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2023

环境、社会及治理报告

ENVIRONMENTAL, SOCIAL AND
GOVERNANCE REPORT

About This Report

Introduction	This Report is the third Environmental, Social and Governance (ESG) Report issued by Beijing Capital Eco-Environmental Protection Group Co., Ltd. (hereinafter referred to as "Capital Eco-Pro Group"), disclosing the Company's ESG practices to shoulder social responsibility in 2023, reporting corporation operations to stakeholders and helping shareholder, partners, employees and the public to deepen their understanding of the Company.
Reporting Period	The reporting period is from January 1, 2023 to December 31, 2023, part of the content dates back to previous years.
Reporting Cycle	Capital Eco-Pro Group has been regularly disclosing its annual <i>Social Responsibility Report</i> since 2017, and disclosing its Environmental, Social, and Governance (ESG) and Social Responsibility Report since 2021.
Reporting Boundary	This Report covers the entire Capital Eco-Pro Group, involving its subsidiary wholly-owned, holding and shareholding companies at all levels.
Reference	For the sake of clarity and readability, "Capital Eco-Pro Grou", "the Company", and "we" refer to Capital Eco-Pro Group and its subsidiary holding and shareholding companies at all levels in this Report. Additionally, "Capital Grou" refers to Beijing Capital Group Co., Ltd., the parent company of Capital Eco-Pro Group.
Data	<p>The data cited in this Report has been primarily obtained through statistical analysis of relevant materials. The term "as of the end of the Reporting Period" refers to "as of December 31, 2023".</p> <p>The information regarding the Board of Directors, the Board of Supervisors, corporate governance, risk management, and financial data included in this Report is sourced from the audited <i>2023 Annual Report of Beijing Capital Eco-Environment Protection Group Co., Ltd.</i> Industry data primarily comes from the Ministry of Ecology and Environment of the People's Republic of China, the Ministry of Housing and Urban-Rural Development of the People's Republic of China, the National Bureau of Statistics, and several industry research institutions. Unless otherwise specified, all cases and information in the Report are derived from Capital Eco-Pro Group and its subsidiaries.</p>
Reference Standards	<p>This Report is compiled in accordance with relevant industry-recognized standards based on our background, reflecting our characteristics. We draw heavily on the following benchmarks and guidelines:</p> <p>The <i>Guidelines on Social Responsibility (ISO 26000)</i> published by the International Organization for Standardization (ISO)</p> <p>The published by the Chinese Academy of Social Sciences (CASS)</p> <p>The Guidelines of Shanghai Stock Exchange on Environment Information Disclosure of Listed Companies published by the Shanghai Stock Exchange</p> <p>Additionally, the information referenced in this content index was reported under the Global Reporting Initiative Standards for Sustainable Development Reports (GRI Standards) from January 1, 2023, to December 31, 2023.</p>
Report Format	<p>This Report is available in both paper and PDF forms.</p> <p>The PDF version of this Report can be downloaded at the website of Shanghai Stock Exchange (http://www.sse.com.cn/) and the Company's official website (https://www.capitaleco-pro.com/)</p> <p>For a paper copy of this Report, or for giving feedback, please call us at (86) 010-84552266, Ext. 8648.</p> <p>If you want to know more about our operation development and performance in social responsibility, please visit our official website or refer to our annual reports.</p>
Currency	Unless otherwise stated in this Report, the currency for any amount herein is RMB.
Report Deliberation	This Report has been reviewed and approved by the Board of Directors, the Board of Supervisors and senior management of the Company. The Board of Directors and its directors warrant that there are no false information, misleading statements or material omissions contained in this Report, and severally and jointly accept legal responsibility for the truthfulness, accuracy and completeness of the contents herein.

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Message from the Management



Liu Yongzheng:
Chairman of Beijing Capital Eco-
Environmental Protection Group
Co., Ltd

Upholding the mission of "To Build Our Clean, Beautiful and Prosperous Homeland", Capital Eco-Pro Group has always been committed to becoming a trustworthy leader in environmental sustainability. Keeping unwavering commitment for more than 20 years, we have held fast to the philosophy of green development, adhered to the core values of "serving customers, continuous innovation, sincerity, and sharing responsibility", and promoted the comprehensive progress of the enterprise with strong social responsibility, thereby contributing to build a beautiful China.

Robust development, consolidating the foundation. We adhere to steady business, continuously optimize the corporate governance structure, bolster risk management, and ensure compliant operations. We build a bridge of trust with all stakeholders to stride towards a future of high-quality development.

Quality first, drawing blueprint together. Guided by customer needs, our business activities are carried out based on the highest quality standard. We are not only deeply engaged ecology and environment governance, but also boosting the overall low-carbon development. We adhere to the innovation and extensive application of emission reduction technology and low-carbon resource recycling technology, and help the country achieve "carbon peaking and carbon neutrality" goal as soon as possible. Capital Eco-Pro Group assumes the role as a state-owned enterprise and makes notable contribution to the country's green development.

Open collaboration, striding hand in hand. We work together with our employees to strengthen collaboration with our supply chain partners and jointly promote economic and social development. Capital Eco-Pro Group has always adhered to the people-oriented principle of, providing an equal, diverse, and inclusive workplace for all employees and continuously improving their sense of well-being and belonging. We work with our partners to build an open, inclusive, interconnected and mutually beneficial green supply chain, and realize innovative collaboration and common development. In addition, Capital Eco-Pro Group is also actively engaged in social welfare undertakings to effectively improve public security and increase social well-being.

In 2024, Capital Eco-Pro Group will observe the national ecological and environmental development requirements to improve the corporate development strategy, fully leverage the advantages of the "urban water, solid waste, industrial air and resource energy" full-service chain, unwaveringly follow the new development philosophy of "innovation, coordination, green, openness and sharing", and consistently showcase new achievements in promoting the high-quality development.



Li Fujing:

General Manager & Director of Beijing Capital Eco-
Environmental Protection Group Co., Ltd

As an innovative backbone in economic and social development, Capital Eco-Pro Group will provide "hard core" support for high-quality development. The Company will deeply integrate ESG concept into its daily operations in the course of sustainable development, and formulate development plans from the perspective of human—nature harmonious coexistence, thus establishing a high-quality development pattern featuring efficient resources, clean environment, and safe ecology.



Zhang Meng:

Party Secretary & Director of Beijing Capital Eco-
Environmental Protection Group Co., Ltd

Green and low-carbon industry is an important direction for the transformation of enterprise development mode. As a leading enterprise in environmental protection industry and a state-owned listed company, Capital Eco-Pro Group will proactively assume social responsibility, improve green manufacturing, bolster innovation capability, promote sustainable development of the whole industry chain under green governance, and create better value for the society.

About Us

Company Profile

Beijing Capital Eco-Environmental Protection Group Co., Ltd. ("Capital Eco-Pro Group") was established in 1999. It is a listed flagship company (600008.SH) in the environmental protection industry controlled by Beijing Capital Group Company Limited, and a top 500 enterprise in China. The Company has been deeply engaged in the environmental protection industry for more than 20 years, providing customers with efficient, intelligent, and green solutions for "urban water, solid waste, industrial air and resource energy" in the fields of urban environment, municipal utilities and corporate environmental protection, and energy conservation.

To Build Our Clean, Beautiful
and Prosperous Homeland

Mission

Vision

Trustworthy Leader of
Environment Sustainable
Development



"Ecology +" Strategic Development Plan

In 2023, Capital Eco-Pro Group reached a new strategic consensus on the "Ecology +" strategy and upgrading development. We will continue to promote target and value upgrading. In terms of goal upgrading, we will optimize the strategic target system and enhance the value orientation of corporate development guided by the vision of "Trustworthy Leader of Environment Sustainable Development". In terms of value upgrading, we follow customer needs, clarify the solution upgrade path, and actively innovate diverse business design ideas, ultimately shaping access, withdrawal, maintain, and pilot strategy, and new development paths, and striving to achieve strategic upgrading driven by solutions.

Three supports

Organizational support. Continuously promote the upgrading of front, middle and back organizations, constantly sort out rights and responsibilities as well as collaboration mechanisms, and create a strategy-oriented operational control model.

Talent support. Establish a differentiated talent selection, cultivation, retention system to provide sufficient talent for the development of various business lines of the enterprise and realize value-added human capital.

Digitalization support. Continuously promote digital transformation, achieve online services and assistant decision-making, implement graphical management, and promote data empowerment.

Three strategies

The customer-centric strategy focuses on customer requirements, emphasizes technological guidance and operation-based management, creates professional value for customers, continues to share growth with customers, and enhances customer stickiness.

The value diversification strategy follows project-based, product-oriented, and innovative development path. It is customer-driven, diversifies product portfolios and provides customized integrated solutions.

The "triple-element drive" strategy enhances core competitiveness. It systematically improves the Company's technology + operation + industry integration capability, and continues to consolidate the foundation for technological development. The "operational excellence" element focuses on the efficient operation of environmental assets, and upgrades management capabilities in terms of "people, finance, materials, and data". The "financial asset management" element facilitates fund-asset-capital circuit.

One goal

Trustworthy Leader of Environment
Sustainable Development

Business Layout

Capital Eco-Pro Group adheres to its main business, optimizes business segments, and engages in transformation towards standardization, productization, and systematization, providing high-quality and effective services for different customers with different needs. By the end of 2023, the Company undertook projects in 28 provinces (autonomous regions and municipalities) and more than 140 prefecture-level cities across the country, with a water treatment capacity of 26.95 million tons per day and an annual domestic waste treatment capacity of 15.27 million tons.

Integrated water and water environment service

- Provide services such as urban-rural water supply, sewage treatment and reclaimed water, integrated water supply and drainage, and pipeline network operation and maintenance, and build a comprehensive system for water resources, water safety, and water environment protection.
- Provide integrated services for water ecological environment such as sponge city, black and odorous water treatment, and village water environment improvement.

Sanitation, solid waste disposal and integrated services

- Provide a full-process solution of "classification-collection-storage-transportation-disposal-utilization".
- Provide integrated services for solid waste treatment and disposal, including urban sanitation integration, domestic waste incineration and recycling, organic waste anaerobic recycling and soil remediation.

Atmospheric environment improvement service

- Relying on intelligent decision-making system, provide an integrated solution of "investigation, management and improvement" to assist cities and industrial parks in efficiently and accurately controlling the atmospheric environment, achieving stable and continuous improvement in air quality.

Green energy and energy management services

- Provide municipal heating services.
- Integrated carbon neutrality solution covering "carbon peaking and carbon neutrality" consultation, energy conservation and carbon emission reduction, carbon asset management and transaction.

Urban
environment
and
municipal utilities

Enterprise
environmental protection
and
energy conservation

Industrial water system service

- Integrate industrial water supply, circulating water, waste gas treatment, regeneration and zero emissions into the overall water system, help enterprises reduce pollutant and standardized discharge, reduce freshwater consumption, and effectively control system operating costs.

Industrial enterprise exhaust gas treatment service

- Provide a comprehensive package of waste gas prevention and control services for the whole industry chain, including planning, design, investment, construction, operation and equipment manufacturing, etc., in alignment the emission characteristics of different industries, help enterprises achieve low-carbon energy conservation, ultra-low emissions, cost reduction and efficiency improvement, and facilitate continuous and stable compliance with governance objectives.

Enterprise energy-conservation management service

- Oriented by the "carbon peaking and carbon neutrality" goal, help enterprises carry out low-carbon transformation, establish a full-life cycle carbon neutrality management system, provide practical energy-saving and consumption-reducing services based on "one policy for one enterprise", and assist customers in reducing energy costs.

Key Performance in 2023

Economic performance

Revenue	Total profit
21.32 RMB billion	2.67 RMB billion
Net profits attributable to the Parent	Basic earnings per share
1.61 RMB billion	0.22 RMB/share
ROEWA	Total assets
5.62%	109.36 RMB billion
Total operating cost	Owners' equity
18.39 RMB billion	38.38 RMB billion
Social contribution per share	
1.04 RMB	

Environmental performance

Auxiliary water ratio	Water supply and production and marketing gap
3.03%	13.14%
Sewage treatment capacity in water shortage areas	Treatment capacity of reclaimed water in water shortage areas
96,521.39 10,000 T	1,842.37 10,000 T
Coverage of online risk monitoring of water quality in sewage plants	Mine restoration area
100%	85.07 10,000 m ²
Unit waste reduction	On-grid clean energy
0.13 tCO ₂ e	2.16 billion kWh
Emission reduction for net on-grid energy	GHG emission intensity
5.62 tCO ₂ e / 10,000 kWh	13.10 10,000 tCO ₂ e / RMB billion in revenue
GHG emission reduction	
121.47 10,000 tCO ₂ e	

Social performance

Investment projects	Investment amount
37	3.56 RMB billion
R&D investment	Major safety accident
0.17 RMB billion	0
Work-related fatalities	Investment in safety technical upgrade
0 Person	2,301 RMB 10,000
Safety training	Consumption assistance
1,400 Session	251.42 RMB 10,000

Governance performance

Number of shareholder meetings	Number of board meetings
4	20
Major litigation, arbitration, and violation punishments	
Not occurred	
Anti-corruption education training per person	Participants in integrity training
12 hour	200+ Enrollment
Deployment of network security protection	Signing rate of the Social Responsibility Letter and the Integrity Statement of approved suppliers
100%	100%
Approved suppliers that have obtained ISO 9001, ISO 14001, ISO 45001, and other certifications	
100%	

Honors in 2023

Capital Eco-Pro Group actively performs its social responsibility to realize the integration of economic and social benefits. In addition, the Company has won numerous awards in 2023, showcasing its mission and achievements in social responsibility performance and sustainable development promotion. In 2023, the Company's social contribution value per share was RMB 1.04.

Capital Eco-Pro Group's Honors in 2023 (Partial)

The second prize of the 2022 China Industry-University-Research Cooperation Innovation and Promotion Award	The second prize of Science and Technology Award of All-China Environment Federation	Top 10 Most Influential Water Companies
February 2023	March 2023	March 2023
The second prize of 2023 Science and Technology Award of Beijing Hydraulic Engineering Society	Shortlisted into the "Double-hundred Enterprises (One Hundred Growing Enterprises and One Hundred Innovative Enterprises)" List by SASAC	The third prize of the 1st National Enterprise Digital Scene Innovation Professional Competition of the 4th China Industrial Internet Competition
April 2023	May 2023	May 2023
The Recommended Catalogue of Smart Water Environment Innovation Application Cases	The second prize of 2022 Science and Technology Progress Award of Beijing Science and Technology Award	Beijing New Technology and New Product (Service) Certificate
June 2023	August 2023	September 2023
The second Prize of the 2022 Productivity Promotion Award (Innovative Development)	The 18 th Beijing New Technology and New Product (Service) Certification	The third prize of "Maker Beijing 2023" SME Innovation and Entrepreneurship Competition
September 2023	November 2023	November 2023
Best Practice of Board of Directors of Listed Companies in 2023 of China Association for Public Companies	The second prize of 2023 (the 9th) National Enterprise Management Innovation Achievements	2023 Top 50 Environmental Enterprises in China
November 2023	December 2023	December 2023

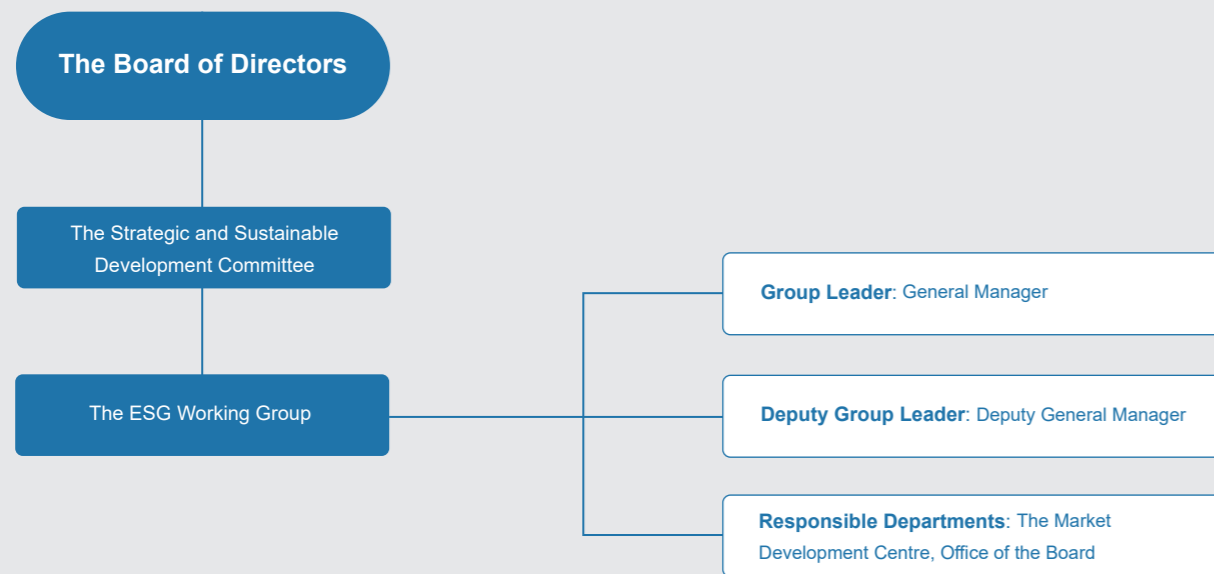
Sustainable Development Management

ESG Governance Structure

Capital Eco-Pro Group follows the "Ecology +" strategy, continuously strengthens communication with stakeholders, identifies and sorts out major ESG-related material issues, and rigorously facilitates seamless integration of sustainability concepts and enterprise development and management, with the aim of creating a new prospect of high-quality corporate development.

Capital Eco-Pro Group complies with laws and regulations such as the Company Law of the People's Republic of China, as well as the SSE information disclosure guidelines. The Company continues to improve its ESG governance structure with the Board of Directors as the leading body, the Strategy and Development Committee as the supervisory level, and the ESG Working Group as the executive body, safeguarding the Company's strategic development plan.

ESG Governance Structure of Capital Eco-Pro Group



ESG Governance Structure

In 2023, Capital Eco-Pro Group continued to engage in ESG governance and achieved fruitful results. The Company continued to participate in multiple international ratings and took lead in the industry.

Rating	2023	2022	2021
FTSE Russell	3.0	2.5	1.6
MSCI	B	CCC	CCC
CSI 500	AA	/	/
Wind	A	A	BB

Stakeholders Communication

Capital Eco-Pro Group is dedicated to establishing mutually beneficial partnerships with stakeholders, conducting ESG management improvement and ESG implementation based on material issues requested and concerned by stakeholders, and fulfilling the Company's commitment to sustainable development.

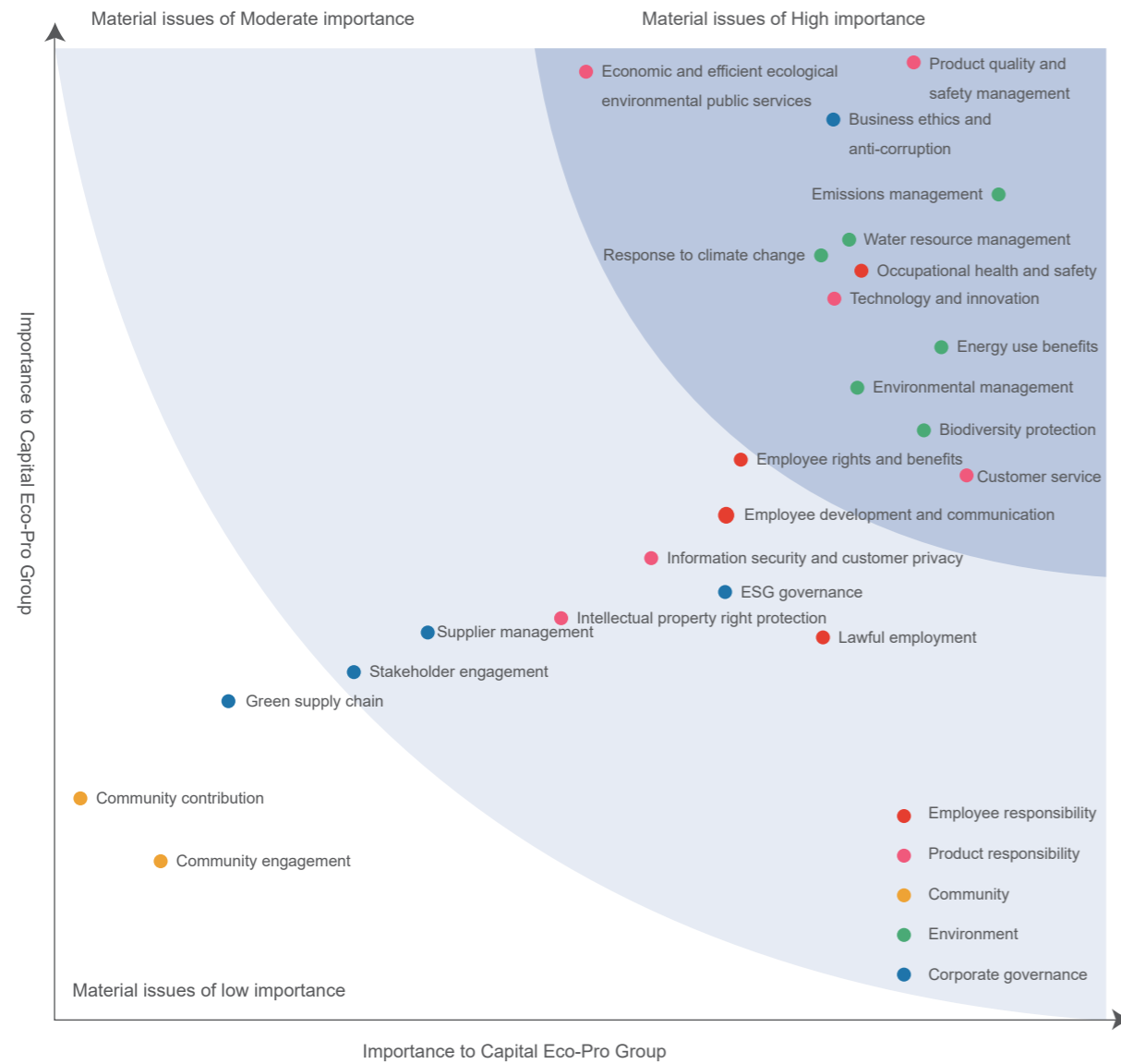
Stakeholders and Reponses of Capital Eco-Pro Group

Stakeholder	Response
Government and regulators	<ul style="list-style-type: none"> • Periodic report • Visitor reception • Information disclosure • Supervision and inspection • Participate in industry conferences
Shareholders and investors	<ul style="list-style-type: none"> • Shareholder meeting • ESG release • Investor communication • Performance release • Periodic report and temporary announcement • Official Company website
Customers	<ul style="list-style-type: none"> • Customer satisfaction survey • Official Company website and social media interaction • Customer visit • Cooperation program
Community	<ul style="list-style-type: none"> • Public welfare donation • Community public welfare activity • Community representative survey • Volunteer activity
Employees	<ul style="list-style-type: none"> • Staff congress • Employee care activity • Official Company website and social media interaction • Internal and external training • Solicit opinion
Partners	<ul style="list-style-type: none"> • Regular communication meeting • Official Company website • Cooperation and development • E-commerce platform

Material Issues

In 2023, Capital Eco-Pro Group identified and sorted out the following 23 material ESG issues through peer benchmarking analysis, external policy research, as well as domestic and international capital market requirements, and prioritize them to provide scientific guidance for the Company's ESG strategic planning, goal setting, and information disclosure.

ESG Materiality Matrix of Capital Eco-Pro Group in 2023



Responding to the United Nations Sustainable Development Goals (SDGs)

Capital Eco-Pro Group is dedicated to integrating the United Nations Sustainable Development Goals (SDGs) with its business development, actively responds to material issues identified, and bolsters corporate sustainable development performance in multiple dimensions in line with the material issues.



Special

Serve Customers and Integrate "Water, Solid Waste, Air and Resource Energy" Businesses for Efficiency Improvement

Based on customer needs, Capital Eco-Pro Group has deployed its businesses across the full industrial chain of environmental protection, facilitating high-quality urban development with first-rate services. The Company looks into customer needs in major cities, focuses on pain points in customer needs, and creates advantageous strongholds. Centering on core capabilities, we select business models, create business portfolios with complementary advantages and coordinated development, and provide customers with diversified green and low-carbon value services.



Capital Eco-Pro Group's Business Presence

Deeply Rooted in Beijing: Striving to Be the Pacesetter in Protecting Beijing's Economic Development and Ecology & Environment

Since the investment in the Beijing—Tongzhou Expressway, Capital Eco-Pro Group has undertaken over 40 projects in Beijing, covering 12 districts. The business activities involve fields such as sewage and reclaimed water treatment, urban sanitation, air pollution prevention and control, water environment protection and municipal heating. The Company has delivered several industry benchmarking projects such as sanitation project in Dongcheng District, west reclaimed water project in Yanqing District, and air pollution comprehensive treatment project in Chaoyang District.

As the pacesetter in protecting the capital's economic development and ecology & environment, the Company has successively served major events such as the Beijing Winter Olympic Games, and the celebration of the 100th anniversary of the founding of the CPC. In 2023, part of the Company's sanitation project—the Dongsì North Street and Jinbao Street maintained the title of "inspection free streets" due to their excellent service qualities.



Sewage and reclaimed water treatment, Air pollution prevention and control, Water environment protection, Urban sanitation, Air pollution prevention and control

Rooted in Shihezi: Brighten Pearl of the Silk Road

Since its establishment in Shihezi, Xinjiang, Capital Eco-Pro Group has been dedicated to its businesses and has successively invested and completed benchmark projects such as the construction and upgrading of Shihezi sewage treatment plant, the reuse of reclaimed water, the construction of the 2nd sewage treatment plant, and the demonstration treatment project for heavy pollution weather in winter. The Company has achieved steady growth in project benefits, gained brand public praise, and won recognition from customers.

In 2023, the Company was granted the franchise for the domestic waste incineration power generation project in Shihezi by virtue of its leading industry advantages and professional team. This project facilitated the Company's "urban water, solid waste, municipal air" business layout in Shihezi, and comprehensively covered sewage and reclaimed water treatment, pipeline network operation and maintenance, comprehensive atmospheric pollution prevention and control, and domestic waste incineration recycling, showcasing the market competitiveness of Capital Eco-Pro Group's coordinated development strategy and further demonstrating the achievements in serving customers.



Sewage and reclaimed water treatment, Domestic waste incineration recycling, Air pollution prevention and control, Pipeline network operation and maintenance

Stationed in Huainan: Reinvigorat the National Novel Comprehensive Energy Base

Water supply and drainage integration
Soil remediation
Air pollution prevention and control

By virtue of its excellent operational capabilities and trustworthy service quality, Capital Eco-Pro Group has been serving Huainan City, Anhui Province for 20 years. We has successively undertaken more than 30 projects in Huainan, catering to the comprehensive needs of customers in the fields of water supply and drainage integration, water environment management, non-compliant solid waste landfill treatment, and air pollution treatment.

In 2023, Capital Eco-Pro Group applied intelligent technological services to realize a year-on-year decrease of 3.8% in average PM_{2.5} concentration in Huainan High-tech Zone. Since its service the local PM_{2.5} had been reduced for four consecutive years through systematic treatment. The air quality in Huainan saw historic improvement, receiving government commendation letters consecutively.



Serving Jiujiang: Provide Lushan Mountain with Clear Sky

Sewage and reclaimed water service
Air pollution prevention and control

Since 2018, Capital Eco-Pro Group has been serving the atmospheric pollution prevention and control project in Jiujiang City, Jiangxi Province, mainly including daily air quality consultation and scheduling, air quality value monitoring and analysis, atmospheric pollution source tracing and screening, pollution weather emergency plan revision, emergency emission reduction list development, equipment operation and maintenance, and component analysis.

Since its service, the annual average concentration of PM_{2.5} in Jiujiang City has been stabilized for three consecutive years, reaching the national Class-II standard, ending the predicament of ranking the last in the province. In 2023, the average PM_{2.5} concentration in Jiujiang City was 33.1 micrograms per cubic meter, ranking first in the province in terms of change rate, and days with good air quality accounted for 91.2%, with a year-on-year increase of 3.8 percentage points. Both indicators overfulfilled the provincial targets, and the PM_{2.5} concentration ranked higher in the province.



Based in Tongling: Turn a New Chapter in Urban-Rural Water Supply and Drainage Integration

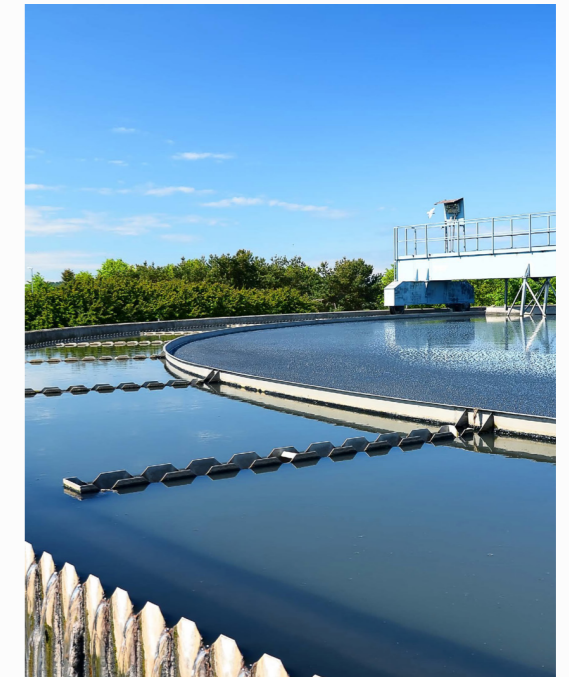
Integrated services of urban-rural watersupply
Water supply and drainage integration

Capital Eco-Pro Group has served Tongling City in Anhui Province for 20 years, the business activities had been expanded from water supply to drainage, from downtown to the suburbs, thus presenting a new outlook of urban-rural water supply and drainage integration.

In 2019, the Binjiang Water Plant undertaken by Capital Eco-Pro Group won the "Tongdu Cup Award", the highest award for construction project quality in Tongling City, and the "Mount Huangshan Cup Award", the highest award for construction project quality in Anhui Province.

In terms of the integrated layout of urban-rural water supply, the Company's rural tap water supply network upgrading project (PPP) in Zongyang County has an area of about 1,830 km², covering 13 townships, 169 administrative villages, and serving a population of about 670,000.

Currently, the Company operates 7 water supply plants and 47 water supply pump stations in Tongling, with a daily water supply capacity of 630,000 tons and a water supply network of 4,600 km. In addition, it operates 5 sewage treatment plants with a total treatment capacity of 163,000 tons per day, 38 stormwater and sewage pump stations, and a stormwater and sewage network of 661 km. We have developed a unique enterprise characteristic that integrates plants, networks, stations, and flood control, which has generated good social and environmental benefits.



Layout in Nanchang: Safeguarde Waste Recycle Process

Domestic waste incineration recycling

In 2011, Capital Eco-Pro Group was granted the construction and franchise for the Quanling Domestic Waste Incineration Power Plant Project Phase I in Nanchang City, Jiangxi Province. This project was the first domestic waste incineration power plant completed and put into commercial operation in Jiangxi Province, contributing a 30% reduction in urban-rural domestic waste in the three counties and six districts of Nanchang City.

Upon commercial operation, the operational indicators, efficiency indicators, and environmental emission indicators reached the leading domestic level. By virtue of its outstanding operational strength, Capital Eco-Pro Group successfully obtained the franchise for Phase II of the power plant in 2020, the garbage disposal capacity was improved from 1,200 tons per day to 3,000 tons per day, disposing more than 60% of the domestic waste in Nanchang City and providing a powerful guarantee for Nanchang City to promote the full incineration and recycling of domestic waste.



E

Environmental Performance

Capital Eco-Pro Group actively addresses climate change and ecological preservation, collaborates to decrease pollution and carbon emissions, and improves the efficiency of energy and resource utilization to co-build a more harmonious, prosperous, and environmentally pristine world.

- Premium Eco-Services, Building A Greener Future
- Carbon Reduction Collaboration, Addressing Climate Challenge
- Quality and Efficiency Improvement, Promoting Leaner Resource Management
- Green Operations, Boosting Sustainable Development

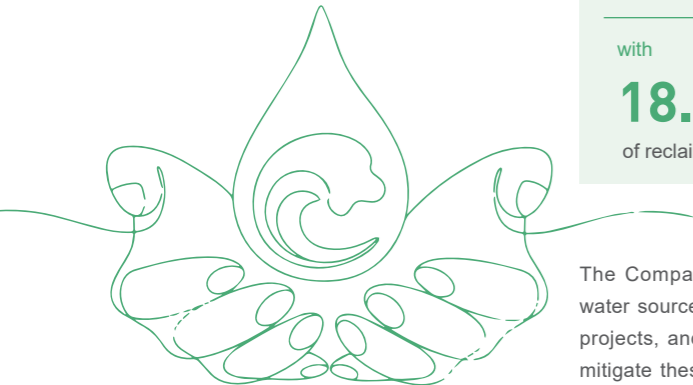
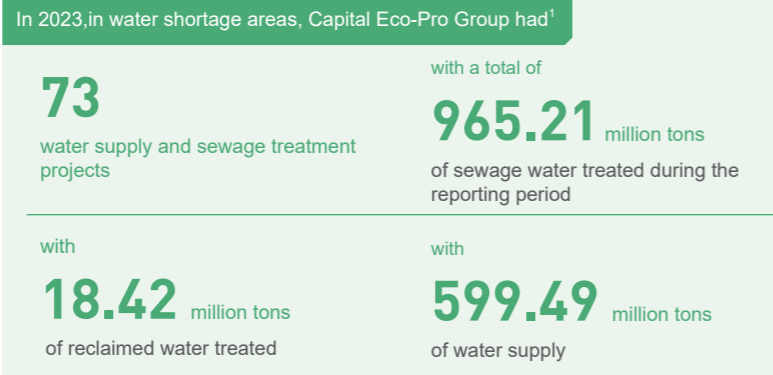


Premium Eco-Services, Building A Greener Future

Capital Eco-Pro Group is dedicated to offering society integrated environmental solutions characterized by "efficiency, intelligence, and sustainability", thereby jointly protecting our planet as a beautiful and ecologically viable home.

Alleviate Water Resource Stress

Capital Eco-Pro Group is acutely aware of the vital role water resources play and is actively confronting water-related challenges to ease the burden on regions facing water shortages. The Company has initiated water resource risk assessments, continuously exploring alternative water sources, innovating and developing smart water ecosystem products, and reinforcing the protection and recharge of water sources. These efforts support the sustainable development of water resources in the regions where the Company operates.



The Company attaches great importance to water sources, evaluates potential risks for its projects, and promptly develops strategies to mitigate these risks. Throughout our business operations, we have focused on harnessing and utilizing recycled water, and established facilities for the reuse of recycled water and reclaimed water. In the waste-to-energy project, we explore the use of recycled water to reduce groundwater consumption. Additionally, we prioritize the quality of water at source locations, develop and apply water-saving technologies, and enhance the efficiency of water use in our operations to ease the burden of water resources.

In 2023, the Company achieved 100% coverage of online risk monitoring for water quality in its sewage treatment plants. In 2024, we will continue increasing the coverage of water quality risk monitoring in our water supply plants.

Coverage of online risk monitoring for water quality

100%
sewage treatment plants

¹ The criteria for designating water-scarce areas is based on the UN-Water (<https://www.un.org/zh/waterforlifedecade/scarcity.shtml>), with the data on the total regional water resources sourced from *China's 2022 Water Resources Bulletin* released by the Ministry of Water Resources and regional population data sourced from the National Bureau of Statistics.

Case | High-standard Sewage Treatment Contributes to Local Water Source Protection

The Shiwuli River Sewage Treatment Project in Hefei City, Anhui Province, is designed with a capacity of 300,000 tons per day, and an additional recycled water capacity of 100,000 tons per day. The 35-kilometer-long Shiwuli River originates from the southeastern foothills of Dashu Mountain and was historically associated with black and stinky water and water quality below Class V. Capital Eco-Pro Group adopted main processes such as oxidation ditches, MSBR, and multi-stage A²O for the treatment. In 2020, the project's plant was upgraded to meet the Class I standards set out in the *Water Pollutant Emission Limits for Urban Sewage Treatment Plants and Main Industrial Sectors in the Chaohu Basin* (DB34/2710-2016), which improved the water quality of the Shiwuli River and the receiving water in Chaohu Lake. In 2023, the Shiwuli River Sewage Treatment Plant treated 86,943,700 tons of sewage annually, effectively contributing to the pollution control of the Shiwuli River and Chaohu Lake, protecting local water resources, and alleviating the urban water resource stress.



Case | Enhance the Use of Alternative Water Sources to Alleviate Local Water Resource Stress

The waste-to-energy project in Yutian County, Tangshan City, Hebei Province promotes the use of alternative water sources. By using recycled water as the source for production, the project saves 290,000 tons of groundwater annually. Additionally, the project fully recycles various types of wastewater. The treated leachate that meets standards is reused as circulating water and the treated domestic sewage that meets standards is reused as greening water, resulting in an annual water conservation of 30,000 tons.



Case | Continuously Explore Water System Services for Industrial Enterprises

Tagal's "Factory Water System Outsourcing Operation Project" marks an expansion of our service model within the industrial water treatment sector. The project employs a desalted water treatment system, a circulating cooling water system, and a wastewater treatment system, with a water resource recovery rate of over 60%. In 2023, approximately 29,150 tons of water was saved, effectively enhancing the recycling rate of water resources and alleviating the pressure on urban water resources.

Promote Comprehensive Management of Solid Waste

Capital Eco-Pro Group is dedicated to developing a comprehensive green solution for the resourceful management of urban solid waste. By employing innovative management techniques throughout the entire process, we offer integrated services that span urban and rural cleaning, waste-to-energy action, and soil rehabilitation, collectively elevating the city's capacity for turning waste into valuable resources.

Case | Recycle Contributes to the Waste-to-energy Project

The Huizhou Waste-to-energy Project in Guangdong Province, a cornerstone initiative by Capital Eco-Pro Group, boasts a daily waste processing capacity of 1,600 tons and caters to a community of 2 million residents. In 2023, the project processed an actual waste volume of 645,200 tons, generating an annual on-grid energy of 260 million kWh, replacing the equivalent of 75,400 tons of standard coal, thus reducing 426,900 tCO₂e. These efforts have significantly contributed to the city's waste management by reducing pollution and decreasing carbon emissions.



Case | Recycle Food Waste and Setting an Example for Urban Waste Recycling

Capital Eco-Pro Group has established a cutting-edge facility in Xiaoshan District, Hangzhou, Zhejiang Province, that specializes in the conversion of food waste into biofuel, which is among the select few in China to incorporate a biodiesel production unit, seamlessly processing both food and kitchen waste under one roof. In 2023, the project achieved a biogas generation capacity of 12.16 million kWh, meeting the facility's own electricity needs while producing nearly 2.11 million kWh of on-grid energy.



Case | Mine Restoration Ensures Ecological Governance in Dali

In 2023, Capital Eco-Pro Group supported the ecological restoration of historically abandoned mines in Binchuan County, Dali Bai Autonomous Prefecture, Yunnan Province. The project restored a total of 850,700 square meters, primarily focusing on natural recovery with the aid of intelligent engineering measures. By utilizing a self-developed innovative eco-based material and combining it with a new construction technique guided by the "substrate-vegetation-rock mass" ecological enhancement mechanism, the project significantly improved the effectiveness of slope restoration. This initiative achieved a unity of social, economic, and ecological benefits.



Improve Atmospheric Environment

Capital Eco-Pro Group aims to achieve continuous improvements in urban air quality, providing integrated solutions for atmospheric environmental monitoring, consulting, and treatment, as well as waste gas treatment services for industrial enterprises, to contribute to winning the battle for blue sky protection.

Case | Assist Zaozhuang City in Winning the Battle for Blue Sky Protection

In 2023, Capital Eco-Pro Group supported Zaozhuang City, Shandong Province, in optimizing its air pollution control strategies by proposing a "181" rapid response mechanism² to swiftly eliminate the impact of pollution. This initiative developed a unique air pollution management model tailored to Zaozhuang's characteristics. With the support of the team's professional technical expertise as well as comprehensive and detailed services throughout the process, Zaozhuang City witnessed significant improvements in air quality and made a substantial leap in the national air quality rankings among 168 cities.

Case | Continuous Emission Monitoring System (CEMS) Operation and Maintenance Project of Beijing Shougang Co., Ltd

Capital Eco-Pro Group strictly adheres to laws, regulations, industry standards, and technical specifications related to CEMS operation and maintenance, providing excellent services for Beijing Shougang Co., Ltd. We ensure that accurate CEMS data is stored completely and uploaded promptly. We, based on the CEMS data, effectively monitor the efficiency of emission control, provide solid evidence for environmental management by related departments, offer a basis for improvements in production and treatment processes, provide data support for pollution discharge fees and total quantity control, and monitor and manage environmental protection equipment. Additionally, we enhance the efficiency of environmental facilities, reducing operating costs, and determining whether pollutant concentrations and total emissions from polluting enterprises meet standards or not.

²The Company, relying on the Intelligent Supervision Platform for Ecological Environment of Zaozhuang City, established 1 command center, optimized, and improved 8 major working mechanisms, and thoroughly implemented 1 set of theories.

Protect the Water Ecology Environment

Capital Eco-Pro Group, in active response to national policies such as the *Plan for Water Ecology Environment Protection in Key River Basins* and the *Action for Improvement of Environmental Infrastructure (2023-2025)*, engages in special actions including the construction of sponge cities, the treatment of black and stinky water, comprehensive urban network management, and the ecology environment governance of villages and towns. We also continue to strengthen the monitoring of pollutants and water environment, effectively improving the quality of water ecology environment over the long term.

Highlight Actions and Initiatives for Water Pollution Control and Ecological Monitoring

- Drawing a sewer network pollution map, with targeted development of emergency response plans for abnormal influent water quality at sewage treatment plants

- Developing the SENSIR® intelligent supervision platform, which harnesses cutting-edge technologies including UAV oblique photography, USV patrols for water monitoring, Web GIS, and 3D dynamic simulation, enabling the real-time visualization and analysis of pollutant dispersion processes and their affected areas

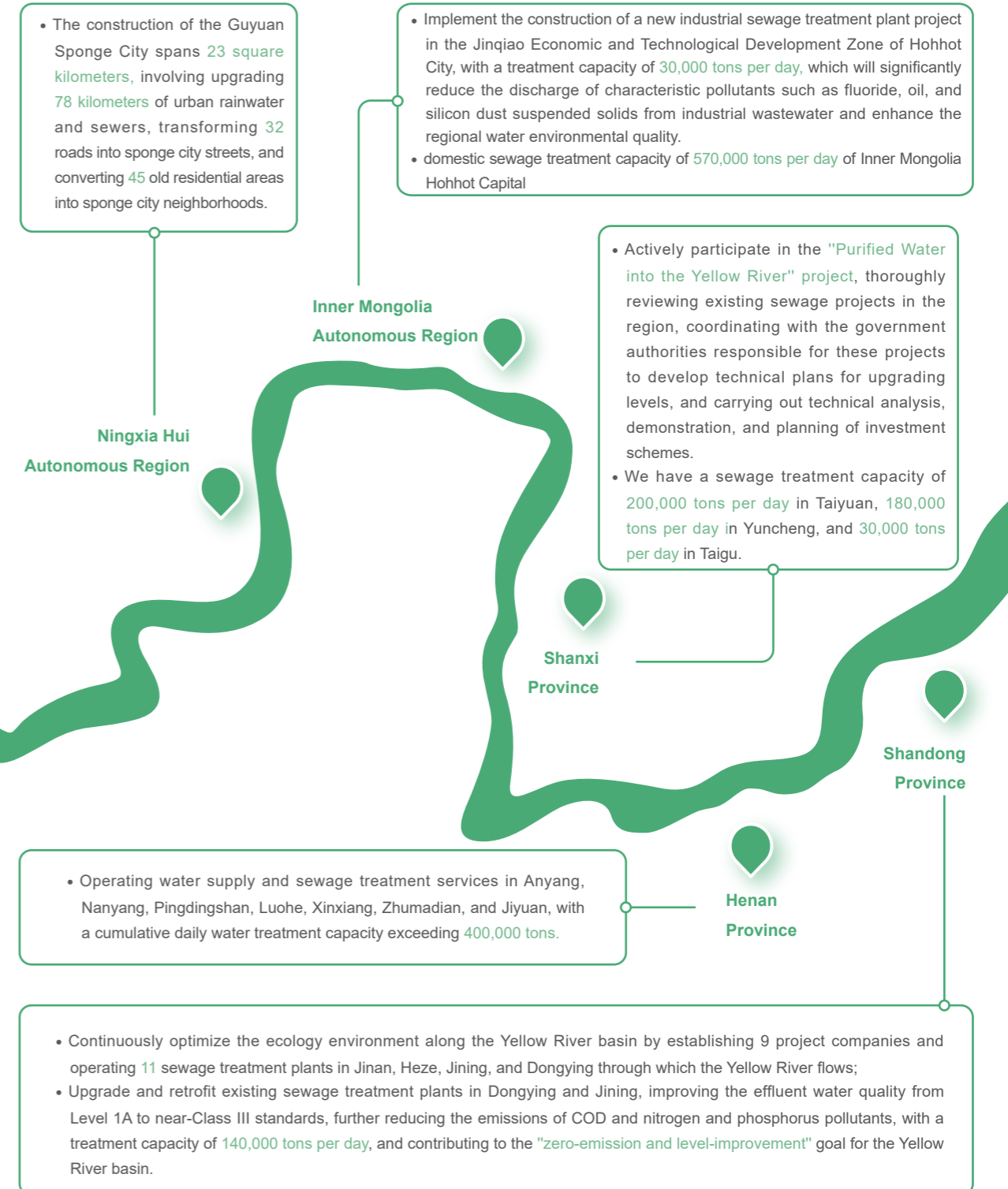
- Establishing a comprehensive management mechanism for water pollution that encompasses "monitoring, warning, tracing, and treating", which fully supports standardized construction of discharge outlets, monitors long-term high-frequency water pollution, and traces pollution sources through the "one section, one strategy" approach

Annual Water Environment Management Awards



"Yellow River Protection"

Capital Eco-Pro Group responds to the national call for "promoting ecology protection and high-quality development in the Yellow River basin", supporting the governance of the water ecology environment and the construction of ecology civilization in the Yellow River basin.





Collaborate in Carbon Reduction Address Climate Challenge

Capital Eco-Pro Group is responding to global climate change challenges by bolstering its internal climate risk management, mapping out low-carbon development strategies, and systematically strengthening its climate adaptation abilities. In addition, the Company actively participates in external climate governance, offers technical consulting support, and develops technological solutions for climate change to contribute to mitigating global climate change.

Manage Climate Change

Capital Eco-Pro Group has developed a comprehensive climate governance structure, actively identifying climate-related risks to its business activities and devising effective countermeasures to strengthen its resilience and preparedness for climate change challenges.

Climate Governance

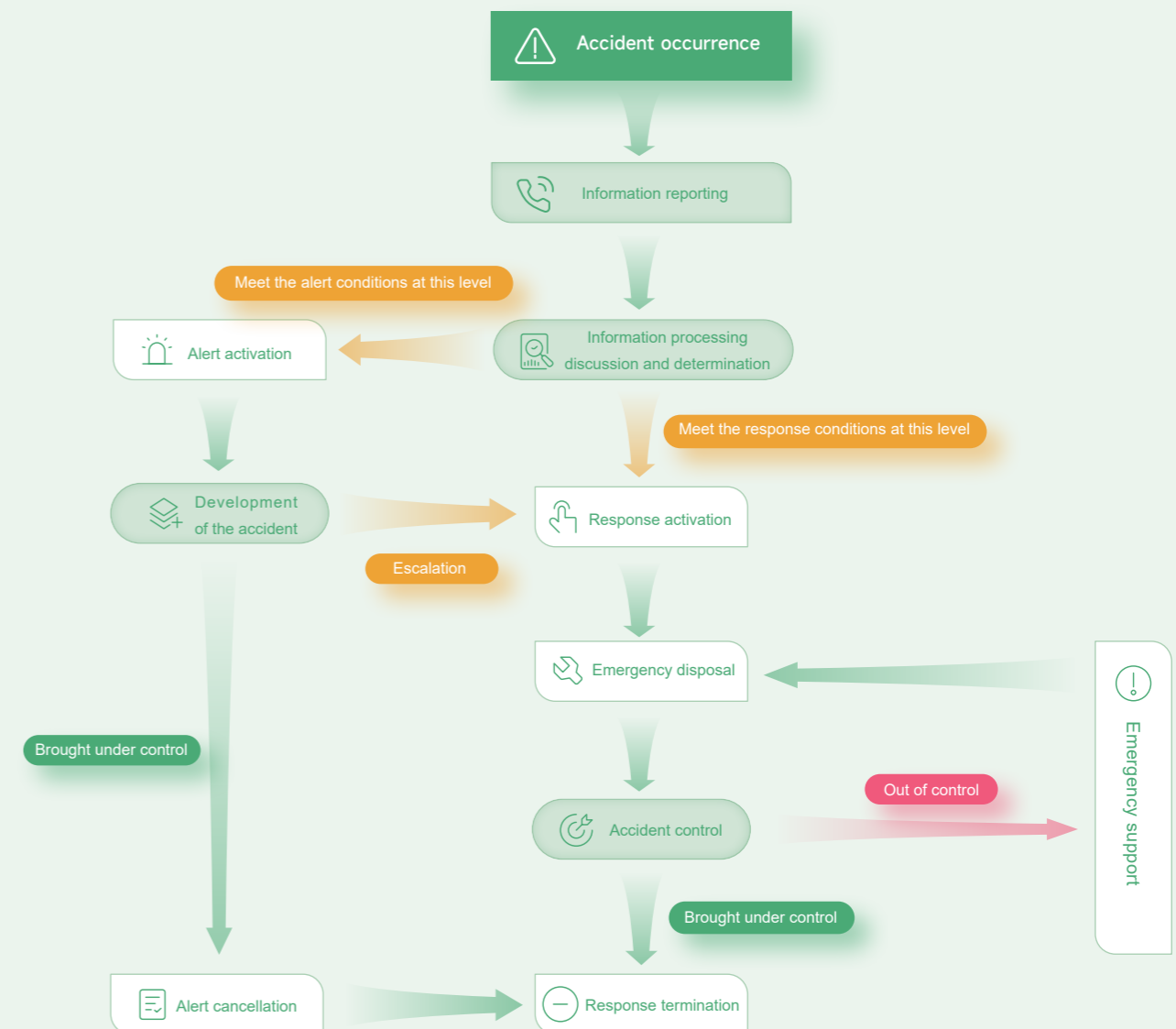
Capital Eco-Pro Group is committed to aligning with China's "carbon peak and carbon neutrality" goals, actively gaining expertise in climate management to bolster its capabilities in this area. In 2023, Capital Eco-Pro Group established a climate governance framework, defined roles for governance, management, and execution of climate change efforts, and ensured the implementation of climate management responsibilities to effectively advance climate change management practices.

Climate Risk Management

Capital Eco-Pro Group is dedicated to recognizing and addressing climate-related physical risks by implementing a comprehensive emergency management strategy that is both scientific and logical, effectively tackling a range of meteorological hazards and significantly improving its ability to manage risks. The Company is also closely monitoring the market and policy risks brought about by climate change, while firmly grasping the industrial opportunities presented by the "carbon peak and carbon neutrality" goals.

The Company has set up a dynamic data repository for water environment assets and IoT, creating a comprehensive urban flooding model that combines sewer systems, waterways, and surface elements. By utilizing the Water Environment Asset Management (WEAM) platform, we have integrated information on at-risk flood zones, weather patterns, rainfall intensity, and water accumulation to enable full-scale monitoring of storm events in urban areas. This system empowers the Company to respond swiftly with precise forecasts, warnings, and strategic interventions based on current conditions.

Emergency Management Process



Meteorological Disasters Emergency Response

High winds, heavy rain, blizzards, and thunderstorms

- Shut down or isolate the source of danger to prevent the leakage of toxic, hazardous, and dangerous substances;
- Suspend outdoor production activities as appropriate;
- Organize personnel to inspect and deal with the drainage system to keep it smooth during rainstorms;
- Promptly coordinate medical assistance to fully rescue the injured.

Floods

- Suspend operations of production facilities in the area at risk of flooding, and shut down or isolate sources of danger in advance;
- Timely check missing or trapped individuals in the disaster area, and develop rescue plans and routes;
- Strengthen monitoring of production facilities and pipelines submerged by floods and take appropriate control measures;
- Organize personnel as soon as possible to clean up the site after a flood disaster and prepare for the resumption of production.

Earthquakes

- Take self-protection measures to ensure personal safety;
- Immediately shut down all production facilities;
- Instantly evacuate and transfer all personnel except on duty to a safe location, and organize forces to isolate and guard the site;
- Take emergency measures for locations and facilities where secondary disasters may occur or have occurred, and strengthen monitoring and control to prevent the spread of impact;
- Swiftly rescue and treat the injured;
- Control the source of the leak and implement sealing measures for toxic, hazardous, and dangerous substances leaked due to an earthquake.

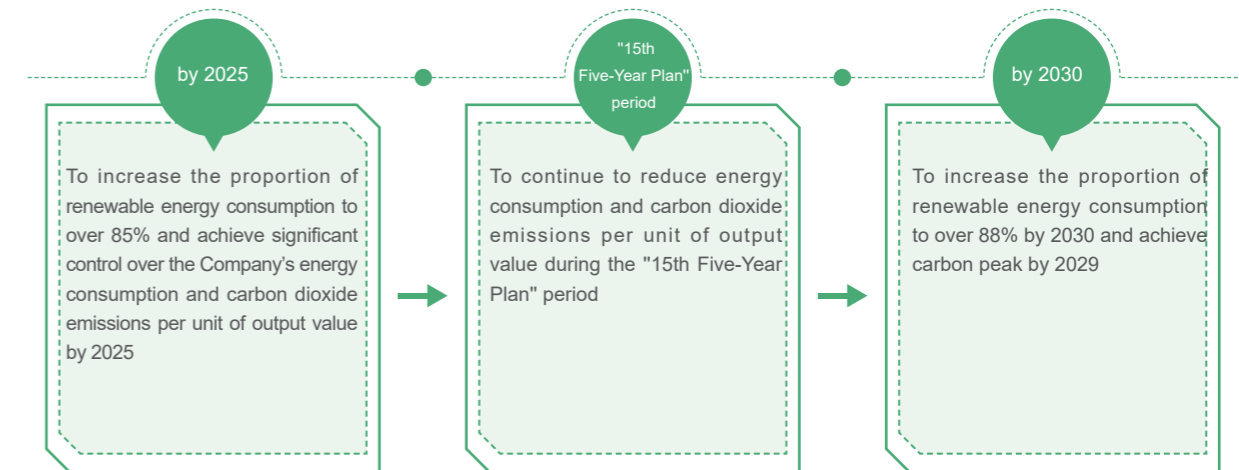
Geological disasters (such as debris flows, landslides, collapses, and subsidence)

- Immediately order the cessation of production operations in the affected area and implement shutdown and protection measures;
- Initiate emergency response efforts and prioritize the search and rescue of the injured in the aftermath of the disaster;
- Strengthen the monitoring of production facilities and pipeline infrastructure in the disaster area;
- Quickly clean up the site, remove mud from roads, maintain traffic flow, and ensure the delivery of rescue supplies.

Carbon Emission Reduction Management

The Company has conducted a greenhouse gas examination for three consecutive years, consistently enhancing its management of carbon assets and furthering its efforts in climate change management. In 2023, Capital Eco-Pro Group embarked on crafting a carbon peak action plan, streamlined its carbon emission management processes, defined the key areas of focus for achieving its "carbon peak and carbon neutrality" goals, and created detailed carbon emission reduction strategies. These initiatives have established a robust framework for the practical implementation of our "dual carbon" goals.

In 2023
Capital Eco-Pro Group invested RMB **35,768,300** in scientific research funding for climate-related research topics, including pollution and carbon emission reduction, and low-carbon technology R&D.



In 2023		To achieve an annual reduction in greenhouse gas emissions of 1,214,700 tCO₂e³ through the waste-to-energy project, kitchen-waste anaerobic digestion and biomass co-generation project.
our total greenhouse gas emissions were	including direct emissions (Scope 1) of	
2,798,000 tCO₂e	1,918,200 tCO₂e	
indirect emissions from purchased energy (Scope 2) of	and other indirect emissions (Scope 3) of	
877,500 tCO₂e	2,300 tCO₂e	



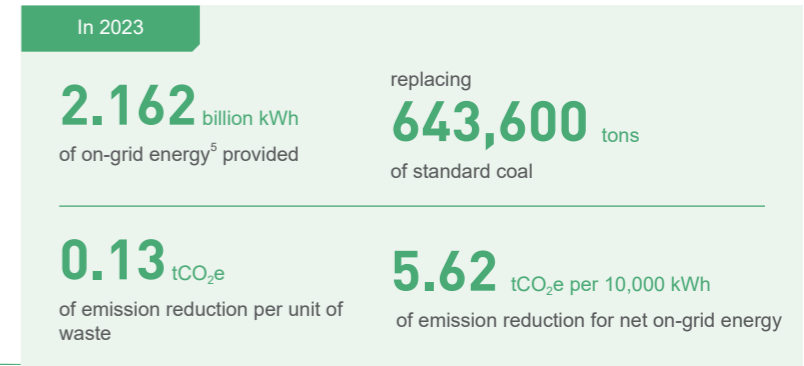
³ This data represents the greenhouse gas emission reductions generated by municipal waste-to-energy projects, including emission reductions from 21 waste-to-energy power generation projects, 4 kitchen-waste anaerobic digestion projects, and 2 biomass co-generation projects. The accounting standards are subject to the CM-072-V01 Multiple Waste Treatment Methods (Version 1) and the CM-075-V01 Biomass Waste Co-Generation Projects (Version 1).

Greenhouse Gas Emissions Categorized by Business⁴

Business	Capital Eco-Pro Group's Indicators	Unit	2023	2022	2021
Environmental sanitation, resource utilization of domestic waste incineration, and soil restoration	Scope 1	10,000 tCO ₂ e	179.90	133.70	111.95
	Scope 2	10,000 tCO ₂ e	2.28	1.99	1.84
	Scope 3	10,000 tCO ₂ e	0.05	0.05	0.03
	Total GHG emissions	10,000 tCO ₂ e	182.23	135.74	113.82
Urban water service, water environment, industrial water	Scope 1	10,000 tCO ₂ e	11.85	12.59	21.41
	Scope 2	10,000 tCO ₂ e	85.07	100.41	97.21
	Scope 3	10,000 tCO ₂ e	0.17	0.14	0.10
	Total GHG emissions	10,000 tCO ₂ e	97.09	113.14	118.72
Atmospheric emissions	Scope 1	10,000 tCO ₂ e	0.02	0.009	/
	Scope 2	10,000 tCO ₂ e	0.05	0.00	/
	Scope 3	10,000 tCO ₂ e	0.01	0.007	/
	Total GHG emissions	10,000 tCO ₂ e	0.08	0.016	/
Headquarters office	Scope 1	10,000 tCO ₂ e	0.05	0.05	0.04
	Scope 2	10,000 tCO ₂ e	0.35	0.49	0.40
	Scope 3	10,000 tCO ₂ e	0.001	0.0004	0.0003
	Total GHG emissions	10,000 tCO ₂ e	0.40	0.54	0.44
Total	Scope 1	10,000 tCO ₂ e	191.82	146.35	133.40
	Scope 2	10,000 tCO ₂ e	87.75	102.89	99.45
	Scope 3	10,000 tCO ₂ e	0.23	0.20	0.14
	Total GHG emissions	10,000 tCO ₂ e	279.80	249.44	232.99
	GHG emissions intensity	10,000 tCO ₂ e /RMB 100 million revenue	1.31	1.13	1.05
	GHG emission reductions	10,000 tCO ₂ e	121.47	104.90	46.49

⁴ (1) The accounting standards for environmental sanitation, resource utilization of domestic waste incineration, and soil restoration are subject to the ISO 14064-1:2018 Specification and Guidance for Quantifying and Reporting of Greenhouse Gas Emissions and Removals at the Organization Level (applicable to enterprises), the CCER methodology CM-072-V01 "Multiple Waste Treatment Methods" (Version 1), the CM-075-V01 "Biomass Waste Co-Generation Project" (Version 1), the Accounting Methods and Reporting Guidelines for Greenhouse Gas Emissions from Power Generation Enterprises in China (Trial), the Accounting Methods and Reporting Guidelines for Greenhouse Gas Emissions from Other Industries in China (Trial), the Technical Guidelines for the Compilation of Integrated Emission List of Air Pollutants and Greenhouse Gases (Trial), and the Technical Specification for Assessing Greenhouse Gas Emission Reductions from Waste-to-energy Projects Based on Projects (T/CAPID 004-2022). The accounting standards for urban water service, ecology environment, and atmospheric industrial projects are subject to the ISO 14064-1:2018 Specification and Guidance for Quantifying and Reporting of Greenhouse Gas Emissions and Removals at the Organization Level (applicable to enterprises), the Accounting Methods and Reporting Guidelines for Greenhouse Gas Emissions from Other Industries in China (Trial), the Guidelines for the Compilation of Provincial Greenhouse Gas List (Trial), and the Technical Guidelines for Carbon Accounting and Emission Reduction Pathways in Urban Water Service Systems. The accounting standards for the headquarters office are subject to the ISO 14064-1:2018 Specification and Guidance for Quantifying and Reporting of Greenhouse Gas Emissions and Removals at the Organization Level (applicable to enterprises) and the Guidelines for the Compilation of Provincial Greenhouse Gas List (Trial). (2) Scope 1 of emissions from environmental sanitation, resource utilization of domestic waste incineration, and soil restoration includes direct emissions from waste incineration of the waste-to-energy project, direct emissions from fossil fuel combustion of waste-to-energy projects, direct emissions from the combustion of fossil fuels in canteens, emissions from the combustion of fossil fuels in mobile facilities, emissions from leachate treatment, emissions from anaerobic digestion tanks in kitchen-waste anaerobic treatment projects, emissions from landfills, direct emissions from the combustion of fossil fuels in biomass projects, and methane emissions from biomass combustion in biomass projects. Scope 2 includes indirect carbon dioxide emissions resulting from the net purchase of electricity. Scope 3 covers indirect carbon dioxide emissions arising from employee commuting and travel. Physical boundaries for accounting include 21 waste-to-energy projects, 4 kitchen-waste anaerobic treatment projects, 29 integrated sweeping, collection, and transportation projects (including landfills), 2 biomass projects, and 2 soil restoration projects. (3) Scope 1 of urban water service, water environment, industrial water, and atmospheric emissions includes direct emissions from fossil fuel combustion and methane emissions from anaerobic processes in sewage treatment. Scope 2 includes indirect carbon dioxide emissions resulting from the net purchase of electricity and heat. Scope 3 covers indirect carbon dioxide emissions arising from employee commuting and travel. Physical boundaries for accounting include 610 urban water service projects, 10 ecology environment projects, and 69 atmospheric and industrial water treatment projects. (4) Scope 1 of the headquarters office emissions includes direct emissions from fossil fuel combustion. Scope 2 includes indirect carbon dioxide emissions resulting from the net purchase of electricity and heat. Scope 3 covers indirect carbon dioxide emissions arising from employee commuting and travel. Physical boundaries for accounting include the headquarters of Capital Eco-Pro Group and 21 engineering management projects.

Capital Eco-Pro Group continuously explores low-carbon resource recycling technologies, promotes the utilization of renewable energy sources such as photovoltaics and water source heat pumps, carries out carbon asset management, participates in the construction of global voluntary emission reduction mechanisms, and coordinates to promote the Company's green, low-carbon, and high-quality development.



Case | Registering the World's First Batch of Waste-to-Energy VCS Projects

In September 2023, the waste-to-energy project in Xinxiang City, Henan Province resolved a series of challenging issues related to project benchmarking. After approval by VERRA, it became the first batch of registered waste-to-energy VCS projects on an international scale. With an annual waste treatment capacity of 672,800 tons, it realized 192 million kWh of clean power connected into the grid and 177,900 tons of external steam supply, equivalent to a total replacement of 72,300 tons of standard coal. It is estimated to reduce carbon dioxide emissions by an average of 166,400 tons per year, generating carbon emission reduction revenue of approximately several million yuan.



⁵ The accounting scope covers the resource utilization business of domestic waste incineration transferred to commercial operation by the end of 2023, including waste-to-energy projects, kitchen-waste anaerobic projects, and biomass co-generation projects.

Case | Implement Distributed Photovoltaics for Excellent Green Energy Practices

Hubei Province Shiyan Capital Dongfeng Company has advanced the construction of distributed photovoltaic projects in the Industrial New Area Sewage Treatment Plant and Wujiagou Waterworks. In 2023, the installed capacity of the photovoltaic project in the Industrial New Area reached 249.48 kWh, with an annual power generation of 157,613.33 kWh. Meanwhile, the installed capacity of the photovoltaic system at Wujiagou Waterworks was 532.98 kWh, generating 328,755.32 kWh of electricity annually, which has effectively enhanced the energy independence of the waterworks and contributed to the carbon emission reduction target.



Participate in Climate Governance

Capital Eco-Pro Group actively responds to the national carbon peak and carbon neutrality goals, devotes itself to global climate governance actions, and provides governments and enterprises with comprehensive technical services in the fields of energy and low-carbon analysis, planning, and management, to promote regional climate change adaptation and mitigation.

In 2023, Capital Eco-Pro Group actively participated in drafting the *Clean Production Evaluation Index System for the Municipal Solid Waste Incineration Industry (DB11/T2164-2023)*, the first local standard for clean production in the municipal solid waste incineration industry in China. The Company has also been involved in the "carbon peak and carbon neutrality" initiative in Hekou District, Dongying City, and the low-carbon pilot project in Mentougou District, Beijing, offering consultancy and technical assistance to promote the region's transition towards sustainable, low-carbon growth.

Case | Preliminarily Develop the Ningxia Helan Mountain East Ridge Vineyard Plantation Carbon Sink Appraisal System

In 2023, Capital Eco-Pro Group developed the *Ningxia Helan Mountain East Ridge Vineyard Plantation Carbon Sink Appraisal System* (version number: V01), which aligns with both the general methods for measuring forestry carbon sink internationally and the practical conditions of the Ningxia Helan Mountain East Ridge Vineyard. The appraisal system is characterized by its scientific, rational, and operational nature, contributing to the long-term development of carbon sink in the vineyard.

Case | Design a Climate Adaptation Urban Pilot Program for Mentougou and Contributing to Local "Carbon Peak and Carbon Neutrality" Goals

In 2023, Capital Eco-Pro Group deeply analysed the impact of climate change on urban environments, infrastructure, and residents' lives. Leveraging innovative technologies in big data analysis, intelligent sensing, and renewable energy, the Company proposed a climate adaptation urban pilot scheme for Mentougou. The scheme encompasses specific plans and measures for infrastructure upgrades, promotion of green transport, urban greening, and water resource management. It provides information and technical support for the implementation and promotion of the climate adaptation urban pilot scheme in the future, contributing to the local "carbon peak and carbon neutrality" goals.

Improve Quality and Efficiency Improvement and Promote Leaner Resource Management

Capital Eco-Pro Group continuously focuses on the efficient recycling of energy resources and selects 7 "flagship projects" that meet the standards of green and high-quality development from 24 business subtypes and 44 declaration projects.

The "flagship projects" have implemented a comprehensive evaluation framework that standardizes and refines criteria across different sectors, focusing on operational efficiency, lean management, and brand image. This approach encourages initiatives that optimize energy and water resource management and cut down on the use of chemicals and other resources, ultimately enhancing overall operational capabilities. The seven flagship projects include



the Water Supply Service Flagship Project - Water Supply Project of Xuzhou Capital Water Co., Ltd.



the Sewage Treatment Flagship Project - Hefei Shiwuli River Sewage Treatment Project in Anhui Province



the Recycled Water Service Flagship Project - Dalian Hengji Recycled Water Project in Liaoning Province



the Municipal Solid Waste Incineration Flagship Project - Huizhou Waste-to-Energy Project in Guangdong Province



the Environmental Sanitation Flagship Project - Dongcheng Road Intensive Operation Project in Beijing



the Municipal Air Service Flagship Project - Huainan Atmospheric Environment Monitoring and Comprehensive Management Optimization and Upgrade Service Project in Anhui Province



the Water Environment Flagship Project - Huai'an Comprehensive Treatment Project Targeted on Black and Stinky Water in Jiangsu Province.

Optimize Energy Management

Capital Eco-Pro Group is committed to integrating the concept of energy conservation into all aspects of its production and operations. We strive to optimize our energy structure, innovate our technical processes, carry out energy-saving renovations, and continuously improve our energy efficiency. The Company has established special energy-saving assessment incentives during its operations, taking energy consumption as a key performance indicator to promote the implementation of management energy-saving measures and technological optimizations.

Integrated urban water service and water environment service

Management Energy Conservation	<ul style="list-style-type: none"> Pinpoint energy consumption targets for individual projects with greater precision by employing electrical energy efficiency assessments to set clear objectives for energy conservation Implement zonal measurement and control to monitor, analyze, evaluate, and optimize the operation of key energy-consuming units in the water treatment plant Carry out analytical correction, stable-state scheduling, and service support for the project to refine energy consumption management through dynamic control and targeted energy-saving initiatives
Technical Energy Conservation	<ul style="list-style-type: none"> Provide headquarters-level, regional-level, and plant-level technicians with decision support for diagnostic analysis and optimization of the entire process through our self-developed sewage treatment plant process analysis tool, which was applied and promoted in 12 wastewater treatment plants in 2023 Promote precision de-sanding equipment in one sewage treatment plant, which has reduced the energy consumption of aeration supply and equipment wear along the process Carry out energy-saving and carbon-reduction retrofits of equipment such as blowers and induced draft fans, promoted advanced technologies such as precise aeration and information-based energy efficiency control, achieving a 20% to 40% improvement in electrical energy efficiency across each system, with an annual reduction in electricity consumption exceeding ten thousand kWh

Comprehensive management services of solid waste

Management Energy Conservation	<ul style="list-style-type: none"> Set energy efficiency targets Develop a special income increase and expenditure reduction plan for the municipal waste-to-energy project, establish a dedicated team, and systematically improve unit efficiency Strengthen equipment maintenance and debugging, conduct timely operational data analysis to ensure optimal equipment operation adjustments, and reduce electricity consumption from ineffective operation Organize operational training to enhance operational skills and control the proper amount of waste in the furnace to improve the efficiency of waste combustion
Technical Energy Conservation	<ul style="list-style-type: none"> Reform flue gas spiral ash conveyors, replace water-cooled spirals with water-cooled ash hoppers, and implement technical reformation of magnetic levitation fans at the leachate station to enhance the efficiency of operational energy consumption

Atmospheric environment and industrial services

Management Energy Conservation	<ul style="list-style-type: none"> Formulate the <i>Large Equipment Power Medium Startup-Shutdown Directory</i> and set down conditions for shutdown and startup, reducing idle running time and unnecessary energy waste. Select equipment that boasts superior efficiency and aligns more closely with the specific operational needs of the site, tailor the operational process by incorporating frequency converters and other technologies to match customers' load demands and adapt to the distinct seasonal conditions of both winter and summer, ultimately boosting energy efficiency.
Technical Energy Conservation	<ul style="list-style-type: none"> Develop an industrial park energy control system to enhance management efficiency and facilitate energy structure adjustment.

Case | Upgrade Magnetic Levitation Fans at the Leachate Station

In September 2023, the Qianjiang Incineration Project in Hubei Province completed the technical upgrade of magnetic levitation fans at the leachate station. The upgrade involved replacing Roots blowers in the biochemical pond with magnetic levitation fans, resulting in an annual electricity savings of up to 60,000 kWh. Additionally, the noise in the fan room was reduced by nearly 20%, achieving coordinated development of energy conservation, emission reduction, and environmental improvement.



Case | Process Optimization for Energy Saving and Emission Reduction

In 2023, TAGAL's Water System Service Contracted Operation Project initiated a targeted campaign for energy conservation and consumption reduction. This initiative involved the enhancement of water pump equipment to improve efficiency and better suit the operational parameters of the site. Additionally, the project implemented frequency converters and other technological measures to optimize operations in response to varying customer loads and seasonal conditions. As a result, the project achieved an annual electricity saving of 3,296,803 kWh.

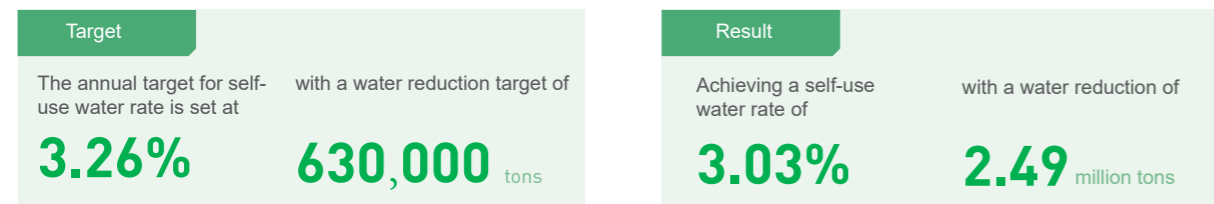
List of Indicators	Specific Indicator	Unit	2023	2022	2021
Total consumption of direct and/or indirect energy categorized by type (such as electricity, gas, or fuel) in 1,000 kWh	Domestic waste (for fuel)	T	6,102,750	4,668,568	3,365,875
	Total consumption of net purchased electricity	100 million kWh	15.29	18.08	16.13
	Gasoline consumption	L	1,507,669	1,356,939	975,601
	Diesel fuel consumption	L	9,744,007	10,102,018	6,804,581
	Natural gas consumption	m ³	2,298,192	1,634,006	1,246,321
	LPG consumption	T	122	164	102
	Purchased steam consumption	GJ	51,239	49,661	94,888
	Biomass fuel (for fuel)	T	530,827	488,606	/
	Processing, conversion, and recycling	Supplied clean on-grid energy	100 million kWh	21.62	18.50
Energy consumption	Total energy consumption	10, 000 tce	174.69	144.49	98.29
	Energy consumption intensity	10, 000 tce/ RMB 100 million revenue	0.82	0.65	0.44

Enhance Water Resource Management

Capital Eco-Pro Group strictly adheres to the *Water Law of the People's Republic of China*, the *Regulation on the Administration of the License for Water Drawing and the Levy of Water Resource Fees*, the *Regulation on Urban Water Supply of the People's Republic of China*, and other relevant laws and regulations. Internally, the Company has formulated management documents such as the *Operational Guidelines for Urban Water Service Projects*, the *Maintenance Management Measures for Water Supply System*, the *Guidelines for Emergency Repairs of Pipelines*, the *Guidelines for Leak Detection of Pipelines*, and the *Manual for Self-Use Water Management in Waterworks* to strengthen comprehensive water-saving management throughout the process, including water intake, self-used water, and network operation and maintenance.

The Company considers factors such as water supply safety and ecological environment during project site selection, with a preference for surface water sources to minimize the impact of business operations on the ecological environment. Throughout 2023, the Company did not have to address any matters concerning the procurement of appropriate water sources.

Capital Eco-Pro Group actively promotes the analysis and control of water consumption for its projects and links annual water consumption assessments to performance metrics, thereby reducing the self-use rate. Additionally, we further enhance our water use efficiency by controlling water loss rates and utilizing recycled water resources.



Initiatives to Reduce Self-Use Water Rate in 2023



Institutional development

- Compile a corporate edition of the Manual for Self-Use Water Management in Waterworks to clarify key points of control for production water, landscaping water, and office water and provide technical support for projects to optimize production processes and save self-used water at waterworks.



Management

- Promote the reuse of production wastewater, including rinse water and thickening tank supernatant, for recycling in production processes;
- Accurately measure self-used water and regularly calibrate inlet, outlet and recycled water flow meters to ensure precise measurement;
- Strengthen the management of self-used water in waterworks to eliminate water loss from faucets, self-used water pipelines, and tank structures.

Case | Reduce the Self-Use Rate in Waterworks to Enhance Water Resource Management Efficiency

To reduce the self-use water rate, Henan Province Xinxiang Capital conducted a special action at Gaocun Village Waterworks, Mengying Waterworks, and Xin District Waterworks. Gaocun Village Waterworks and Mengying Waterworks underwent pipe replacement for their internal self-used water systems and upgraded their metering equipment to diminish water loss from the water distribution system. Meanwhile, the water from the cleaning pool and mud suction machine were reused to improve the water source recycling rate. In 2023, Xinxiang Capital achieved a self-used water rate of 1.57%, amounting to a 3.07 million tons reduction in self-used water compared to 2021. This represented a decrease of 3.12% in the self-used water rate, advancing the sustainable and efficient utilization of water resources.



The Target to Reduce Non-revenue Water (NRW)

To effectively reduce the Non-Revenue Water (NRW), Capital Eco-Pro Group has set a target to manage the NRW.



Long-term target

Further, reduce the NRW of the areas where the water loss rate of urban water distribution system has achieved level I of the standard for water loss control and assessment by 2025; Bring the NRW of the areas failing to meet the level I standard within the standard.



Initiatives to Reduce the NRW in 2023



Institutional development

- Establish a classified and graded management mechanism for the NRW, focus on projects with higher NRW, evaluate the current NRW management status, and assist in developing specialized plans to address the NRW;
- Continuously refine the Company's NRW management system by releasing updated institutional documents such as the *Guidelines for Meter Reading Management*, the *Guidelines for Inspection Management* and the *Guidelines for Marketing and Customer Service Business Process of the Water Supply Project*, with each city and project company to establish and improve their NRW management systems based on their specific management realities.



Evaluation

- Issue a *Target Responsibility Document* for reducing the NRW to all projects involving the water distribution system, clearly defining each project's annual NRW target and implementing special evaluations.



Management

- Establish an expert team for controlling the NRW to assess, manage, and support water loss detection and control across each project;
- Guide the establishment of a special group for NRW management and control, and strengthen water loss management;
- Consolidate business foundation and standardized management of a project relying on the construction of smart water service and promote digital management and control of the overall NRW.
- Organize water auditing for all water distribution projects;
- Improve the water distribution system operation and maintenance, enhance the construction of district metering, and increase the efficiency of water loss detection.
- Upgrade the water distribution system in old residential communities.

Incentives

- Offer financial assistance for technological upgrades and allocate resources to address the management challenges associated with the NRW of each project company.

Capacity building

- Implement focused training programs and hands-on drills, culminating in 74 hours of training on NRW management at the corporate level, engaging a total of 154 trainees. Implement focused training programs and hands-on drills, culminating in 74 hours of training on NRW management at the corporate level, engaging a total of 154 trainees.

Within the solid waste sector, the Company places significant importance to the effective utilization of water resources. We meticulously select water sources, recycle domestic sewage and production wastewater, and maintain strict control over the operational procedures and infrastructure. These measures collectively boost the project's water usage efficiency.

Initiatives to Improve Water Usage Efficiency in the Solid Waste Sector

Institutional development

- Implement a comprehensive set of policies including the Water Conservation Management Policy, the Policy for Routine Inspection and Repair of Pipelines and Equipment, the Job Responsibilities for Water Conservation Management Roles, the Water Conservation Target Responsibility and Evaluation System, and the Incentive and Disciplinary System for Water Conservation Management Positions, and assign specialized staff for water conservation duties and define their specific roles and responsibilities.

Water source management

- Use municipal reclaimed water from local sewage treatment plants as production water sources in some projects;
- Recycle the treated leachate that meets standards into the circulating water system;
- Recycle domestic sewage for plant greening.

Operation management

- Set an annual water replenishment rate target for waste-to-energy projects involving the incineration of municipal solid waste, conduct water-saving performance assessments, and establish auditing and incentive mechanisms;
- Strengthen the management of water intake and usage appliances, establish original ledgers, and develop strict water-saving plans;
- Enhance the measurement, monitoring, and control of water quantity and quality across each system, conduct water balance testing, and analyze the potential for water conservation;
- Conduct regular inspections and promptly check for internal leaks in the pipelines and valves of various steam-water systems, coordinate with technical departments and maintenance teams to address internal leaks timely;
- Adjust operational parameters to optimally allocate and reduce the cooling water in condenser circulation, thereby decreasing the evaporation of circulating water.

Case | Implement a Performance Incentive Competition to Promote the Achievement of Water-saving Goals

The waste-to-energy project in Ruijin, Jiangxi Province has successfully boosted the proactive approach to water conservation in production by introducing a competition based on water-saving performance metrics, coupled with monthly evaluations and a bonus system, and this initiative has led to a significant enhancement in the project's overall water efficiency. In 2023, the Ruijin waste-to-energy project successfully exceeded its water-saving objective by conserving 86,100 tons of water against the projected consumption.

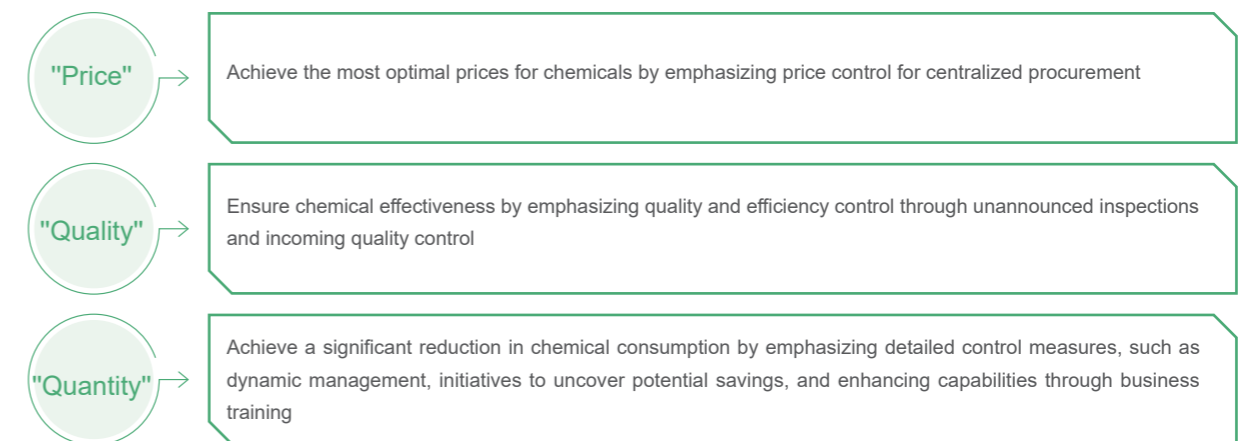


Reduce Chemical Consumption

Capital Eco-Pro Group adheres strictly to the principle of closed-loop management of indicators and carries out chemical management focusing on "price", "quality", and "quantity". The Company has adopted a standardized approach to managing chemicals, focusing on management-based and technology-based strategies to reduce chemical usage and improve the efficiency of resource utilization.

In 2023, by launching a targeted campaign to optimize chemical usage, the Company successfully reduced both the per-unit consumption and the overall expenditure on chemicals at seven of its waterworks, amounting to cost savings of RMB 8 million.

The Chemical Control Logic of "Price, Quality, and Quantity"



Consumption of Chemicals and Raw Materials

Business	Indicators	Unit	2023
Urban water service and water environment business	Consumption of carbon sources	T	201,357.53
	Consumption of phosphorus removal agents	T	188,657.71
Resource utilization of domestic waste incineration	Lime consumption	T	49,975.02
	Activated carbon consumption	T	2,507.72
	Urea consumption	T	6,722.37
	Consumption of chelating agents	T	3,626.27

Capital Eco-Pro Group has further reduced chemical consumption by implementing technical upgrades to enhance the automation and intelligence of the chemical dosing system. In 2023, the Company developed and launched a comprehensive computational tool for evaluating the performance of chemicals in sewage treatment plants. This tool allows for detailed analysis, assessment, and dosage calculation for all categories of chemicals utilized, facilitating meticulous control over chemical applications in sewage treatment operations. By the end of 2023, the Company had added standardized chemical dosing rooms in 28 sewage treatment plants, achieving precise statistics, measurement, and adjustment of chemical dosing, thereby enhancing precise management in production and operation.

By the end of 2023, the Company had added standardized chemical dosing rooms in

28 sewage treatment plants

Green Operations Boost Sustainable Development

Capital Eco-Pro Group adheres to the concept of green development, persistently refines its environmental management framework, proactively advances sustainable operational practices, rigorously monitors and reduces pollutant emissions, and engages in the preservation of biodiversity. Through these green initiatives, the Company steers towards a path of high-quality and environmentally conscious growth.

Improve Environmental Management System

The Company strictly adheres to national and local laws and regulations on environmental management and ecological protection, and continuously enhances the construction of its environmental management system. The Company has established a standardized environmental management mechanism, with each project company setting up a dedicated Safety and Environmental Protection Department to promote the implementation of environmental protection and emergency management.

Case | Demonstrating Application of the Dosing Middle Platform (DMP)

In 2023, Capital Eco-Pro Group developed the Dosing Middle Platform (DMP) and demonstrated the application at the Dongba Capital Recycled Water Plant. The DMP helped to achieve the automation of chemical dosing and operational control, reducing the need for manual and frequent adjustments by operational staff, as well as minimizing the impact of operational lag. This precision in chemical usage helps to decrease chemical consumption.

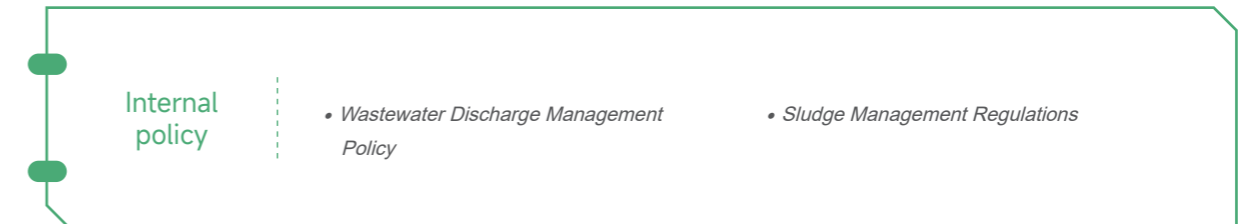


The DMP Interface Screenshot

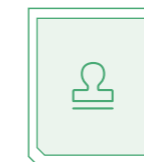
Case | Take Multiple Measures to Reduce Consumption and Increase Efficiency

In 2023, Capital Eco-Pro Group implemented a range of measures including technological upgrades, management innovation, and the development of platforms to enhance precision in chemical management. These efforts led to a decrease in chemical usage and an increase in its efficiency.

- Inner Mongolia Hohhot Capital implemented major technological upgrades to address process deficiencies within the plant, renovated high-energy equipment, including fans and pumps, and established standardized dosing rooms, reducing electricity and chemical costs by RMB 5 million compared to the previous year.
- Beijing Longqing Capital saved RMB 1.2 million in electricity and chemicals compared to the previous year through management innovations by setting up an integrated dispatching center, instituting hierarchical control at the plant level, exercising refined operational management, and utilizing a smart operation platform for data analysis and intelligent early warning.
- Shanxi Taiyuan Capital and Anhui Hefei Shiwuli River Capital optimized and upgraded their chemical dosing systems, carried out energy-saving technical renovations, and significantly improved the efficiency of their processes. As a result, they saved RMB 3.6 million in chemical costs and RMB 1.1 million in electricity costs, respectively, compared to the previous year.



The Company conducts regular environmental risk management activities. We conduct annual internal audits to pinpoint and evaluate environmental risk factors within our operations, and we maintain a consistent watch on the remediation of potential hazards to guarantee that environmental risks are efficiently handled and kept under control. During the project acquisition phase, the Company comprehensively diagnoses and identifies potential operational risks through pre-due diligence communications, in-due diligence interviews, checklist reviews, and on-site research, including assessing the target company's regional economic situation, policy and regulations, and potential business risks, as well as gaining an in-depth understanding of environmental risks, to provide information support for project decision-making.



In 2023, we successfully passed the annual external surveillance audit for the **ISO 14001** environmental management system.



Reduce Pollutant Emissions

Capital Eco-Pro Group, adhering to the principles of reduction, harmlessness, and resource utilization, promotes environmental pollution control and waste emission management, and regularly monitors the main pollutants, wastewater, waste gas, and noise generated from its typical businesses. We also undertake actions such as waste recycling, reclaimed water reuse, and biological treatment of waste gas to effectively improve the ecological environment performance of our projects.schemes throughout the production process, reveal potential project risks and propose countermeasures.

Environmental Monitoring

The Company monitors emissions in strict accordance with the requirements of the pollution discharge permit, ensuring that the emissions are stably compliant with standards. The Company has achieved 100% coverage of online risk monitoring for water quality in its sewage treatment business. Annual self-monitoring plans are made for waste-to-energy projects to monitor plants and the surrounding environment. They also commission qualified third parties to regularly monitor groundwater, surface water, soil, and fugitive emissions such as noise, as well as organized emissions including flue gas, fly ash, bottom ash, and wastewater in and around plants. Additionally, during the project acquisition phase, we collect and organize business licenses of target companies, conduct thorough due diligence on waste disposal and pollution control schemes throughout the production process, reveal potential project risks and propose countermeasures.

Waste Gas Management

The Company rigorously manages waste gas emissions. The waste gas generated during the sewage treatment process is collected through a system and subjected to biological or chemical deodorization treatment before being discharged to meet standards. Additionally, all waste-to-energy projects are equipped with online flue gas monitoring systems prior to operation to meet the requirements of air pollutant emission limits.

Case | Upgrade and Transform Fangcao Lake Biomass-fired Power Plant to Contribute to Air Pollution Prevention and Control

In 2023, multiple measures were taken in the Xinjiang Fangcao Lake Biomass-fired Power Plant project to reduce waste gas emissions, contributing to local air pollution prevention and control. The project underwent an upgrade to its desulfurization facilities, significantly reducing sulfur dioxide emissions. Additionally, it constructed a fully enclosed dry material shed, effectively reducing the fugitive emissions of dust particles. The project initiated a special dust control campaign within the plant area, adding 6,000 square meters of green spaces, with an annual reduction of 6.82 tons of particulate matter emissions. In addition, the project replaced diesel-powered loaders with new energy loaders within the plant area, effectively reducing the emission of tailpipe pollutants, including particulate matter, nitrogen oxides, and sulfur dioxide, by 1.13 tons annually.

Indicators	Unit	2023	2022	2021
Nitrogen oxide (NOx)	T	2,850	4,961	1,561
Sulfur oxide (SOx)	T	596	437	217
Particulate matter (PM)	T	100	79	85

Wastewater Management

The Company's waste-to-energy project treats the leachate generated within the plant area during the operational process. The treated water is then recycled in the lime slurry production and fly ash solidification processes, effectively reducing wastewater emissions, and contributing to the realization of the zero-discharge goal.

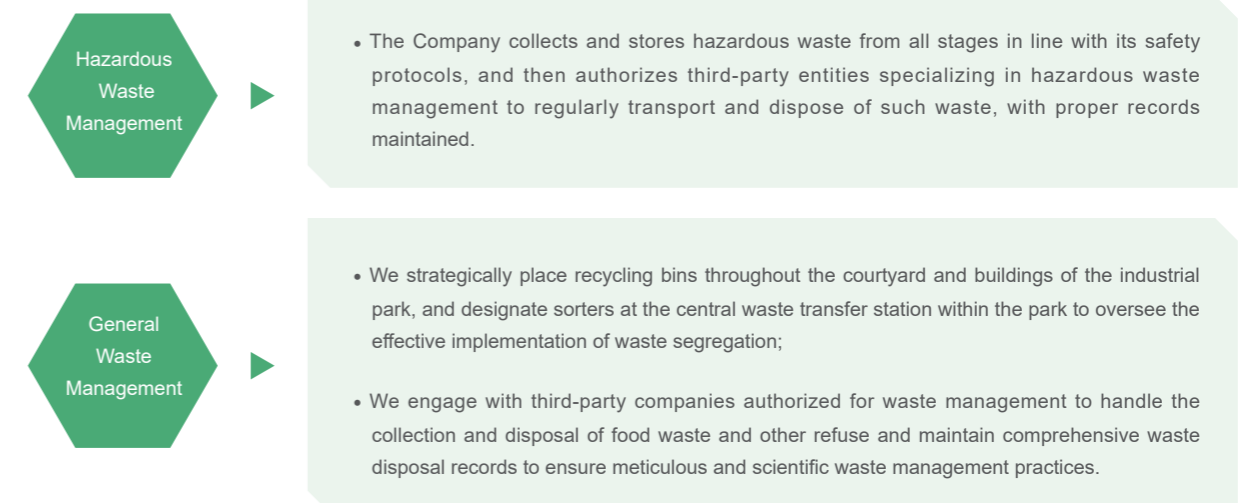
Case | Implement Circulating Water Treatment to Enhance Water Usage Efficiency

In 2023, the Xihua County waste-to-energy project advanced the treatment of circulating water. By adding concentrated sulfuric acid to the circulating water, the concentration ratio of the water was increased from 3.0 to 4.0, effectively reducing the alkalinity of the circulating water and thus reducing the probability of equipment scaling. This measure protected the equipment while enhancing water use efficiency. The project reduced the daily make-up water for the circulating water system by 365 tons and decreased the daily discharge of wastewater by 80 tons.

Indicators	Unit	2023	2022	2021
COD reduction	10,000T	55.26	50.68	47.27
BOD reduction	10,000T	19.37	17.56	17.45
Total phosphorus reduction	10,000T	0.96	0.95	0.88
Total nitrogen reduction	10,000T	6.51	6.04	5.34

Solid Waste Management

Capital Eco-Pro Group comprehensively manages hazardous waste, sludge, and other solid wastes. The Company integrates data on hazardous waste and sludge into its sewage treatment system for real-time tracking, champions the use of sludge drying technology, and supports the reduction of sludge production as part of its integrated urban water service and water environment service. The Company promotes the harmless and resource-oriented processing of bottom ash from waste-to-energy projects, with the ash then repurposed into bricks or other sustainable construction materials, supporting the development of a waste-free city.



Compliant Sludge Management

• We carry out sludge storage, transportation, and disposal for all projects involving the generation of surplus sludge from sewage treatment and sludge from pipeline and riverbed dredging activities according to our *Sludge Management Regulations*.

Indicators	Environmental Indicator	Unit	2023	2022	2021
Total hazardous waste	Hazardous waste from production and operation	T	126,397	8,112	46,372
	Hazardous	kg	433	1,800	300
Total non-hazardous waste	Non-hazardous waste from production and operation	T	556,554	423,931	117,829
	Office waste	T	798	808	809

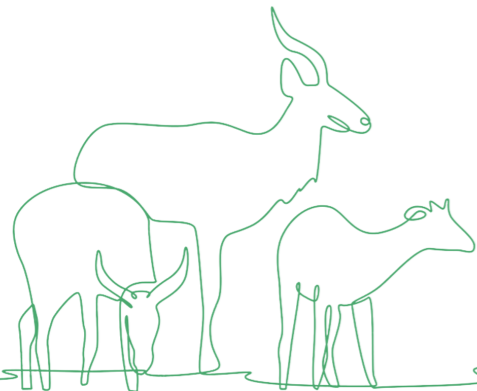
Case | Promote Sludge Drying and Co-incineration for the Resourceful Utilization of Sludge

Capital Eco-Pro Group manages a centralized sludge processing and disposal facility that spans 2,000 square meters. This facility handles 200 tons of sludge daily, with an 80% moisture content, ensuring the reliable functioning of the city's sewage treatment systems. The project employs the "low temperature drying + power plant co-disposal" process, dehydrating sludge to a moisture content of 30% before transporting it to a power plant for co-incineration, achieving the reduction, stabilization, and harmlessness of sludge.

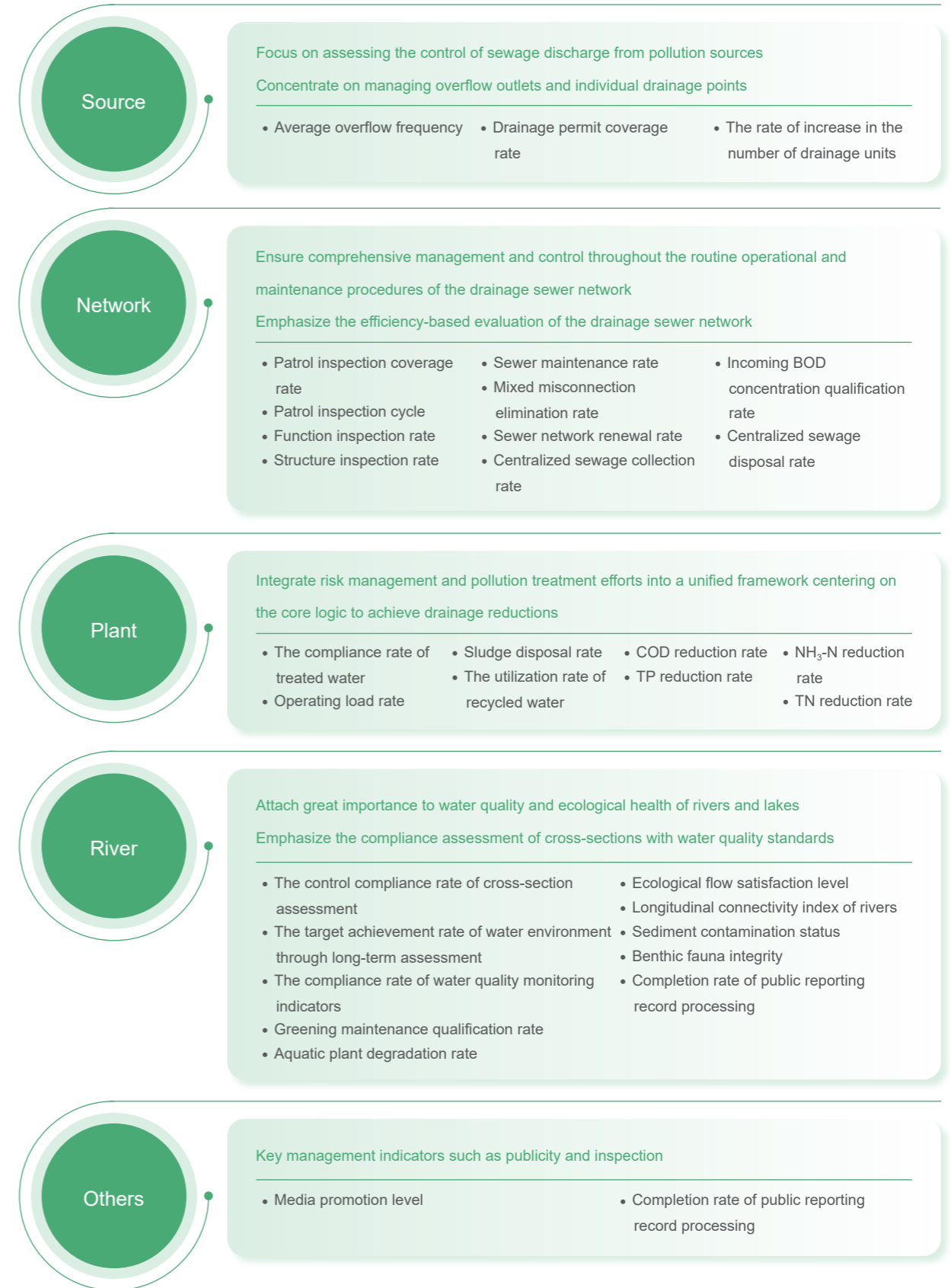
Biodiversity Protection

Capital Eco-Pro Group adheres to the ecological red line, reducing the ecological impact of project construction and business operations through a hierarchy of mitigation measures including "avoidance, mitigation, restoration, and compensation."

Before the development and construction of project sites, the Company conducts comprehensive environmental impact assessments to identify and evaluate the project's impact on the environment and ecology and proposes strategies and measures to reduce ecological impact and enhance environmental protection. In addition, the Company has delved into the topic of "Evaluation of Water Ecology Health Benefits," creating a comprehensive water ecology health evaluation system to assess the water ecology health and the effectiveness of ecosystem restoration in lakes and rivers at various stages, thereby contributing to the evolution of water quality monitoring towards a more ecological focus.



Water Ecology Health Assessment System and Evaluation Indicators



The Company rigorously confines its operational expansion to areas outside of water source ecology reserves and environmentally sensitive zones, thereby reducing potential ecological impact. Simultaneously, we initiate water and soil remediation projects, employing natural restoration techniques to rehabilitate soil function and restore aquatic ecology balance. Additionally, we enhance the construction of ecological corridors to foster the recovery of local biodiversity.

In 2023, Capital Eco-Pro Group reclaimed approximately

850,700 square meters of mined land.

Measures to Minimize Ecological Disturbance in Water Environment Ecology Restoration Projects



Develop design plans that minimize ecological disturbance

- Engage in extensive communication and consultation with local experts and community residents to understand the characteristics of the local ecology environment and the status of biodiversity;
- Formulate a design plan that minimizes ecological disruption, including optimizing the project layout, selecting the most suitable construction materials, and choosing vegetation that is appropriate for the local environment.



Construct in a way that minimizes ecological disruption

- Control night-time noise to minimize the impact on the surrounding ecology environment;
- Direct on-site searchlight illumination towards the central construction area at night to minimize the impact on bird and animal activities;
- Promptly restore the ecology environment in the construction area upon project completion to minimize the adverse effects of ecological disruption on animals.

Case | Specialize Water Ecology Environment Management for Bird Habitat Improvement

In 2023, Capital Eco-Pro Group organized a team of experts to create the *Xinjiang Shihezi Comprehensive Environmental Management Three-Year Initiative (2023-2025)*, aiming to enhance the water ecological environment of Mushroom Lake via a thorough ecological restoration of Mushroom Lake Reservoir and by strengthening the operation and control measures at sewage treatment plants. Within the reporting period, the Shihezi Sewage Treatment Plant, which is the primary source of water for enhancing the quality of Mushroom Lake, consistently surpassed the Class A effluent criteria during regular monthly and quarterly inspections by government oversight agencies, creating an improved ecological habitat for migratory birds. There has been a significant increase in wild birds at Mushroom Lake, with over 129 species such as swans, wild geese, egrets, and waterfowl.



Ecological Habitat of Migratory Birds at Mushroom Lake Reservoir

Case | Construct Artificial Wetlands and River Ecology Corridors

Capital Eco-Pro Group applied artificial wetland technology in the Pingchang River Water Storage and Diversion EPC+O Project in Yantai, Shandong Province, to improve the river ecology environment. With the project's conclusion, the wetland will enhance the water quality by raising the COD and ammonia nitrogen levels from Surface Water Class IV to Class III. Furthermore, the implementation of strategies such as the reuse of water for replenishment and the retention of river water will facilitate the ecological revitalization and improvement of the Pingchang River. The river will be characterized by sparkling water, verdant shoreline, and swimming fish in the shallow water, becoming a "Mother River" ecological corridor pilot scheme that aids in the conservation of aquatic species.



Green Our Office

Capital Eco-Pro Group is committed to practicing green office principles by thoroughly undertaking energy-saving modifications. These efforts aim to decrease energy and resource use, along with waste outputs, propelling the Company towards a more environment-friendly and low-carbon operational model.



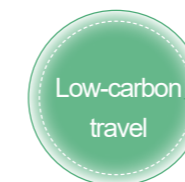
- Perform routine checks and upkeep to maintain the operational energy efficiency of equipment;
- Optimize the temperature settings of the air conditioning system to reduce the operating power of cooling and heating equipment;
- Implement an intelligent control system to continuously track system performance and fine-tune operational settings to maximize efficiency and minimize energy use;
- Increase the duration of natural ventilation and reduce the operating hours of mechanical ventilation equipment;
- Minimize the idle time of office equipment and make sure to power down all office appliances as soon as the workday ends;
- Decrease elevator use on lower floors to reduce electricity consumption;
- Monitor outdoor and indoor temperatures and adjust the heating water temperature reasonably based on actual needs.



- Use water-saving faucets and sanitary ware;
- Adjust the operational parameters of water-using equipment dynamically based on water consumption needs and characteristics to achieve scientific and rational water reduction.



- Encourage the use of electronic devices for viewing and approving work documents
- For paper documents, opt for a double-sided printing mode.



- Encourage employees to adopt green travel modes and promote the purchase of green electric vehicles and hybrid vehicles;
- Prioritize the procurement of electric vehicles for Company use;
- Provide designated charging stations for new energy vehicles in parking areas.

S

Social Performance

Capital Eco-Pro Group embraces social welfare in a proactive way. The Company is dedicated to prioritizing industrial development and environmental technological innovation, and transfer social responsibilities into corporate spirit. We develop multiple initiatives in employee management, industry exchange and social welfare, in a bid to honor our commitments in corporate social mission and responsibilities.

- First-Rate Services, Enhancing Quality Management
- People-Oriented, Empowering Employee Development
- Robust Development, Consolidating Safety Management
- Hand in Hand, Boosting Industry Development
- Adherence to Original Aspiration, Contributing to Community Welfare



First-Rate Services, Enhancing Quality Management

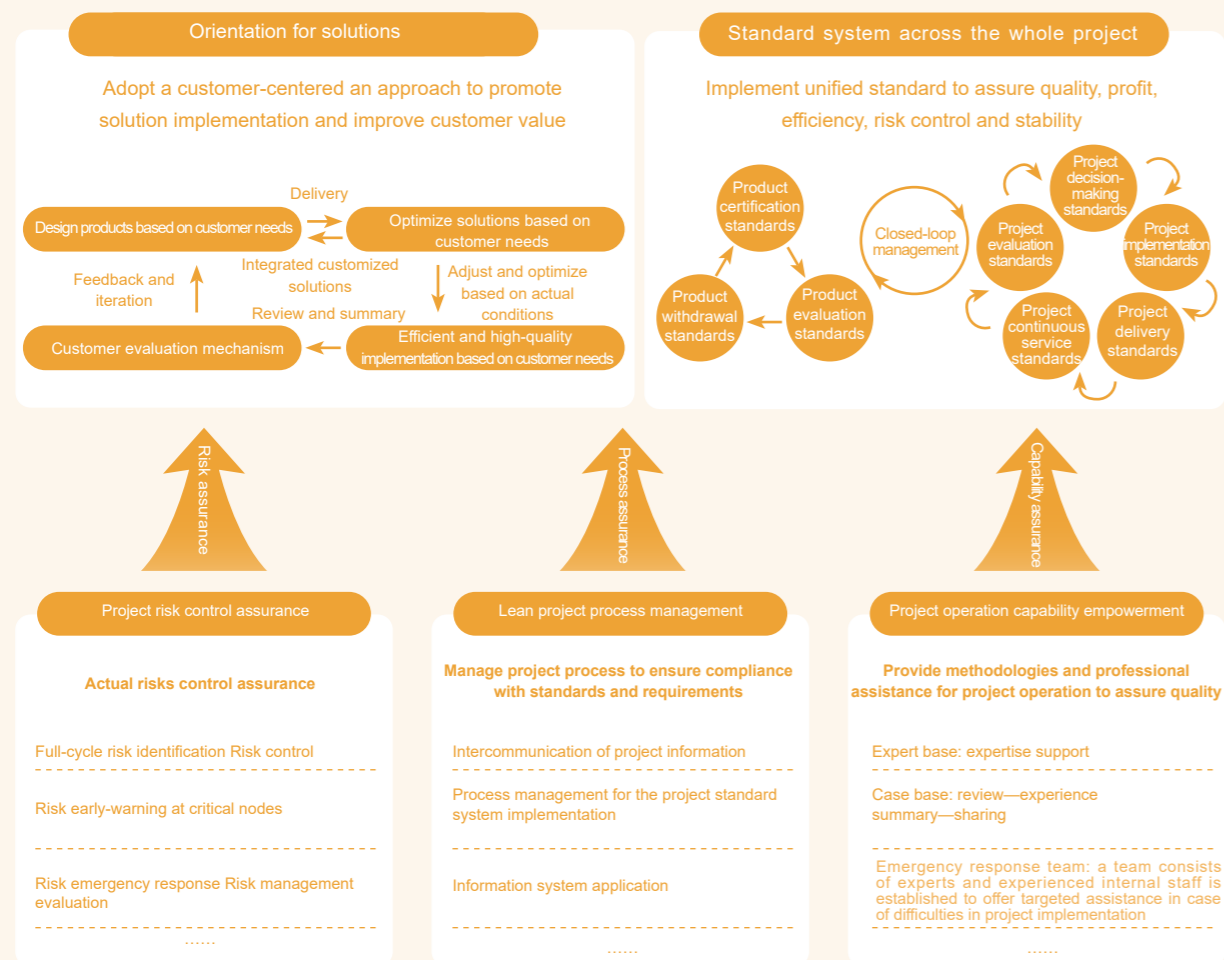
With the mission of delivering high-quality service, Capital Eco-Pro Group rigorously controls project quality in construction and operation, and consistently upgrades customer service and technological innovation management, thereby providing reliable, safe and efficient social public services whiling creating better user experiences.

Improve Project Management

In full compliance with the *Law of the People's Republic of China on Product Quality*, Capital Eco-Pro Group optimized seven standardized manuals including the *Management Measures for Construction Technology Quality* and the *Management Measures for Project Quality Inspection* during the reporting period, thus providing institutional guarantees for product quality improvement.

Capital Eco-Pro Group has keen insight into key elements of project management, adheres to a customer-centered strategy, and constantly bolsters the core deliverables of construction project by strengthening risk control, refine operation, and expertise empowerment, with the aim to improve operation-friendly solutions and create a standard system across the project cycle.

Key Elements of Project Management



Project Risk Control

Based on a robust project risk management system, Capital Eco-Pro Group has established the Investment Committee consisting of senior management and business experts to enhance the Company's project risk identification capabilities and bolster quality control at key aspects such as project investment standards, evaluation reports, and implementation progress monitoring.

Overview of Project Risk Control Systems of Capital Eco-Pro Group



Capital Eco-Pro Group routinely performs on-site project surveys as required by risk control systems and promptly rectifies risks. In 2023, we conducted special inspections on high-risk projects, covering 17 front-line projects in Anhui, Sichuan, Jiangsu and Hubei provinces, this proactive approach has bolstered project risk resilience.

Case | Capital Eco-Pro Group Conducts Special Inspections on High-Risk Projects to Assure Production Safety

In 2023, the Company carried out special safety and quality inspections for high-risk projects, and formulated safety and quality inspection records and re-inspection records. The unannounced investigations⁶ accounted for 10% below. In 2023, the Company has conducted 31 safety and quality inspections for high-risk projects, with 100% coverage. 224 potential risks had been identified and rectified, with 100% rectification rate.



Inspection at High-Risk Projects

⁶ The unannounced investigations: A unannounced investigation system where the inspection is directly performed at the grassroots level and project site without prior notification or reception.

Refine Project Operation

Capital Eco-Pro Group consistently enhances project implementation standards, improves quality management processes, accurately controls the quality requirements across the project life cycle, promotes project standardization, and ensures the sustainability and long-term benefits of projects. In 2023, the Company has successfully passed the external audit of ISO 9001 Quality Management System.

In 2023, we prioritized the establishment of information-based system for project construction, carried out targeted refined management activities including functional optimization and system upgrades in alignment with different characteristics in terms of investment and technology, opened up project information management channels, and realized real-time sharing and efficient exchange of project information, thereby comprehensively improving project management efficiency.

Capital Eco-Pro Group's Information-based Project Management

Investment

- Optimize the investment management information system and improve information-based investment management;
- Upgrade and optimize the management functions of six modules in the investment management system including urban water, solid waste, and ecology, and add real-time information display and output functions;
- Add basic information form of investment projects into the investment management system, as well as key information indicators for EPCO⁷ and entrusted operation projects;
- Improve the Company's investment feasibility report and due diligence report templates for each business type, including sewage, water supply, equity mergers and acquisitions, incineration, sanitation and soil remediation, industrial atmosphere, resources, and energy, etc.

Technology

- Improve information-based project management and promote the data exchange between the PMS⁸ system, the investment management system, ECP⁹, and partners' project management systems.

Expertise Empowerment

By establishing expert teams, implementing special plans, and developing problem manuals, Capital Eco-Pro Group has bolstered the project service quality and created a high-quality project delivery system. In 2023, the Company assisted customers in avoiding nearly 100 typical construction problems in advance through specific-purpose publicity and on-site technical exchanges, thereby playing a dual role of both expertise and service support. By the end of the reporting period, the high-quality delivery system had been applied in 7 projects, providing practical solutions for construction projects.

⁷ EPCO: The "EPC + Operation" model for investment projects where the Employer entrusts the general contractor to undertake engineering, construction, procurement, as well as operation and maintenance for a certain period of time during the operation upon completion of the project.

⁸ PMS: Project Management System.

⁹ ECP: E-Commercial Platform.

Case | The Company Launches "Problems Summarization for Water Works" Program to Improve Project Quality

The "Problems Summarization for Water Works" program aims to promote the implementation of high-quality delivery through summarization of numerous typical problems for waterworks, and better serve the project. On November 8, 2023, the Company's high-quality delivery team went into the project in Fengtai County and conducted in-depth face-to-face discussions with the Project Manager, the Contractor and the Employer on the problems encountered in the whole management process, including project design management, construction and installation, process package implementation and operation. The project management developed a return visit plan, established a customer service system and user data archive, promoted close collaboration between business units and customers, and improved the Company's project quality and corporate quality.

Assure Service Quality

Capital Eco-Pro Group has always adhered to the bottom line of quality. The Company is dedicated to providing customers with high-quality, reliable, and trustworthy integrated services in the fields of urban water, solid waste, industrial air, and resource energy.

In 2023, the Company updated a variety of systems including the *Management Measures for the Operation and Maintenance of Water Supply Networks* to improve the water supply management system and provide institutional guarantees for high-quality water supply services. The Company applied digital technology to build a product library, thus achieving integrated and standardized management of project information.

We integrate product management requirements and build Capital Eco-Pro Group product library to lay a solid foundation for high-quality service while accelerating the establishment of the Company's information-based management system.

Capital Eco-Pro Group's Product Lineup Scheme

- 1 Design the functional framework of the product library, and gradually build product library function in stages;
- 2 Build a product management system to realize efficient management, promotion and application of products;
- 3 Sort out the Company's technological products, screen and determine the list of library products, and promote the upgrading and iteration of technological products.

Capital Eco-Pro Group's Initiatives to Ensure Water Supply Quality by Digital Means

Water Supply
Comprehensively upgrade the GIS system, pipe network engineering system, hotline system, and work order system for water supply pipe network, and promote such initiatives in more than 10 projects in Xuzhou, Chengdu, and other places.

Sewage Treatment

In terms of operation system management, Linyi City Company has carried out pilot construction of single-plant digital operation and regional intensive operation, realizing intensive operation management in seven sewage treatment plants;

In terms of specialized equipment, the equipment asset management system (EAM) has been promoted in the Company's water supply and sewage treatment projects in line with the equipment point inspection standards. In 2023, the EAM was applied to 63 project companies, with 51% coverage. The laboratory information management system (LIMS) was promoted in 186 laboratories, covering sewage projects with capacity over 10,000 tons and all water supply projects.

While bolstering the construction of operation management system, Capital Eco-Pro Group places paramount importance on feedback from customers and experts, conducts operational evaluation on various water supply and sewage treatment projects, thereby comprehensively improving water treatment services.

Overview of Capital Eco-Pro Group's Project Operation Evaluation

Water supply evaluation team

- From May to October 2023, the water supply evaluation team performed expert evaluations on five project companies and reviews on two project companies, proposing a total of 478 rectifications.
- Promote the rectification and follow-up of evaluated projects: rectifications had completed for over 95% of projects in 2022, and over 60% in 2023, with remaining projects under adjustment.

Sewage evaluation team

- In 2023, the sewage projects were subject to diversified evaluation including regional evaluation and regional cross evaluation, and the operation evaluations on 98 companies involving municipal sewage projects/industrial park sewage projects were successfully completed, in which 22 companies were subject to on-site evaluations by the operation department, 76 subject to self-evaluations, and 2 subject to reviews on operation evaluation.

Case | Laoting Capital Industrial Water Company Adopts Multiple Measures to Safeguard Water Supply Quality

Laoting Capital's cooling circulating water and zero sewage discharge BOT project revises the internal control standards for water quality and the management measures for chemicals based on actual production, and develops new internal control standards for the refrigerant water system and raw water system to improve the water qualification rate and enhance the Company's water supply quality.

In 2023, this project performed sampling and testing of water treatment chemicals to realize more efficient and orderly on-site dosing, and ensure stable water quality. In 2023, Laoting Capital's internal laboratory completed more than 20,000 water quality tests and more than 80 water treatment chemicals tests.



Laoting Capital's Internal Laboratory

Optimize Customer Experience

Capital Eco-Pro Group actively engages in providing customers with full-process high-quality services, consistently optimizes service system, bolsters communication with customers, and improves service and customer satisfaction.

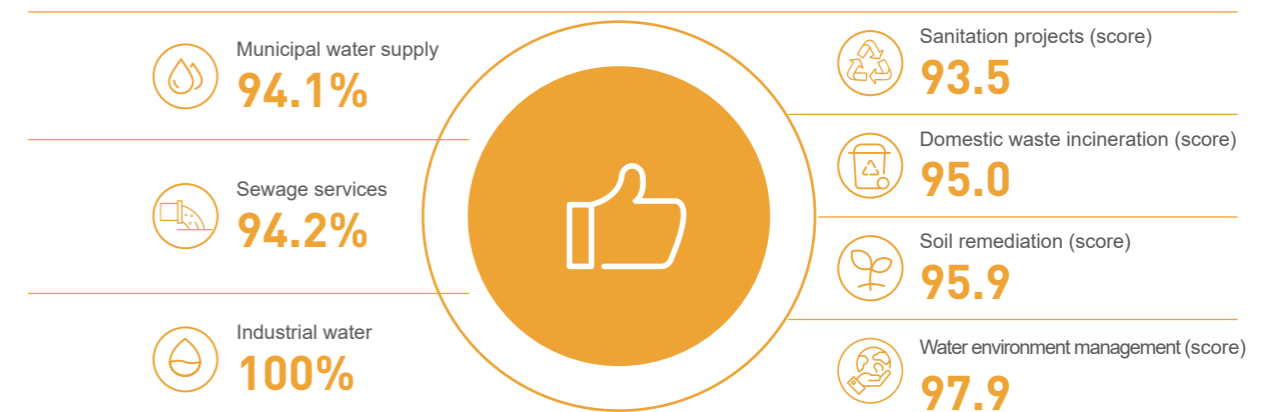
The Company diligently adheres to internal systems such as the *Detailed Rules for High-Quality Delivery Evaluation*, the *Typical Problems Collection of Water Works*, the *Guidelines for Water Supply Service Management*, the *Guidelines for Meter Reading Process Management*, and the *Project Operation Management Measures*. It has put in place online and offline customer communication channels, established customer complaint handling mechanism, carried out service optimization based on customer feedback, standardized management processes, with the aim to spare no efforts to improve customer satisfaction.

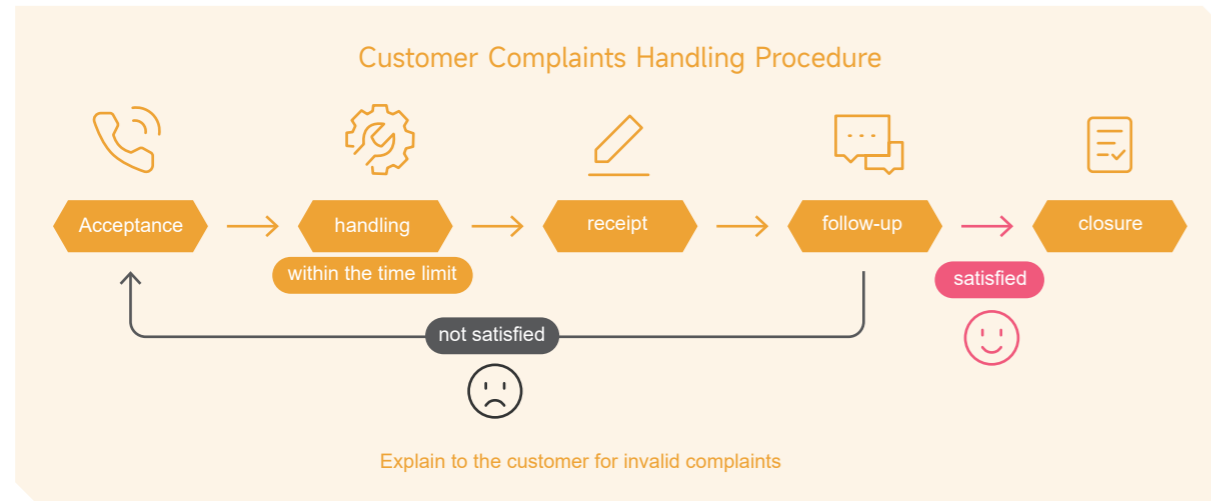
In terms of service satisfaction, we conduct regular customer visits and disseminate questionnaires within each business segment to understand customer needs, consistently improve our service and deliver better services.

Case | Capital Eco-Pro Group Helps Urban-Rural Water Supply Integration, Showcasing Corporate Responsibility

The urban-rural water supply integration project aims at improving drinking water safety in rural areas notably demonstrates the Company's unwavering commitment to social responsibility. In 2023, we implemented the urban-rural water supply integration projects in Susong County, Anqing City, Anhui Province, Zongyang County, Tongling City, Anhui Province, and Fanchang District, Wuhu City, Anhui Province, serving a total population of over 4 million.

Table Capital Eco-Pro Group's Customer Satisfaction in 2023





Customer Complaints Handling Requirements

- Establish a work process and clarify handling time limit;
- Create a complaint handling records and regularly analyze complaint work orders based on closed-loop handling;
- Respond quickly to customer complaints, reply to customers with handling result within 3 working days, explain the reasons and promised time limit to customers for the problems unresolved within the specified handling period;
- The timeliness of complaint handling shall not be less than 98%;
- Establish a follow-up mechanism, with 100% follow-up rate.

Capital Eco-Pro Group's Customer Satisfaction Improvement Initiatives in 2023

- Intensively analyze customer needs to improve customer service quality based on the working concept of "one policy for one enterprise, scheduling on a monthly basis";
- Guided by customer needs, ensure sufficient pressure and high quality to improve water supply quality;
- Improve transaction function of the online business system, and further bolster the standardization, digitalization, and convenience of water supply services;
- Continue to carry out customer satisfaction survey, and apply the customer service management(CRM) system to assist in managing customer relationships for existing projects.

Case | Capital Starlight Wins Customer Recognition for Intensive Research on After-sales Service Mechanism

Xuzhou Capital in Jiangsu Province prioritizes the continuous improvement in telephone traffic as one of the key focuses of its annual CWCI¹⁰ work. It collaborates with multiple departments to identify business improvement opportunities at "pre-sale", "in-sale" and "after-sale" activities, aiming for enhancing its water supply service capabilities. With a series of customer service initiatives, Xuzhou Capital sees a 36.00% decrease in customer calls in recent years, a 10.50% increase in telephone access rate, and a 56.60% increase in the followers on official account.

¹⁰ Capital Water Continuous Improvement (CWCI): A comprehensive and effective continuous improvement management system, which is goal-oriented and targets at multiple dimensions such as safe production, marketing services, early-stage management, and basic management to identify, eliminate, and prevent losses, achieve performance improvement, and enhance management.

Case | Capital Starlight Wins Customer Recognition for Intensive Research on After-sales Service Mechanism

In 2023, Capital Starlight revised and improved its after-sales service mechanism, updated regular follow-ups, and helped the Company track current user status. With more frequently communication with customers, it improved after-sales service, and reduced after-sales service frequency.

Since the vigorous implementation of the after-sales service mechanism, the Capital Starlight's after-sales service incidents saw significantly decrease, and customer satisfaction of after-sales services reached over 90% in 2023.



After-sales Engineer Inspecting Equipment

Strengthen Innovative R&D

Technological innovation is the primary productive force for the corporate development. Capital Eco-Pro Group seizes innovative opportunities, improves technological innovation management system, continues to increase R&D spending, bolsters technological capability reserve, and secures technological innovation achievements.

Innovation Management Mechanism

Capital Eco-Pro Group has standardized the management of technological innovation through such systems as the *Scientific Research Project Management Mechanism*, and has established an organizational structure centered on the Technology Innovation Committee, with clear responsibilities of each department, subsidiary, and project team. Furthermore, the Company has implemented the requirements for scientific research project management by establishing IPD¹¹ processes, the "open competition for the best candidates" mechanism, as well as other initiatives.

In 2023, the investment of Capital Eco-Pro Group in innovative R&D reached

RMB **167** million

Case | Capital Eco-Pro Group Initiates "Open Competition for the Best Candidates" to Advance Technological Upgrade

Taking problem-solving as the evaluation standard, the "open competition for the best candidates" mechanism promotes the sharing and effective exchange of technological innovation information between headquarters and front-line production projects, to integrate technology and industry and improve quality and efficiency. Capital Eco-Pro Group implements "open competition for the best candidates" mechanism in 10 highly-technological upgrade projects with notable difficulty.

¹¹ Integrated Product Development, a project management method based on cooperation and collaboration.

Innovative R&D Progress

Capital Eco-Pro Group is dedicated to providing high-quality products, efficient operational services and solutions. With sharp insights into industry trends, the Company adheres to the value transformation of environmental industry from pollution control to energy utilization of resources, and initiates a digital revolution across "urban water, solid waste, industrial air, and resource energy" business sectors, thus promoting society to advance towards a smart environmental protection era.

Capital Eco-Pro Group continues to increase scientific research spending. The Company follows market demand to improve technological innovation efficiency and empowers business activities through systematic, resource-based, and digital means to solve environmental pollution issues. Additionally, the Company saves energy and recycles resources during production, ultimately enabling the realization of "carbon peaking and carbon neutrality" goal.

Case | Capital Eco-Pro Group Launches "Blue Water Plant" Program to Create the New Prospect of High-Efficiency and Zero-Carbon Water Industry

Blue Water Plant is a technology concept for future low-carbon sewage treatment plants released by Capital Eco-Pro Group in September 2022. It aims to achieve multiple goals of substance/energy conversion, carbon neutrality, and intelligent control, and facilitate leapfrog transformation of sewage treatment plants into resource and energy factories under the new concept. In 2023, the Blue Water Plant concept was featured in The Source and widely spread across the globe.

The two core technologies in Blue Water Plant concept include CREATE™ aerobic granular sludge and ASmart® sewage plant intelligent control system.

CREATE™ aerobic granular sludge technology is known as the next-generation water treatment technology. This technology successfully extracts EPS¹² from granular sludge, revolutionizes secondary sedimentation tanks, and promotes the transformation and upgrading of sewage treatment from pollutant removal to recycling. CREATE aerobic granular sludge technology boasts for better sedimentation performance compared to traditional processes, reducing operating costs by more than 20%, carbon emissions by more than 30%, and construction land use by more than 50%.

ASmart® is a biological model-based intelligent control system for sewage treatment plants. It enables scientific decision-making and lean production through integrated and intelligent business management model. Upon application, the system reduces energy and chemical consumption by 10%-40%, and carbon emissions by more than 20%. In 2023, ASmart® was applied in 16 sewage treatment plants with a total treatment capacity of 1.43 million tons per day.



Capital Eco-Pro Group's "Blue Water Plant" Program

¹² Extracellular polymeric substances: Macromolecular substances secreted on cell surface which facilitate microbial cell aggregation and play an important role in the generation and stability of biofilm and anaerobic granular sludge.

Case | Capital Eco-Pro Group Rolls out Technological Products at IE expo China, Pioneering the Industry Development

On April 19, 2023, Capital Eco-Pro Group unveiled 16 technological products and solutions at the 24th IE expo China, showcasing the Company's innovation achievements in technology innovation, intelligent manufacturing, and solutions. These technological products include technological innovation achievements and practices in solutions, technical services, smart modules, smart platforms, and smart equipment, thereby commencing Capital Eco-Pro Group's new explorations to serve customers with technology and professional strength based on its previous operation-based customer services.

To enhance the Company's technological innovation strength, Capital Eco-Pro Group adheres to the "721" technological innovation concept, namely, devoting 70% of our main efforts to promoting the application of technology in current business activities, allocating 20% of our efforts to break through industry bottlenecks in business scenarios, and sparing 10% of our efforts to engage in strategic R&D for the future development of the industry. This proactive approach enhances the Company's technological capabilities, promotes the continuous product iteration, and ushers new development momentum.



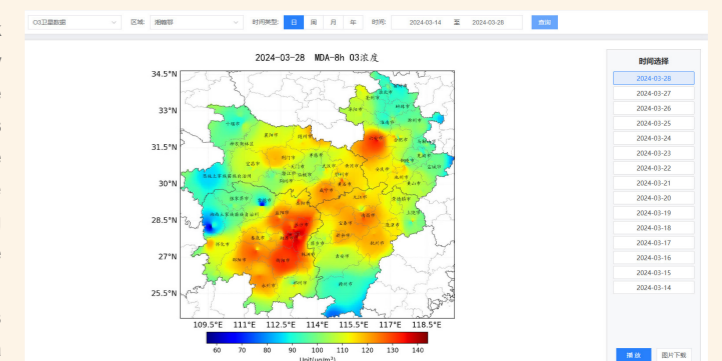
Capital Eco-Pro Group's Smart Digital Environmental Technology Solution



Capital Eco-Pro Group at the IE expo China

Case | Capital Eco-Pro Group Upgrades Environmental Monitoring and Releases Smart Environmental Protection Products V2.0

Capital Eco-Pro Group builds a corporate risk profiling thematic system based on abnormality identification and risk warning of enterprise pollution source data. The Company develops and launches an emission right and total-volume management system as well as a comprehensive carbon emission management system centering on pollution and carbon emission reduction. In the new field of ecological environment monitoring, Capital Eco-Pro Group develops and launches an environmental noise monitoring system and a comprehensive nuclear and radiation management system. By the end of the reporting period, this smart environmental protection product was applied in Jiujiang City, Jiangxi Province, Huainan City, Anhui Province, and other regions.



System Interface of Some Smart Environmental Protection Products

Capital Eco-Pro Group continues to invest in technological R&D, and has won numerous awards, thus further accelerating the pace of high-quality innovative enterprise evolution.

Capital Eco-Pro Group's awards in the field of science, technology, and innovation (partial)

The second prize of the 2022 China Industry-University-Research Cooperation Innovation and Promotion Award

Issued by China Industry-University-Research Institute Collaboration Association
Description Key Technologies and Engineering Applications for Process Coupling and Directional Regulation of Wetland Biological Habitat



The second prize of Science and Technology Award of All-China Environment Federation

Issued by All-China Environment Federation
Description Water Environmental Asset Management System Establishment and Digital Tools PANTA

The third prize of the 1st National Enterprise Digital Scene Innovation Professional Competition of the 4th China Industrial Internet Competition

Issued by SASAC
Description Biological modeling- based intelligent decision-making and process warning evaluation



The second prize of 2023 Science and Technology Award of Beijing Hydraulic Engineering Society

Issued by Beijing Hydraulic Engineering Society
Description Key Technology and Intelligent Platform for Water Pollution Source Tracing Control



The second prize of 2022 Science and Technology Progress Award of Beijing Science and Technology Award

Issued by Beijing Municipal Science & Technology Commission, Administrative Commission of Zhongguancun Science Park
Description Research and Practice on Key Technologies for Efficiency Improvement and Layout Optimization of Sponge City Source Facilities

The Recommended Catalogue of Smart Water Environment Innovation Application Cases

Issued by All-China Environment Federation
Description WEAM Ecological Smart Operation Platform

The second Prize of the 2022 Productivity Promotion Award (Innovative Development)

Issued by China Association of Productivity Promotion Centers
Description Research and Application of Key Generic Technologies for Collaborative and Innovative Multi-Pollutant Emission of Incineration Flue Gas

2023 National Enterprise Digital Application Typical Scenes

Issued by Zhongguancun Digital Economic Industry Alliance
Description WEAM Ecological Smart Operation Platform

Beijing New Technology and New Product (Service) Certificate

Issued by Beijing Municipal Science & Technology Commission
Description CREATE aerobic granular sludge



The 18th Beijing New Technology and New Product (Service) Certification

Issued by Beijing Municipal Commission of Development and Reform, Beijing Municipal Science & Technology Commission
Description Water Environmental Asset Management Platform PANTA

The second prize of 2023 (the 9th) National Enterprise Management Innovation Achievements

Issued by Chinese Institute Of Business Administration, State-owned Assets Management Research Committee of China Finance Society, Innovation World Weekly, China State-owned Enterprise Management
Description WEAM Ecological Smart Operation Platform

Mercury Prize-Application Industry Newcomer-Silver Award

Issued by IWA Young Water Professionals Steering Committee
Description Demonstration and Application of Artificial Wetland Technology for Efficient Deamination, Dephosphorization and Water Quality Improvement



The third prize of "Maker Beijing 2023" SME Innovation and Entrepreneurship Competition

Issued by Beijing Municipal Bureau of Economy and Information Technology
Description Solution for Total Discharge (Reuse) of Landfill Leachate





Case | Capital Eco-Pro Group is Awarded Zhongguancun High-tech Enterprise

In 2023, upon audit by Beijing Municipal Science & Technology Commission, Administrative Commission of Zhongguancun Science Park, Capital Eco-Pro Group was recognized as a "Zhongguancun High-tech Enterprise". This honor marked affirmation and recognition in terms of independent intellectual property rights, technological R&D capabilities, and technological innovation capabilities.



Capital Eco-Pro Group's Zhongguancun High-tech Enterprise Certificate

Case | Capital Eco-Pro Group Shortlisted into the "Double-hundred Enterprises (One Hundred Growing Enterprises and One Hundred Innovative Enterprises)" and "Science Reform Enterprises" List by SASAC

In the latest list of "Double-hundred Enterprises (One Hundred Growing Enterprises and One Hundred Innovative Enterprises)" announced by the State-owned Assets Supervision and Administration Commission (SASAC) of the State Council, Capital Eco-Pro Group is shortlisted into "Double-hundred Enterprises (One Hundred Growing Enterprises and One Hundred Innovative Enterprises)", its subsidiaries Capital Air and Capital Environmental are shortlisted into "Science Reform Enterprises". The Company's technological innovation-based development achievements are recognized.

The "Double-Hundred Action Plan" and "Science Reform Action Plan" are special actions organized by the Leadership Group for the Reform of State-Owned Enterprises of the State Council for the reform of state-owned enterprises. Capital Eco-Pro Group has been deeply engaged in the environmental protection industry for more than 20 years, providing efficient, intelligent, and green solutions to customers in the fields of urban water and water environment integrated services, solid waste comprehensive treatment, atmospheric environment and industrial services, resources, and energy. Capital Eco-Pro Group will adhere to the primary business of ecological environment, rely on technological innovation, promote the R&D of technological products and market transformation, and expand the stronghold for development.

Intellectual Property Rights Protection

Capital Eco-Pro Group continues to improve its innovation management and implementation mechanism, and relentlessly promotes the seamless integration of innovative R&D results with the Company's business model. In 2023, we targeted the transformation of innovation achievements while keeping an eye on enterprise management efficiency and staffing, developed and continuously improved the intellectual property management mechanism construction plan, and provide institutional guidelines for the implementation of standardized intellectual property management and employee incentive systems.

During the reporting period, Capital Eco-Pro Group filed **77** patent applications

with

82 patents granted

Indicators	Unit	2023
Total number of patents filed in 2023	/	77
Number of filed patents by type	Invention patent	32
	Utility model patent	45
Total number of patents granted in 2023	/	82
Number of f granted patents by type	Invention patent	23
	Utility model patent	59
Total number of cumulative grants	/	894
Number of cumulative grants by type	Invention patent	118
	Utility model patent	760

People-Oriented Strategy Empowers Employee Development

The corporate development cannot be divorced from the surging momentum brought by its employees. Regarding employees as the most valuable asset of the Company, Capital Eco-Pro Group improves the employee development system, effectively safeguards employee rights, cares for employees' daily work and lives, and conveys family warmth to them.

Following Compliant Employment

In full compliance with relevant 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*, Capital Eco-Pro Group has developed the *Employment Management Measures* and the *Labor Contract Management Measures*, with the aim to effectively safeguards employee rights and interests. Furthermore, the Company tolerates no forced labor, child labor, discrimination, vicious competition and other violations.

Following the principle of distribution according to work, the Company has established and continuously improved internal systems such as the *Compensation Management Measures*, and implements equal pay for equal work, thus ensuring fair and competitive employee compensation.

Capital Eco-Pro Group has been actively promoting diversified and localized employment, offering equal employment opportunities for employees from different backgrounds, professions, cultures, experiences, regions, and ethnicities, and creating sufficient jobs for the population in poverty-stricken areas to promote the employment. In 2023, Capital Eco-Pro Group recruited 26 ethnic minority employees, 223 rural employees and 2 disabled employees.

In 2023, Capital Eco-Pro Group recruited

26 ethnic minority employees

223 rural employees

2 disabled employees

By the end of the reporting period

Capital Eco-Pro Group had employees Salaried employees

16,931 **16,910**

Ethnic minority employees Disabled employees

973 **88**

Employee turnover rate Labor contract signing rate

3.60% **100%**



Table Capital Eco-Pro Group's Employment in 2023

Indicators	Unit	2023	Percentage	
Total number of employees	Person	16,931	100%	
Total number of employees by employment type	Regular employee	Person	16,910	99.88%
	Intern	Person	21	0.12%
Total number of employees by gender	Male	Person	11,559	68.36%
	Female	Person	5,351	31.64%
Total number of employees by age	29 and below	Person	2,652	15.68%
	30-50	Person	11,834	69.98%
	above 50	Person	2,424	14.34%
Number of employees by educational background	Senior high school and below	Person	3,688	21.81%
	Junior college	Person	6,415	37.94%
	Undergraduate	Person	5,881	34.78%
	Master and above	Person	926	5.48%
Number of employees by rank	Senior management	Person	13	0.08%
	Middle management	Person	66	0.39%
	Junior management	Person	16,831	99.53%
Number of employees by geographical region	Chinese mainland	Person	16,601	98.17%
	Hong Kong SAR, Macau SAR and Taiwan	Person	2	0.01%
	Overseas	Person	307	1.82%
Number of special employees	Ethnic minority employees	Person	973	5.75%
	Disabled employees	Person	88	0.52%
Number of female employees by rank	Senior management	Person	5	38.46%
		Person	27	40.91%
Employee turnover	%		3.60%	

Safeguard Talent Development

Capital Eco-Pro Group places paramount importance on talent development. By establishing a robust compensation management system, improving employee promotion mechanism, organizing a series of talent management initiatives, and bolstering internal communication, the Company strives to build a high-quality and professional talent team to provide a strong talent guarantee for the Company's continuous innovation and development.

Talent Pool

Capital Eco-Pro Group continues to strengthen cooperation with various universities, implement the "Roaring Water Action Plan", enrich the Company's talent resources, and comprehensively safeguard talent quality.



Capital Eco-Pro Group's "Roaring Water Action Plan"

The "Roaring Water Action Plan" aims to optimize allocation, tap the potential and increase efficiency, create a "talent ecosystem" application model, and focus on addressing the scarcity of top-notch talents in the industry, as well as internal structural overstaffing/understaffing, with the aim to realize reasonable turnover and optimal allocation of employees.

In August 2023, Capital Eco-Pro Group held a university-enterprise cooperation symposium with the College of Environment and Ecology, Chongqing University. All parties exchanged views on talent demand, talent cultivation and employment services, and established a stable communication channel, thereby laying a solid foundation for long-term cooperation.

Talent Incentives

Capital Eco-Pro Group has established a talent promotion mechanism in compliance with relevant management measures, and launched innovative measures such as "multi-level for one post, multi-post for one level" to provide employees with diverse promotion opportunities.

Capital Eco-Pro Group constantly improves its compensation system and management system, implements a salary structure of "post salary + performance bonus". In 2023, the Company rationalized the rules of value distribution, reformed the salary and performance system, and gradually built an equal incentive system based on strategy and full-staff performance management.

The Company implements a "three-linkage" performance evaluation mechanism at headquarters and various business units, tying company performance, department performance, with individual performance, with the aim to stimulate employee potential.

Capital Eco-Pro Group's "Three-linkage" Performance Evaluation Mechanism

- The Company's performance is mainly evaluated based on core quantitative performance indicators
- The department performance is mainly evaluated based on strategic work, routine functional jobs, and temporary jobs
- Individual performance is mainly evaluated based on the employee's performance commitments to the department

Competency Development

The Company attaches great importance to employee competency development. We have developed relevant management measures for employee training, and established online learning platform to organize diversified employee training programs, with the aim to enhance employee competencies in professional skills and leadership development, and promote the cultivation of compound talents.

Case | Capital Eco-Pro Group Organizes Employee Development Training to Build a Talent Team

From April to June 2023, Capital Eco-Pro Group organized four training sessions for marketing employees in Huai'an, Chengdu, Nanchang, and Xinxiang, with more than 200 participants. The Company is committed to building a highly capable marketing team, and enhancing the team's full-process project management capabilities, investment capabilities, and marketing capabilities.

2023 Capital Eco-Pro Group's Training Performance

Indicators	Unit	2023
Total number of employees trained	Person	13,354
Number of regular employees trained by gender	Male	9,199
	Female	4,155
Total training hours	Hour	480,459
Average training hours	Hour	35.98
Total training hours of regular employees by gender	Male	322,870
	Female	157,589
Total training days	Day	4.50
The Company's training spending	RMB million	9.89

Pursue Humanistic Care

Capital Eco-Pro Group cares about the work and life of its employees, and has developed an internal system, the *Labor Employment Precautions Manual*, to identify daily work risks and establish a friendly working environment. For employee leave and attendance, the Company has developed the *Attendance and Leave Management Measures* to ensure that employees balance work and rest.

The Company complies with the *Labor Law of the People's Republic of China*, implements an internal enterprise annuity plan in addition to five social insurances and one housing fund for employees, and provides a variety of non-salary benefits such as heating expense reimbursement and trade union welfare. In addition, the Company has been purchasing medical insurance for employees and their children. In 2023, more than 800 employees were insured, and more than 600 children were insured, with 110% compensation rate.

The Company regularly pays comforting visits to difficult employees and has arranged summer daycare classes for six consecutive years, showcasing care for employees and their families. In addition, the Company organizes various activities on Women's Day and Children's Day to strengthen the company cohesion.

In 2023

More than
800

employees from middle and back offices were insured

More than
600

children of employees were insured

Compensation rate
110%

Case | Summer Daycare Class—Caring for Employees' Children in Summer Vacation

Following the principle of the labor union's diligent arrangement for employees to rest assured and children enjoy a happy summer vacation, Capital Eco-Pro Group organizes summer daycare classes, provides a safe and welcoming activity space for children of working couples and effectively plans their summer vacation. By the end of 2023, the Company had organized six summer daycare classes and offered care services for more than 100 employee families.



Summer Daycare Class

Case | Capital Eco-Pro Group Organizes Employee Comforting Conversations to Convey Corporate Warmth

On January 11, 2023, the Company's senior management paid sincere comforting visits to difficult employees, and conveyed the message that the Party and the Company would help them overcome difficulties through various ways. They hoped that the difficult employees would maintain a positive attitude, remain confident in life, and get out of the predicament as soon as possible.



Employee Visit Symposium

Case | Capital Eco-Pro Group Organizes "Skillful Youth, Sharing Brilliance" Women's Day Activity

On March 7, Capital Eco-Pro Group organized "Skillful Youth, Sharing Brilliance" themed activity, 330 female employees participated this event to experience the charm of hand-painted glass cups, thus further enhancing the team cohesion.



"Skillful Youth, Sharing Brilliance" Themed Activity

Robust Development, Consolidating Safety Management

Capital Eco-Pro Group continues to promote the construction of safety management system, implements various safety management measures, and facilitates the realization of "Five-Zero" safety goals. Additionally, we bolster the partners' safety management activities, encourage them to organize safety training and other activities, and jointly promote safety culture.

HSE Policy
People-oriented, ecological protection, scientific management, accident prevention, all-employee participation, comprehensive treatment.

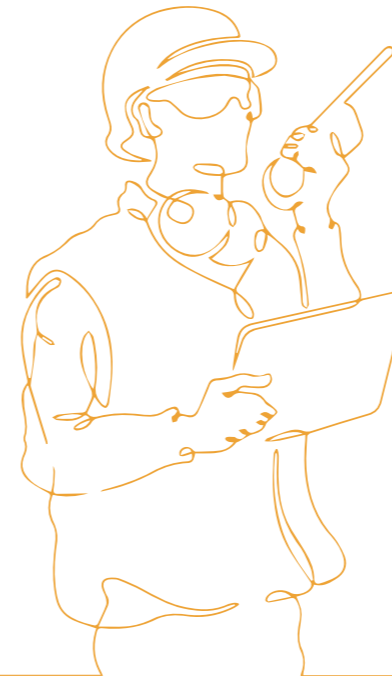
HSE Vision
Create a healthy and safe working environment and build a green ecological home.

Implement Safe Production

In full compliance with laws and regulations including the *Safety Production Law of the People's Republic of China*, Capital Eco-Pro Group has developed internal policies such as the *Safety Production Responsibility System* and the *Safety Management Measures for Dangerous Operation* to standardize the Company's safety management activities. In 2023, we updated 17 systems including the Management Measures for Formulation and Implementation of Safety Production Plans, further consolidating the foundation of safety management.

The Company has established a safety management structure where the Board of Directors acts as the highest decision-making body, and set up the Safety Committee and the Safety Committee Office to jointly engage in safety supervision and management, thereby providing organizational guarantee for the Company's safe production.

Capital Eco-Pro Group's Safety Management Structure



Five-Zero Goal

Serious injury and fatal accidents	Primary-liability traffic accidents	Fire accidents
0	0	0
Occupational health accidents	Environmental pollution accidents	
0	0	

Performance Indicators

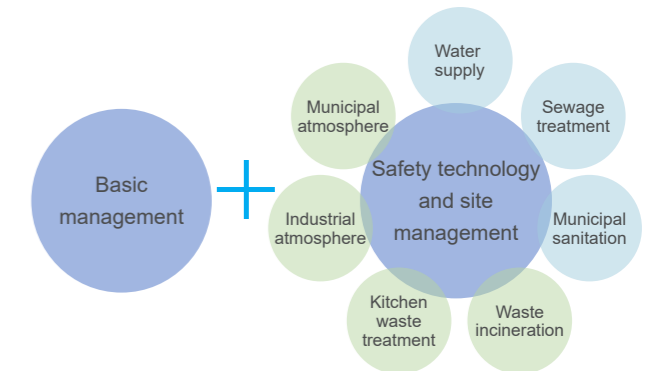
100% coverage of graded risk management in grassroot enterprises	100% coverage of safety inspection activities
100% supervision of potential major accident risks	100% usage of the "CSPMS" system ¹³

Safety Standardization Development

Capital Eco-Pro Group is deeply engaged in promoting safety standardization in environmental protection, and has established a "1+7" safe production standardization standard based on the existing safe production standardization of water sector, standardized the work requirements and safety technical requirements at operation site, and promoted the effective implementation of various safety production measures. In 2023, there were other 17 enterprises standardized for safe production, including 13 conforming to enterprise standards, 3 conforming to Class-2 government standards¹⁴, and 1 conforming to Class-3 government standards.



Safe Production Standardization Meeting



Capital Eco-Pro Group's "1+7" Model Diagram

¹³"CSPMS" system: Capital Eco-Pro Group's safe production management system.

¹⁴Safe production standardized enterprises are divided into Class-1 enterprises (the highest level), Class-2 enterprises, and Class-3 enterprises. Class-1 enterprises are reviewed and announced by the State Administration of Work Safety; Class-2 enterprises are reviewed and announced by the work safety supervision and management authorities of the provinces (autonomous regions, municipalities directly under the central government) and Xinjiang Production and Construction Corps where the enterprises are located; Class-3 enterprises are reviewed and announced by the work safety supervision and management authorities of the cities (prefectures, leagues) where the enterprises are located.

Case | Capital Eco-Pro Group Builds Standardized Demonstration Site to Set up Industrial Benchmark

In 2023, the Company continued to strengthen the construction of safe production standardized demonstration sites, prepared the *Inspection and Evaluation Standards for Safe Production Standardized Demonstration Sites for Construction Projects of Capital Eco-Pro Group*, completed pilot project construction, promoted the standardization of site construction activities, and ensured construction safety.



Standardized Demonstration Site

Capital Eco-Pro Group strictly implements various management requirements and objectives, and has organized three specialized training sessions on the safe production responsibility system, to raise the responsibility awareness among all employees. In addition, the Company has established special working groups in each business units, and the Safety Committee Office applies the "CSPMS" system to conduct hierarchical safety performance assessments in the headquarters, business units, and subsidiaries, thus realizing full coverage of responsibility inspection.

In 2023, we organized a total of 150 spot checks on our subsidiaries to promote the establishment of a robust responsibility system among all units. By the end of the reporting period, the Company reported no major safety accidents, maintaining zero employee fatality for three consecutive years.

By the end of the reporting period, the Company reported no major safety accidents, maintaining

0 employee fatality

for three consecutive years



Safety Risk Prevention and Control

Capital Eco-Pro Group has established a categorized and graded risk control working group in accordance with the *Risk Control Guidebook (Collection)* and the *Risk Control List*, created a dual prevention mechanism for categorized and graded safety risk control and potential risk investigation and management, and persisted in preventing safety accidents at the source.

Capital Eco-Pro Group has established a "two lists—one matrix" risk management model with reference to the Company's guidebook and typical successful cases, and organized internal suitability evaluations across the Group. During the reporting period, a total of 297 subsidiaries uploaded risk control lists through the "CSPMS" system, with 45,056 hazards under control.

The Company implements record-based management for medium and high-risk activities in line with the safety risk management matrix, and performs safe production responsibilities by clarifying the supervision and inspection responsibilities of each level of units and employees. In 2023, the Company had 212 hazardous chemical enterprises, 396 hazardous chemical storage sites, and 1,335 hazardous chemical use sites, 1,521 special operation personnel and 726 special equipment operators.



Capital Eco-Pro Group's Potential Safety Hazards Screening and Rectification Procedure

In terms of potential safety hazards screening, the Company strictly implements the *Management Measures for Potential Safety Hazards Screening and Rectification*, establishes a closed-loop screening process, and regularly conducts multi-level safety hazards screening and rectification to effectively curb major and serious production safety accidents. In 2023, Capital Eco-Pro Group organized 74 corporate-level safety inspections, issued 74 potential safety hazards rectification notices, inspected 95 units, covering 5 high-risk and 19 medium-risk categories, with 100% rectification rate.

In 2023
Capital Eco-Pro Group invested
RMB **23.01** million
in safety technical upgrading.

In 2023, Capital Eco-Pro Group organized corporate-level safety inspections

74

potential safety hazards

494

potential safety hazards

494

rectification rate

100%

In 2023, the Company held more than

1,000

safety emergency response drills

Safety Emergency Management

Capital Eco-Pro Group proactively prevents emergency situations. Guided by the *Emergency Management Measures for Production Safety Accidents*, we have established a "The Group-Business Unit-Subsidiary" three-tier emergency management system. Furthermore, we conduct emergency drills for confined space rescue, hazardous gas poisoning and extreme weather, to enhance the ability of employees and projects in responding to sudden risks as well as risk resilience. In 2023, the Company organized more than 1,000 safety emergency drills.

Case | Capital Eco-Pro Group Builds Standardized Demonstration Site to Set up Industrial Benchmark

On June 21st, an emergency drill for poisoning and suffocation accidents in confined space took place at the Longqing Capital Chengxi Waterworks in Beijing. The drill demonstrated key aspects in safety control for confined space operations from multiple perspectives including risk analysis, equipment inspection, and operation in confined space, and tested the practicality and operability of the Company's emergency plans to a greater extent.



Emergency Drills for Poisoning and Suffocation Accidents in Confined Space

Foster Safety Culture

Capital Eco-Pro Group is keenly aware that safety culture construction and education are important parts of safety management. The Company has developed and issued the *Management Measures for Safe Production Education and Training*, coordinates business units and subsidiaries to jointly conduct safety training, and constantly optimizes training planning, in-house trainer cultivation and other core stages, with the aim to comprehensively improve employee safety awareness.

The Company determines key safety positions, improves the abilities of employees in key positions through safety education and training, and helps employees improve their safety awareness and abilities by establishing a safe production knowledge base module in the "CSPMS" system, organizing such activities as safe production month, and signing safety commitment. In 2023, Capital Eco-Pro Group conducted a total of 1,400 training sessions on production safety and occupational health, with more than 29,000 participants.

In 2023, Capital Eco-Pro Group conducted a total of

1,400

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29,000

participants

Case | Capital Eco-Pro Group Organizes Safety Training for Key Responsible Personnel to Bolster Leadership Team Capabilities

In 2023, the Company organized nine safety training sessions for the key responsible personnel of the enterprise, with a total of 589 participants. By organizing examinations and awarding training certificates, all key responsible personnel participated in the training, thus assuring the safety management capabilities of key responsible personnel.



Key Responsible Personnel Safety Training

Case | Capital Eco-Pro Group Organizes Specialized Training on Fire Protection and Emergency Rescue Knowledge to Instruct Emergency Skills

On November 17th, the Company organized a specialized training on fire protection and emergency rescue knowledge for 2023, and invited experts to provide on-site instructions, with the aim to improve employees' emergency skills and emergencies response handle.



Specialized Training on Fire Protection and Emergency Rescue Knowledge

The Capital Eco-Pro Group persists in organizing "Safety Culture Month" every year, as well as a variety of activities such as safety commitment, standardized thematic promotion, safety lecture by the top leader, safety knowledge competition, etc., to comprehensively raise the safety awareness among employees. In 2023, a total of 9,327 employees made safety commitments through the "CSPMS" system, with 71% coverage rate.

In 2023, a total of **9,327** employees made safety commitments through the "CSPMS" system

Coverage rate **71%**

Case | Capital Eco-Pro Group Organizes Safety Culture Promotion to Create Safe Production Atmosphere

In 2023, Capital Eco-Pro Group organized safety culture promotion event. The Company released 11 thematic posters taking into account business and job safety risks. Subsidiaries at all levels actively responded to this event, and developed a total of 2,028 banners and 5,698 standard posters, thereby creating a good safety production culture atmosphere.



Safety Culture Month Posters

Improve Occupational Health

In full compliance with laws and regulations such as the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*, and the *Occupational and Health Safety Management System Certification*, Capital Eco-Pro Group has developed and continuously optimized its internal system, the *Occupational Health Management Measures*, to curb occupational health and safety impacts and protect the physical and mental health of employees.

The Company has established a daily supervision mechanism for employee safety and health, to conduct supervision and inspection in pre-job prevention, on-the-job protection, and daily system promotion, and protect the safety and health of employees.

The Company has been certified to OHSAS 18001 Occupational Health and Safety Management System.

Capital Eco-Pro Group's Occupational Health and Safety Measures

System promotion	<ul style="list-style-type: none"> Develop and disseminate more than 2,000 <i>Safety Diaries</i> to promote regulations, occupational health, and safety concepts, and the like.
Pre-job prevention	<ul style="list-style-type: none"> Clarify possible workplace occupational diseases, consequences, and occupational health protection conditions in the labour contract; Pre-evaluate projects that may cause occupational hazards; Prioritize technologies, processes, materials and equipment conducive to the prevention and control of occupational diseases.
On-the-job protection	<ul style="list-style-type: none"> Create occupational health monitoring records for employees and organized routine physical examinations for operators; Provide and distribute qualified personal protective equipment (PPEs) to relevant employees; Conduct daily monitoring of workplace occupational diseases; Establish relevant facilities, emergency evacuation passages, and necessary hazard-elimination areas in toxic and hazardous workplaces; Conduct routine maintenance and inspection of occupational disease prevention facilities; Provide prompt medical diagnosis for employees with occupational diseases, and arranged recuperation for them.
Daily promotion	<ul style="list-style-type: none"> The Company has developed and issued the <i>Standard Manual for Identification Signs of Capital Eco-Pro Group</i> outlining standard regulations for warning signs and risk notification boards in occupational health, environmental protection, safe production, etc., to promote standardization in units at all levels.

Promote Safety Management of Related Parties

Capital Eco-Pro Group is dedicated to building a safe production environment and working with partners to bolster safe production management and maintain a healthy trend of production activities. The Company has developed supplier safe production management systems such as the *Supplier Management Measures* and the *Safety Management Measures for Stakeholders*. During the reporting period, the Company optimized the *Supplier Misconduct Handling Measures* and formulated the *Detailed Rules for the Safe Construction Management of Pipe Trench Projects* as well as other management requirements for key production links, thus further strengthening institutional guarantees and control intensity.

The Company diligently adheres to various system management regulations, only cooperates with suppliers in possession of basic qualifications such as quality, environmental, occupational health, safety management system certifications, relevant production and operation licenses, and proposes management requirements for every step of supplier management to improve supplier safety control capabilities.

Capital Eco-Pro Group's Supplier Safety Management Measures

Supplier access	<ul style="list-style-type: none"> Determine the qualifications of stakeholders and organize project safety communication meetings; Establish a smooth information exchange mechanism with relevant parties; Provide safety information and explanations to outsiders.
Supplier daily management	<ul style="list-style-type: none"> Incorporate safe production into the contract with stakeholders; Incorporate stakeholders into the Company's own safety management system, create records, and conduct regular safety management activities such as potential hazards screening, safety training and risk identification.
Supplier assessment	<ul style="list-style-type: none"> Routinely conduct the safety performance assessment and acceptance management for stakeholder; Put stakeholder accidents and company internal accidents on an equal footing, and report, investigate, and handle the accidents in a timely manner; Establish a supplier classification system and develop punishment measures for stakeholder safety accidents.
Supplier withdrawal	<ul style="list-style-type: none"> Upon completion of supplier service, sort out and archive the supplier safety management records; Develop the <i>Safe Production Blacklist</i> of Capital Eco-Pro Group, and remove suppliers in violation of national safe production laws and regulations as well as company contracts/agreements.

Hand in Hand, Boosting Industry Development

Capital Eco-Pro Group pays close attention to industry development trend, actively engages in various exchange activities with outstanding peers, universities, and scientific research institutions, promotes technology exchange and resource sharing, and promotes collaborative industry development.

Industry Exchanges

Capital Eco-Pro Group proactively exchanges and cooperates with outstanding peers at home and abroad, breaks information barriers, expands cooperation areas, and ultimately enables common progress of the Company and the industry.

Domestic Cooperation

Capital Eco-Pro Group leverages its own advantages, actively engages in the development of industry standards, and organizes industry exchange conferences to promote the high-quality development of public utilities. In 2023, the Company's Research and Demonstration Application of Carbon Footprint Assessment and Carbon Management Platform for Urban Water Supply and Drainage Systems project was successfully selected as the 2022 China-EU Carbon Neutrality (Ministry of Industry and Information Technology) Innovation Cooperation Demonstration Project.

Capital Eco-Pro Group's Involvement in the Development of Industry Standards in 2023

- Chief development organization for the Technical Standards for Monitoring CH₄ and N₂O Emissions from Sewage Treatment Plants, a group standard of China Urban Water Association
- Participating organization for two national standards, 20220831-T-469 and 20220832-T-469
- Participating organization for the Assessment Indicator System of Cleaner Production for Municipal Solid Waste Incineration (DB11/T2164-2023)
- Participating organization for the group standard—the Technical Specification for Intelligent Judgment of Urban Sewer Images
- Drafting organization for the group standard—the Occupational Standards for the Power Industry-Waste Incineration Power Generation Operation Duty Officer

Case | Capital Eco-Pro Group Focuses on Urban Water Development to Empower High-Quality Industry Development

In April 2023, the China Urban Water Association organized the "2022/2023 China Urban Water Association Annual Meeting and Urban Water Technology and Product Exhibition". As the support unit for the Market Committee of China Urban Water Association, Capital Eco-Pro Group organized the "Urban Water Industry Innovative Development" Technical Forum and the "Urban Water System Green and Low Carbon Development" Roundtable Conference to explore the development trend of the industry, further tap the development potential, help strategic upgrading, and enhance the Company's brand influence and core competitiveness in the industry.



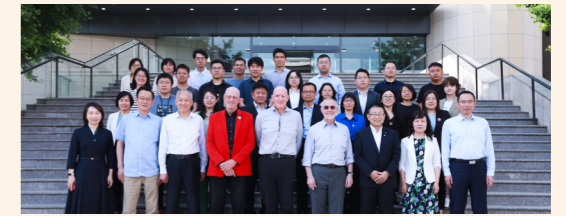
Capital Eco-Pro Group at the Roundtable Conference

International Exchanges

By creating a cooperation platform and organizing seminars, Capital Eco-Pro Group explores cutting-edge water treatment technologies and promotes the sustainable upgrading of the environmental protection industry. Our efforts focus on building a China-Netherlands Future Sewage Treatment Technology R&D Center. We invite a professor from Technische Universiteit Delft as the Company's chief scientist, thereby consolidating the foundation of cooperation and strengthening the Company's scientific and technological innovation strength.

Case | Capital Eco-Pro Group Organizes "Science & Technology Empower Blue Journey" Summit

In May 2023, Capital Eco-Pro Group successfully organized the Sino-Dutch Future Sewage Treatment Technology R&D Center International Summit. This event focused on in-depth discussions on sewage resources and energy recovery technologies, and provided new ideas for the efficient use of energy in the environmental protection industry in the future.



Sino-Dutch Future Sewage Treatment Technology R&D Center International Summit

In addition, we are also constantly sharing the Company's advanced experience and products in communication and cooperation. In 2023, the "Blue Water Plant" concept was featured in The Source and widely spread internationally, thus helping the Company to expand into overseas markets.

Advocate University—Enterprise Cooperation

In 2023, Capital Eco-Pro Group continued to build bridges between universities and enterprises, established communication platforms, gathered the wisdom and strength of scientific research experts from Tsinghua University and other universities, and consistently deepened industry-university-research integration.

Case | Capital Eco-Pro Group Inks Cooperative Agreement with Tsinghua University to Advance Industry-University-Research Integration

In November 2023, Capital Eco-Pro Group signed a strategic cooperation framework agreement with the Center for Water and Ecology, Tsinghua University to engage in precise industry-university-research cooperation centering on the Company's business direction and high-quality operation, and initially reached cooperation intentions on two programs, namely Development of Sewage Treatment Technology and Fluoride-Containing Sludge Recycling Equipment in Fluoride-related Emerging Industry, and Development, Effectiveness Evaluation, and Process Construction of Sewage Sludge Chromatography Desanding Separator.

Case | Capital Eco-Pro Group Cooperates with Chang'an University in Ecological Restoration R&D to Accelerate the Commercialization of Scientific & Technological Achievements

Capital Eco-Pro Group continues to promote the "R&D of Ecological Restoration Substrates and Construction Technology for Mine Slope" in cooperation with Chang'an University, and has completed mechanical, observation, planting experiments, etc. In 2023, the program successfully applied for one patent, published two articles, and obtained the software copyright certificate for Intelligent Zoned Irrigation System for Rock Slope Ecological Restoration.



Software Copyright Certificate for Intelligent Zoned Irrigation System for Rock Slope Ecological Restoration

Adherence to Original Aspiration, Contributing to Community Welfare

Capital Eco-Pro Group remains true to its original aspiration and has been actively giving back to society in the fields of community welfare, rural revitalization, volunteer service, etc., thus creating a public welfare model with the characteristics of Capital Eco-Pro Group. The Company partners with all sectors of society to create better life together. In 2023, 4,701 employees of Capital Eco-Pro Group donated RMB 306,289.13 in the "July 1st" Party member donation activity to provide assistance to the elderly, hospitals, schools and disaster relief.

Circulate Environmental Protection Philosophy

As a utility service provider, Capital Eco-Pro Group organizes "June 5th" World Environment Day promotion activities every year, and has set up environmental promotion and education bases in Dalian, Qianjiang, Jishou and Zhumadian, aiming for gradually infiltrating the awareness of protecting environment, improving ecology, rational utilization and conservation of resources into the daily lives of residents, and promoting the construction of a conservation-minded society.

In 2023, Capital Eco-Pro Group organized activities such as visiting environmental protection facilities and explaining environmental protection knowledge at various project sites with the theme of "Promote the Modernization of Harmonious Coexistence between Human and Nature", to popularize environmental protection knowledge and enhance public support for environmental protection work.



Capital Eco-Pro Group's "World Environment Day" Posters

Capital Eco-Pro Group's "World Environment Day" Activities

More than 150 children from Ma'anshan Pearl Garden Kindergarten in Anhui Province closely experienced the process of water production and purification in the "Exploring the Secrets of Environmental Protection with Children" activity.



Students from Ziqiao Primary School in Wuling District, Changde City, Hunan Province, learned about the sewage treatment process at the Huangmuguan Sewage Treatment Plant.



Anhui Capital organized the "Exploring Waste with Fun and Raising Environmental Protection Awareness among Children" activity. The children shared their knowledge of environmental protection in the event as well as their feelings and gains from the visit. They also drew pictures of the future Earth in their own minds.



Sui County, Shangqiu City, Henan Province, and Shangqiu Normal University jointly launched the "Treasuring Resources and Protecting the Environment" educational campaign.



Staff of the Xuzhou Water Authority of Jiangsu Province visited Xuzhou Capital's Xuzhuang Water Plant and the Water Supply Age Exhibition Hall.



Tieling Capital, Liaoning Province, invited staff from the Municipal Ecology and Environment Bureau, Tieling Public Assets Investment Operation Group Co., Ltd., PICC, Shanghai Pudong Development Bank Tieling Branch, teachers and students from the Health Vocational School, as well as Yinzhou District residents to participate in the water plant opening event.



Capital Eco-Pro Group's Environmental Protection Education Bases

Sui County Capital was named as the ecological environment promotion and education base in Henan Province

Zhumadian Tailai Environmental Protection and Energy Co., Ltd. was recognized as the sixth batch of ecological environment promotion and education bases by the Department of Ecology and Environment of Henan Province

Quanling Waste Incineration Plant was rated as the demonstration ecological progress education base in Nanchang City

Qixian waste incineration project established an internship and training base for Henan University



Capital Eco-Pro Group pays close attention to daily environmental protection promotion, plans and organizes promotion and education activities in waste classification, resource conservation, waste power generation, and sewage treatment. In 2023, the Company organized 7 waste classification lectures in schools, governments, and villages, with more than 2,000 participants.

In 2023, the Company organized

7 waste classification lectures in schools, governments, and villages

more than

2,000 participants

Case | Capital Eco-Pro Group Undertakes Environmental Facilities Open Day to Arouse Environmental Protection Enthusiasm among the Public

On September 26th, the Qianjiang Municipal Ecology and Environment Bureau of Hubei Province organized Environmental Facilities Open Day. Capital Eco-Pro Group received 130 children from Weicai Kindergarten. The reception staff explained the whole process of waste disposal and resource utilization, and guided them to visit the central control room, the "brain" of the waste incineration power plant. This event not only helped children learn environmental protection knowledge, but also aroused their enthusiasm for waste classification and ecological protection.



Qianjiang Environmental Facilities Open Day Event



Case | Capital Eco-Pro Group Sponsors China Open, Innovating a New Model of "Environmental Protection + Technology + Sports"

In 2023, Capital Eco-Pro Group sponsored China Open, becoming the first diamond sponsor from environmental protection industry in the history of China Open. We proposed the sponsorship concept of "Playing Tennis Together on One Earth", and provided audiences with a new experience of "Environmental Protection + Technology + Sports" by providing intelligent environmental protection equipment at the court, recycling used tennis balls and interactive activities such as gashapon. During the event, we recycled and disposed of more than 3,000 used tennis balls, and played the vital role of environmental protection in sports events.



China Open

Rural Revitalization

Capital Eco-Pro Group actively responds to the national call and consistently promotes rural revitalization strategy, sparing no efforts to improve rural water quality, economic and educational development, and people's well-being.

	2023	2022
Assistance donation	RMB 2.51 million	RMB 1.31 million
Consumption assistance	RMB 3.19 million	RMB 3.90 million
Employment security	Created job opportunities for 270 agricultural household people	Created job opportunities for 289 agricultural household people Created job opportunities for 31 agricultural household university graduates

Case | Capital Eco-Pro Group Organizes Partner Assistance Activities to Boost Rural Revitalization

Lushan Domestic Waste Incineration Project established a rural revitalization office, developed the *Daily Supervision and Management System for Village-resident Cadres*, and completed the partner assistance for monitoring objects taking into account actual situation of the Company and the villages. Lushan Domestic Waste Incineration Project implemented the "Five-One" monitoring mechanism for re-poverty prevention, and eliminated the risk of re-poverty in a timely manner. By the end of the reporting period, the Company had arranged two village-resident work teams, helping 57 households and 131 people in the partner assistance villages to be lifted out of poverty.



Lushan Domestic Waste Incineration Project's Partner Assistance

Case | Capital Eco-Pro Group Organizes Partner Assistance Activities to Boost Rural Revitalization

Tianjin Ninghe Capital and Tianjin University of Science and Technology provided public welfare assistance to poverty-stricken college students from pairing assistance areas through "donation for education". In 2023, Ninghe Capital offered a total aid funds of RMB 22,350 and helped three students.

Engaging in Volunteer Activities

Capital Eco-Pro Group unremittingly makes contributions to a harmonious living environment, and has established employee volunteer teams such as the "Blue Hat" convenience service team to participate in various community public welfare activities and convey corporate warmth.

Case | Capital Eco-Pro Group Organizes "Snow and Ice Clearing" Thematic Party Day Activity to Play the Leading Role of Party Members

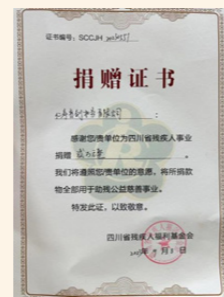
On December 14th, Capital Eco-Pro Group organized all Party members and cadres to carry out snow and ice clearing activities. Party members and cadres allocated respective work and cooperated tacitly, cleared the snow on main access roads and surrounding pedestrian steps in the parking lot of Xindadu Park, and sprayed snow-melting agent on the ground to avoid subsequent freezing.

This activity greatly facilitated the vehicular and pedestrian traffic, showcasing the spirit of leadership and solidarity of the Branch Party members and cadres.



Case | Capital Eco-Pro Group Supports Disability Assistance to Care for Special Community

To further mobilize and unite social forces to care for and assist the disabled, and create a favorable social atmosphere for high-quality local development, Renshou Capital offered a donation to the Sichuan Foundation for Disabled Persons on August 17th with the support of the Capital Eco-Pro Group. The Company won the honor of "The Disabled-caring Enterprise".



Donation Certificate Issued by the Sichuan Foundation for Disabled Persons

Case | Capital Eco-Pro Group's Volunteers Go to Fair to Strengthen Communication with Communities

On January 19, 2023, Si County Capital's "Little Water Drops" service team went to the fair, conveyed water conservation and winter antifreeze knowledge to residents, and promptly solved residents water supply problems through water production processes and antifreeze tips. In addition, the service team carried out "community service" and "door-to-door service for living-alone elderly" to strengthen enterprise—community ties.



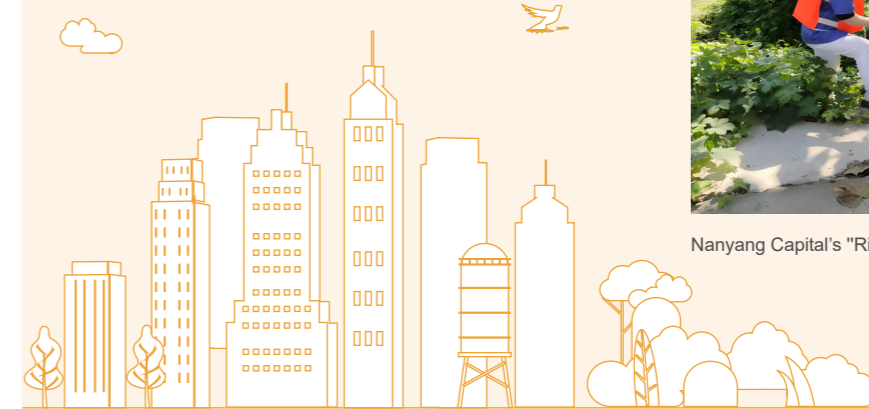
Si County Capital's Volunteers Going to Fair

Case | Capital Eco-Pro Group Organizes "River Patrol by Youth Volunteers" to Showcase Its Environmental Responsibilities

From August 23rd to 24th, Nanyang Capital's Youth League General Branch organized a "River Patrol by Youth Volunteers" thematic Youth League Day. All members of the Youth League assumed the role of "river environmental workers" to collect and clean up plastic bottles, garbage bags, and paper scraps scattered in various tributaries of the Danjiangkou Reservoir. Additionally, they conducted flooding and drowning prevention education for barbecue and fishing crowds, shouldering the corporate responsibility of "cleaning and maintaining rivers to nourish the people with clean water" through practical actions.



Nanyang Capital's "River Patrol by Youth Volunteers"



Case | Capital Eco-Pro Group Facilitates Business Environment to Practice High-Quality Service Philosophy

Xuzhou Capital in Jiangsu Province deeply understands the comments and recommendations of enterprises and residents, and bolsters the standardization and convenience of water supply services. 30 "Blue Hat" members of the customer service center are available at various service platforms such as business halls, hotlines, websites, and WeChat Service to provide users with consultation, repair request, order transfer, business acceptance, as well as other services.

Beyond that, in order to ensure the normal operation of shops, Xuzhou Capital launches a 24-hour emergency response with "Blue Hat" water tankers available at any time, thereby performing the Company's high-efficiency and high-quality service principles through practical actions.



Xuzhou Capital's "Blue Hat" Service

G

Governance Performance

Capital Eco-Pro Group adheres strictly to the principle of legal governance, establishes itself on a robust corporate governance framework, develops a standardized and efficient system for risk management and privacy protection, and joins hands with its partners to foster industrial growth and advancement.

- Operation Integrity, Adhering to Business Ethics
- Stable Development, Enhancing Risk Management
- Joint Value Creation, Establishing a Responsible Supply Chain

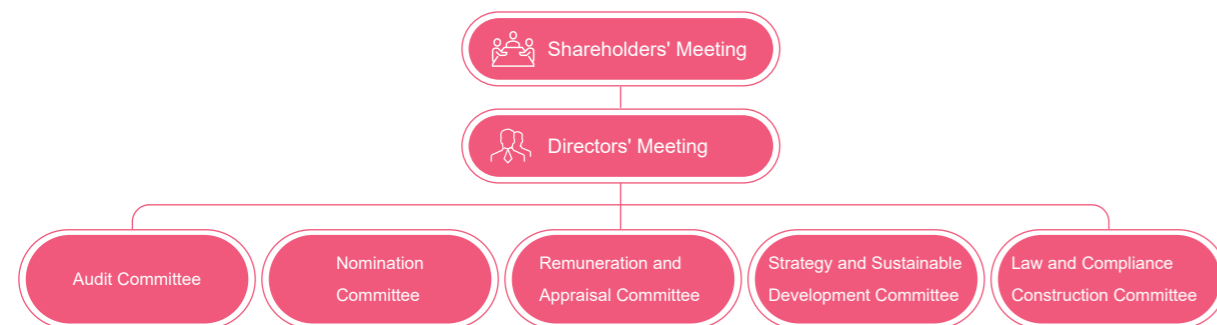
Operation Integrity, Adhering to Business Ethics

Capital Eco-Pro Group is committed to the ESG philosophy, continuously building and enhancing a strong governance structure. The Company proactively fosters an ethos of honesty and integrity, making corporate governance a fundamental pillar for its sustainable and high-caliber growth.

Strengthen Governance Foundations

Capital Eco-Pro Group diligently formulates and enhances its internal *Articles of Association* in full compliance with legal standards. Our governance structure is anchored by the Board of Directors as the supreme decision-making entity, complemented by five key committees, such as the Strategy and Sustainable Development Committee, which are tasked with supervising and directing specific areas. This structure lays an organizational foundation for the Company's scientific and efficient operations.

The Corporate Governance Structure of Capital Eco-Pro Group



Capital Eco-Pro Group dedicates efforts to constructing a Board of Directors and a senior management team that are diverse, inclusive, professional, and compliant, emphasizing the diversity of board members and the independence of decision-making. In 2023, Capital Eco-Pro Group held 20 board meetings with a 100% attendance rate among directors. Throughout the year, the Company established and revised a total of 48 institutional policies.

Director attendance rate

100%

Board Diversity and Decision-making Independence



Board member diversity

• The Company, taking into account directors' gender, age, educational background, skills and other factors, selects talents with different professional skills and cultural backgrounds to join the Board.



Decision-making independence

• The Company adheres to the regulations outlined in the *Measures for Administration of Independent Directors of Listed Companies*. Independent directors are required to maintain their independence. In principle, an independent director shall not hold such a position in more than three listed companies domestically, while also guaranteeing that they possess ample time and energy to efficiently fulfill their duties as independent directors.

• The tenure of independent directors aligns with that of the other directors at listed companies. Upon the completion of their term, they are eligible for reappointment. Nonetheless, their continuous tenure in office shall not surpass six years.

The Number of Shareholders' Meetings, Directors' Meetings, and Committees' Meetings Convened by Capital Eco-Pro Group in 2023

Indicators	Unit	2023	2022
Shareholders' meetings	Session	4	6
Directors' meetings	Session	20	13
Audit Committee's meetings	Session	8	8
Nomination Committee's meetings	Session	2	/
Remuneration and Appraisal Committee's meetings	Session	1	/
Strategy and Sustainable Development Committee's meetings	Session	2	/
Law and Compliance Construction Committee's meetings	Session	1	2

The Number of Board Members of Different Categories

Indicators	Unit	2023	2022	
The number of board members	Person	11	11	
The number of board members categorized by gender	Female	Person	2	3
	Male	Person	9	8
The number of board members categorized by independence	Independent directors	Person	4	4
	Non-independent directors	Person	7	7
The number of board members categorized by educational backgrounds	Graduates with bachelor's and master's degrees	Person	8	8
	Graduates with doctor's degree	Person	3	3
The number of board members categorized by age	30-39	Person	1	1
	40-49	Person	5	4
	50-59	Person	3	3
	60-69	Person	2	3
The number of directors held in other listed companies	0	Person	6	6
	1	Person	3	4
	2	Person	2	0
	3	Person	0	1
	4	Person	0	0
Percentage of females on the Executive Committee or equivalent positions	%	27.3	33.3	

Investor Management

Capital Eco-Pro Group has established and continues to refine an investor management structure with the Board of Directors as the highest decision-making body, diligently fulfilling its responsibilities and obligations to investors.

In 2023, the Company organized a "Small and Medium Investors Visit Dongba Water Plant" communication and exchange event to enhance the understanding of small and medium shareholders about the Company's business philosophy and operations. During the reporting period, Capital Eco-Pro Group participated in eight strategy meetings among securities companies, held twelve offline research sessions and over 20 online sessions for both buyers and sellers, and addressed investor inquiries 116 times through the E-Interactive platform.

Capital Eco-Pro Group participated in

8 strategy meetings among securities companies hosted

12 offline research sessions

and over **20** online sessions for both buyers and sellers

Information Disclosure

Capital Eco-Pro Group adheres to the principles of openness and transparency, regularly updating its official website and public accounts to convey the Company's information truly, accurately, completely, and timely. In 2023, in response to national regulatory requirements, the Company revised its internal *Regulations on Information Disclosure Management*, adding accountability claiming and information sharing mechanisms to effectively enhance the quality of information disclosure. As a result, we have achieved the highest assessment rating of "A" in information disclosure for seven consecutive years.

Adhere to Compliance in Operations

Capital Eco-Pro Group, upholding integrity as its foundation, strictly adhering to the *Anti-Unfair Competition Law of the People's Republic of China* and other pertinent laws and regulations, as well as the internal *Employee Conduct Code*, has an unwavering stance of zero tolerance towards immoral acts, including corruption, bribery, and fraud. In 2023, the Company formulated and implemented the *Rules of the Working Group for the Coordination of Party Conduct and Integrity Building and Anti-corruption* Internally, focusing on the construction of the discipline inspection organization system, effectively enhancing the Company's integrity in business operations.

Furthermore, the Company enhances its efforts to pinpoint potential integrity risks by leveraging its ongoing work through routine supervision and case investigations, establishes a ledger for key issue leads and ensures proper follow-up in a bid to collaboratively foster an honest and upright business environment.

Concurrently, we adhere to the principle of "learning from cases and driving improvement through resolutions", and pinpoint vulnerabilities through the investigation and processing of cases to reinforce our ideological barriers against corruption and transformation. During the reporting period, the Company conducted a total of 13 inspections of the "top leaders" and leading groups at subordinate units.

Whistleblowing Mechanism and Whistleblower Protection

Capital Eco-Pro Group has established a variety of complaint channels and a robust whistleblowing and accepting mechanism in line with the *Implementation Opinions on Improving the Processing of Complaints and Reports by Beijing Discipline Inspection and Supervision Committee under the New Circumstances* and internal regulations such as the *Implementation Measures for Improving the Processing of Complaints and Reports by Discipline Inspection and Supervision of Beijing Capital Eco-Environment Protection Group Co., Ltd.*, to facilitate the creation of an honest and transparent business environment.

Capital Eco-Pro Group's Whistleblowing Channels

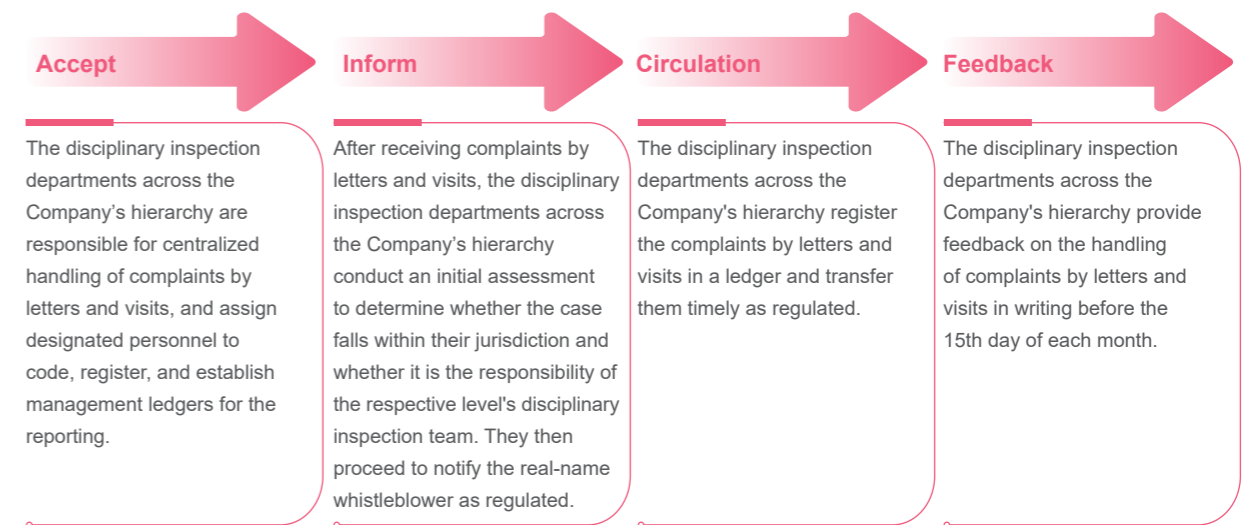
Address: Discipline Inspection Office of Capital Eco-Pro Group, Building 2, Xindadu Hotel, 21 Chegongzhuang Street, Xicheng District, Beijing

Hotline: 010-84552266(8137)

Email: scgfjw@capitaleco-pro.com

We encourage customers, employees, and other stakeholders to report and appeal against any of the Company's acts violating laws or disciplines through channels such as letters, phone calls, and emails, either anonymously or in real name. The Company rigorously implements a system for complaints by letters and visits, and strictly prohibits actions such as expanding the circle of those informed, evading responsibilities, and using the reporting system for personal gain. We also protect whistleblowers' rights and interests from harm. During the reporting period, Capital Eco-Pro Group was not involved in any significant risk events such as major litigation, arbitration, or violations leading to penalties.

Capital Eco-Pro Group's Process for Handling Complaints



In 2023, the Company gradually implemented a case undertaking responsibility system and reduced the backlog of complaints by letters and visits from previous years through measures such as frequent external investigations. Concurrently, we analyzed the year's complaints by letters and visits and produced an annual analysis report, guiding the improvement of the Company's integrity management practices.

Integrity Culture Building

Capital Eco-Pro Group unwaveringly builds an integrity culture. The Company takes into account the actual situation of its employees and has instilled a culture of integrity throughout the organization by means of targeted training programs, including hosting large-scale warning and educational conferences. During the reporting period, Capital Eco-Pro Group achieved an average of 12 hours of integrity training per employee, with more than 200 participants. Furthermore, the Company held 26 integrity conversations with the top leader and business department principal of the project company outside of Beijing.

Case | The Warning and Education Conference on 'Learning from Cases and Driving Improvement Through Resolutions'

In December 2023, Capital Eco-Pro Group convened a warning and education conference on "learning from cases and driving improvement through resolutions" for the Board of Directors and senior management, taking warning and educational videos as a medium to deeply instill the awareness of integrity among attendees.

Stable Development, Enhancing Risk Management

Capital Eco-Pro Group places a high priority on risk management, continually enriches its risk management mechanisms, and steadily advances risk identification, assessment, prevention, and control. The Company actively safeguards customer privacy and data security, markedly improves risk awareness among both management and staff at the grassroots level and cultivates a robust and secure internal control atmosphere.

Strengthen Internal Risk Control

Capital Eco-Pro Group regularly identifies its existing risks and integrates risk control into every aspect of its production and operations to create a safe and reliable environment.

Capital Eco-Pro Group, in strict adherence to the *Shanghai Stock Exchange Guidelines for Environmental Information Disclosure by Listed Companies* and other regulatory requirements, has established and continuously refined internal policies such as the *General Principles for External Investment Management of Capital Eco-Pro Group*, providing guidance and direction for standardizing the Company's risk management practices. In 2023, we established an Accountability Committee and revised the *Management Measures for the Investigation of Illegal Business Operations and Investment Responsibilities* in line with the requirements of the State-owned Assets Supervision and Administration Commission of the State Council (SASAC) and the Company's development plan to help front-line managers of project companies clarify key points of risk control and assign the responsibility for risk management to specific positions and individuals.

In 2023, the Company developed and implemented a comprehensive three-year plan for internal control monitoring and assessment, extending internal control evaluations to all business projects. Furthermore, we initiated targeted initiatives for safety, health, and environmental management based on the outcomes of project audits, aiming to accomplish the first cycle of complete internal control monitoring and assessment from 2022 to 2024. During the reporting period, Capital Eco-Pro Group's internal control assessment efforts encompassed 219 project companies, reaching a coverage rate of 76.84%.

The Company conducts specialized risk training to continually strengthen employees' risk awareness and their ability to respond to risks. In 2023, we organized seven risk-specific training sessions, with a total training duration of 269 hours.

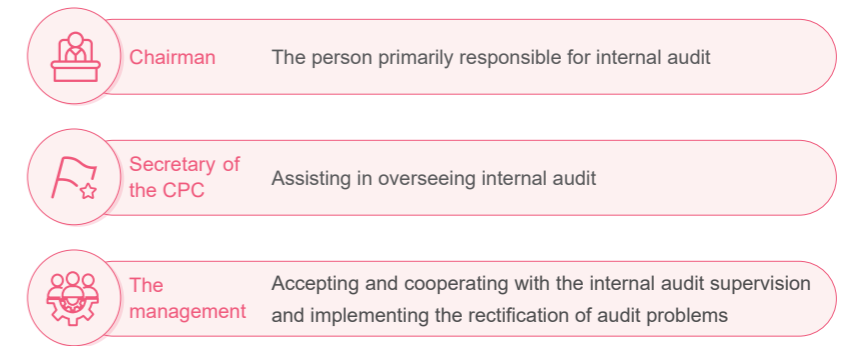


Procurement Risk Training

Implement Audit Oversight

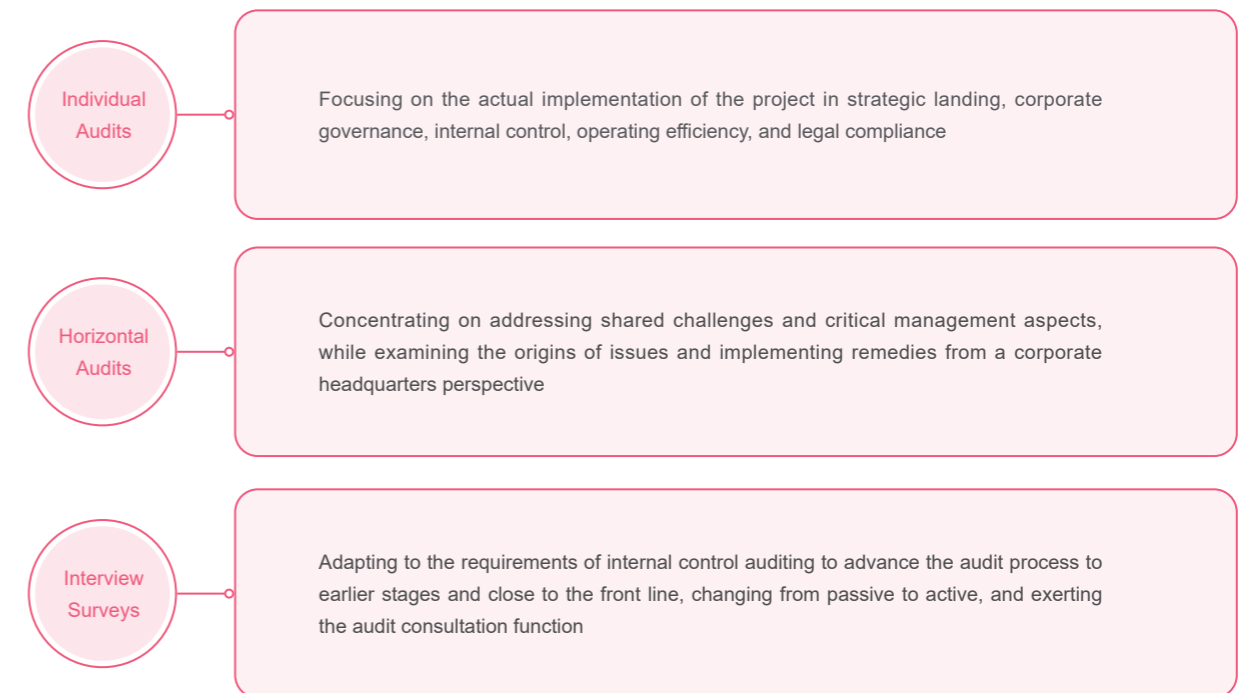
In line with the "Three Lines Model" proposed by the International Institute of Internal Auditors (IIA), Capital Eco-Pro Group has set up an internal audit leadership system directed by the Party Committee and the Board of Directors under the oversight of the Audit Department, ensuring the implementation of risk audits and the rectification of related issues throughout the Company, cascading from the top-level management down.

Internal Audit Leadership System



The Company carries out a variety of audit projects including individual audits, horizontal audits, and interview surveys, providing diverse perspectives for improving its risk management. Since 2021, up to the end of the reporting period, Capital Eco-Pro Group has audited 327 subsidiary companies¹⁵. It is projected that by the end of 2025, the target of "full coverage of internal control audits in five years" will be achieved.

Internal Project Control Audits of Capital Eco-Pro Group

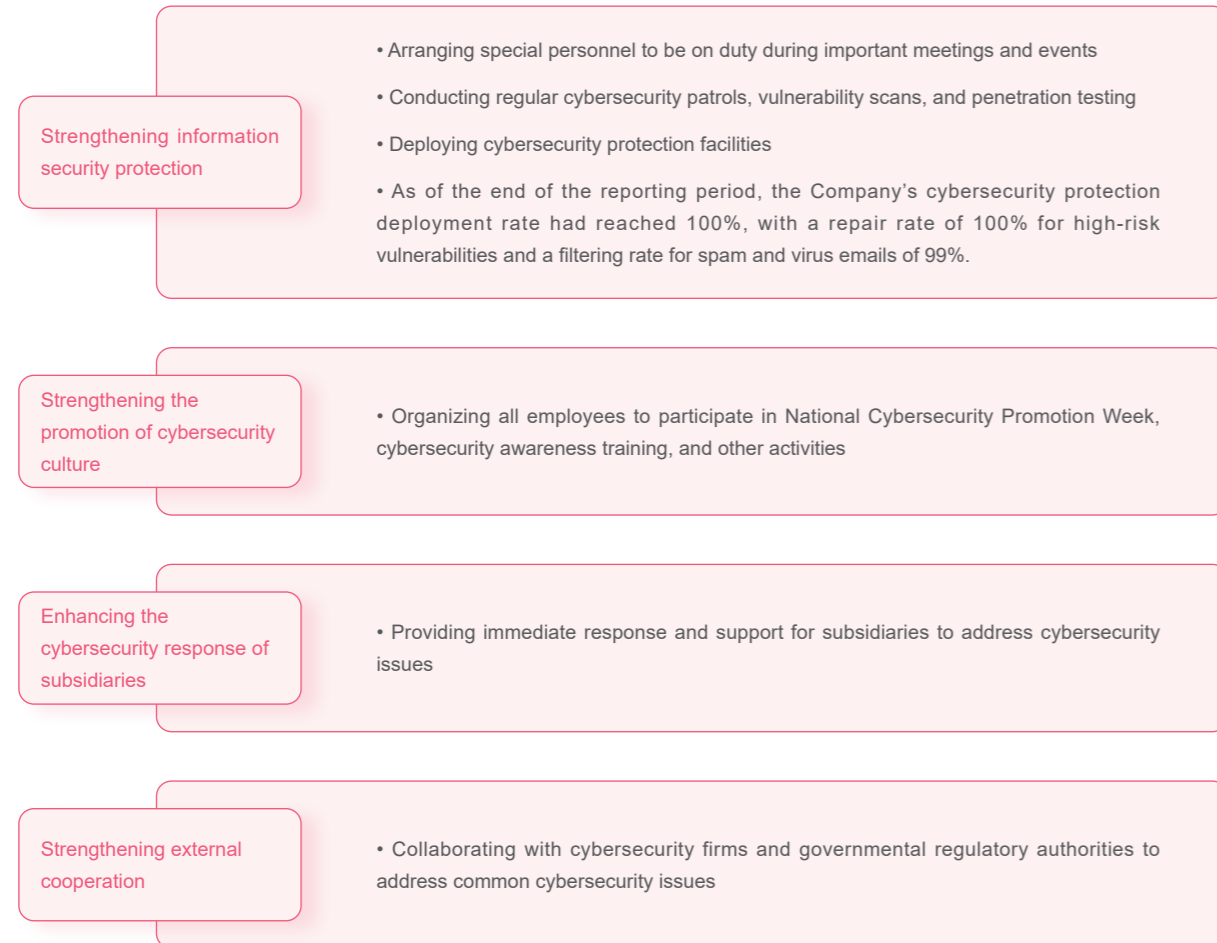


¹⁵ Statistical criteria: Only the companies involved in individual projects and interview surveys are counted.

Ensure Data Security

Capital Eco-Pro Group, strictly following the *Cybersecurity Law of the People's Republic of China* and other pertinent laws and regulations, continuously enhances its network information security system, implements cybersecurity protection measures, promotes a culture of cybersecurity, and embeds privacy and information security throughout the process of its business operations.

Measures for Privacy and Information Security of Capital Eco-Pro Group



Joint Value Creation, Establishing a Responsible Supply Chain

Guided by its responsibility, Capital Eco-Pro Group continuously refines supplier onboarding, management, and evaluation processes, fosters the co-construction of supplier capabilities and value sharing through communication and exchange, and collaborates with partners to create a more sustainable, low-carbon, and accountable supply chain.

Enhance Supplier Management

Capital Eco-Pro Group, driven by its corporate development needs, under the *Bidding Law of the People's Republic of China* and other pertinent laws and rules, as well as internal rules and regulations such as the *Supplier Management Measures*, continuously deepens supplier management to establish a fair and transparent cooperative relationship.

Supplier Lifecycle Management

In 2023, the Company consolidated and revised internal policies such as the *Supplier Management Guidelines* and the *Supplier Misconduct Handling Measures*, explicitly defining supplier misconduct and associated penalties, to enhance its overall supplier management capabilities. During the reporting period, Capital Eco-Pro Group had a total of 23,572 suppliers, with 237 approved, all located in the Chinese mainland.

Supplier Management Process





Responsible Supply Chain

Capital Eco-Pro Group places a high priority on building the sustainable development capabilities of its suppliers, focusing on safety, compliance, and the environment to conduct ESG assessments and management of suppliers. During the reporting period, all approved suppliers of Capital Eco-Pro Group have signed the Social Responsibility Pledge and Integrity Commitment Statement¹⁶. In 2023, all approved suppliers have obtained certifications such as ISO 9001, ISO 14001, and ISO 45001.

100%

of Capital Eco-Pro Group's approved suppliers have signed the Social Responsibility Pledge and Integrity Commitment Statement

Safety

- The Company strictly adheres to the internal regulations of the *Safety Management Measures for Stakeholders* and imposes penalties on suppliers that experience safety incidents or have potential safety hazards.

Compliance

- The Company requires all collective procurement suppliers to sign the Supplier Integrity Commitment Statement and the Supplier Social Responsibility Pledge.
- The Company requires suppliers to develop anti-corruption policies and regulations and to regularly conduct corruption risk assessments and audits.
- The Company will terminate cooperation with suppliers that violate regulations.

Environment

- The Company prioritizes cooperation with suppliers that use green, energy-saving, and low-carbon products and services.

¹⁶ Applicable to approved suppliers.

Facilitate Supplier Communication

Capital Eco-Pro Group is committed to establishing and maintaining good cooperation relationships with outstanding suppliers. In 2023, the Company held annual supplier conferences and specialized communication events to deepen cooperation and exchange with suppliers.

Case | The Sixth Session of Supplier Conference of Capital Eco-Pro Group

In December 2023, Capital Eco-Pro Group organized the annual supplier conference under the theme of "Cooperation, Construction, and Sharing". The conference provided a platform for listening to and addressing the concerns of suppliers, and recognized suppliers that excelled in the annual comprehensive evaluation and in responding to social public events.



"Cooperation, Construction, and Sharing" Supplier Conference

Case | Professional Supplier Communication and Coordination Conference

In 2023, the Company held a communication and coordination conference with suppliers in 24 categories to enhance their understanding and alignment with our procurement and supplier management concepts, aiming to foster a close, harmonious, and sustainable partnership.



Conference Between Professional Suppliers in 24 Categories

Case | Technical Knowledge Training for Suppliers Selected for Centralized Procurement

In 2023, the Company held a communication and coordination conference with suppliers in 24 categories to enhance their understanding and alignment with our procurement and supplier management concepts, aiming to foster a close, harmonious, and sustainable partnership.

Outlook

Capital Eco-Pro Group, deeply committed to its core business in environmental protection, boldly shoulders the responsibility of ecology environment protection, drives the evolution of its business through technological innovation and high-quality development, and integrates with natural ecology for harmonious development.

We will continue to improve the ESG institutional system, actively explore carbon emission reduction paths, and contribute to achieving a virtuous cycle of the ecosystem;

We will leverage innovation as our driving force and safety as our protective barrier, steadfastly advancing the qualitative and centralized evolution of eco-friendly products;

We will, with unwavering passion, collaborate closely with our staff and a diverse range of partners to pioneer a new era for China's environmental sector, collectively building a clean, lovely, and thriving home for everyone.

"All are good at first, but few prove themselves to be so at the last." We will, upholding the vision of becoming a "trusted leader in environmental sustainability", continue to forge ahead, acting as a companion to urban development and a guardian of the ecology environment, tirelessly striving to build a beautiful China characterized by lucid waters and lush mountains.

ESG Performance

Issue	Performance	Unit	2023	2022 ¹⁷	2021
Economic performance	Revenue	RMB 100 million	213.19	221.64	228.13
	Total profit	RMB 100 million	26.69	49.10	33.52
	Net profits attributable to the Parent	RMB 100 million	16.06	31.55	23.42
	Basic earnings per share	Yuan/share	0.22	0.43	0.32
	ROEWA	%	5.62	11.46	8.96
	Total assets	RMB 100 million	1,093.59	1,048.95	1,085.45
	Total operating cost	RMB 100 million	183.87	196.28	201.51
	Owners' equity	RMB 100 million	383.75	385.01	379.71
	Social contribution per share	yuan	1.04	1.54	1.21
	Environmental performance	Water supply capacity	10, 000 T / day	1,231.91	1,112.12
Sewage treatment capacity		10, 000 T / day	1,462.75	1,453.85	1,471.40
Sludge treatment capacity		T /day	545.00	665.00	/
Recycled water treatment capacity		10, 000 T / day	51.96	27.00	27.00
Water supply plant operation		/	101	99	93
Sewage plant and station operation		/	582	579	506
Recycled water plant operation		/	13	5	5
Drainage network operation		km	7,859.28	6,829.90	6,216.50
Water supply network operation		km	20,521.62	18,833.90	12,864.00
Actual annual water output of a water supply plant		100 million T	15.82	15.28	14.22

¹⁷ During the reporting period, the Company acquired 100% of the equity of BeijingEnergy Conservation Design Research Institute Co., Ltd., a subsidiary of our parent company, Beijing Capital Group Co., Ltd. Since both parties to the merger were under the control of Beijing Capital Group Co., Ltd. before and after the merger, which was not temporary, the merger is considered a business combination under common control. In accordance with the requirements of the corporate accounting standards, the Company has made retrospective adjustments to the comparative figures and related data from the previous year.

Issue	Performance	Unit	2023	2022	2021	
	Actual annual treatment capacity of a sewage plant and a recycled water plant	100 million T	28.57	27.27	26.30	
	Actual annual production of recycled water in a recycled water plant	10,000 T	12,864.67	3,909.06	4,142.49	
	Auxiliary water ratio	%	3.03	3.17	3.46	
	Non-revenue water (NRW) rate	%	13.14	13.9	14.13	
	COD reduction	10,000 T	55.26	50.68	47.27	
	Total nitrogen reduction	10,000 T	6.51	6.04	5.34	
	BOD reduction	10,000 T	19.37	17.56	17.45	
	Total phosphorus reduction	10,000 T	0.96	0.95	0.88	
	Recycled water consumption	10,000 T	220.85	205.22	121.64	
	Fresh water consumption (production and living water)	10,000 T	8,038.95	7,543.43	7,423.38	
	Domestic waste disposal capacity	10,000 T / year	1,526.67	1,411.00	1,437.00	
Environmental performance	Domestic waste disposed	10,000 T	874.93	669.42	592.25	
	On-grid clean energy	100 million kWh	21.62	18.50	11.67	
	Dismantling quantity of electronic waste	10,000 units	107.23	76.17	121.96	
	Hazardous waste treatment capacity	10,000 T	4.98	5.31	1.20	
	Gas emissions	Oxynitride (NO _x)	T	2,850	4,961	1,561
		Oxynitride (SO _x)	T	596	437	217
		Particulate matter (PM)	T	100	79	85
	Total hazardous waste	Hazardous waste from production and operation	T	126,397	8,112	46,372
		Hazardous waste from the office	Kg	433	1,800	300
	Total non-hazardous waste	Non-hazardous waste from production and operation	T	556,554	423,931	117,829
Office waste		T	798	808	809	

Issue	Performance	Unit	2023	2022	2021
	Domestic waste (for fuel)	T	6,102,750	4,668,568	3,365,875
	Total consumption of net purchased electricity	100 million kWh	15.29	18.08	16.13
	Gasoline consumption	L	1,507,669	1,356,939	975,601
	Diesel fuel consumption	L	9,744,007	10,102,018	6,804,581
	Natural gas consumption	m ³	2,298,192	1,634,006	1,246,321
	LPG consumption	T	122	164	102
	Purchased steam consumption	GJ	51,239	49,661	94,888
	Biomass fuel	T	530,827	488,606	/
	Total energy consumption	10,000 tce	174.69	144.49	98.29
Environmental performance	Energy consumption intensity	10,000 tce/ RMB 100 million revenue	0.82	0.65	0.44
	Carbon source agent used	T	201,357.53	169,057.46	102,418.58
	Dosage of phosphorus removal agent	T	188,657.71	166,409.22	143,548.43
Source usage	Lime consumption	T	49,975.02	/	/
	Activated carbon consumption	T	2,507.72	/	/
	Urea consumption	T	6,722.37	/	/
	Chelating agent dosage	T	3,626.27	/	/
GHG emissions	Scope 1	10,000 tCO ₂ e	191.82	146.35	133.40
	Scope 2	10,000 tCO ₂ e	87.75	102.89	99.45
	Scope 3	10,000 tCO ₂ e	0.23	0.20	0.14

Issue	Performance	Unit	2023	2022	2021	
Environmental performance	Total GHG emissions	10,000 tCO ₂ e	279.80	249.44	232.99	
	GHG emissions	GHG emission intensity	tCO ₂ e/ RMB 100 million revenue	1.31	1.13	1.05
		Waste-to-energy emission reduction	10,000 tCO ₂ e	121.47	104.90	46.49
	Forestry carbon sink	Arbor carbon sequestration	10,000 tCO ₂ e	1.27	1.22	1.16
		Shrub carbon sequestration	10,000 tCO ₂ e	0.67	0.38	4.88
		Grassland carbon sequestration	10,000 tCO ₂ e	0.27	0.26	0.24
		Total emission reduction	10,000 tCO ₂ e	2.21	1.86	6.28
Total employees by employment type	Regular employees	Person	16,910	16,702	17,949	
	Interns	Person	21	35	151	
Total regular employees by gender	Males	Person	11,559	11,345	12,169	
	Females	Person	5,351	5,357	5,780	
Total regular employees by age	<30	Person	2,652	3,016	3,509	
	30-50	Person	11,834	11,219	11,742	
	>50	Person	2,424	2,467	2,698	
Social performance	Chinese mainland employees	Person	16,601	16,462	16,226	
	Total regular employees by region	Employees in China's Hong Kong, Macao and Taiwan	Person	2	7	8
		Overseas employees	Person	307	233	1,715
	Total regular employees by educational background	Employees with senior high school degree and below	Person	3,688	4,822	5,008
		Employees with college degree	Person	6,415	5,516	5,659

Issue	Performance	Unit	2023	2022	2021	
Social performance	Total regular employees by educational background	Employees with bachelor's degree	Person	5,881	5,504	6,445
		Employees with master's degree or above	Person	926	860	837
	Total regular employees by rank	Senior management	Person	13	15	13
		Middle-level employees	Person	66	78	79
		Ordinary employees	Person	16,831	16,609	17,857
	Female proportion in management	Females in senior management	%	38.46	33.33	38.42
		Females in middle-level employees	%	40.91	33.33	25.05
	Other types of employees	Disabled employees	Person	88	90	76
		Minority employees	Person	973	938	870
	Total regular employees leaving the Company by gender	Males leaving the Company	Person	986	918	683
Females leaving the Company		Person	478	353	155	
Regular employees participating in the training by gender	Males	Person	9,199	9,242	10,116	
	Females	Person	4,155	4,074	5,053	
Total training hours of regular employees by gender	Males	Hour	322,870	335,907	531,384	
	Females	Hour	157,589	138,660	259,903	
Labor contract signing rate		%	100	100	100	
Social insurance coverage rate		%	100	100	100	
Physical examination and health record coverage rate		%	100	100	100	
Proportion of employees participating in trade unions		%	/	98.28	98.41	
Per capita paid vacation days		Day	9.6	9.8	10.8	

Issue	Performance	Unit	2023	2022	2021	
	Donation	RMB10,000	251.42	131.00	127.00	
	Consumption assistance	RMB10,000	319.66	390.23	278.00	
	Number of corruption litigation cases	/	0	0	0	
	Number of employees killed in production safety accidents	Person	0	0	0	
	Safety training	Session	1,400	1,300	900	
		Person /time	29,000	27,000	17,000	
	Number of safety emergency drills	Session	1,000	1,100	660	
	Number of suppliers by region	Chinese mainland suppliers	23,572	17,847	>10,000	
		Suppliers in overseas regions and China's Hong Kong, Macao and Taiwan regions	0	0	/	
Social performance	Total investment in R&D expenses	RMB 100 million	1.67	2.40	1.40	
	Total patents applied	/	77	83	/	
	Number of patents applied by patent category	Patent of invention	/	32	/	/
		Utility model patent	/	45	/	/
	Total patents authorized	/	82	124	83	
	Total patents authorized by patent category	Patent of invention	/	23	14	2
		Utility model patent	/	59	110	80
	Cumulative patents authorized	/	894	821	/	
	Cumulative patents authorized by patent category	Patent of invention	/	118	94	/
		Appearance patent	/	12	12	/
Other		/	4	4	/	
Utility model patent		/	760	/	/	

Issue	Performance	Unit	2023	2022	2021	
Social performance	Patents authorized in 2023	Patents of invention authorized	/	23	14	2
		Utility model patent authorized	/	59	110	80
		Appearance patent authorized	/	0	12	1
	Shareholders' meetings	Session	4	6	7	
	Directors' meetings	Session	20	13	16	
	Audit Committee's meetings	Session	8	8	7	
	Nomination Committee's meetings	Session	2	/	4	
	Remuneration and Appraisal Committee's meetings	Session	1	/	/	
	Strategy and Sustainable Development Committee's meetings	Session	2	/	/	
	Law and Compliance Construction Committee's meetings	Session	1	2	1	
	The number of board members	Person	11	11	11	
Governance performance	The number of board members categorized by gender	Female	Person	2	3	3
		Male	Person	9	8	8
	The number of board members categorized by independence	Independent directors	Person	4	4	4
		Non-independent directors	Person	7	7	7
	The number of board members categorized by educational backgrounds	Graduates with bachelor's and master's degrees	Person	8	8	8
		Graduates with doctor's degree	Person	3	3	3
	The number of board members categorized by age	30-39	Person	1	1	1
		40-49	Person	5	4	4
		50-59	Person	3	3	3
		60-69	Person	2	3	3

Issue	Performance	Unit	2023	2022	2021	
Governance performance	0	Person	6	6	7	
	The number of directors held in other listed companies	1	Person	3	4	2
		2	Person	2	0	0
		3	Person	0	1	1
		4	Person	0	0	4
	Percentage of females on the Executive Committee or equivalent positions	%	27.3	33.3	33.3	
	Number of integrity litigation cases	/	0	0	0	
	Per capita hours of integrity training	Hour	12	/	/	
	Total integrity training participants	Person	200+	/	/	
	Special risk training sessions	Session	7	3	3	
	Total hours of risk special training	Hour	269	310	195	
	Total suppliers	/	23,572	17,847	>10,000	
	Annual suppliers approved in the Report	/	237	170	>100	
	Signing rate of social responsibility pledge for approved suppliers	%	100	/	/	
Signing rate of integrity statement for approved suppliers	%	100	100	/		
Proportion of certified approved suppliers	ISO 9001	%	100	98	100	
	ISO 14001	%	100	94	93	
	ISO 45001	%	100	94	93	

GRI G4 Standard Index

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Reader Feedback Form

Dear readers,

Thank you for reading our 2023 Environmental, Social and Governance Report. We sincerely welcome your valuable comments and suggestions on this Report and our work, which will provide an important basis for us to promote sustainable development management and practices continuously. You can give your feedback through email or fax the online survey or call us directly to share your valuable feedback. Thank you!

Looking forward to your reply.

Optional Questions (Please tick in the appropriate place)

1. As a stakeholder of Capital Eco-Pro Group, what is your relationship with us?

Shareholder Employee Supplier Customer Government Community Bank Academic institution Other (Please specify)

2. Is the information you are concerned about reflected in this Report?

Yes Average No

3. What is your overall impression on this Report?

Readability (Easy to understand, beautiful design, attractive, and information available)

Good Average Poor

Credibility (true and credible)

Good Average Poor

Information integrity (giving consideration to positive and negative performance and meeting your information needs)

Good Average Poor

4. Do you prefer to receive future reports in paper or PDF forms?

In paper form In PDF form

5. Please leave your other comments or suggestions on this Report:

Your contact information:

Name:

Employer:

Tel:

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