfilling their primary responsibility and conducting independent review; compliance re-inspection is conducted by the lead "four-in-one" department through professional re-examination, with external professional institutions engaged for support as needed. Throughout the process, higher-level units implement level-by-level supervision and review to ensure that internal control and risk management requirements are applied consistently across all tiers.

Compliance review is grounded in both external norms, including national laws, regulations, and regulatory provisions, and internal norms, including the Articles of Association and internal systems. It defines the specific content and operational procedures for independent review and re-examination, with matters that fail the review prohibited from being submitted for higher-level approval. The Company has also formulated a *Compliance Review Form* to standardize review records, comprehensively safeguarding the lawful and compliant conduct of the Company's operations and management activities through a standardized and process-based compliance review mechanism.

Compliance Reporting and Investigation

The Company has formulated the *Compliance Reporting and Investigation Management Measures*, establishing a standardized and robust compliance reporting management system with clearly defined dedicated reporting channels and standardized management processes.

The Legal and Compliance Department has established multiple compliance reporting channels, including email, mailing address, and telephone, with dedicated personnel assigned to maintain these channels and ensure they remain fully accessible. As the core acceptance and centralized management department for compliance reporting, the Legal and Compliance Department comprehensively oversees report receipt, ledger registration, preliminary verification, and investigation organization.

The Company has established a robust whistleblower protection mechanism and strictly implements a confidentiality system, prohibiting the disclosure of whistleblower information and report content, the forwarding of related materials, and any form of retaliation against whistleblowers. Relevant personnel who breach confidentiality or commit violations will be sanctioned in accordance with the *Employee Rewards and Punishments Management Regulations*. For whistleblowers who report under their real names, the reasons for not filing a case and the investigation and handling results will be promptly communicated, fully safeguarding the legitimate rights and interests of whistleblowers.

· Compliance reporting acceptance email: flhgb@grandblue.cn

· Compliance reporting acceptance telephone: 0757-86282428

· Compliance reporting acceptance mailing address: Legal and Compliance Department, Grandblue Plaza, No. 23 Ronghe Road, Guicheng Subdistrict, Nanhai District, Foshan City, Guangdong Province

◆ Legal Affairs Management

The Company continuously strengthens its legal affairs management system and promotes enhanced awareness of the rule of law among all staff through standardized legal affairs management. In 2025, the Company revised and improved multiple legal management systems including the *Contract Performance Management Measures*, the *Litigation Case Management Measures*, and the *External Lawyer Resource Management Measures* standardizing all-dimensional legal affairs work encompassing litigation cases, contract management, and legal education and outreach.

The Company has established a standardized contract management system, formulating 114 contract templates and completing the review of 3,528 contracts throughout the year, efficiently safeguarding the lawful and compliant conduct of business operations.

The Company has also formulated and released legal compliance consultation guidelines to provide professional legal support across all business processes. Through multiple channels and formats, the Company organized 9 legal education activities, reaching 8,507 employees, comprehensively promoting legal knowledge, strengthening compliance awareness among all staff, and fostering a strong corporate culture of rule of law.

Number of legal publicity and education training sessions conducted:

5 sessions

Number of employees participating in legal publicity and education training:

8,507 person-times

◆ Internal Control Management

With a focus on consolidating the foundation of compliant operations and ensuring the smooth advancement of merger and acquisition integration, the Company concentrates on the development of management systems and processes, systematically building a long-term internal control framework. Through the implementation of multi-dimensional measures, it has established a solid internal control foundation for the efficient and orderly operation of the organization and the smooth conduct of business, achieving significant management outcomes.

(1) Building an internal control management system

The Company formulated its first authority management regulations and detailed rules, establishing an internal control chain of "systems as the source—authority with basis—process implementation." Legacy issues were addressed through rigorous authority review, and the existing system was optimized with the achievements of the Solid Waste Business Division II's special rights and responsibilities framework, generating replicable management experience and establishing a clear and transparent compliance basis for merger and acquisition integration.

(2) Optimizing the internal control management mechanism

Targeting core elements such as system drafting formats and approval processes, the Company implemented 7 optimization measures, streamlining redundant approval steps and reducing process waiting times, effectively accelerating information transmission and decision-making efficiency, further strengthening the compliance management foundation, and comprehensively enhancing the organization's overall management efficiency.

(3) Strengthening review implementation and execution

In 2025, the Company completed a cumulative total of 74 reviews of systems at all levels and 50 document issuances throughout the year, establishing an OA system management portal for the Group and its subordinate units to provide a unified, open, and transparent compliance basis for the conduct of various work and audit supervision. Authority review work was steadily advanced, with difference analysis and issue identification conducted for each matter submitted for approval, and cross-departmental communication and coordination organized for complex matters to ensure that review work is implemented accurately and efficiently.



Case | Focusing on Merger and Acquisition Integration Needs to Ensure Smooth Business Integration

Centered on the key requirements of merger and acquisition integration, and addressing the differences between the Solid Waste Business Division II, new project companies, and the original management system, the Company systematically compiled two versions of an authority manual containing 51,796 nodes, clarifying 1,077 formal authority matters and releasing them on schedule. The Company proactively coordinated the resolution of system permission configuration issues, ensuring the timely launch of information systems, and through specialized training, routine issue collection, and Q&A sessions, facilitated company-wide mastery of the system and authority control framework, ensuring the accurate implementation of system norms and laying a solid internal control foundation for the smooth integration of business following the acquisition.

◆ Audit Management

The Company continuously strengthens its audit management system, building an internal audit framework with comprehensive systems, standardized processes, and closed-loop rectification, giving full play to the role of audit supervision and risk prevention and control, and comprehensively enhancing internal control management.

(1) Improving the audit system framework

The Company has formulated multiple systems and standards including the Internal Audit System, the *Internal Control Evaluation System*, the *Internal Audit Quality Control Standards*, and the *Construction Project Tracking Audit Management Standards*, covering all dimensions including internal audit policies, work procedures, document preparation, personnel professional conduct, archive management, and special audits, providing a unified and standardized institutional basis and execution standards for the conduct of internal audit work.

(2) Standardizing the audit work process

Strictly carrying out internal audits in accordance with established system standards, the Company has developed a standardized full-process management framework encompassing: preparation of the annual audit work plan and project audit scheme; formation of an audit team for implementation; preparation of audit working papers; formulation of audit conclusions and improvement recommendations; solicitation of opinions from the audited unit; approval and issuance of the audit report; tracking and closed-loop rectification of audit defects; and archiving of audit files. This ensures that audit work is advanced in an orderly manner, with traceable processes and effective outcomes.

(3) Improving the rectification tracking closed loop

The Company has established and deepened a "vertical-and-horizontal linkage" defect rectification tracking mechanism, conducting routine monthly follow-ups on the progress of audit issue rectification. Vertically, audit issues are categorized and summarized by functional management line every six months and submitted to headquarters functional departments to promote rectification implementation and line guidance. Horizontally, at year-end, a *Management Recommendation Letter* is issued to the business divisions, distilling common audit issues and putting forward management recommendations. Through cross-departmental coordination, rectification responsibilities and pathways are clearly defined at all levels—from subsidiaries and business divisions through to headquarters—achieving closed-loop management of audit issue rectification and consolidating the foundation of internal control management.

Number of internal control inspections conducted/inspections: **280**

(4) Performing the audit supervision function

In 2025, the Company conducted 280 sessions of specialized internal control inspections and completed the annual internal control evaluation with high quality. With "supervision—rectification—prevention" as the guiding principle, the Internal Audit Department, in conjunction with the Legal and Compliance Department, convened a Group audit work meeting. Through three dimensions—strengthening audit supervision, improving the system framework, and building a coordination mechanism—the Company promoted full-process closed-loop management of audit issues and gave full play to the linkage role of the three lines of defense of "business, risk control, and internal audit" in the Company's risk management.

◆ Anti-Commercial Bribery and Anti-Corruption

Anti-Bribery Management System Development

The Company comprehensively promotes the implementation and coverage of the anti-bribery management system across the entire Group. Benchmarking against the ISO 37001 anti-bribery management system standard, it has developed 18 independent and complete sets of system documents. During the year, the Company completed standard compliance audits of 8 high-risk business project companies and issued the corresponding audit reports, while collaborating with various business divisions to carry out system optimization and "draw inferences from one instance" rectification work, producing 5 self-inspection reports and continuously enhancing the effectiveness and compliance of the anti-bribery management system.

As at the end of the reporting period, a total of 79 companies, including the Group, business divisions, and subordinate project companies, had established and been internally certified for the anti-bribery management system, of which 19 were newly added in 2025. In addition, 4 subsidiaries, including Grandblue Green Power Solid Waste Treatment (Foshan) Co., Ltd. and Grandblue (Xiamen) Solid Waste Treatment Co., Ltd., have obtained ISO 37001 anti-bribery management system certification, with the certification scope covering core businesses including solid waste treatment, industrial hazardous waste disposal, and urban environmental services.

Number of units newly carrying out anti-bribery system development and internally certified during the year¹ **19**

¹ Refers to the Company's internal certification of subordinate subsidiaries in compliance with the ISO 37001 system.

Integrity management

In 2025, the Company thoroughly implemented the requirements of comprehensive and strict Party governance and Party conduct and integrity building, advancing various integrity management initiatives with the Discipline Inspection and Supervision Office as the core department. By strengthening political supervision, force integration, preventive education, and issue rectification, the Company comprehensively reinforced its integrity defense line, fostering a clear and upright working environment in support of the Company's high-quality development and providing a solid political and integrity foundation. In 2025, there were no major corruption complaint cases and no commercial bribery incidents.

(1) Strengthening political supervision

The Company revised the job responsibilities for Party conduct and integrity building, improved the *Integrity Files of Leading Cadres*, and organized the signing of *Integrity Responsibility Statements* at all levels and integrity commitment letters by Party members, totaling 6,540 copies, achieving full coverage of integrity responsibility across all staff and promoting the integration of integrity requirements into the entire process of management and duty performance at all levels.

(2) Promoting supervision integration

Integrating the resources of the Party Committee, the Discipline Inspection Commission, the Supervisory Board, Safety, Health, and Environment, and the trade union, the Company carried out 52 joint research inspections of projects within and outside the province, covering areas including Party conduct and integrity building, work and production resumption, production and operations, business expansion, and safety, health, and environment. Focusing on key aspects of tendering and procurement, the Company collaboratively carried out 110 advance tender scheme discussions and put forward compliance recommendations; jointly conducted 76 on-site tender supervisions with the Internal Audit Department and the Legal and Compliance Department; and completed 1,043 tender filings, strengthening the institutional safeguard framework for integrity management.

(3) Unblocking reporting channels

The Company has established accessible supervision and reporting channels, implemented a whistleblower protection mechanism, rigorously verified issue clues, conducted thorough self-inspection and self-correction, and maintained strict prevention and control of operational integrity risks.

Company Integrity Complaint Channels:

Complaint Telephone: (0757) 86327363

Complaint email: jjjcs@grandblue.cn.

(4) Consolidating preventive education

Through various initiatives, the Company comprehensively strengthens all-staff awareness of integrity, self-discipline, and risk prevention. In 2025, the Company carried out the Integrity Roundtable series of activities under the theme of "Revering Rules and Practicing with Integrity," encompassing the following: organizing management personnel to deliver integrity lessons; conducting on-site education on "Inheriting the Red Gene and Building a Solid Integrity Defense Line"; promoting integrity awareness among more than one hundred external suppliers through the supplier conference; organizing integrity talks; soliciting integrity culture works company-wide, receiving more than 360 submissions, and conducting integrity publicity through platforms including "Grandblue Vision"; and distributing holiday integrity family letters to more than 26,000 Grandblue management personnel and employees, and weekly integrity updates to 100,000 recipients.

◆ Anti-Unfair Competition

The Company places great importance on anti-unfair competition management, strictly adhering to laws and regulations including the *Anti-Unfair Competition Law of the People's Republic of China* and the *Interim Provisions on Prohibiting Commercial Bribery*, integrating the principle of fair competition into the entire process of operations and development, and consciously safeguarding fair market order.

The Company has clearly delineated the red lines for operational conduct and expressly prohibits all forms of unfair competition including:

- Counterfeiting behaviors such as counterfeiting others' registered trademarks and forging or fraudulently using quality marks;
- Misleading or false publicity regarding goods, services, and commercial reputation;
- Collusive bidding behaviors that squeeze out competitors;
- Commercial bribery behaviors involving the transfer of benefits through money, property, or other interests;
- Infringement of others' legitimate trade secrets;
- Fabrication and dissemination of false information to damage competitors' commercial reputation;
- Other unfair competition behaviors prohibited by applicable laws and regulations.

Number of incidents during the reporting period resulting in litigation or major administrative penalties due to the Company's unfair competition behavior^{*1}:

0

Amount involved during the reporting period in litigation or major administrative penalties due to the Company's unfair competition behavior^{*1}:

RMB 0

^{*1} Incidents and amounts involved resulting in litigation or major administrative penalties due to the Company's unfair competition behavior are subject to court judgments or administrative penalties received.

Major corruption complaint cases:

0

Commercial bribery cases:

0

Number of concluded corruption litigation cases:

0

Number of integrity supervision and inspections conducted:

151

Number of integrity practice training sessions:

495 sessions

Number of integrity pledges and responsibility letters signed

6,540

Total number of directors covered by anti-commercial bribery and anti-corruption training:

9

Percentage of directors covered by anti-commercial bribery and anti-corruption training:

100 %

Total number of management personnel covered by anti-commercial bribery and anti-corruption training^{*1}:

539

Percentage of management personnel covered by anti-commercial bribery and anti-corruption training^{*1}:

51.04 %

Total number of employees covered by anti-commercial bribery and anti-corruption training^{*2}:

5,471

Percentage of employees covered by anti-commercial bribery and anti-corruption training^{*2}:

50.26 %

^{*1} Management personnel include Group company leadership, middle management, and junior management personnel.

^{*2} The total number of employees is based on the number of employees (excluding front-line environmental sanitation employees).



Key Business Performance Indicators			
Category	Indicator	Unit	2025
Operational Performance	Annual operating revenue	RMB 100 million	139.37
	Year-on-year growth in annual operating revenue	%	17.25
	Total assets (as at the end of the reporting period)	RMB 100 million	622.17
	Year-on-year growth in total assets (as at end of reporting period)	%	58.29
	Net assets attributable to shareholders of the parent company (as at end of reporting period)	RMB 100 million	146.10
	Year-on-year growth in net assets attributable to shareholders of the parent company (as at end of reporting period)	%	9.01
	Net profit attributable to shareholders of the parent company	RMB 100 million	19.73
	Year-on-year growth in net profit attributable to shareholders of the parent company	%	18.58
	Net profit attributable to shareholders of the parent company excluding non-recurring gains and losses	RMB 100 million	19.19
	Year-on-year growth in net profit attributable to shareholders of the parent company excluding non-recurring gains and losses	%	18.05
	Earnings per share	RMB	2.42
	Year-on-year growth in earnings per share (as at end of reporting period)	%	18.63
	Total tax payments	RMB 100 million	12.70
	Year-on-year growth in total tax payments	%	60.33
	Total proposed cash dividends for the year (tax inclusive)	RMB 100 million	8.56

Key Operational Performance Indicators			
Category	Indicator	Unit	2025
Solid Waste Treatment	Total installed capacity of domestic waste incineration power generation	tons/day	97,590
	Total landfill capacity for sanitary landfilling of domestic waste	10,000 m³	204
	Waste compaction and transfer	tons/day	9,115
	Kitchen waste and fecal waste treatment	tons/day	3,814
	Sludge treatment	tons/day	1,400
	Industrial hazardous waste treatment	10,000 tons/year	22.55
	Agricultural waste treatment	tons/day	335
Energy	Total annual natural gas supply volume	100 million m³	9.71
	Natural gas pipeline network length	km	2,749.20
	Total annual cylinder gas supply volume	10,000 tons	3.67
	Total annual hydrogen energy supply volume	10,000 kg	59.78
	Total annual green thermal energy supply volume	10,000 tons	205.75
Water supply	Total water supply capacity	10,000 m³/day	170
	Water supply pipeline network length (DN75 and above)	km	4,774.35
	Total annual water supply volume	10,000 m³	49,211.09
Drainage	Total domestic sewage treatment capacity	10,000 tons/day	100.90
	Total annual domestic sewage treatment volume	100 million tons	2.89
	Total industrial wastewater treatment capacity	10,000 tons/day	2
	Operational domestic sewage network	km	2,484
	Operational stormwater network	km	1,782
	Operational stormwater and (waste) water pumping stations (wells)	units	443
	Operational rural decentralized sewage treatment facilities	units	87

Key Environmental Performance Indicators			
Issue	Indicator	Unit	2025
Climate Change Mitigation and Adaptation	Total greenhouse gas emissions ^{*1}	10,000 tons of CO ₂ equivalent	880.48
	Classified by emission scope		
	Scope 1 Greenhouse gas emissions ^{*2}	10,000 tons of CO ₂ equivalent	836.83
	Classified by emission source		
	Stationary source emissions	10,000 tons of CO ₂ equivalent	1.71
	Mobile source emissions	10,000 tons of CO ₂ equivalent	5.92
	Industrial process emissions	10,000 tons of CO ₂ equivalent	817.96
	Fugitive emissions	10,000 tons of CO ₂ equivalent	11.24
	Scope 2 Greenhouse gas emissions ^{*3}	10,000 tons of CO ₂ equivalent	11.29
	Scope 3 Greenhouse gas emissions ^{*4}	10,000 tons of CO ₂ equivalent	32.36
	Classified by emission category		
	Category 1: Purchased goods and services	10,000 tons of CO ₂ equivalent	28.67
	Category 4: Upstream transportation and distribution	10,000 tons of CO ₂ equivalent	3.69
	Greenhouse gas emission intensity (by gross output value)	tons of CO ₂ equivalent/RMB 10,000	6.32
	Greenhouse gas emission intensity (by grid-connected electricity from waste-to-energy)	kg of CO ₂ equivalent/kWh	1.24
	Total greenhouse gas emission reductions ^{*5}	10,000 tons of CO ₂ equivalent	416.73
	Classified by reduction category		
	Emission reductions directly attributable to green electricity generated from harmless treatment of solid waste	10,000 tons of CO ₂ equivalent	361.85
	Carbon emission reductions directly attributable to resource utilization	10,000 tons of CO ₂ equivalent	51.78
	Carbon emission reductions generated through energy-saving technologies or project implementation	10,000 tons of CO ₂ equivalent	3.10

Climate Change Mitigation and Adaptation	Total certified emission reductions from VCS and clean development mechanism (CDM) projects	10,000 tons of CO ₂ equivalent	222
	Number of tradeable green certificates within validity period	10,000 certificates	348.38
	Number of green certificates sold	10,000 certificates	1,317.24
	Volume of green certificates procured and retired	10,000 certificates	4.50
Circular Economy	Total annual domestic waste incineration treatment volume	10,000 tons	2,149.22
	Total annual waste transfer volume	10,000 tons	312.28
	Total annual kitchen waste treatment volume	10,000 tons	53.39
	Total annual sludge treatment volume	10,000 tons	60.16
	Total annual industrial hazardous waste treatment	10,000 tons	7.85
	Total annual agricultural waste treatment volume	10,000 tons	3.23
	Total annual fly ash treatment volume	10,000 tons	8.39
	Total annual waste-to-energy generation volume	100 million kWh	81.69
	Total annual waste-to-energy grid-connected electricity volume	100 million kWh	71.18
	Annual waste-to-energy electricity generation per ton of waste	kWh	380.11
	Annual waste-to-energy grid-connected electricity per ton of waste	kWh	331.19
	Total annual green thermal energy supply volume	10,000 tons	205.75
	Annual slag reuse and resource utilization volume	10,000 tons	499.71
	Total annual kitchen waste oil recovery volume	10,000 tons	1.62
	Annual kitchen waste electricity generation volume	10,000 kWh	496.82
	Total annual biodiesel production volume	tons	3,591.88
	Total annual meat and bone meal production volume	tons	6,878.59
	Total annual organic fertilizer production volume	tons	121.60
	Waste recycling and reuse volume ^{*6}	tons	33,994.14
	Renewable resource consumption ^{*7}	tons	/
	Renewable resource consumption as a proportion of total consumption of corresponding resources ^{*7}	%	/

Environmental Compliance Management	Environmental protection investment amount* ⁸	RMB 10,000	51,166.18
	Number of incidents subject to major administrative penalties imposed by ecological and environmental authorities or criminal prosecution arising from environmental incidents	incidents	0
	Total penalty amounts arising from major administrative penalties imposed by ecological and environmental authorities or criminal prosecution due to environmental incidents	RMB 10,000	0
	Environmental liabilities outstanding as at year-end* ⁹	RMB 10,000	0
	Pollutant discharge compliance rate	%	100
Environmental Compliance Management	Number of environmental protection training sessions* ¹⁰	sessions	849
	Environmental protection training coverage (person-times)	person-times	19,254
	Total environmental protection training hours	hours	14,914.23

Emissions Management	Total industrial wastewater discharge volume* ¹¹	m ³	4,480,497.48
	Total chemical oxygen demand (COD) discharge volume	tons	3,188.24
	Chemical oxygen demand (COD) discharge intensity	kg/RMB 10,000	2.29
	Ammonia nitrogen (NH ₃ -N) discharge volume	tons	148.42
	Ammonia nitrogen (NH ₃ -N) discharge intensity	kg/RMB 10,000	0.11
	Total nitrogen (TN) discharge volume in wastewater	tons	2,206.04
	Total phosphorus (TP) discharge volume in wastewater	tons	53.74
	Waste leachate treatment volume (including landfill sites)	10,000 tons	275.36
	Total chemical oxygen demand (COD) reduction volume	tons	151,395.78
	Total ammonia nitrogen (NH ₃ -N) reduction volume	tons	12,887.38
	Total nitrogen (TN) reduction volume	tons	11,018.72
	Total phosphorus (TP) reduction volume	tons	952.93
	Total air pollutant emission* ¹²	100 million m ³	64.83
	Total annual particulate matter (PM) emissions	tons	181.58
	Annual particulate matter (PM) emission intensity	kg/RMB 10,000	0.13
	Total annual nitrogen oxides (NO _x) emissions	tons	10,160.38
	Annual nitrogen oxides (NO _x) emission intensity	kg/RMB 10,000	7.29
	Total annual sulfur dioxide (SO ₂) emissions	tons	2,030.12
	Annual sulfur dioxide (SO ₂) emission intensity	kg/RMB 10,000	1.46
	Total volatile organic compounds (VOCs) emissions* ¹³	tons	6.16
	Volatile organic compounds (VOCs) emission intensity	g/RMB 10,000	4.42
Waste Treatment	Total waste generated* ¹⁴	tons	6,073,121.43
	Total hazardous waste generated	tons	584,559.85
	Hazardous waste generation intensity per unit output	tons/RMB 10,000	0.42

Waste Treatment	Hazardous waste disposal volume	tons	588,557.58
	Total non-hazardous waste generated	tons	5,488,561.58
	Non-hazardous waste generation intensity per unit output	tons/RMB 10,000	3.94
	Non-hazardous waste disposal volume (excluding externally sourced waste)	tons	5,488,087.63
Energy Utilization	Total comprehensive energy consumption ^{*15}	Tons of standard coal equivalent	398,340.75
	<i>Classified by direct energy and indirect energy</i>		
	Direct energy consumption ^{*16}	Tons of standard coal equivalent	38,354.41
	<i>Classified by energy type</i>		
	Gasoline	liters	1,623,563.61
	Diesel	liters	25,218,846.43
	Natural gas	m ³	3,673,459.66
	Liquefied petroleum gas (LPG)	m ³	60,966.36
	Carbon black feedstock oil	tons	485.03
	Indirect energy consumption ^{*17}	Tons of standard coal equivalent	359,986.34
	<i>Classified by energy type</i>		
	Total electricity consumption ^{*18}	MWh	1,328,720,993.54
	<i>Classified by electricity source</i>		
	Purchased electricity — domestic (mainland China)	MWh	246,010.76
	Purchased electricity — overseas (Hong Kong)	GJ	346.27
	Waste-to-energy self-generated and self-consumed electricity (auxiliary power consumption)	MWh	1,327,141.50
	Company distributed photovoltaic power generation — self-consumed electricity	MWh	6,242.94
	Total heat supply consumption (e.g., steam)	GJ	80,924.91
	Comprehensive energy intensity	Tons of standard coal equivalent/RMB 10,000	0.29
	Total clean energy consumption	MWh	1,373,137.91
	Clean energy consumption as a proportion of total comprehensive energy consumption	%	42.36
	<i>Classified by energy type</i>		

Energy Utilization	Natural gas	m ³	3,673,459.66
	Natural gas proportion	%	1.22
	Solar energy	MWh	6,242.94
	Solar energy proportion	%	0.19
	Biomass energy	MWh	1,327,141.50
	Biomass energy proportion	%	40.95
	Wind energy	MWh	0
	Wind energy proportion	%	0
	Number of subsidiaries certified under ISO 50001:2018 Energy Management System	entities	6
Water Resource Utilization	Freshwater withdrawal ^{*19}	m ³	36,658,095.38
	Freshwater discharge ^{*20}	m ³	1,381,767.56
	Total water consumption (freshwater) ^{*21}	m ³	35,276,327.83
	Circulating water and reclaimed water consumption ^{*22}	m ³	7,712,598.34
	Circulating water and reclaimed water utilization rate ^{*23}	%	17.38
	Total water consumption (freshwater) ^{*24}	m ³	44,370,693.72
	Water resource (freshwater) consumption intensity	m ³ /RMB 10,000	31.84
	Water-saving awareness campaigns ^{*25}	sessions	63
	Internal water consumption rate of water supply plants ^{*26}	%	2.6
	Difference rate between water production and sales ^{*27}	%	6.41

^{*1} Total greenhouse gas emissions represent the sum of Scope 1 direct greenhouse gas emissions, Scope 2 indirect greenhouse gas emissions, and selected Scope 3 other indirect greenhouse gas emissions, calculated using the operational control approach. Scope 1 includes stationary combustion emissions, mobile combustion emissions from company-owned official vehicles, forklifts and operationally leased vehicles, fugitive emissions from air-conditioning chillers, fire-fighting equipment, sewage treatment facilities and septic tanks, and industrial process emissions from domestic waste and hazardous waste incineration. Scope 2 includes indirect emissions from purchased electricity and steam. Scope 3 is calculated with reference to the GHG Protocol emission categories, covering Category 1 and Category 4 only.

^{*2} Calculated with reference to ISO 14064-1:2018, the 2006 IPCC Guidelines for National Greenhouse Gas Inventories and the Guidelines for Greenhouse Gas Emission Accounting and Reporting for Enterprises in Other Industrial Sectors (Trial). Emission sources include stationary combustion emissions, mobile combustion emissions from company-owned official vehicles, forklifts and operationally leased vehicles, fugitive emissions from air-conditioning chillers, fire-fighting equipment, anaerobic sewage treatment facilities and septic tanks, and industrial process emissions from domestic waste and hazardous waste incineration. Greenhouse gas species included in the calculation are CO₂, CH₄, N₂O, and HFCs. Calorific values are referenced from the General Rules for Calculation of Comprehensive Energy Consumption (GB/T 2589), applying the lower heating value (LHV) for energy combustion. Carbon oxidation rates and other parameters are referenced from the corresponding default values in the Guidelines for Greenhouse Gas Emission Accounting and Reporting for Enterprises in Other Industrial Sectors (Trial) (2015). Carbon content per unit of calorific value is referenced from the 2006 IPCC Guidelines for National Greenhouse Gas Inventories. As greenhouse gas emissions attributable to domestic waste incineration are calculated on the basis of the proportion of fossil carbon to total carbon in domestic waste, variations in domestic waste composition may have a material impact on reported greenhouse gas emission figures.

^{*3} Indirect emissions from purchased electricity and steam are calculated with reference to ISO 14064-1:2018 and the *General Guidelines for Greenhouse Gas Emissions Accounting and Reporting for Industrial Enterprises* (GB/T 32150-2015), with CO₂ as the sole greenhouse gas species included in the calculation. For the 2025 reporting year, emissions attributable to purchased electricity at operational sites in mainland China are calculated using the provincial average CO₂ emission factor for electricity for 2023, as published in the Ministry of Ecology and Environment's Announcement on the *Release of the 2022 Electricity CO₂ Emission Factor*. For operational sites in Hong Kong, the electricity emission factor stated on electricity billing notices is applied. Emissions attributable to purchased steam are calculated using the carbon emission factor for heat supply as set out in the *Guidelines for Greenhouse Gas Emission Accounting and Reporting for Enterprises in Other Industrial Sectors*, issued by the National Development and Reform Commission.

^{*4} Calculated with reference to the GHG Protocol and the *General Guidelines for Greenhouse Gas Emissions Accounting and Reporting for Industrial Enterprises* (GB/T 32150-2015). Scope 3 accounting covers Category 1 (purchased goods and services) and Category 4 (upstream transportation and distribution). Categories 2, 3, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, and 15 have been assessed and determined to represent non-material indirect emission sources and have accordingly not been quantified. Scope 3 emission factors are referenced from ecoinvent version 3.8.

^{*5} In the calculation of greenhouse gas emission reductions, emission reductions directly attributable to the harmless treatment of solid waste are calculated using the green electricity substitution method, whereby emission reductions equal grid-connected electricity volume multiplied by the 2024 baseline CO₂ emission factor for China's regional power grids applicable to emission reduction projects. For emission reductions directly attributable to resource utilization, reductions from externally supplied steam are calculated with reference to AMS-I.C: *Thermal Energy Production with or without Electricity (Small-Scale)*; reductions from biodiesel production are calculated with reference to CM-055-V01: *Production of Biodiesel for Use as Fuel (Version 1)*; and reductions from hydrogen production from biogas are calculated with reference to CMS-078-V01: *Hydrogen Production from Methane Extracted from Biogas (Version 1)*. Carbon emission reductions generated through energy-saving technologies or project implementation are calculated by multiplying electricity savings achieved through project implementation by the 2024 baseline CO₂ emission factor for China's regional power grids applicable to emission reduction projects, and adding chemical reagent savings multiplied by the corresponding emission factors for such reagents, sourced from ecoinvent version 3.8.

^{*6} Refers to waste materials directly or indirectly converted by the Company into secondary resources, covering treated agricultural waste recycling and resource utilization, food waste resource utilization, comprehensive utilization of biodiesel by-products, and industrial waste recycling and resource utilization. Excludes the total volume of domestic waste directly used for electricity generation through incineration.

^{*7} At present, there is no unified measurement basis for the industry indicator of "recyclable resource consumption," nor is it feasible to calculate its proportion of total resource consumption.

^{*8} The scope of environmental protection investment covers: (1) daily operational expenditures, including costs of environmental protection materials, online operation and maintenance expenses, environmental testing fees, and disposal costs for solid waste (slag, fly ash, hazardous waste, etc.); and (2) technical transformation projects, including expenditures on pollution prevention and control facilities, environmental impact assessments (EIA), and related inputs for technical renovation projects and new, renovation, and expansion projects.

^{*9} Refers to environmental penalty fines or monetary penalties outstanding as at the end of the reporting period, including anticipated penalties for cases not yet concluded.

^{*10} All indicators relating to environmental protection training reflect, by default, the total number of employees covered.

^{*11} The scope of total industrial wastewater discharge covers the total volume of industrial wastewater ultimately discharged by the enterprise into the external environment through permitted discharge outlets.

^{*12} The scope of total air pollutant emissions covers the total volume of pollutant-containing gases discharged into the atmosphere from the enterprise's major emission sources.

^{*13} The scope of total volatile organic compounds (VOCs) emissions covers industrial hazardous waste disposal projects only.

^{*14} Total waste generated = hazardous waste generated + non-hazardous waste generated.

^{*15} Derived from the sum of total direct energy consumption and total indirect energy consumption.

^{*16} Calculated by converting each category of direct energy consumption individually and aggregating the results. Conversion factors are referenced from GB/T 2589-2020 *General Rules for Calculation of Comprehensive Energy Consumption*: natural gas standard coal equivalent conversion factor 1.3300 kgce/m³; gasoline standard coal equivalent conversion factor 1.4714 kgce/kg; diesel standard coal equivalent conversion factor 1.4571 kgce/kg; liquefied petroleum gas (LPG) standard coal equivalent conversion factor 1.7143 kgce/kg; and carbon black feedstock oil standard coal equivalent conversion factor 1.4286 kgce/kg.

^{*17} Calculated by converting each category of indirect energy consumption individually and aggregating the results. Conversion factors are referenced from GB/T 2589-2020 *General Rules for Calculation of Comprehensive Energy Consumption*: electricity (equivalent value) standard coal equivalent conversion factor 0.1229 kgce/kW·h; and steam (equivalent value) standard coal equivalent conversion factor 0.0342 kgce/MJ.

^{*18} Electricity consumption includes electricity sourced from the grid, electricity generated and consumed from the Company's own distributed renewable energy generation facilities, and auxiliary power consumption from the Company's domestic waste incineration power generation operations.

^{*19} Refers to the total volume of water newly extracted or purchased from fresh surface water sources (rivers, lakes, reservoirs, etc.), fresh groundwater sources (well water, geothermal water, etc.), and waterworks, for use in production, domestic, and auxiliary systems. Excludes water or water products supplied externally by the enterprise, and accordingly excludes data relating to water supply and drainage business operations.

^{*20} Based on metering at legally designated discharge outlets. This figure excludes data relating to drainage business operations primarily involving sewage treatment.

^{*21} Total water consumption (freshwater) = freshwater withdrawal - freshwater discharge.

^{*22} Refers to the total volume of water reused by the enterprise either directly or after treatment, including circulating water, cascade water, and reclaimed water. As flow meters have not been installed on cooling tower circulation pumps at waste-to-energy plants—and such water is internally recycled through a closed-loop system—accurate metering is not possible, and this volume has therefore been excluded from the statistics.

^{*23} Circulating water and reclaimed water utilization rate = circulating water and reclaimed water consumption ÷ (circulating water and reclaimed water consumption + freshwater withdrawal).

^{*24} Total water consumption (freshwater) = freshwater withdrawal + circulating water and reclaimed water consumption.

^{*25} The scope of water-saving awareness campaigns covers the cumulative number of offline and online publicity and education activities organized for the general public including schools, communities, enterprises, and rural areas or conducted internally within the Company, with water conservation as the core theme.

^{*26} Internal water consumption rate of water supply plants = [self-consumed water volume of waterworks (freshwater) ÷ total water withdrawal volume of waterworks during the same period (freshwater)] × 100%.

^{*27} Difference rate between water production and sales = [(water supply volume — water sales volume) ÷ water supply volume] × 100%. Where water supply volume is regarded as production output and water sales volume as sales, a certain degree of loss between supply and sales is inevitable, giving rise to the non-revenue water rate. In addition to reflecting operational efficiency, this indicator may also serve as a metric for managing water losses.

Key Social Performance Indicators			
Issue	Indicator	Unit	2025
Employee Recruitment and Development	Total number of employees	persons	23,443
	Number of employees (excluding frontline sanitation workers) ^{*1}	persons	10,886
	<i>Classified by gender</i>		
	Number of male employees	persons	8,639
	Number of female employees	persons	2,247
	<i>Classified by management grade^{*2}</i>		
	Number of employees at group leadership level	persons	10
	Number of employees at middle management level	persons	456
	Number of employees at junior management level	persons	590
	Number of general staff	persons	9,830
	<i>Classified by age group</i>		
	Number of employees under 30 years of age	persons	2,937
	Number of employees aged 30 to 50	persons	6,917
	Number of employees aged above 50	persons	1,032
	<i>Classified by region</i>		
	Mainland China	persons	10,750
	Hong Kong, China	persons	131
	United States	persons	2
	Canada	persons	2
	Nepal	persons	1
	Proportion of employees holding Chinese nationality (including mainland China, Hong Kong, Macao, and Taiwan)	%	99.95
	Proportion of employees holding foreign nationality	%	0.05
	<i>Classified by ethnicity</i>		
	Chinese (Han ethnicity)	persons	10,356

Employee Recruitment and Development	Chinese (ethnic minorities)	persons	525
	United States (non-minority)	persons	2
	Canada (non-minority)	persons	2
	Nepal (non-minority)	persons	1
	Proportion of Han ethnicity employees	%	95
	Proportion of ethnic minority employees	%	5
	Proportion of female employees	%	21
	Proportion of women in all management positions ^{*3}	%	17
	Proportion of women at junior management level	%	19
	Proportion of women at middle management level	%	13
	Proportion of women in the senior management team	%	25
	Proportion of women in management positions within revenue-generating functional departments ^{*4}	%	20
	Proportion of women in STEM-related positions ^{*5}	%	15
	Total number of new employee recruits	persons	796
	Proportion of vacancies filled by internal candidates ^{*6}	%	32
	Average recruitment cost per hire ^{*7}	RMB	1,330
	Total employee turnover rate ^{*8}	%	6.1
	Voluntary employee turnover rate ^{*9}	%	3.4
	Human capital return on investment ^{*10}	%	254.11
	Employee social insurance coverage rate	%	100
	Number of incidents of discrimination or harassment	incidents	0
	Number of employee training sessions ^{*11}	sessions	9,620
	Total number of employee training participants ^{*11}	persons	10,206
	<i>Classified by gender^{*11}</i>		
	Total number of male employees participating in training	persons	8,304
	Total number of female employees participating in training	persons	1,902
	<i>Classified by management level^{*11}</i>		
	Total number of group leadership employees participating in training	persons	10
	Total number of middle management employees participating in training	persons	450
	Total number of general staff participating in training	persons	9,746

Employee Recruitment and Development	Total employee training hours* ¹¹	hours	526,673.70
	Average training hours per employee* ¹¹	hours	51.60
	<i>Average training hours by gender*¹¹</i>		
	Average training hours per male employee	hours	52.99
	Average training hours per female employee	hours	45.50
	<i>Average training hours by management level*¹¹</i>		
	Average training hours per senior management employee	hours	106.60
	Average training hours per middle management employee	hours	99.90
	Average training hours per general staff member	hours	47.80
	Employee training expenditure* ¹¹	RMB 10,000	574.63
	Employee training coverage rate* ¹¹	%	94
	Gallup' s Q12 Employee Engagement Survey results* ¹²	score	4.39
	Percentage of employees responding to the employee satisfaction survey	%	83
Innovation-Driven Development	Number of research and development personnel	persons	418
	Proportion of research and development personnel* ¹³	%	3.84
	Research and development investment amount	RMB 100 million	1.85
	Research and development investment as a proportion of revenue from principal operations* ¹⁴	%	1.37
	High-tech enterprise	entities	8
	China Industry-University-Research Collaboration Innovation Demonstration Enterprise	entities	1
	Provincial Enterprise Technology Centre	entities	1
	Provincial Engineering Technology Research Centre	entities	3
	Provincial Key Laboratory (Industry-University-Research) Incubation Base	entities	1
	Provincial Intellectual Property Demonstration Enterprise	entities	1
	Provincial “Specialized, Refined, Distinctive and Innovative” Enterprise	entities	3
	Guangdong Provincial Postdoctoral Innovation Practice Base	entities	1
	Number of invention patents applied to principal business operations* ¹⁵	items	15

Innovation-Driven Development	Number of invention patent applications filed during the reporting period	items	15
	Number of invention patents granted during the reporting period	items	9
	Number of utility model patents granted during the reporting period	items	55
	Number of valid patents during the reporting period	items	561
	Number of software copyrights granted during the reporting period	items	10
	Number of valid software copyrights during the reporting period	items	73
Occupational Health and Production Safety	Employee work injury insurance investment amount	RMB 10,000	1,699.10
	Employee work injury insurance coverage rate	%	100
	Employee work safety liability insurance investment amount* ¹⁶	RMB 10,000	288.2
	Employee work safety liability insurance coverage rate	%	59
	Employee occupational health examination coverage rate (pre-employment)* ¹⁷	%	100
	Employee occupational health examination coverage rate (in-service)* ¹⁷	%	100
	Employee occupational health examination coverage rate (post-employment)* ¹⁷	%	100
	Number of employee fatalities resulting from work-related injuries	persons	0
	Number of employee occupational disease cases	incidents	0
	Number of entities certified under ISO 45001 Occupational Health and Safety Management System	entities	55
	ISO 45001 certified entities as a proportion of all operational projects across the Group	%	42.97
	Major and more severe production safety accidents	incidents	0
	Work safety investment amount	RMB 10,000	12,224.21
	Number of full-time safety management personnel	persons	305
	Number of personnel holding intermediate certified safety engineer qualifications	persons	163
	Number of part-time safety officers	persons	668
	Total number of EHS inspections conducted	sessions	14,729
	EHS hazard rectification completion rate	%	98.58
	Number of emergency response drills conducted (comprehensive)	sessions	228
	Number of emergency response drills conducted (specialized)	sessions	661

	Number of emergency response drills conducted (on-site disposal plan)	sessions	910
	Number of participants in emergency response drills	person-times	27,402
	Number of safety education and training sessions conducted ^{*18}	sessions	17,400
	Number of participants in safety education and training ^{*18}	person-times	320,442
	Total safety education and training hours ^{*18}	hours	373,710.70
	Average safety education and training hours per employee ^{*18}	hours	15.94
Supply Chain Security	Total cumulative number of qualified suppliers registered in the system	entities	20,548
	<i>Classified by region</i>		
	Suppliers from mainland China	entities	20,542
	Suppliers from Hong Kong, Macao and Taiwan, China, and overseas regions	entities	6
	<i>Mainland China suppliers by geographic sub-region</i>		
	Northeast China	entities	1,083
	North China	entities	2,117
	Central China	entities	1,301
	South China	entities	7,356
	East China	entities	7,227
	Southwest China	entities	1,404
	Northwest China	entities	60
	Percentage of qualified suppliers holding ISO 9001 certification	%	24.19
	Percentage of qualified suppliers holding ISO 14001 certification	%	20.92
	Percentage of qualified suppliers holding ISO 45001/OHSAS 18001 certification	%	20.71
	Number of tier-1 suppliers ^{*19}	entities	4,487
	Number of key tier-1 suppliers ^{*20}	entities	103
	Supplier integrity agreement signing rate	%	100
	Number of supplier responsibility training sessions ^{*21}	sessions	36
	Number of supplier participants in responsibility training	person-times	636
	Coverage rate of tier-1 suppliers receiving training	%	15
	Supplier contract fulfilment rate	%	99.88
	Procurement compliance rate	%	100

Product and Service Safety and Quality	Total number of water supply customers	10,000 households	121.35
	Proportion of residential water supply customers	%	86.64
	Proportion of commercial water supply customers	%	8.62
	Proportion of industrial water supply customers	%	4.74
	Total number of piped natural gas customers	10,000 households	53.88
	Proportion of residential piped natural gas customers	%	99.51
	Proportion of commercial piped natural gas customers	%	0.24
	Proportion of industrial piped natural gas customers	%	0.25
	Amount involved in major safety and quality liability accidents relating to products and services during the reporting period ^{*22}	RMB 10,000	0
	Average passing rate of annual sampling inspection of water quality (pipe network water) ^{*23}	%	99.99
	Average passing rate of annual sampling inspection of water quality (delivered water) ^{*23}	%	100
	Customer satisfaction score for water supply services	score	83.24
	Gas customer satisfaction score	score	93.42
	Complaint resolution rate	%	100
Data Security and Customer Privacy	Number of data security incidents ^{*24}	incidents	0
	Amount involved in data security incidents ^{*24}	RMB 10,000	0
	Number of data security-related training sessions	sessions	4
	Number of customer privacy breach incidents ^{*25}	incidents	0
	Amount involved in customer privacy breach incidents ^{*25}	RMB 10,000	0
	Number of confirmed complaints relating to breaches of customer privacy and losses of customer data	sessions	0
	Number of customer privacy protection-related training sessions	sessions	4
	Sensitive data encryption coverage rate	%	100
	Coverage rate of access control mechanisms	%	100
Social Contribution	Number of national, local or group standards for which the Company served as a lead or participating drafting entity	items	46
	Annual participation in industry activities	sessions	52
	Cumulative number of industry associations joined	items	134
	Annual membership fees paid to industry associations	RMB 10,000	95.96
	Volunteer service activities conducted ^{*26}	sessions	795
	Number of participants in volunteer activities	person-times	4,391
	Duration of volunteer activities	hours	38,608.57

Social Contribution	Number of entities that opened environmental protection facilities and urban sewage and waste treatment facilities to the public nationwide	entities	22
	Total number of open days for the public held	sessions	426
	Total number of visitors received during open days for the public	persons	10,614
	Total number of environmental education and awareness activities conducted	sessions	1,762
	Number of employee participants in environmental publicity and education activities	person-times	8,266
	Number of beneficiaries of environmental publicity and education services	10,000 persons	10.36
	Amount of charitable donations ^{*27}	RMB 10,000	74.59
Rural Revitalization	Rural revitalization investment amount ^{*28}	RMB 10,000	516.67
	Number of beneficiaries of rural revitalization initiatives ^{*29}	persons	/

^{*1} The statistical and calculation scope for employee gender, management grade, age, region, nationality, ethnicity, proportion of female employees, new employee recruitment, proportion of vacancies filled by internal candidates, average recruitment cost per hire, total employee turnover rate, and voluntary employee turnover rate are all based on the number of employees, excluding frontline sanitation workers.

^{*2} Group leadership employees refer to the Company's Chairman, Secretary of the Discipline Inspection Commission, and senior executives (i.e., the General Manager, Deputy General Manager, Chief Financial Officer, and Secretary to the Board of Directors). Middle management employees refer to heads and deputy heads of Group headquarters departments, senior managers, members of division management teams, heads and deputy heads of functional departments within business divisions, and members of the executive management teams of project companies under business divisions. Junior management employees refer to heads and deputy heads of functional departments of project companies under the Company.

^{*3} Proportion of women in all management positions = total number of female employees at junior, middle, and senior management levels ÷ total number of management personnel × 100%. Junior management level is defined as heads and deputy heads of functional departments of project companies and other grassroots-level organizations.

^{*4} Proportion of women in management positions within revenue-generating functional departments (e.g., sales) = number of female employees in revenue-generating positions ÷ total number of personnel in revenue-generating positions × 100%. Revenue-generating positions are defined as line management roles in sales, business development, and similar departments, or roles that directly contribute to the output of products or services.

^{*5} Proportion of women in STEM-related positions = number of female employees in STEM-related positions ÷ total number of employees in STEM-related positions × 100%. STEM refers to science, technology, engineering, and mathematics. STEM practitioners apply their knowledge in these disciplines in their day-to-day work and primarily refer to the Company's technical personnel.

^{*6} Proportion of vacancies filled by internal candidates = total number of employees transferred to fill internal vacancies ÷ (number of internal transfers + total number of newly hired employees) × 100%.

^{*7} Average recruitment cost per hire = total recruitment cost for new employees ÷ total number of newly recruited employees. Total recruitment costs include recruiter salaries, interview expenses, agency fees, advertising costs, recruitment fair expenses, travel costs, and relocation costs.

^{*8} Total employee turnover rate = number of employees who left during the year ÷ [(number of employees at the beginning of the current period + number of employees at the end of the current period) ÷ 2] × 100%.

^{*9} Voluntary employee turnover rate = number of employees who voluntarily resigned during the year ÷ [(number of employees at the beginning of the current period + number of employees at the end of the current period) ÷ 2] × 100%.

^{*10} Human capital return on investment (HC ROI) = [operating revenue — (operating costs — employee salaries and benefits expenditure)] ÷ employee salaries and benefits expenditure.

^{*11} All statistical and calculation data relating to employee training are based on the number of employees, excluding frontline sanitation workers. The statistical scope covers only training activities conducted through the "Grandblue Academy" platform; training activities carried out through other channels are not included.

^{*12} All statistical data relating to employee engagement surveys are based on the number of employees, excluding frontline sanitation workers.

^{*13} Proportion of research and development personnel = number of research and development personnel ÷ number of employees (excluding frontline sanitation workers) × 100%.

^{*14} Research and development investment as a proportion of revenue from principal operations = R&D expenditure (RMB 10,000) ÷ revenue from principal operations (RMB 10,000) × 100%. The scope of revenue from principal operations is consistent with that of the consolidated financial statements.

^{*15} Principal business operations refer to the Company's business activities excluding non-principal business items such as investment income, non-operating income, and gains and losses from changes in fair value. Invention patents refer to invention patents within the total number of valid patents, excluding design patents and utility model patents.

^{*16} In accordance with the *Work Safety Law of the People's Republic of China* and relevant regulations, the Company is not a production and business operation entity engaged in production activities in high-risk industries such as coal mining, non-coal mining, or hazardous chemicals, and therefore does not fall within the scope requiring mandatory work safety liability insurance. For enterprises outside high-risk industries, the State encourages voluntary subscription based on individual risk profiles, with a view to distributing accident compensation liability and enhancing safety management standards.

^{*17} The scope of employee occupational health examinations covers positions involving occupational health hazards.

^{*18} All indicators relating to safety education and training are, by default, based on the total number of employees covered.

^{*19} Tier-1 suppliers are defined as suppliers at the "direct trading" procurement level — that is, Party B under the contract — excluding sub-contractors or contract manufacturers engaged by Party B.

^{*20} Key tier-1 suppliers are defined as suppliers within the tier-1 supplier pool that fall within key categories, as classified according to their importance to the Company's production and business operations.

^{*21} This indicator covers training sessions organized by the Company for suppliers, either online or offline, on various ESG topics including EHS, integrity, and compliance management.

^{*22} Major safety and quality liability accidents relating to products are determined on the basis of accident liability determinations issued by the relevant government authorities.

^{*23} The overall pass rate is calculated based on the weighted average pass rate for the 42 inspection items specified in the *Water Quality Standard for Urban Water Supply* (CJ/T 206-2005).

^{*24} Data security incidents and the amounts involved are determined on the basis of court judgments or the imposition of administrative penalties.

^{*25} Customer privacy breach incidents and the amounts involved are determined on the basis of judgments issued by

the People's Court or the imposition of administrative penalties.

^{*26} Statistical data for indicators relating to volunteer service activities under this item exclude data relating to volunteer service activities conducted by Party members.

^{*27} Refers to amounts corresponding to donation projects for which donation receipts uniformly supervised or printed by finance authorities have been issued.

^{*28} Refers to amounts corresponding to the Company's procurement of agricultural products through the "procurement instead of donation" model, as well as donation projects for which donation receipts uniformly supervised or printed by finance authorities have been issued, where the stated purpose of the donation falls within the five categories stipulated under the *Law of the People's Republic of China on the Promotion of Rural Revitalization*: (1) rural industrial development (crop farming and animal husbandry, agricultural products processing, cold chain logistics, industrial parks, rural tourism, etc.); (2) rural construction (water supply, sewage treatment, waste management, roads, digital villages, rural housing renovation, etc.); (3) public services (schools, hospitals, elderly care, culture, childcare); (4) financial services and insurance subsidies; and (5) rural living environment improvement and ecological protection. This item is not counted in duplication with the charitable donations item.

^{*29} As the specific number of beneficiaries cannot be accurately quantified, this item is not disclosed.

Key Governance Performance Indicators			
Issue	Indicator	Unit	2025
Corporate Governance	Number of Board of Directors meetings convened	sessions	11
	Number of resolutions reviewed by the Board of Directors	items	29
	Number of Audit Committee meetings convened	sessions	4
	Number of resolutions reviewed by the Audit Committee	items	9
	Number of Nomination Committee meetings convened	sessions	1
	Number of resolutions reviewed by the Nomination Committee	items	1
	Number of Remuneration and Assessment Committee meetings convened	sessions	2
	Number of resolutions reviewed by the Remuneration and Assessment Committee	items	3
	Number of Strategic Committee meetings convened	sessions	2
	Number of resolutions reviewed by the Strategic Committee	items	2
	Number of General Meetings of Shareholders convened	sessions	3
	Of which: number of Extraordinary General Meetings convened	sessions	2
	Average tenure of directors	years	6.11
	Board of Directors meeting attendance rate	%	100
	Number of Board of Directors members	persons	9
	Number of female directors	persons	3
	Number of independent directors	persons	3
	Proportion of female directors on the Board of Directors	%	33
	Proportion of independent directors on the Board of Directors	%	33
	Number of senior management team members	persons	8
	Number of female executives in the senior management team	persons	2
Party-Building Work	Total number of Party organizations	items	49
	Total number of Party members	persons	1,094
	Number of volunteer service activity sessions conducted by Party members ^{*1}	sessions	467
	Number of participants in volunteer service activities conducted by Party members	person-times	1,441
	Hours of volunteer service by party members	hours	4,000

Investor Relations Management	Number of periodic announcements issued	Number	6
	Number of ad hoc announcements issued	Number	55
	E-interactions and investor interactions	sessions	22
	Investor conference calls	sessions	24
	Earnings briefings convened	sessions	7
	Non-deal roadshow activities attended	sessions	21
	On-site investor research visits organized	sessions	16
	Offline brokerage strategy conferences attended	sessions	5
	Investor query response rate	%	100
Risk Management	Number of specialized risk awareness training sessions conducted	sessions	13
	Number of employee participants in specialized risk awareness training	person-times	650
Legal Affairs Management	Number of legal awareness education and training sessions conducted	sessions	5
	Number of employee participants in legal awareness education and training	person-times	8,507
Audit Management	Number of special inspections of internal controls conducted	sessions	280
Anti-commercial Bribery and Anti-corruption	Number of entities newly subject to anti-bribery system development and internally certified during the year ^{*2}	entities	19
	Major corruption complaints arising during the reporting period	incidents	0
	Commercial bribery incidents arising during the reporting period	incidents	0
	Corruption litigation cases concluded	incidents	0
	Number of integrity supervision and inspection sessions conducted	sessions	151
	Number of integrity compliance training sessions	sessions	495
	Total number of directors covered by anti-commercial bribery and anti-corruption training	persons	9
	Percentage of directors covered by anti-commercial bribery and anti-corruption training	%	100
	Total number of management personnel covered by integrity compliance training ^{*3}	persons	539
Anti-commercial Bribery and Anti-corruption	Percentage of management personnel covered by integrity compliance training ^{*3}	%	51.04
	Total number of employees covered by integrity compliance training ^{*4}	persons	5,471
Anti-commercial Bribery and Anti-corruption	Percentage of employees covered by integrity compliance training ^{*4}	%	50.26

	Number of integrity commitment statements/letters of responsibility signed	Number	6,540
Anti-unfair Competition	Number of incidents during the reporting period resulting in litigation or major administrative penalties due to the Company's unfair competition conduct ^{*5}	incidents	0
	Amount involved in incidents during the reporting period resulting in litigation or major administrative penalties due to the Company's unfair competition conduct ^{*5}	RMB	0

^{*1} Statistical data for indicators relating to volunteer service activities under this item cover only volunteer service activities conducted by Party members and are not counted in the Company volunteer service indicators under the Social Dimension of the Report to avoid duplication.

^{*2} Refers to internal certification conducted by the Company for its subsidiaries in accordance with the ISO 37001 framework.

^{*3} Management personnel include group leadership, middle management, and junior management level personnel.

^{*4} The total number of employees is based on the number of employees, excluding frontline sanitation workers.

^{*5} Incidents and amounts involved arising from litigation or major administrative penalties due to the Company's unfair competition conduct are determined on the basis of court judgments or the imposition of administrative penalties.

◆ Benchmarking Index Matrix

Benchmarking Index Against the *Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report (Trial)*

Dimension	Serial No.	Disclosure Requirement	Corresponding Provisions	Corresponding Section of This Report
Environment	1	Climate Change Mitigation and Adaptation	Articles 21 to 28	Grandblue Sustainability Management Practices, E Environmental Dimension (Climate Change Mitigation and Adaptation), ESG Data Sheet (Key Environmental Performance Indicators)
	2	Pollutant Discharge	Article 30	Grandblue Sustainability Management Practices, E Environmental Dimension (Emissions Management), ESG Data Sheet (Key Environmental Performance Indicators)
	3	Waste Treatment	Article 31	Grandblue Sustainability Management Practices, E Environmental Dimension (Waste Treatment), ESG Data Sheet (Key Environmental Performance Indicators)
	4	Ecosystem and Biodiversity Conservation	Article 32	Grandblue Sustainability Management Practices, E Environmental Dimension (Biodiversity Conservation)
	5	Environmental Compliance Management	Article 33	Grandblue Sustainability Management Practices, E Environmental Dimension (Environmental Compliance Management), ESG Data Sheet (Key Environmental Performance Indicators)
	6	Energy Utilization	Article 35	Grandblue Sustainability Management Practices, E Environmental Dimension (Energy Utilization), ESG Data Sheet (Key Environmental Performance Indicators)
	7	Water Resource Utilization	Article 36	Grandblue Sustainability Management Practices, E Environmental Dimension (Water Resource Utilization), ESG Data Sheet (Key Environmental Performance Indicators)
	8	Circular Economy	Article 37	Grandblue Sustainability Management Practices, E Environmental Dimension (Circular Economy), ESG Data Sheet (Key Environmental Performance Indicators)

Social	9	Rural Revitalization	Article 39	Grandblue Sustainability Management Practices, S Social Dimension (Rural Revitalization), ESG Data Sheet (Key Social Performance Indicators)
	10	Social Contribution	Article 40	Grandblue Sustainability Management Practices, S Social Dimension (Social Contribution), ESG Data Sheet (Key Social Performance Indicators)
	11	Innovation-Driven Development	Article 42	Grandblue Sustainability Management Practices, S Social Dimension (Innovation-Driven Development), ESG Data Sheet (Key Social Performance Indicators)
	12	Science and Technology Ethics	Article 43	Not applicable. Grandblue Environment does not operate in science and technology ethics-sensitive fields such as life sciences or artificial intelligence (AI).
	13	Supply Chain Security	Article 45	Grandblue Sustainability Management Practices, S Social Dimension (Supply Chain Management), ESG Data Sheet (Key Social Performance Indicators)
	14	Equal Treatment of Small and Medium-sized Enterprises	Article 46	Not applicable. As at the end of the reporting period, Grandblue Environment's accounts payable balance (including notes payable) did not exceed RMB 30 billion, nor did it account for more than 50% of total assets.
	15	Product and Service Safety and Quality	Article 47	Grandblue Sustainability Management Practices, S Social Dimension (Occupational Health and Production Safety, Product and Service Safety and Quality), ESG Data Sheet (Key Social Performance Indicators)
	16	Data Security and Customer Privacy Protection	Article 48	Grandblue Sustainability Management Practices, S Social Dimension (Information Security), ESG Data Sheet (Key Social Performance Indicators)
Sustainability-related Governance	17	Employees	Article 50	Grandblue Sustainability Management Practices, S Social Dimension (Employee Recruitment and Development), ESG Data Sheet (Key Social Performance Indicators)
	18	Due Diligence	Article 52	Grandblue Sustainability Management Practices, G Governance Dimension (Responsible Investment)
	19	Stakeholder Communication and Engagement	Article 53	Grandblue Sustainability Governance Framework, Stakeholder Communication and Engagement

Sustainability-related Governance	20	Anti-commercial Bribery and Anti-corruption	Article 55	Grandblue Sustainability Management Practices, G Governance Dimension (Anti-commercial Bribery and Anti-corruption), ESG Data Sheet (Key Governance Performance Indicators)
	21	Anti-unfair Competition	Article 56	Grandblue Sustainability Management Practices, G Governance Dimension (Anti-unfair Competition), ESG Data Sheet (Key Governance Performance Indicators)
Voluntarily Disclosed Topics	22	Corporate Governance	/	Grandblue Sustainability Management Practices, G Governance Dimension (Corporate Governance), ESG Data Sheet (Key Governance Performance Indicators)
	23	Party-Building Work	/	Grandblue Sustainability Management Practices, G Governance Dimension (Party-Building Work), ESG Data Sheet (Key Governance Performance Indicators)
	24	Investor Relations Management	/	Grandblue Sustainability Management Practices, G Governance Dimension (Investor Relations Management), ESG Data Sheet (Key Governance Performance Indicators)
	25	Risk Management	/	Grandblue Sustainability Management Practices, G Governance Dimension (Risk Management), ESG Data Sheet (Key Governance Performance Indicators)
	26	Legal Affairs Management	/	Grandblue Sustainability Management Practices, G Governance Dimension (Legal Affairs Management), ESG Data Sheet (Key Governance Performance Indicators)



Independent Limited Assurance Report

To the Management of Grandblue Environment Co., Ltd.

1. Limited Assurance Conclusion

Hong Kong Quality Assurance Agency (HKQAA) ("the Agency," "we," "our") has been engaged by Grandblue Environment Co., Ltd. ("the Company") to perform an independent assurance engagement on the sustainability information disclosure ("Sustainability Information Disclosure") set out in its 2025 Annual Sustainability Report ("the Report"), covering the reporting period from January 1, 2025 to December 31, 2025 ("the Reporting Period"), and to issue this Independent Assurance Report ("the Assurance Report").

Based on the procedures performed, the evidence obtained, and subject to the assumptions, reliance factors, boundaries, limitations, and exclusions set out in Appendix A, nothing has come to our attention that causes us to believe that the Sustainability Information Disclosure has not been prepared, in all material respects, in accordance with the requirements of the *Guidelines No. 14 of the Shanghai Stock Exchange for Self-Regulation of Listed Companies — Sustainability Report (Trial)*.

2. Overview of the Assurance Engagement

The purpose of this assurance engagement is to provide an independent limited assurance conclusion as to whether the Sustainability Information Disclosure has been prepared in compliance with the following reporting standards:

Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report (Trial)

For the avoidance of doubt, the appendices listed at the end of this Assurance Report form an integral part of the Assurance Report, although certain appendices are intended solely for the Company's internal use. For reference purposes, a general version of Appendix A (setting out the assumptions, reliance factors, boundaries, limitations, exclusions, roles and responsibilities, and independence applicable to this engagement) is available on the official website of Hong Kong Quality Assurance Agency (HKQAA) at www.hkqaa.org via the following navigation path: News & Resources > Guidelines & Forms > Guidelines > Sustainability Assurance.

3. Basis for the Assurance Conclusion

The assurance procedures conducted by Hong Kong Quality Assurance Agency (HKQAA) were performed in accordance with the *International Standard on Sustainability Assurance 5000 — General Requirements for Sustainability Assurance Engagements ("ISSA 5000")*, issued by the International Auditing and Assurance Standards Board (IAASB).

The procedures performed in a limited assurance engagement differ in nature and extent from those performed in a reasonable assurance engagement. Accordingly, the level of assurance obtained is lower than that obtained in a reasonable assurance engagement.

We confirm that we maintained our independence from the Company throughout the course of this engagement. The assurance practitioners conducted the engagement in accordance with the Agency's code of conduct. Based on the procedures performed and the evidence obtained, we consider the evidence to be sufficient and appropriate to provide a basis for our assurance conclusion.

4. Responsibilities of Management or Those Charged with Governance in Respect of Sustainability Information

The Company's management is responsible for preparing the Sustainability Information Disclosure in accordance with the applicable reporting standards, and for designing, implementing, and maintaining such internal controls as management determines necessary to enable the preparation of sustainability information disclosure that is free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the preparation of the report in accordance with the applicable standards and for ensuring that the information disclosed in the report is true, accurate, and complete.

5. Responsibilities of the Assurance Practitioners

Our responsibility is to plan and perform this assurance engagement to obtain limited assurance as to whether the Sustainability Information Disclosure is free from material misstatement, whether due to fraud or error, in

all material respects, and to issue an assurance report containing our conclusion.

Misstatements can arise from fraud or error and are considered material if they could reasonably be expected, individually or in aggregate, to influence users' decisions made on the basis of the Sustainability Information Disclosure.

In conducting this assurance engagement, we applied professional judgment and maintained professional skepticism, performed risk assessment procedures including obtaining an understanding of relevant internal controls (though not for the purpose of expressing a conclusion on the effectiveness of internal controls) — and designed and performed procedures responsive to the assessed risks. As fraud is inherently more difficult to detect than unintentional error, the risk of failing to detect a material misstatement resulting from fraud is higher than that of failing to detect one resulting from error.

6. Overview of Work Performed

A limited assurance engagement involves performing procedures to obtain evidence relating to the Sustainability Information Disclosure. The nature, timing, and extent of the procedures selected depend on professional judgment, including the assessment of the risk of material misstatement, whether due to fraud or error.

Our assurance procedures included, but were not limited to:

- Reviewing relevant policies, procedures, documents, and records provided by the Company, including content relating to sustainability information such as governance, risk identification, and performance indicators.
- Interviewing key management and relevant personnel responsible for report preparation and sustainability-related governance.
- Performing analytical reviews of the disclosed content to assess its reasonableness and verifying its consistency with relevant external frameworks and internal supporting data.
- Selecting representative samples of disclosures with a focus on materiality and risk and applying judgmental sampling to assess the underlying evidence for each sample.
- Evaluating the transparency of the disclosed assumptions, reliance factors, and boundaries.
- Assessing whether the scope of coverage meets the requirements of the reporting standards, including reviewing the methodologies used for estimation, sensitivity analysis, and uncertainty disclosures.

This Assurance Report is intended solely for the use of Grandblue Environment Co., Ltd. and the users of its *2025 Annual Sustainability Report* for the purpose of compliance with the reporting standards referenced in Section 2 of this Assurance Report. We do not accept or assume responsibility for any other purpose or to any other person to whom this Assurance Report is shown or in whose hands it may come.

The project leader for the assurance engagement from which this Assurance Report is issued is Guotao Ding.

Signed on behalf of Hong Kong Quality Assurance Agency

香港品質保證局

China, Hong Kong
April 21, 2026



Reference No.: 14998986