



2024

ESG Report

Shanghai Electric Power Transmission &
Distribution Engineering Co., Ltd.

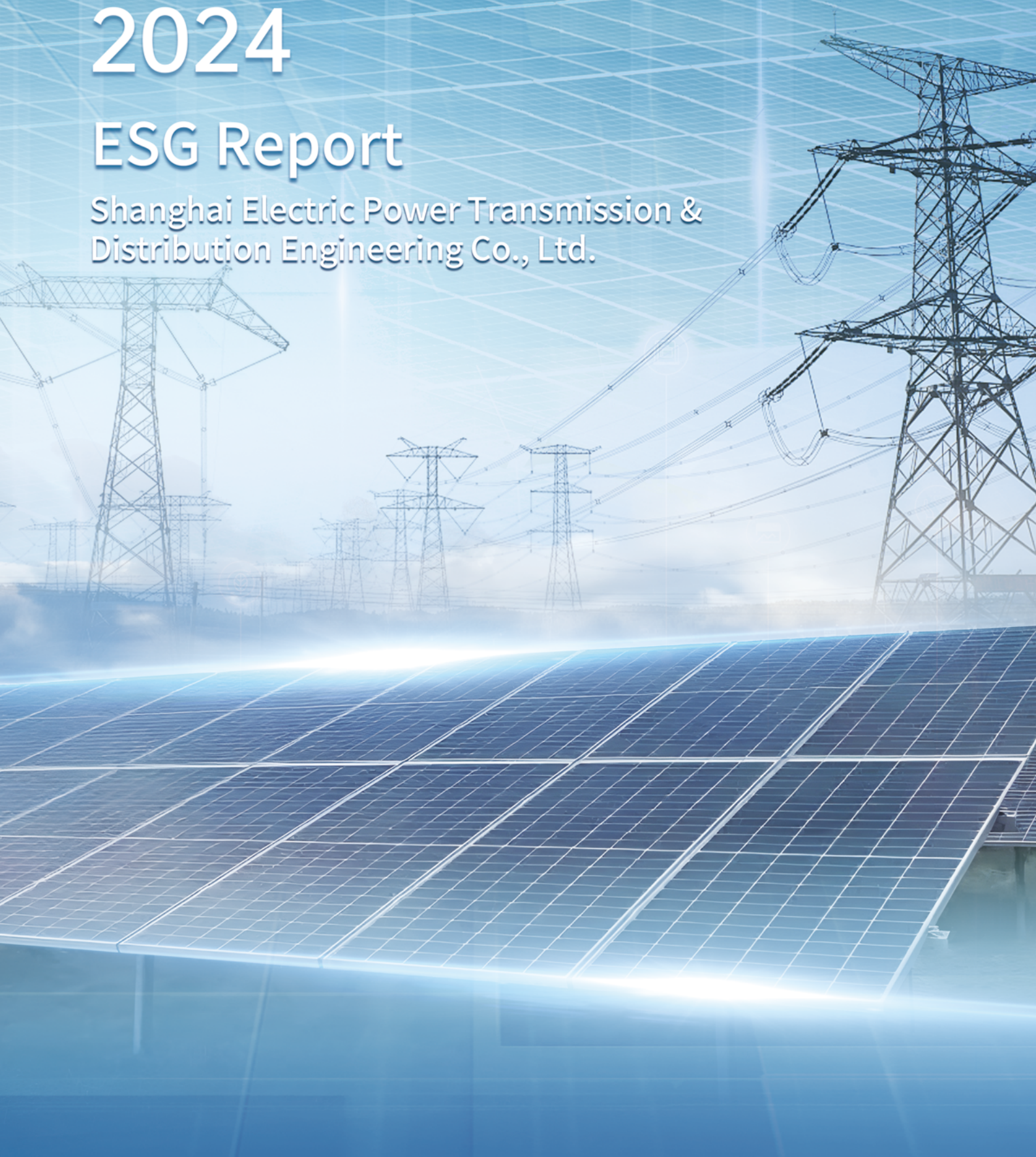




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About This Report

Purpose of the Report

This is the first sustainability report issued by Shanghai Electric Power Transmission & Distribution Engineering Co., Ltd. (hereinafter referred to as "the Company", "we" or "SEPTDE"). The purpose of this report is to disclose the Company's performance in Environmental, Social, and Governance (ESG) aspects for the year 2024, as well as selected highlights from previous years. Through this publication, we aim to respond to the expectations of key stakeholders including shareholders, customers, partners, employees, government authorities, local communities, and demonstrate our commitments and actions in fulfilling ESG responsibilities.

Reporting Standards

This report is mainly prepared with reference to the Global Reporting Initiative (GRI) Sustainability Reporting Standards. Where appropriate, it also draws guidance from the following international and domestic frameworks and standards:

- United Nations: Sustainable Development Goals (SDGs);
- International Sustainability Standards Board (ISSB): IFRS Sustainability Disclosure Standards;
- Sustainability Accounting Standards Board (SASB) Standards;
- Hong Kong Stock Exchange (HKEX): Environmental, Social and Governance Reporting Guide
- Shanghai Stock Exchange: Guidelines No.14 for Self-Regulation of Listed Companies Sustainability Reporting (Trial) ; and
- ESG Indicator System for State-owned Listed Companies in Shanghai

Reporting Scope

Unless otherwise specified, the information in this report covers Shanghai Electric Power Transmission & Distribution Engineering Co., Ltd. and its subsidiaries, branches, offices, and permanent establishments.

Reporting Period

This is an annual report covering the fiscal year from January 1, 2024 to December 31, 2024.

Data Sources

All data, cases, and examples in this report are sourced from the Company's internal management systems, operational records, statistical reports, and stakeholder communications. Unless otherwise indicated, all monetary values are presented in RMB.

Report Format

To support forest conservation and reduce carbon emissions, this report is published in electronic format only. The full version is available for download on the Company's official website:

<https://www.shanghai-electric.com/listed/dqspdgctgsjs/>

Report Review and Approval

This report was reviewed and approved by the Company's senior management on September 30, 2025. The management confirms that the report contains no false records or misleading statements, and accepts full responsibility for the truthfulness, accuracy and completeness of its contents.

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List of Abbreviations for Subsidiaries, Branches & Affiliates

Full Name	Abbreviation	Type
Shanghai Electric Power Transmission & Distribution Engineering (Malaysia) Co., Ltd.	Malaysia Company	Subsidiary
Kuwait Branch of Shanghai Electric Power Transmission & Distribution Engineering Co., Ltd.	Kuwait Branch	Branch
Pakistan Branch of Shanghai Electric Power Transmission & Distribution Engineering Co., Ltd.	Pakistan Branch	Branch
Sudan Representative Office of Shanghai Electric Power Transmission & Distribution Engineering Co., Ltd.	Sudan Office	Representative Office

Full Name	Abbreviation	Type
Maldives Project Department of Shanghai Electric Power Transmission & Distribution Engineering Co., Ltd.	Maldives Project Office	Representative Office
Bangladesh Representative Office of Shanghai Electric Power Transmission & Distribution Engineering Co., Ltd.	Bangladesh Office	Representative Office
Uzbekistan Digital Substation Permanent Establishment of Shanghai Electric Power Transmission & Distribution Group Co., Ltd.	Uzbekistan Digital Substation PE	Permanent Establishment
Uzbekistan 500kV Transmission Line Permanent Establishment of Shanghai Electric Power Transmission & Distribution Engineering Co., Ltd.	Uzbekistan 500kV Line PE	Permanent Establishment

Message from the General Manager

As a core subsidiary of Shanghai Electric Group specializing in power transmission and distribution EPC, equipment integration, and comprehensive energy solutions, we remain committed to delivering outstanding engineering and professional services to clients worldwide and to creating long-term value for all stakeholders. Over the years, we have expanded our international footprint, grown together with customers and partners across the value chain, and continually strengthened our competitiveness and influence in global energy infrastructure.

We believe green development is the path forward and we are deeply engaged in the build-out of renewable energy worldwide. Leveraging leading project management capabilities and a high-quality equipment supply system, we have successfully delivered diverse projects in solar PV, wind power, and energy storage in China and abroad, supporting a cleaner energy structure, reducing carbon emissions, advancing ecological protection, and enhancing community well-being. We have also participated in major infrastructure works such as the Shanghai LNG terminal and the Pudong International Airport expansion, providing strong support for regional energy optimization and sustainable development.

In international markets, by the end of 2024, our business footprint covered more than 30 countries. We had completed over 60 substations at 220 kV and above and built more than 2,500 kilometers of transmission lines. These projects have given us extensive international experience and enabled us to develop engineering models that are replicable and scalable.

Throughout project delivery, we integrate social responsibility across the full lifecycle. Working with local governments and social organizations, we carry out public-interest initiatives such as reforestation, road building, and bridge construction, creating over 10,000 jobs and tangibly improving community livelihoods. For example, our transmission project in Sarawak, Malaysia, has received the client's Environmental Protection Gold Award for multiple consecutive years in recognition of our environmental performance and community contributions, making it a benchmark for sustainable infrastructure.

We recognize that people are the driving force of sustainable growth. We are accelerating the development of an international talent cultivation system and strengthening career development pathways to unlock employee potential and align personal growth with corporate development. At the same time, we treat safety as a fundamental guarantee: we maintain a robust safety management system and rigorous procedures to protect employees' lives and to ensure a safe, stable working environment.

Looking ahead, we will continue to pursue high-quality, sustainable development and further embed ESG principles into our operations. We will align with the United Nations Sustainable Development Goals (SDGs), deepen collaboration with global stakeholders, and strive to create shared value across economic, social, and environmental dimensions, contributing continuously to the sustainable development of energy infrastructure worldwide.



Shanghai Electric Power Transmission & Distribution Engineering Co., Ltd.

Yang Xinghai, General Manager

About the Company

Company Profile

Overview

Shanghai Electric Power Transmission & Distribution Engineering Co., Ltd. (formerly Shanghai Power Transmission & Distribution Equipment Co., Ltd.) was established in 1986. As a core subsidiary of Shanghai Electric Group (SEG), the Company is deeply engaged in EPC contracting of power transmission and distribution projects, equipment integration, and comprehensive energy solutions. It serves as a strategic platform for the SEG's "Go Global" initiative in the power engineering sector and plays a pivotal role in promoting the internationalization of China's electric power technologies and services.

Leveraging decades of industry expertise and technical excellence, the Company has built a full-lifecycle service system encompassing project development, engineering design, equipment integration, construction delivery, and operation & maintenance. With one-stop solution capabilities, it integrates resources across the supply chain and applies innovative technologies to provide safe, efficient, and sustainable energy engineering services to global clients, earning a strong reputation and competitive edge in the industry.

The Company possesses strong technical qualifications, holding a national Class II General Contractor license for electric power engineering and has also obtained multiple internationally recognized certifications, including ISO 9001 Quality Management System, ISO 14001 Environmental Management System, and ISO 45001 Occupational Health and Safety Management System. These certifications reflect the Company's commitment to standardized and regulated operational management, ensuring consistent quality across the entire project lifecycle.

Leveraging the profound industrial strength and global brand influence of Shanghai Electric Group, along with its pool of professional talent and solid market reputation, the Company continues to advance its internationalization strategy. Currently, the Company's overseas business footprint spans over 20 countries and regions, with a particular focus on key "Belt and Road" Initiative markets such as Africa, the Middle East, Central Asia, and Southeast Asia. The Company is dedicated to further deepening its global market presence, earning the trust of international clients through its professional expertise and high-quality services.

In recent years, the Company has successfully delivered a number of benchmark international projects. Notable examples include the BBDA T&D project in Ethiopia, the Zafarabad digital substation project in Uzbekistan, and the Sarawak T&D project in Malaysia. These projects have received widespread acclaim from clients and international organizations for excellence in execution and refined project management, serving as shining examples of the Company's global capabilities.

In terms of employee development, the Company has built a multi-tiered, specialized talent pipeline. It brings together a team of certified professionals, including Class I Registered Constructors, Cost Engineers, Electrical Engineers, and numerous mid-to-senior-level technical experts. By continuously attracting multilingual professionals with overseas project experience and supporting their growth through systematic training programs, the Company ensures a strong intellectual foundation for international expansion.

Milestones

1986

Established as Shanghai Economic Zone Power Transmission & Distribution Equipment Co., Ltd.

1988

Reorganized as Shanghai Power Transmission & Distribution Equipment Co., Ltd.

1999

Obtained license for import and export operations.

2004

Integrated into Shanghai Power Transmission & Distribution Co., Ltd. as its Engineering EPC Division.

2006

Undertook its first overseas EPC engineering project.

2009

Renamed as Shanghai Electric Power Transmission & Distribution Engineering Co., Ltd.

2012

Shareholder changed to Shanghai Electric Power Transmission & Distribution Equipment Co., Ltd.

2024

Shanghai Electric Power Transmission (Hong Kong) Engineering Co., Ltd. came under its management

Awards and Honors

We actively fulfill our corporate mission and social responsibilities, contributing to sustainable development. In the past two years, the Company has been recognized for its excellence in service quality, brand development, and ESG practices, receiving numerous domestic and international awards, including:



These honors not only affirm our past achievements, but also inspire us to continue innovating and strengthening our commitment to social responsibility, paving the way toward our goal of becoming a world-leading provider of power engineering and comprehensive energy solutions.

Business Scope

In recent years, the Company has continued to strengthen its expertise in power transmission and distribution (T&D) EPC projects. By leveraging the industrial synergy of Shanghai Electric Group and integrating its manufacturing capabilities, the Company aligns its growth with national strategies and the SEG's overall development roadmap. With keen insights into overseas market opportunities, it delivers safe, efficient, and green power engineering solutions through standardized construction, refined project management, and full-cycle operation and maintenance services.

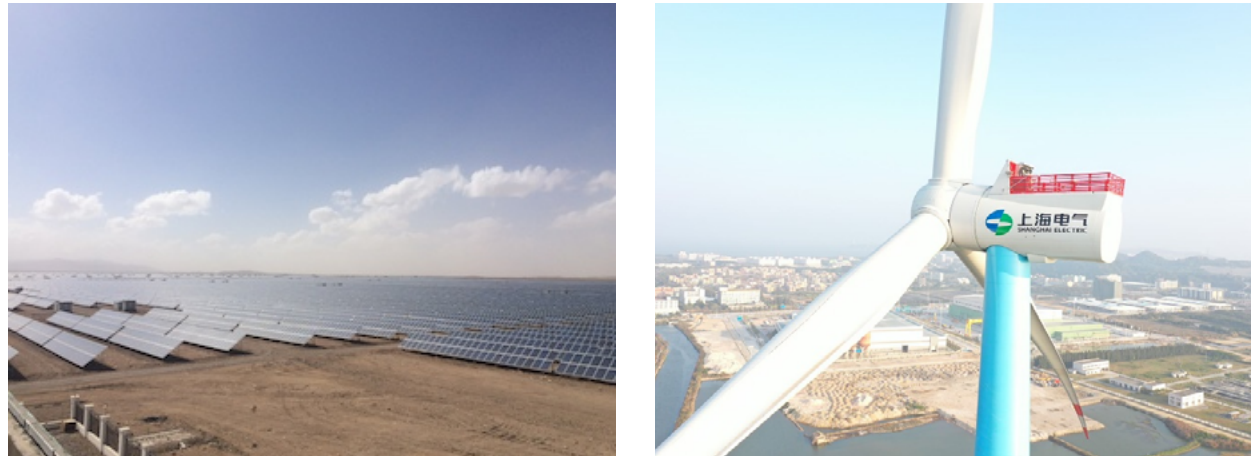
While maintaining its core advantage in traditional T&D projects, the Company actively responds to China's "carbon peaking and carbon neutrality" goals by accelerating its strategic expansion into new energy sectors, including wind power, solar photovoltaic (PV), and energy storage. In the wind power sector, it has established a full-chain service system covering site planning, equipment selection, installation, and intelligent operation and maintenance. In the solar sector, the Company provides integrated services for PV plant construction and smart maintenance based on advanced design and construction capabilities. In energy storage, it continues to invest in cutting-edge technologies and system integration, improving energy efficiency and stability, and facilitating the low-carbon transition of energy systems.

The Company is also exploring new business frontiers by addressing the specialized energy needs of emerging industries such as semiconductors, paper manufacturing, and education. Supported by its technical teams and extensive engineering experience, it offers customized T&D and energy solutions tailored to each sector, helping drive coordinated, high-quality development across industries and energy systems.



Power Transmission & Distribution EPC

The Company provides global clients with high-quality, turnkey solutions for power transmission and distribution (T&D) projects. Our services encompass the entire project lifecycle, from design and engineering, product supply, construction, and commissioning to integrated services covering financing, operations, and maintenance.



New Energy Solutions

We offer one-stop solutions in the renewable energy sector, covering wind power, solar photovoltaics (PV), and energy storage systems. In addition, we provide flexible business models to meet clients' financing and operational preferences.

Market Presence

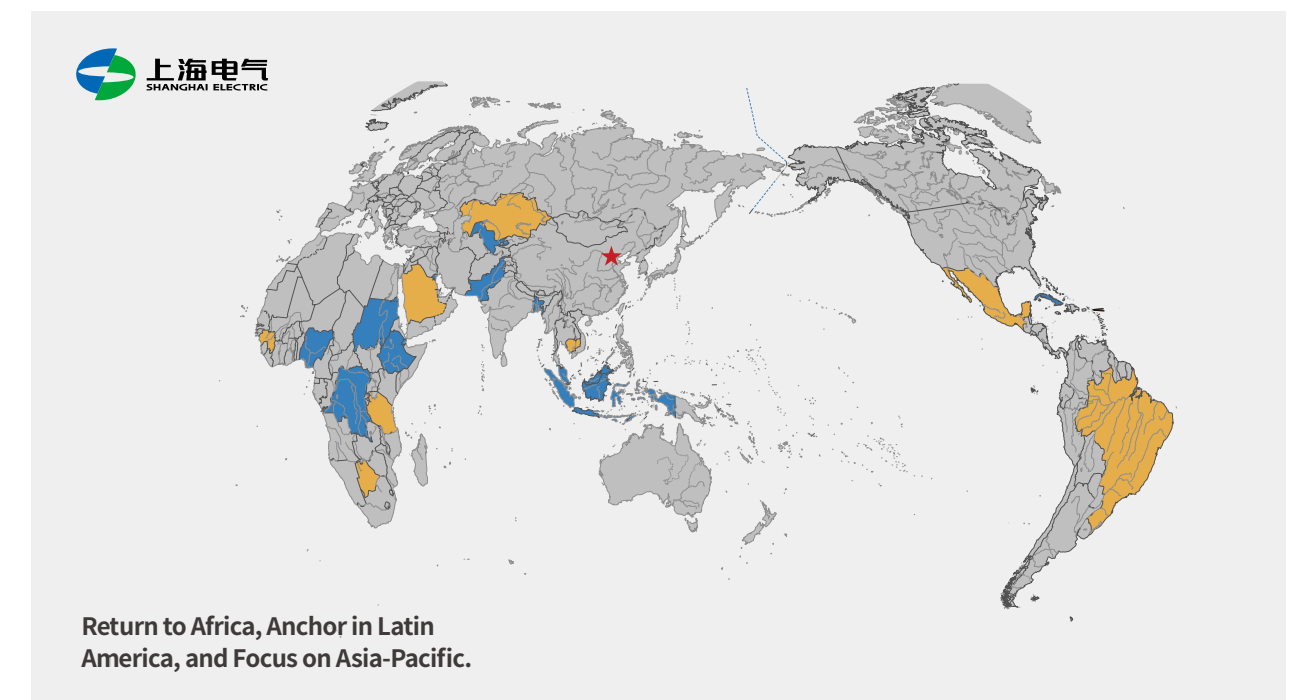
Aligned with national strategies such as the "Belt and Road" Initiative and the Yangtze River Delta Integration, the Company adopts a dual-circulation market strategy, expanding both domestically and internationally. By integrating supply chain resources and leveraging strengths in engineering construction and systems integration, the Company promotes regional economic development and social well-being while steadily expanding its global footprint and enhance international competitiveness.

In the domestic market, the Company capitalizes on its geographic and brand advantages to deeply participate in power infrastructure development and upgrades. Based in Shanghai, it actively supports grid modernization and reliability enhancement projects. In the Yangtze River Delta region, it partners with industrial parks and high-tech enterprises to provide customized energy solutions that support regional industrial upgrading. In major manufacturing provinces such as Guangdong, Shandong, and Hubei, as well as energy-rich regions like Inner Mongolia, Gansu, and Heilongjiang, the Company promotes economic growth and energy transition through solar PV, wind power, and energy storage projects.

Internationally, the Company marked its overseas breakthrough in 2006 by delivering five 220kV substations in Sudan. Since then, it has steadily expanded across strategic global regions. In Africa, it has completed numerous T&D projects in Ethiopia, Nigeria and Djibouti, significantly improving local power infrastructure. In Southeast Asia, it successfully executed projects like the 500kV transmission line in Sarawak, Malaysia, contributing to regional energy interconnection. In the Middle East, the Kuwait EPC project showcased the Company's engineering excellence.

Global Market Presence

To date, the Company's operations have extended into Central Asia, Eastern Europe, and the Caribbean, maintaining a strong operational presence in over 20 countries worldwide.



Company Culture

SEPTDE inherits and embodies the strong cultural legacy of the Shanghai Electric Group. Through the full implementation of the "Five Colors" corporate culture system, the Company enhances its cultural soft power to support high-quality and sustainable development. Rooted in its core business of power transmission and distribution engineering and comprehensive energy services, the Company has developed a distinctive cultural framework, including a clearly defined mission, vision, and core values, that fosters shared understanding and unity among employees, while shaping the Company's core identity and corporate spirit.



Mission

Converge new drivers of growth to create new value.

- Focusing on energy infrastructure and the evolving needs of the energy transition, we are committed to delivering high-quality power engineering solutions to global clients, advancing technological progress and sustainable development in the industry.



Vision

Become the internationally competitive electric power EPC contractor, equipment integrator and comprehensive energy solutions provider.

- We are committed to a global strategic vision, continuously strengthening our core competitiveness and international presence.



Core value

Maintain sustainable growth, strive for excellence, achieve win-win results.

- We uphold the principles of prudent and steady development, deliver engineering excellence through craftsmanship, and collaborate closely with stakeholders to build a sustainable ecosystem that balances economic, social, and environmental benefits. By deeply embedding our corporate culture into strategic planning, operational management, and employee conduct, we foster a strong sense of cohesion and motivation throughout the organization. This cultural foundation provides powerful support for fulfilling our social responsibilities and creating long-term value.

Key Figures 2024

Operating Revenue **15.57** RMB 10⁸

Total Profit **968.94** RMB 10⁸

Net Profit **665.38** RMB 10⁴

Domestic Tax Contribution **3740.56** RMB 10⁴

Overseas Tax contribution **858.71** RMB 10⁴

Total Environmental Protection Investment **72** RMB 10⁴

Total Number of Employees **134**

Total Investment in Employee Training **42.64** RMB 10⁴

Average Training Hours per Employee **25** hours

**Key
Figures
2024**



ESG Management

In recent years, SEPTDE has progressively embedded ESG principles into its corporate strategy, business planning, and daily operations. The Company is actively building a comprehensive ESG management system and continuously strengthening its sustainable development capabilities to drive shared value creation with all stakeholders.

Management Statement
Governance Structure
Stakeholder Management
Materiality Assessment

Management Statement

At SEPTDE, aligning with national strategies remains at the heart of our mission. Guided by the Shanghai Electric Group's vision for a low-carbon transition, we are committed to implementing ESG principles and driving corporate strategic planning and business execution through a sustainability lens.

Significant progress has been made in recent years in building and implementing our ESG governance system. We have established a comprehensive carbon accounting framework across the business value chain, promoting precise and dynamic emissions monitoring. The Company continues to increase R&D and investment in wind, solar, and energy storage technologies, launching a series of low-carbon and green solutions to support energy system transformation. We have also strengthened long-term mechanisms for environmental risk control, enhanced full-lifecycle ESG management across the supply chain, and actively fulfilled our social responsibilities in areas such as employee rights and community welfare, demonstrating a strong sense of corporate responsibility.

In 2024, building upon the Shanghai Electric Group's existing ESG governance practices, the Company took a major step forward by forming its Environmental, Social and Governance (ESG) Steering Committee, which is responsible for coordinating ESG strategy, setting medium- and long-term targets, defining accountability at all levels, and reinforcing supervision mechanisms. ESG principles are now deeply embedded into our business operations, project management, and employee conduct. The management team regularly assesses the effectiveness of our ESG risk management and internal control systems, while maintaining ongoing communication with shareholders, customers, employees, and local communities, continuously enhancing our ESG governance and brand reputation.

Looking ahead, SEPTDE will continue to pursue responsible and sustainable growth. We will deepen stakeholder engagement and focus on improving performance in green energy development, sustainable supply chain management, employee well-being, and social engagement. The management team is fully committed to upholding principles of transparency and efficiency, actively fulfilling our corporate social responsibilities, and creating greater long-term value for customers, shareholders, employees, partners, and society, driving forward our high-quality and sustainable development goals.

Governance Structure

ESG Governance Framework

Sustainability governance is a core driver of SEPTDE's high-quality development and a key pillar of our overall corporate governance strategy. The Company has integrated sustainability deeply into its governance framework, building a transparent, accountable, and standardized decision-making and execution mechanism around environmental, social, and governance (ESG) priorities.

The Company has established a top-down, multi-tiered ESG governance structure with clearly defined roles and responsibilities. The Executive Director serves as the highest decision-making bodies for sustainability governance, overseeing the overall direction of ESG strategy. The ESG Steering Committee & Executive Management Team functions as the core management entity, responsible for translating strategy into action and building internal ESG capabilities. The ESG Working Group, together with functional departments and subsidiaries/branches, is tasked with implementation and coordination, working in collaboration with stakeholders to enhance the Company's overall sustainability performance. The specific responsibilities of each level are outlined as follows:

Director

As the highest governing body for ESG, the Executive Director assumes ultimate responsibility for ESG strategy, major decisions, and performance reporting, ensuring alignment with the Company's overall strategic goals.

ESG Steering Committee & Executive Management Team

Acts as the core management body responsible for implementing Executive Director resolutions, formulating action plans, leading ESG capability-building, and coordinating cross-departmental resources to ensure effective strategy execution.

ESG Working Group

Responsible for implementing ESG initiatives across departments and subsidiaries. Tasks include data collection and analysis, project management, and performance evaluation. The group reports regularly to the ESG Steering Committee to ensure efficient communication and feedback.

SEPTDE ESG Governance Structure

Governing Bodies	Director	Director: General Manager
Management Level	Executive Management Team	Members: All Senior Executives
	ESG Steering Committee	Leader: Head of the ESG Steering Committee Members: Heads of Functional Departments
Execution Level	ESG Working Group	Leader: Head of the ESG Working Group Members: Department Representatives and Project Office Representatives

To further enhance ESG effectiveness, the Company has established a performance-based incentive mechanism that directly links the remuneration of executive directors and senior management to ESG performance indicators. Key metrics include safety management, environmental protection, corporate governance, compliance, and social responsibility. Based on annual ESG evaluations, differentiated rewards and penalties are applied to ensure the effective implementation of ESG initiatives and full integration of ESG strategy into business operations.

SEPTDE ESG Governance Goals

Short-Term 2025-2027	Build a structured ESG governance system in alignment with international ESG standards and regulatory guidelines. Gradually enhance ESG data collection, analysis, and disclosure mechanisms, improve reporting quality and transparency, and position the Company as a model ESG practitioner among power transmission and distribution engineering enterprises.
Medium-Term 2027-2030	Strengthen ESG governance and control through improved organizational coordination, technology empowerment, and talent development. Integrate ESG into all business processes to elevate the Company's sustainable management capabilities.
Long-Term 2030-2035	Fully embed ESG principles across the Company's strategy, governance structure, and operational workflows. Build a value-driven ESG ecosystem across the industry value chain, supporting the Company's journey toward becoming a world-class power transmission and distribution engineering enterprise through outstanding ESG practices.



Stakeholder Management

SEPTDE places great importance on communication and collaboration with stakeholders, striving to build an open, transparent, and accountable engagement mechanism. The Company identifies and focuses on the expectations of key stakeholders, including government and regulatory authorities, clients, shareholders and investors, employees, partners, and local communities. Through diversified engagement channels and long-term management mechanisms, SEPTDE promotes information sharing and mutual trust.

Stakeholder dialogue is conducted through both online and offline channels, including regular performance briefings, investor hotlines, employee roundtables, and client follow-ups. These efforts help ensure responsive communication and timely feedback on issues of stakeholder concern.



Stakeholder Engagement

Stakeholder	Key Needs and Expectations	Engagement and Response
 Government and Regulatory Authorities	Compliance with laws and policies; contribution to national sustainability and dual carbon goals; participation in renewable energy projects	Full implementation of regulatory requirements; environmental compliance; participation in government-led renewable energy projects; regular compliance reporting and disclosure
 Clients	High-quality, safe, and green T&D services and renewable energy solutions; on-time project delivery	Promotion of renewable energy solutions; timely and high-quality project execution; enhanced quality management and customer service mechanisms
 Shareholders and Investors	Stable financial returns; risk and compliance management; transparent disclosure	Regular shareholder meetings and investor briefings (via parent company); ESG and sustainability disclosures; green finance initiatives
 Employees	Career development and promotion opportunities; safe and healthy work environment; fair remuneration and benefits	Skills training and career development programs; enhanced on-site safety management; occupational health protection
 Partners (Suppliers/Subcontractors)	Fair collaboration; clear cooperation standards; contract compliance	Transparent and fair bidding processes; capacity-building support for sustainable supply chain transition
 Communities and the Public	Minimization of construction-related impacts; improved community environment; public welfare involvement	Noise control during construction; community service activities; public donation programs

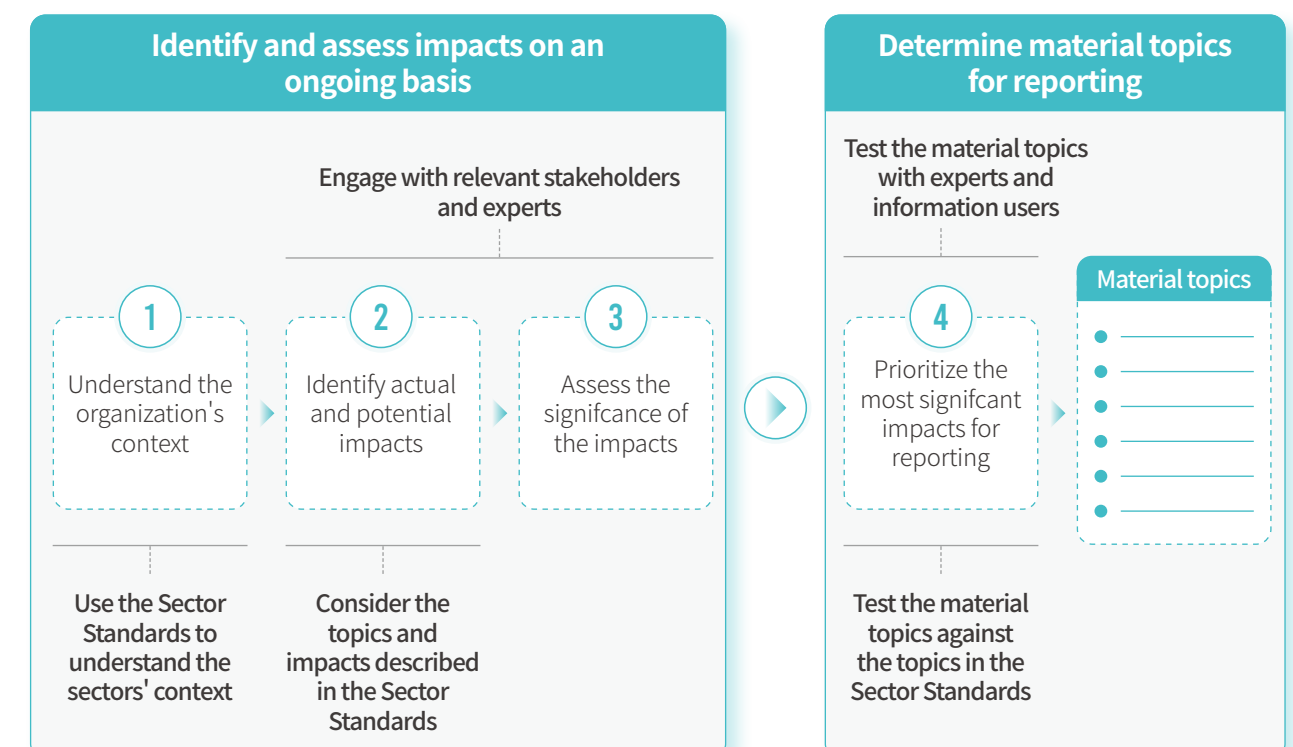
Materiality Assessment

SEPTDE attaches great importance to identifying and assessing ESG topics that may significantly impact its sustainable development. The materiality assessment process is designed to reflect stakeholder concerns and the Company's business characteristics, ensuring the relevance and completeness of the report's disclosures.

ESG Topic Materiality Assessment

Assessment Process:

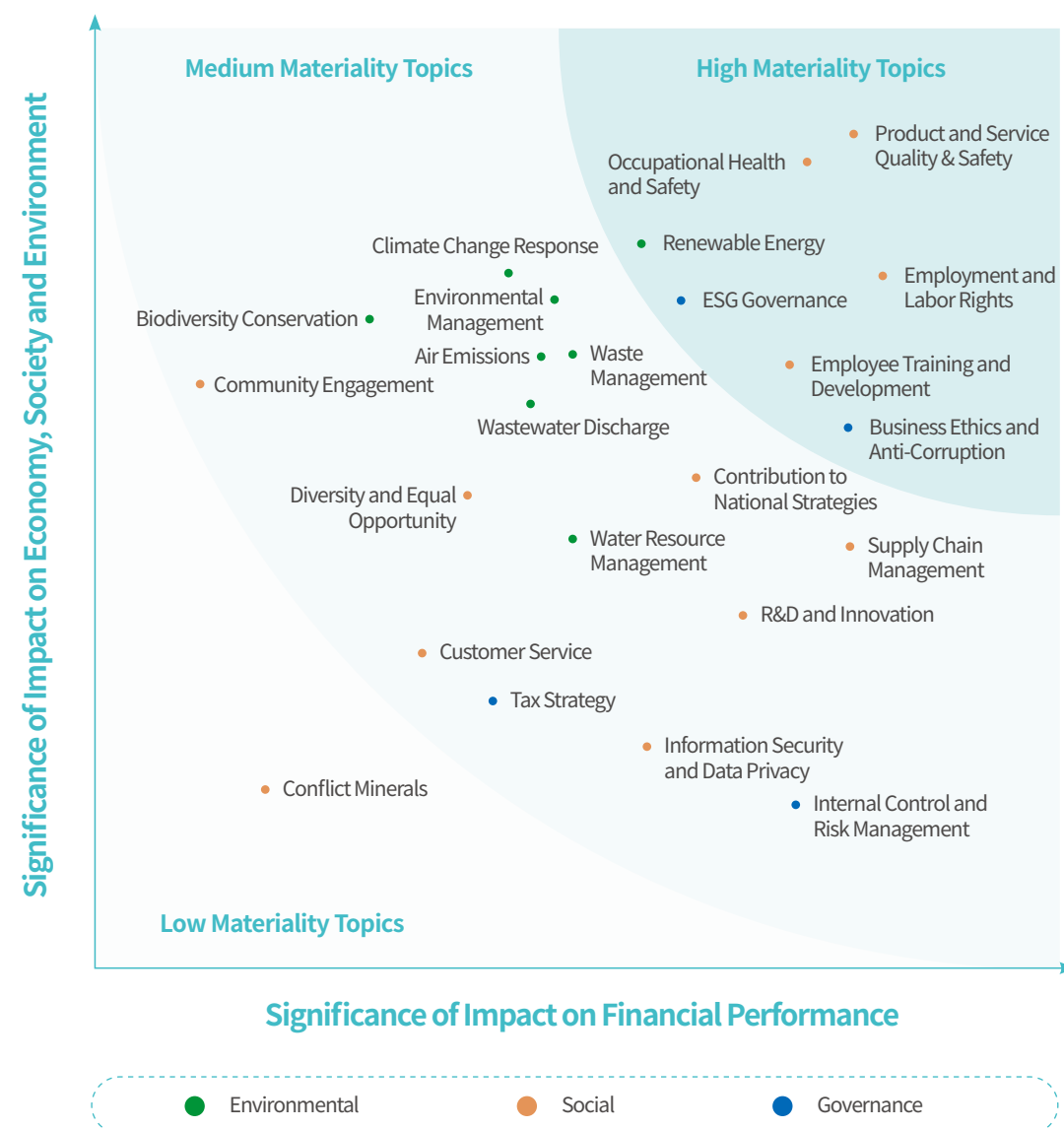
Following the GRI 3: Material Topics 2021 standard, the Company conducted a four-step materiality assessment. In line with the double materiality principle, the process considered both the impact materiality (economic, environmental, and social impact) and the financial materiality (impact on enterprise value). Through this process, we have identified and classified ESG topics into high, medium, and low levels of importance. The results are visualized in a materiality matrix and serve as the foundation for the disclosures in the subsequent chapters of this report, ensuring we effectively address the concerns and expectations of our stakeholders.



In the "Identification and assess impacts on an ongoing basis" phase, surveys and interviews were conducted with internal stakeholders (e.g., management, employees) and external stakeholders (e.g., investors, customers, partners, community representatives) via online questionnaires and phone consultations to evaluate topic relevance and gather suggestions.

In the "Determine material topics for reporting" phase, the collected data was analyzed in combination with expert judgment. The materiality matrix was plotted with the vertical axis representing the Significance of Impacts on the Economy, Society, and Environment, and the horizontal axis representing the Significance of Impact on Financial Performance. Priority disclosure topics were clearly identified.

SEPTDE ESG Materiality Matrix



Based on the 2024 assessment, the Company's ESG Report focuses on the following high-priority topics:

 Environmental	<ul style="list-style-type: none"> Renewable Energy.
 Social	<ul style="list-style-type: none"> Product and Service Quality & Safety, Employment and Labor Rights, Occupational Health and Safety, Employee Training and Development.
 Governance	<ul style="list-style-type: none"> ESG Governance System, Business Ethics and Anti-Corruption.

Continuous Improvement

The Company conducts periodic reviews and dynamic updates of its materiality assessment methodology and results to ensure alignment with evolving corporate strategies, industry trends, and stakeholder expectations. This enables ongoing enhancement of ESG governance and supports the Company's pursuit of high-quality sustainable development.



Environmental

SEPTDE fully implements the concept that “lucid waters and lush mountains are invaluable assets”, adhering to the principle of harmonious coexistence between humanity and nature. The Company integrates green and low-carbon development into its core development strategy.

The Company has formulated a comprehensive strategy to address global climate change, charting decarbonization pathways, advancing the deployment of renewable energy, and exploring the green transition of the energy system. It maintains strict control over pollution emissions from operations and construction activities, emphasizing both source reduction and process management. Continuous efforts are made to enhance resource efficiency, implement resource-saving measures, and promote the efficient use of water. In addition, the Company places great importance on biodiversity conservation, taking into full account the integrity and vulnerability of ecosystems during project planning and execution. By striving for synergy among ecological, economic, and social benefits, the Company contributes Chinese expertise and solutions to the global pursuit of sustainability.

Climate Change Response
Environmental Management
Pollution Prevention and Control
Resource Conservation and Water Management
Renewable Energy
Biodiversity Protection

Climate Change Response

Climate Risk Management Process

Climate change represents one of the most critical global challenges of our time. As an international integrated power engineering service provider, the Company fully recognizes its significant responsibilities in mitigating climate change and adapting to environmental changes. The Company closely follows international policies on climate action and proactively responds to global challenges, aiming to take the lead in the green energy transition and sustainable development.

In accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), the Company has developed a comprehensive response framework encompassing governance, strategy, risk management, and targets & indicators. This framework ensures systematic identification and assessment of climate-related risks and opportunities, improves information disclosure, and enhances climate resilience and sustainability capacity.



Governance

In 2024, the Company established an ESG Steering Committee chaired by the General Manager, serving as the highest decision-making body for climate-related matters. The committee sets the strategic direction, defines medium- and long-term objectives, and oversees implementation. Under its leadership, an ESG Working Group coordinates cross-departmental resources and ensures effective execution. Designated personnel are appointed in each department and subsidiary to form a three-tiered governance system, "Headquarters-Departments-Branches", ensuring coherent and responsive climate management.

Strategy

Climate change response is fully embedded into the Company's long-term development strategy. The Company focuses on clean energy areas such as wind, solar, storage, and hydrogen, enhancing investment in R&D and comprehensive energy services. It prioritizes collaboration with clients undergoing low-carbon transitions, strengthens supply chain resilience by selecting environmentally compliant suppliers, and accelerates the deployment of green technologies to optimize energy structure and facilitate industry-wide low-carbon transformation.

Climate Risk Management

The Company has implemented a full-cycle climate risk management mechanism to identify both physical risks (e.g., extreme weather events affecting project construction) and transition risks (e.g., regulatory compliance challenges due to policy changes). These risks are assessed for their potential impacts on the Company and its clients, and integrated into the overall risk management system. A graded response mechanism involving technological upgrades and business adjustments is employed to mitigate likelihood and severity.

Targets and Indicators

The Company has established a climate indicator system aligned with industry characteristics and development needs. It includes indicators such as greenhouse gas emissions, the share of clean energy projects, and investment in green technology R&D. Digital tools enable real-time monitoring and dynamic analysis of these indicators, ensuring their scientific accuracy and adaptive capacity to support climate governance and decision-making.

2024 Practice and Achievements

The Company continues to monitor key indicators such as greenhouse gas emissions, ensuring steady progress toward climate objectives and enhancing climate resilience across its operations and supply chain.

SEPTDE GHG Emissions (CO₂) in 2023~2024:

Category	Unit	2023	2024
Direct emissions (Scope 1)	tCO ₂	28.52	33.41
Indirect emissions (Scope 2)	tCO ₂	152.06	159.74
Total (Scope 1 + 2)	tCO ₂	180.58	193.15

Note: CO₂ emissions are calculated based on the GHG Protocol developed by the World Resources Institute (WRI). The calculation boundary covers the company's headquarters office building located on Yuyuan Road, Shanghai, and excludes project offices in other domestic provinces as well as overseas subsidiaries, branches, and project offices.

Management of Climate-Related Risks and Opportunities

The Company identifies, assesses, and manages climate-related risks to ensure they are adequately addressed in strategic planning and daily operations. Climate response strategies and objectives are regularly reviewed and updated to ensure their ongoing relevance and effectiveness.



Risk Type	Identification	Response
Physics	Extreme weather events (e.g., typhoons, heavy rain, flooding) affecting construction, personnel safety, and equipment	Established emergency response plans including weather response mechanisms and post-disaster recovery strategies to ensure rapid response and safeguard human and asset safety.
	Legal/policy risks arising from changes in carbon disclosure regulations	Closely monitor domestic and international climate policies, especially in the power and renewable sectors; conduct proactive planning and deployment to support business transition.
Transition	Market risks from increasing client demand for low-carbon products and rising material costs	Deliver safe, efficient, and low-carbon engineering services; pursue digitalization and green innovation; perform carbon footprint audits and emissions tracking; build carbon management systems.

Opportunity Type	Strategic Direction
Products & Services	Leverage advantages in renewable energy project development and equipment supply; expand strategic layout in wind, solar, storage, and hydrogen; advance a comprehensive renewable energy strategy and accelerate the research, development, and application of low-carbon technologies. By enhancing its comprehensive energy service offerings and improving renewable energy integration capacity, the Company supports the transition toward a net-zero economy and the development of a modernized power system.
Resource Efficiency	Upgrade to high-efficiency equipment and introduce intelligent monitoring systems to optimize energy use; accelerate R&D in power transmission technologies to enhance efficiency.
Energy Sources	Increase adoption of clean energy in construction and operations by integrating wind and solar power systems into both project construction processes and corporate operations, driving energy structure transformation.

Targets and Indicators

The Company follows Shanghai Electric Group's "Dual-Carbon Action Plan" and SEG's "Dual-Carbon Implementation Roadmap (2025)" to establish clear climate targets, facilitating green transition and sustainable growth.

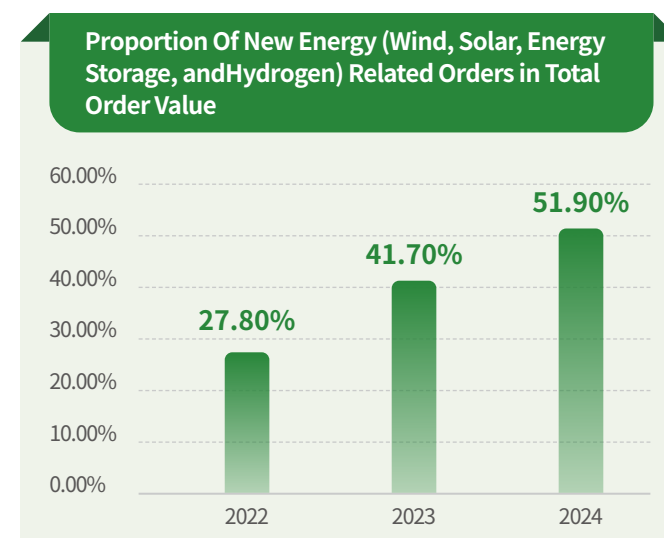
Targets	Carbon Peak Milestone		Carbon Neutrality Vision	
	2030		2035	2055
	Carbon peak in operations		Carbon neutrality in operations	Carbon neutrality in full value chain
Pathways	Green Industrial Transition	Systematic Demonstration	Clean Energy Substitution	Green Supply Chain
	Implement energy-saving and emission-reduction measures, reduce carbon intensity of operations, and expand renewable energy business.	Establish and operate energy and carbon management systems.	Promote the use of wind, solar, storage, and hydrogen to replace fossil fuels.	Drive low-carbon transformation throughout the value chain by empowering upstream and downstream partners.

Climate Action: Key Practices 2024

Performance in Renewable Energy Projects

SEPTDE continuously enhances its capacity in renewable energy construction. In the past three years, renewable energy orders accounted for over 25% of total projects, with this figure surpassing 51.9% in 2024.

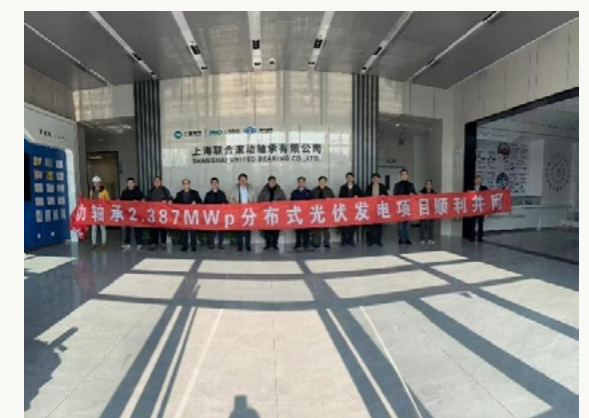
Changes in the Company's renewable energy project order data from 2022 to 2024:



Case 1: 2.387MWp Distributed PV Project

In January 2025, the 2.387MWp distributed PV project undertaken by the Company for Shanghai Electric Joint Bearing Co., Ltd. was successfully connected to the grid. The project delivers an average annual power generation of 2.49 million kWh, saving approximately 759.25 tons of standard coal, and reducing CO₂ emissions by 2,071.82 tons annually. It also reduces SO₂ emissions by 398.43 kg and NO_x emissions by 445.7 kg, cutting annual electricity costs by around RMB 300,000 for the client.

This project delivers notable economic and environmental benefits and supports corporate green transformation.



Case 2: 0.3999MWp Distributed PV Project

In January 2025, the Company completed and connected a 0.3999MWp distributed PV project for the No.7 Automation Instrument Factory in Chongming, Shanghai. The project has an annual generation capacity of 398,200 kWh, saving 119.79 tons of standard coal and reducing CO₂ emissions by 313.85 tons annually.

This project supports the Shanghai “1%” green initiative and contributes to achieving SEG’s energy-saving target of 9,400 tons, exemplifying internal synergy and energy conservation excellence.



Environmental Management

The Company places a high priority on environmental management, having established a well-defined environmental governance framework and clear management protocols. Centered on the control of wastewater, air emissions, and solid waste, we continuously enhance our environmental management system, aiming to improve performance and minimize the environmental impact of our operations and construction activities.

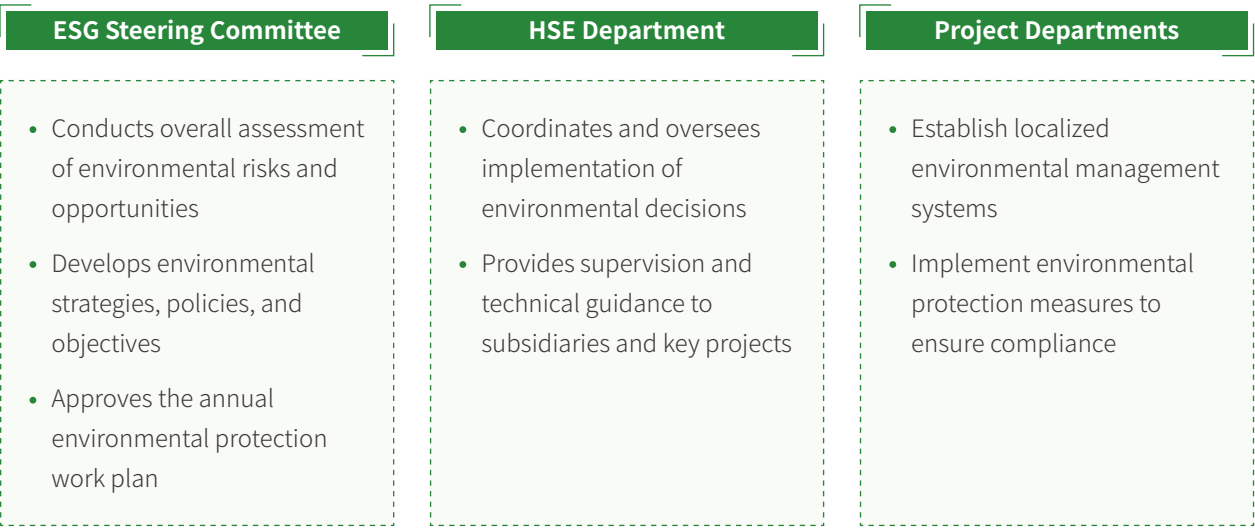
In 2024, the Company invested RMB 720,000 in environmental protection initiatives, focusing on the development and optimization of pollution prevention and control systems. Key areas of investment included the implementation and maintenance of pollution control measures, organization of environmental management training, enhancement of routine monitoring systems, and the green upgrading of equipment and processes.

Environmental Governance Structure

To ensure the effective implementation of its environmental strategy, the Company has established a "three-tier integrated" governance model. The ESG Steering Committee is responsible for top-level decision-making, while the Health, Safety, and Environmental (HSE) Department provides technical support and project departments are responsible for localized execution. This structure forms an efficient mechanism of decision-making, guidance, and execution, ensuring comprehensive management of environmental elements across the organization.

To improve governance performance, the Company has adopted a dual mechanism of "performance + responsibility." Environmental protection indicators are incorporated into the performance evaluations of responsible managers. In the event of an environmental incident, responsible individuals and units may be held accountable in accordance with the severity of the case, including economic penalties or administrative sanctions, ensuring rigorous enforcement of environmental responsibility.

Environmental Governance Structure



Environmental Management System

The Company strictly complies with applicable laws and regulations, including the Environmental Protection Law of the People's Republic of China, and has developed a suite of internal management documents such as the Environmental Protection Plan and Environmental Management Regulations. These systems are designed to align with regulatory requirements and support the Company's operational needs, enabling effective management of environmental matters, early warning of risks, and fulfillment of environmental responsibilities.

Meanwhile, the Company actively pursues external certifications to strengthen its environmental management capacity from a global perspective. The Company has fully passed certification under GB/T 24001 and ISO 14001 environmental management systems. By identifying, monitoring, and controlling environmental risks throughout the entire business process, the Company has significantly improved its environmental performance and standardized its management practices. Certification systems are regularly reviewed and updated to ensure continuous compliance with evolving environmental regulations and standards.

In 2024, no major environmental pollution incidents occurred during the Company's operations or project construction activities.

Capacity Building on Environmental Management

The Company continuously strengthens its environmental management capabilities by enhancing internal competencies and maintaining proactive communication with external stakeholders, thereby fulfilling its environmental responsibilities comprehensively.

Internal Capacity Building

The Company regularly organizes training sessions on regulatory requirements and best practices in environmental management to enhance staff competency in environmental risk identification and compliance. In addition, themed awareness campaigns and daily communications are conducted to cultivate a strong environmental consciousness and sense of responsibility among all employees.

External Communication and Engagement

The Company values engagement with external stakeholders, including government agencies, clients, and local communities, on environmental issues. Through regular communication mechanisms, it gathers feedback and expectations regarding its environmental performance and incorporates them into its improvement plans. An environmental complaints response mechanism has also been established to ensure that any feedback is addressed promptly through investigation, rectification, and root cause analysis. These efforts aim to keep environmental risks under control and continuously enhance the effectiveness of environmental governance.

Key Practices 2024

In January 2024, the Company's HSE Department conducted an internal training session focused on air pollution prevention, ISO 14001 system requirements, and resource conservation practices.

The training achieved a 93% participation rate among employees and significantly improved their understanding of environmental compliance, fostering greater engagement and awareness in environmental management across all departments.

Pollution Prevention and Control

Pollutant emission control is a critical component of green production and environmental management. The Company strictly complies with relevant national regulations, including the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution, Water Pollution, Noise Pollution, and Solid Waste Pollution. Internal management documents such as the Environmental Protection Management System and Environmental Protection Plan have been formulated to ensure rigorous control over emissions of air pollutants, wastewater, and solid waste during operations and construction, thereby minimizing negative impacts on the surrounding environment.

The Company has implemented a series of management measures targeting both source reduction and process control, effectively advancing the management of pollutant emissions.

Wastewater Management

Objectives

- Ensure 100% regulatory compliance of wastewater discharge at all construction sites.
- Implement localized wastewater recycling measures where feasible to reduce total discharge volumes.

Measures

- All construction wastewater is collected and treated through multi-stage sedimentation tanks before being discharged into municipal sewage networks via designated outlets.
- Domestic sewage is collected and treated through septic tanks and oil separators before entering the municipal sewage system.
- Weekly pH self-monitoring is conducted at wastewater discharge outlets on all projects.

Monitoring and Compliance

- Each project undergoes at least one third-party wastewater quality inspection per year by independent testing agencies, with formal reports issued.
- Multi-year projects are monitored annually.

Air Emissions Management

Objectives

- Ensure 100% compliance with dust emission standards at all construction sites.
- Minimize environmental impacts of particulate matter on surrounding areas.

Measures

- All sites are equipped with sufficient dust suppression equipment such as sprinklers and mist cannons.
- High-dust operations are enclosed or suppressed with proper containment.
- Exposed surfaces and material stockpiles are covered, and real-time dust monitoring systems are installed along project boundaries.

Monitoring and Compliance

- At least one third-party air quality test is conducted per year at each site.
- Multi-year projects are monitored annually by certified external agencies.

Noise Control

Objectives

- Ensure 100% compliance with applicable boundary noise level standards during construction.

Measures

- Soundproofing is installed around high-noise equipment areas.
- Construction activities are scheduled to avoid disturbing local residents.
- Online noise monitoring instruments are installed at site boundaries to enable real-time oversight.

Monitoring and Compliance

- At least one third-party site boundary noise assessment is conducted annually at each construction site, with formal reports issued.

Waste Management

The Company implements strict classification and full-cycle management of waste in accordance with the Law on the Prevention and Control of Environmental Pollution by Solid Waste and the Regulations on the Transfer of Hazardous Waste. Waste management practices span generation, collection, storage, transportation, and disposal, as specified in the Environmental Protection Management System.

For hazardous waste, the Company prioritizes minimizing hazardous waste generation at the source. A comprehensive hazardous waste inventory is maintained, including sources, disposal contractors, and treatment methods. In addition, a full-process monitoring system ensures that all handling of hazardous waste is traceable, compliant, and transparent.

For non-hazardous waste, reusable general industrial solid waste is recycled internally, and non-recyclable waste is disposed of by qualified third-party service providers.

Key Performance of 2024

2024 Environmental Targets and Performance

Target Item	Annual Target 2024	Result
Solid Waste	100% classified collection and disposal	Achieved
Environmental Incidents	0 incident per year	Achieved

Note: Reporting boundary includes the Company's Shanghai Yuyuan Road office, domestic project sites across China, and all overseas subsidiaries and project locations.

Case 1: 220kV Zafarabad Digital Substation Project, Uzbekistan

In 2024, the Company implemented a Pollution Prevention Plan and Waste Management Plan during construction of the 220kV Zafarabad digital substation project in Uzbekistan, in accordance with Asian Development Bank environmental safeguards and Uzbek regulatory requirements. The project adopted a comprehensive set of pollution control measures including road watering for dust suppression, centralized wastewater treatment, centralized hazardous material storage with leak prevention protocols, and systematic household waste sorting and removal. These measures, supported by employee training, classified collection, and designated storage/transport, ensured that pollutant emissions were managed in a standardized and controlled manner throughout the project lifecycle, demonstrating the Company's ability to uphold high environmental standards in international projects.



Case 2: 500kV Transmission Project, Sarawak, Malaysia

In 2024, the Company conducted quarterly environmental monitoring, covering air quality, noise levels, and water quality, for the 500kV transmission project in Sarawak, Malaysia. All monitored indicators consistently met regulatory compliance standards across all quarters.



Resource Conservation and Water Management

The Company fully recognizes the critical importance of efficient resource utilization and management for sustainable business operations. By advancing digital energy management and improving water use efficiency, we actively promote the sustainable use of energy and water resources. We also advocate for green office practices and implement reduction and recycling measures for packaging materials, thereby advancing green packaging initiatives and promoting resource-efficient operations across the entire value chain.

Water Resource Protection

The Company prioritizes water resource management and is committed to improving water use efficiency. Multiple measures have been implemented to minimize water waste and enhance water resource utilization. In addition, company-wide training is provided to raise awareness of water conservation and improve employee capacity in water efficiency management.



Key Water Management Measures Taken

- Established a water-saving reporting system to strengthen data collection, analysis, and performance evaluation.
- Promoted the application of water-saving technologies, including water recycling systems, to increase reuse rates.
- Conducted water conservation campaigns and training sessions to enhance awareness and behavioral responsibility among employees.

Water Consumption Data (year of 2023–2024):

Resource	Unit	2023	2024
Water Consumption	t	2415	3494

Note: Data covers the company's headquarters office building located on Yuyuan Road, Shanghai, and excludes project offices in other domestic provinces as well as overseas subsidiaries, branches, and project offices.

Energy Management

The Company strictly complies with the Energy Conservation Law, Renewable Energy Law, and Clean Production Promotion Law of the People's Republic of China. By leveraging the "Shanghai Electric Carbon & Energy Management Platform", we utilize digital tools to continuously improve energy management practices, and quantify our carbon footprint based on energy consumption to promote intelligent carbon and energy governance.

Energy Consumption Data (2023–2024):

Energy Source	Unit	2023	2024
Gasoline	L	8,928.00	10,458.53
Electricity	kWh	266,638.00	280,105.50

Note: Data covers the company's headquarters office building located on Yuyuan Road, Shanghai, and excludes project offices in other domestic provinces as well as overseas subsidiaries, branches, and project offices.

Green Office Initiatives

The Company actively promotes and practices green office concepts. Through practical management actions and daily advocacy, we encourage all employees to adopt environmentally friendly office and lifestyle habits, creating a resource-efficient workplace.



Key Initiatives Include:


- Promoting green commuting by encouraging the use of public transportation and cycling.
- Prioritizing the procurement and use of environmentally friendly office supplies.
- Installing motion-sensor lighting in public areas to prevent energy waste.
- Upgrading and maintaining office appliances to extend service life and reduce energy consumption.
- Moderating central air conditioning settings, lower in winter, higher in summer, to reduce energy use.
- Promoting paperless operations via the Shanghai Electric Smart Meeting Lifecycle Management System to reduce paper waste.

Packaging Material Recycling

The Company attaches great importance to resource conservation, adhering to the principles of "reduction, reuse, and recycling." It is committed to minimizing waste generation throughout its operations, while actively promoting the use of recyclable materials and encouraging resource recovery and circular utilization. The Company continues to enhance the standardization and refinement of its waste management practices to achieve more efficient resource utilization and minimize environmental impacts.


The Company regards sustainable packaging as a key focus of its resource efficiency efforts. Green management of packaging materials, such as wooden crates, foam, and plastics, is implemented through strengthened oversight, material optimization, lightweight design, and recyclable system development. These efforts reduce environmental impact and improve resource circularity.

Packaging Material Management Measures




Reduction

Optimize packaging structures and adopt lightweight materials to minimize consumption.



Improved Recyclability

Prioritize the use of recyclable or biodegradable materials, such as paper-based and plant-based plastics.



Reuse

Promote the use of reusable transfer boxes and modular packaging tools to extend service life and reduce single-use waste.

Renewable Energy

The Company firmly believes that we are not only providers of clean energy, but also users and advocates. In 2024, project departments actively promoted the use of clean energy, adopting self-consumption distributed PV systems to reduce energy consumption and greenhouse gas emissions across operations.

When evaluating new office locations or project sites, the Company takes into account factors such as local green electricity availability, the proportion of renewable energy in use, and relevant policy support to promote clean energy adoption and lower carbon emissions.

Use of Renewable Energy

Case: 62MW Solar PV Project in a Caribbean Country – Active Use of Clean Electricity

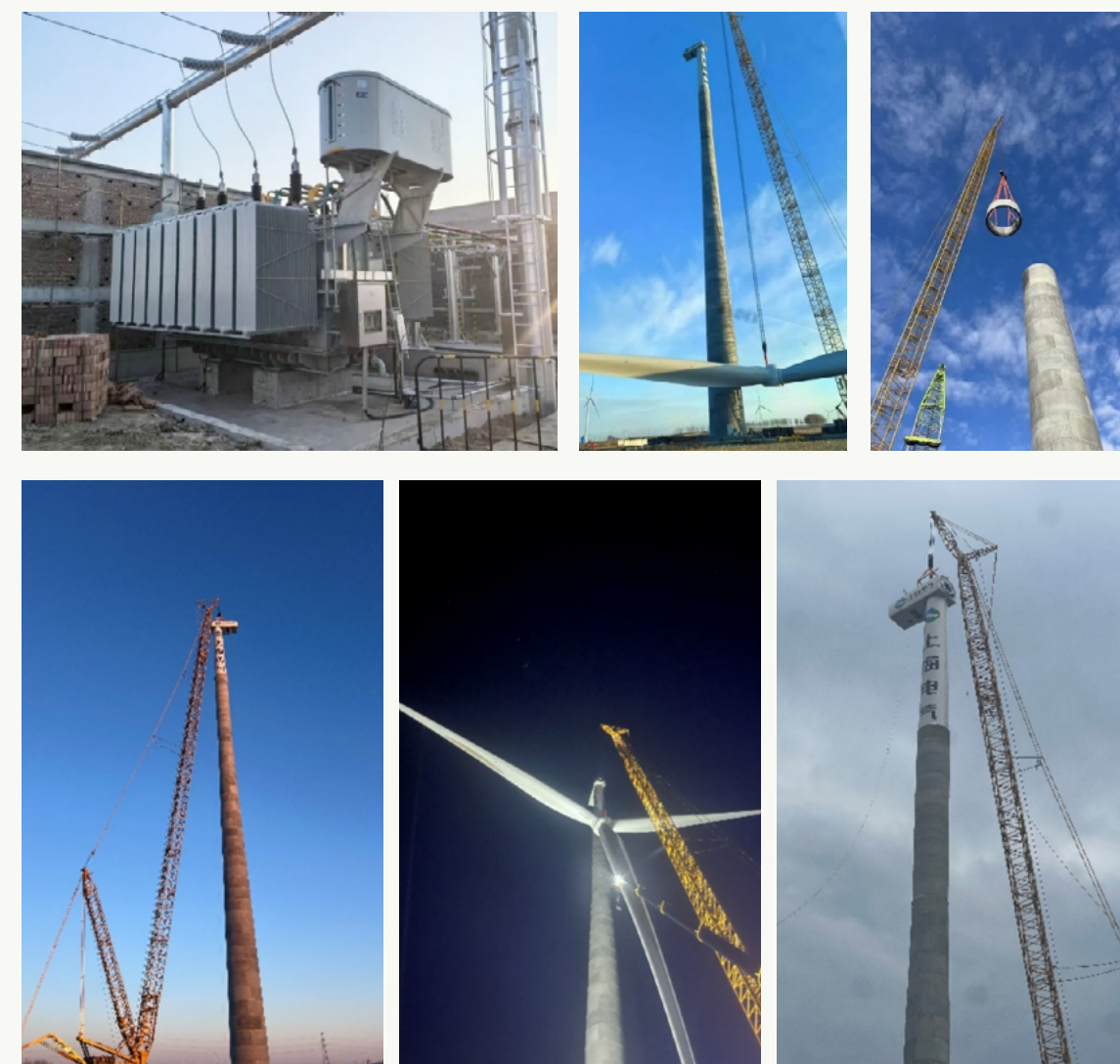
The 62MW solar power project undertaken by the Company in a Caribbean nation has maintained stable energy output since commissioning. During the construction phase, a “self-generation for own use, surplus power to grid” model was adopted, significantly reducing energy costs and carbon emissions. The project continues to support regional clean energy transition efforts.



Renewable Energy Project Development

Case 1: Green Methanol Demonstration Project in Taonan, Jilin (Wind-to-Hydrogen Subproject)

In 2024, the Company undertook the 67.2MW wind-to-hydrogen project in Taonan, Jilin, part of the world’s first green methanol demonstration integrating green electricity-based hydrogen production and biomass gasification. The project contributes to the development of a closed-loop system for “green fuel production–application–certification”, overcoming spatiotemporal mismatches of renewable energy, and advancing the green hydrogen and methanol industry chains. It represents an innovative “China Solution” to global energy transition challenges.



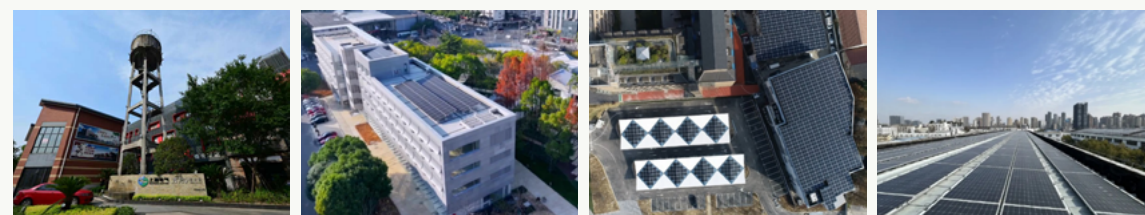
Case 2: Floating Solar PV Collaboration in Indonesia - Signing a cooperation agreement and reaching a consensus

In June 2024, the Company entered a floating PV collaboration agreement with Indonesia's INERMAN, leveraging local water bodies to develop clean energy projects. Drawing on its strong technical foundation and localized project management experience in renewable energy, SEPTDE continues to support Indonesia's energy transition, expand its presence in Southeast Asia, and seize global opportunities for energy transformation while contributing to the green goals of the "Belt and Road" Initiative.



Case 3: Shanghai Electric 709 Media Park Low-Carbon Smart Energy Project

The Company served as the EPC contractor for the low-carbon smart energy project at Shanghai Electric's 709 Media Park, integrating PV, energy storage, load management, and energy management systems. The project operates under a "self-consumption with surplus grid feed-in" model. A total of 1,188.32 kWp of PV panels were installed over a rooftop area of 7,400 m², complemented by a 360kW energy storage system. A digital platform coordinates power generation, grid interaction, load, and storage. The project generates over 1.2 million kWh of electricity annually and reduces carbon emissions by approximately 1,091 tons per year. This serves as a replicable model for the renewal and low-carbon transformation of aging industrial parks in Shanghai.



Case 4: 0.9366 MWp Distributed PV Project at Zhenhua Bearing Main Plant

In April 2024, the Company completed and successfully connected a 0.9366 MWp distributed PV project at the main plant of Zhenhua Bearing. The project utilizes the rooftop of newly built workshops in Jiading District and is characterized by a short construction period and high grid-connection efficiency. It significantly reduces the energy cost for the enterprise and is expected to generate approximately 929,000 kWh of electricity annually, reducing carbon dioxide emissions by around 773 tons per year. As the first PV collaboration project with Zhenhua Bearing in its southern zone, this case offers valuable insights and demonstrative value for future expansion of distributed PV and regional energy coordination initiatives.



Case 5: Wuhu Highly Group Rooftop PV Projects

In 2024, the Company undertook the construction of multiple rooftop PV systems for subsidiaries of Wuhu Highly Group. Notably, the 4.47MW distributed PV project at Wuhu Highly New Energy Technology Co., Ltd. is expected to generate approximately 4.164 million kWh of electricity annually, reducing carbon dioxide emissions by around 4,090 tons per year. Additionally, the 1.1MW distributed PV project at Wuhu Highly Automotive Thermal Management Systems Co., Ltd. is projected to generate about 1.176 million kWh annually, with an estimated annual CO₂ reduction of 957 tons.

These projects align with Wuhu City's policies promoting clean power development. By supporting the transition to renewable energy and improving energy efficiency, the projects contribute to optimizing the local energy mix and lowering operational energy costs for enterprises.



Biodiversity Protection

Biodiversity Management Strategy

As a global enterprise with operations across multiple countries and ecosystems, SEPTDE is committed to being a proactive advocate and practitioner of biodiversity conservation. The Company has established dedicated policies for biodiversity protection. Prior to project construction, ecological assessments are conducted to identify sensitive species in the project area. During project execution, a range of mitigation measures are implemented to minimize environmental impact and preserve local biodiversity and ecological balance. The Company also conducts regular monitoring and evaluation to ensure the effectiveness of its biodiversity management practices.

When selecting locations for project development and operations, the Company adheres to the following principles:

- Avoid ecologically sensitive areas, including ecological redlines and biodiversity hotspots.
- Refrain from conducting activities in or near World Heritage Sites and IUCN Category I–IV protected areas.
- Prevent disturbance to wildlife habitats.
- Avoid soil erosion and deforestation.
- Regularly assess biodiversity-related risks and develop mitigation plans.
- Collaborate with stakeholders to promote biodiversity conservation.



Key Practices 2024

Case 2: 62MW Solar PV Project in a Caribbean Country

For the 62MW Mariel Photovoltaic Project in a Caribbean nation, the Company developed and implemented a Construction Environmental Management Plan to systematically assess and manage the environmental impacts during the construction phase.

Although on-site investigations confirmed the absence of endangered species and indicated minimal ecological disruption, the project team strictly adhered to both local regulations and international environmental standards. A range of biodiversity and ecological protection measures were adopted, including restricting the construction footprint, preserving native vegetation, establishing wildlife corridors, optimizing overhead cable layout, and installing bird protection devices.



Case 1: 220kV Zafarabad Digital Substation Project, Uzbekistan

In 2024, for the 220kV Zafarabad digital substation project in Uzbekistan, the Company developed a Biodiversity Action Plan in accordance with the environmental requirements of the Asian Development Bank (ADB). The plan focused on protecting several endangered bird species in the project area, including the Egyptian vulture (*Neophron percnopterus*) and peregrine falcon (*Falco peregrinus*). A four-tier mitigation strategy, "Avoidance, Minimization, Restoration, and Compensation", was applied. Specific actions included targeted monitoring, habitat protection, and community outreach to reduce the project's impact on local biodiversity.

The project aimed for "No Net Loss" (NNL) of biodiversity, ensuring that the overall biodiversity value remains stable, and considered opportunities for "Net Gain" through additional conservation efforts. This reflects the Company's commitment to ecological responsibility and adoption of international best practices in overseas project implementation.



Social

SEPTDE fully recognize the importance of fulfilling our social responsibilities. We uphold a commitment to quality excellence by implementing rigorous quality management systems to ensure the reliability of our products and services. We focus on meeting the diversified needs of our clients by delivering tailored, end-to-end solutions and fostering a highly efficient, collaborative, and trusted value chain to promote mutual growth with upstream and downstream partners. Putting people first, we prioritize the protection of employee rights and continuously optimize employee development and incentive mechanisms. By cultivating a safe, equitable, and inclusive work environment, we enhance employee engagement and innovation. Additionally, we actively participate in social welfare initiatives, support community development, and contribute to building a more inclusive, harmonious, and sustainable society.

- Quality Assurance
- Employee Recruitment & Rights
- Occupational Health and Safety
- Employee Training and Development
- Supply Chain Collaboration
- Community Engagement
- Customer Service
- R&D Innovation and Contribution to National Strategies

Quality Assurance

We remain steadfast in our commitment to quality and safety, consistently delivering high-quality power engineering services to clients worldwide, earning broad recognition and trust. Through stringent quality control processes, advanced engineering practices, and ongoing technological innovation, we continuously elevate our quality standards to meet diverse client expectations and build a solid foundation for our competitive edge.

Quality Management System

The company strictly adheres to relevant laws and regulations, such as the Product Quality Law of the People's Republic of China, and aligns with Shanghai Electric Group's General Quality Management Guidelines. Based on this framework, we have established a company-level Integrated Management Manual and the Quality, Environmental, and Occupational Health & Safety Policy (QES Policy). Continuous enhancement of our quality management system ensures robust control throughout the entire lifecycle of our products and services.

In accordance with the SEG's Interim Measures for Managing Major Quality Incidents, the company has established a preventive and responsive mechanism for major quality events, enhancing our ability to manage and mitigate critical quality risks. We are certified under several recognized quality standards, including GB/T 19001 / ISO 9001, and GB/T 50430, laying a solid foundation for standardized management and international development.

In 2024, no negative incidents related to service quality or safety were reported.

Quality Objectives

The company sets the following annual quality objectives:

Customer satisfaction rate

≥ 85%

First-time acceptance rate of

engineering projects ≥ 95%

In 2024, we achieved a 96% customer satisfaction rate and a 100% first-time project acceptance rate, fully meeting our annual objectives.

Quality Risk Control

Quality risk management is integrated into the company's overall risk control system. Through comprehensive risk identification, assessment, and dynamic management, we have established preventive mechanisms across procurement, production, and delivery phases. Key control measures include:

Procurement Quality Management

We have refined procurement standards and strengthened supplier audits. The procurement team conducts on-site inspections or appoints third-party supervisors to monitor production quality, ensuring all deliverables meet required standards.

Customer Feedback Response

In the event of a product quality issue, the project team immediately initiates a root cause analysis and develops corrective actions. If the issue is significant or cannot be resolved on-site, the product is returned for repair to eliminate risks promptly.

Quality Training

We actively promote a culture of quality by organizing training programs and awareness campaigns. In 2024, we intensified efforts in areas such as quality management improvement, capability training, and quality branding. A series of themed training sessions and events were conducted during the "Quality Month," effectively enhancing staff awareness and continuously improving product and service reliability.

Quality Evaluation

Customer feedback on product and service quality is a key focus. We regularly commission satisfaction surveys to gather customer opinions and generate dedicated assessment reports. Guided by customer feedback and needs, we use these insights to continuously improve service quality. In 2024, our customer satisfaction rate reached 96%, exceeding our annual target.

Key Practices 2024

Case: OKI Project, Indonesia

In 2024, a customer raised concerns about potential water ingress in a motor at the OKI project site in Indonesia. Our project team promptly initiated a root cause investigation and dispatched engineers for on-site inspection and repairs. It was determined that the issue resulted from inadequate rain and moisture protection during outdoor storage, not from any intrinsic motor defect. Corrective and preventive measures were proposed, including waterproof coating for motors, installation of rain shelters, verification of installation conditions, and regular lubrication and maintenance.

This case exemplifies the company's capabilities in rapid response, precise fault diagnosis, and customer-oriented quality assurance in overseas projects, further strengthening client trust and brand reputation.



Employee Recruitment and Rights

Employees are a company's most valuable asset and the driving force behind sustainable and stable development. SEPTDE places people at the center of its strategy, prioritizing talent acquisition and management. The Company is committed to safeguarding employee rights, embracing the diverse backgrounds and experiences of all staff, and continuously enhancing employee engagement and sense of belonging through transparent communication channels, long-term incentive mechanisms, comprehensive protection systems, and employee care programs.

Compliant Recruitment

The Company strictly adheres to relevant labor laws and regulations, including the Labor Law, Labor Contract Law, Trade Union Law, Law on the Protection of Minors of the People's Republic of China, Provisions on the Prohibition of Using Child Labor, and continuously improves its recruitment and employment systems to ensure that all hiring practices are legal and compliant. Internal policies such as the Employee Recruitment Management Rules guide standardized and transparent recruitment and employment decisions, fostering a fair, just, diverse, and inclusive workplace. The Company opposes all forms of discrimination and ensures that job applicants are not discriminated against on the basis of their educational background, skin color, ethnicity, race, nationality, social background, disability, religion, gender, marital status, or age.

As of the end of the reporting period, the Company had a total of 134 employees. In 2024, five new employees were hired, and the employee turnover rate was 3.73%, down from the previous year, indicating improved workforce stability.

The labor contract signing rate for 2024 was 100%.

Employee Demographics (as of 2024)

Indicator	Unit	2023	2024
Total number of employees	person	134	134
By Gender			
Male employees	%	70	70
Female employees	%	30	30
Proportion of female management	%	7.46	7.46
By Age Group			
Under 30	%	15	14
30–40 years old	%	41	39
40–50 years old	%	30	31
Over 50	%	14	16
Average age	/	39.7	40.45
By Nationality			
Chinese employees	%	100	100
Overseas employees	%	0	0
Locally hired employees on overseas projects	person	106	103
Minorities & Vulnerable Groups			
Minority (ethnic) employees	%	2.24	1.49
Vulnerable group employees	%	0	0
Proportion of minority/vulnerable group managers	%	0	0
By Ethnicity			
Asian	%	100	100
Other ethnicities	%	0	0
New Hires			
Total	person	12	5
Male	person	7	3
Female	person	5	2
Voluntary Resignations			
Number of Voluntary Resignations	person	7	4
Turnover rate	%	5.22	2.99

Talent Recruitment

We adhere to the principles of openness, fairness, merit-based selection, and equal opportunity. The Company offers equitable employment opportunities to both recent graduates and experienced professionals.

Each year, we actively fulfill our social responsibility through campus recruitment efforts. By expanding job offerings and optimizing selection processes, we help alleviate employment pressure among recent graduates.

In 2024, the Company organized 12 campus recruitment events and hired two graduates through this channel.

Local Employment

The Company continues to attract talent through group-wide recruitment channels and gives high priority to localized hiring in overseas projects. In 2024, 103 local employees were hired across overseas projects, promoting local employment and fostering social integration in project regions.

In managing overseas labor, we fully comply with the Universal Declaration of Human Rights, the ILO Conventions, and the Convention on the Rights of the Child, ensuring full protection of labor and human rights in all operational jurisdictions.

Democratic Management and Employee Communication

SEPTDE abides by the Trade Union Law of the People's Republic of China and related regulations, fostering an open, transparent, and efficient two-way communication environment. The labor union serves as a primary channel for dialogue between employees and management. Union representatives actively collect feedback and communicate employee concerns. Regular employee representative meetings, town halls, suggestion boxes, and digital feedback platforms are used to ensure continuous and inclusive communication.

In 2024, the Company held three employee forums where senior management listened to employee concerns and responded to inquiries in person.

Additionally, six union group meetings were held to address grassroots issues, which were then discussed with management to seek appropriate resolutions.

The Company also maintains anonymous suggestion boxes in non-monitored areas, which are checked weekly by designated personnel and submitted to relevant departments for action.

Case Highlight

In 2024, the Company's labor union organized an online employee feedback initiative. Employees submitted constructive suggestions on topics such as retiree care, process optimization, paperless workflows, and smoking regulation. Management provided timely responses and ensured that agreed-upon improvements were implemented.

The union membership coverage rate among current employees was 100% in 2024.

Human Rights Protection

SEPTDE complies with labor-related laws and regulations including the Labor Law, Labor Contract Law, Law on the Protection of Minors, Law on the Protection of Women's Rights and Interests, Trade Union Law, and Special Regulations on the Labor Protection of Female Employees of the People's Republic of China, as well as international principles such as the Universal Declaration of Human Rights and UN Guiding Principles on Business and Human Rights. We uphold clear commitments in areas including employee management, workplace conduct, and welfare, and have established a human rights management process to ensure full respect and protection of employee rights.

The Company strictly prohibits the use of child labor or forced labor in any form. During recruitment, we verify candidate identity in accordance with local laws and ensure no individual below the minimum employment age is hired. We also prohibit employment contracts involving slavery, bonded labor, debt servitude, or coercion of any kind. In 2024, no incidents of child labor, forced labor, human trafficking, discrimination, or harassment were reported.

Remuneration and Benefits

SEPTDE adheres to the principles of "strategic alignment, fairness, competitiveness, and incentive-driven" remuneration management. Guided by the concepts of market-based, position-based, capability-based, and performance-based pay, the Company has established policies such as the Remuneration Management Regulations and Annual Performance Assessment Guidelines to continuously refine its remuneration structure and incentive mechanisms.

Remuneration Structure

Basic Compensation	Position-based Salary	/
Performance Incentives	Performance Incentives	Annual performance bonuses, project-specific rewards
Allowances	Statutory Allowances	Statutory allowances
	Non-statutory Allowances	Non-statutory allowances
Benefits	Statutory Benefits	Pension insurance, unemployment insurance, medical insurance, work-related injury insurance, maternity insurance, housing provident fund
	Non-statutory Benefits	Supplemental housing fund, enterprise annuity, other employee welfare programs

The Company applies a performance-based variable pay system to all employees, encouraging active contribution and higher efficiency.

Both monetary and non-monetary benefits are accessible to all employees, including overseas staff. Our remuneration system is aligned with market benchmarks and is designed to reflect the value of the position, individual capability, and performance outcomes. It emphasizes fairness and transparency, ensuring that compensation corresponds to employee contributions. Non-monetary benefits are designed to promote employee health and safety, career development, and work-life balance.

The Company implements flexible working arrangements where applicable, and offers various paid leave entitlements in accordance with relevant internal policies, such as the Employee Leave Management Regulations, Attendance Management Rules, and Leave Standards for Special Holidays. These measures ensure full protection of paid leave rights, including maternity leave for female employees.

Additionally, the Company continues to optimize its employee insurance system, with a strong focus on retirement protection. We have implemented the "Yangtze River Golden Symphony" pooled enterprise annuity plan to provide supplementary pension insurance for retired employees.

In 2024, the Company's social insurance coverage reached 100%, and paid leave coverage reached 100%.

Employee Care and Support

The Company places great emphasis on employee well-being and actively organizes a wide range of cultural and recreational activities to help employees pursue a better quality of life and achieve a work-life balance. Each year, the Company's labor union hosts various events such as New Year gatherings, International Women's Day celebrations, Children's Day activities, Safety Month programs, legal knowledge competitions, and annual team-building events, cultivating a harmonious and healthy corporate culture.

Special attention is given to female employees during pregnancy, maternity leave, and breastfeeding periods, with the Company actively safeguarding their labor rights and ensuring appropriate care and support during these critical life stages.

Case: Overseas

In projects located in countries such as Djibouti, Malaysia and Uzbekistan, the Company established "Staff Home" facilities to create a warm and comfortable living environment for frontline overseas employees. Through supplemental subsidies and quality-of-life services, the Company enriches employees' leisure time, fosters team spirit, and promotes cross-cultural understanding. Recreational spaces such as activity rooms and canteens at project sites have become essential platforms for physical fitness, social interaction, and cultural integration—effectively supporting the smooth progress of overseas projects.



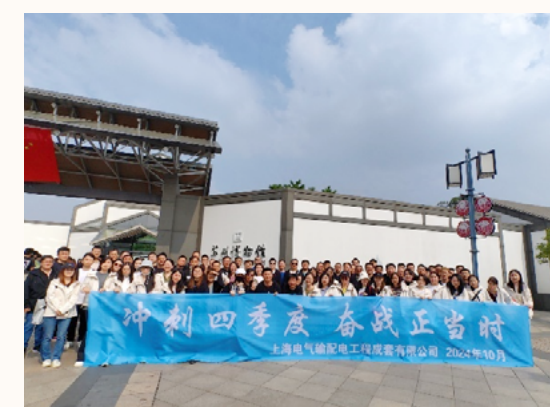
Case: Domestic

In April 2024, SEPTDE employees enthusiastically participated in the annual Shanghai Electric Group Sports Games, which featured events such as calisthenics, tug-of-war, basketball, chess, table tennis, floor curling, an orienteering challenge, and a dragon boat race. These activities strengthened physical well-being, team cohesion, and demonstrated the Company's commitment to employee care and social responsibility.



In March 2024, in celebration of International Women's Day, the labor union organized a special team-building activity to enrich the cultural lives of female employees.

In October 2024, the Company organized an annual team-building event to strengthen interdepartmental collaboration and employee cohesion.



Occupational Health and Safety

SEPTDE places the highest priority on the health and safety of its employees. The Company has established a systematic, institutionalized, and fully integrated Occupational Health and Safety (OHS) management system. Through robust policy frameworks, continuous capability-building, and comprehensive risk control, we strive to create a safe and healthy working environment, minimize operational risks, and protect the physical and mental well-being of our employees.

OHS Management System

The Company strictly complies with Work Safety Law and Law on the Prevention and Control of Occupational Diseases of the People's Republic of China, among other relevant regulations. We have formulated and implemented a suite of OHS policies, including Workplace Safety Accountability System, Occupational Health Management Regulations, OHS Policy Statement, Occupational Disease Prevention Measures for Construction Operations, Subcontractor Safety Management Procedures, Integrated Management Manual. These policies support a dual-prevention mechanism combining "graded risk control" and "hazard identification and remediation", enabling the Company to proactively prevent major safety risks and eliminate occupational health hazards.

The Company has established a Health, Safety, and Environmental Protection and Fire Safety Committee (HSE Committee), chaired by the General Manager. This committee plays a key role in safety oversight and governance. Responsibilities for health and safety management are clearly defined in our policy documents and allocated across the HSE Committee, HSE Department, responsible unit heads, and relevant departments. This creates a culture of shared responsibility and full participation in safety management at all levels.

As of the end of the reporting period, no major safety incidents occurred.

In 2024, the Company achieved ISO 45001 certification for Occupational Health and Safety Management.



2024 OHS Goals and Performance

Target Area	2024 Goal	Achievement
Major Safety Incidents	Zero major incidents	Target achieved
Minor Injury Incidents	No more than 2 incidents	0 incidents, target achieved
Occupational Disease Prevention	Zero cases	Target achieved

Occupational Health Initiatives

Following the principle of "prevention first, combining prevention and control", the Company systematically promotes occupational disease prevention and source risk control in accordance with national regulations including Law on the Prevention and Control of Occupational Diseases of the People's Republic of China, Measures for the Administration of Occupational Health Surveillance, and our Occupational Health Management Regulations. Key actions include identification of occupational hazards, on-site hazard mitigation, and provision of personal protective equipment (PPE).

SEPTDE Safety Management Structure



Each department tailors its approach based on project-specific operational risks. Initiatives include regular occupational health checkups, hazard testing, and specialized training. In 2024, the Company provided comprehensive occupational health and safety training to all employees, covering the proper use of PPEs, safe handling of hazardous materials, and emergency management. These programs ensured that employees acquired necessary safety knowledge and emergency response skills, achieving 100% training coverage.

In 2024, for the Company, 100% of employees received occupational health examinations, 100% of new hires completed pre-employment medical checks, and 0 cases of occupational illness were reported. Annual occupational health goals were fully met.

Safety Management Measures

The Company views "hazard inspection, incident response, and emergency drills" as the three pillars of safety management. The integration of these components ensures early detection of safety risks and enables orderly response to emergencies, forming a solid safety foundation for the Company's stable operations.

In the event of a safety incident, the Company promptly activates its emergency response and investigation procedures, ensuring timely rescue and containment measures. Root causes of the incident are thoroughly analyzed, and targeted corrective actions are developed and implemented. These include strengthening employee safety training, improving operational procedures, enhancing equipment management, and reinforcing protective measures to prevent recurrence. Lessons learned are also integrated into subsequent safety management and training programs, ensuring continuous improvement in risk prevention and control.

We have implemented the Subcontractor Safety Management Procedures, which cover qualification reviews, contractual safety agreements, supervision of subcontracted works, safety training for subcontractor employees, certification verification for specialized roles. These efforts extend our safety management standards to subcontractors and partners, fostering long-term collaboration and joint improvement in safety performance.

In 2024, the Company implemented a safety accountability system through various tools, including safety responsibility agreements, commitment letters, role-specific safety mandates, performance appraisals. We maintained a "dual-signature, dual-commitment" mechanism for safety responsibilities, achieving a 100% signing rate in 2024.

On July 10, 2024, the Company conducted an office fire drill simulating an electrical fire caused by a short circuit on the fourth floor. The drill comprehensively tested the Company's evacuation, command, and emergency response systems and was deemed highly effective.



Safety Culture Development

The Company is committed to fostering a strong safety culture. In 2024, we released a Safety Training Plan that encompassed safety knowledge seminars, best-practice sharing sessions, safety bulletin boards, accident warning videos, on-site emergency drill observation, team-level safety activities.

New employees are required to complete three levels of safety training, with a minimum of 72 hours in total (no less than 24 hours per level), and are issued a Safety Training Certificate upon passing evaluation.

In addition to onboarding education, the Company delivers targeted training for safety managers and supervisors, general management personnel, new hires and transferred employees, specialized equipment operators, visitors and subcontractors. All employees are covered by our online safety training platform, with new courses released monthly to reinforce safety awareness continuously.

2024 Safety Education and Training Outcomes

- Number of new employees completing three-tier safety training: 11
- Safety training coverage rate: 100%
- Average safety training hours per employee: Not less than 32 hours

Key Practices 2024

Case 1: HSE Committee Special Meeting

On September 27, 2024, the Company's Health, Safety, and Environmental Protection (HSE) Committee held a special meeting to review safety performance for the first three quarters of the year. The meeting reviewed safety incident cases and outlined key priorities for subsequent safety management. The meeting emphasized the need to enhance employees' safety awareness, strengthen self-inspection mechanisms for daily safety management, reinforce process control and safety training for subcontractors. These measures aim to improve the Company's overall safety governance capacity.

Case 2: Uzbekistan “Workplace Safety Month” Campaign

In June 2024, the project execution (PE) team of the Uzbekistan digital substation launched a "Workplace Safety Month" campaign under the theme "Accidents stem from violations; safety comes from prevention." Work teams actively participated in hazard identification and rectified several potential risks. As a result, employee safety awareness was noticeably enhanced.



Employee Training and Development

SEPTDE prioritizes the comprehensive development of its employees. By establishing a robust training system and clear career advancement pathways, the Company provides employees with opportunities for growth and skill enhancement, promoting mutual development between individuals and the organization.

Leveraging the resources of Shanghai Electric Group, the Company has developed a structured training system that targets three key talent categories: managerial talent, professional talent, and skilled workers. Training programs are aligned with employees' competencies, knowledge levels, and skills, forming a multi-tiered curriculum that supports long-term talent pipeline development and reinforces core competitiveness.

Employee Empowerment

The Company has implemented the Employee Training Management Regulations, encouraging and supporting staff participation in certification programs, professional title assessments, and role-specific training. This policy underpins a diversified and sustainable talent development framework.

Tailored initiatives for specific employee segments include:

IDP Growth Dialogues for High-Potential Talent

The Company identifies high-potential young employees (primarily born in the 1980s–1990s) for inclusion in a structured annual development program involving mentors, trainees, and the HR department. Through personalized learning paths, customized training, and performance evaluations, the initiative aims to cultivate future leaders for key positions.



Mid-Level Management Training

To strengthen the leadership and execution capabilities of middle managers, the Company conducts training programs focused on "efficient collaboration and high-performing teams".

Secourse Online Training

All employees have access to the Shanghai Electric Group's Secourse platform, covering modules such as office software skills, data analysis, financial literacy, and management fundamentals, enhancing analytical and adaptive capabilities across the workforce.

Succession Planning

Through its internal training center, the Company conducts targeted programs focused on technical proficiency and team collaboration, laying the foundation for cultivating the next generation of key personnel.



In 2024, total training investment reached RMB 426,448. Training coverage rate was 100%. Average training hours per employee was 25 hours

Career Development

SEPTDE has implemented the Professional Technical Personnel Management Regulations. Jointly managed by the Technical Department, Evaluation Committee, and Human Resources Department, this framework standardizes job grades and promotion paths for technical professionals, encouraging technical expertise and knowledge-sharing across the organization.

Additionally, the Company engages with the Shanghai Electric Group's internal talent market through internal recruitment, two-way selection, and dynamic role assignments. This mechanism optimizes role matching, supports employee career path expansion, and enhances organizational agility.

In 2024, employee retention and core talent retention both increased steadily.

Metric	2023	2024
Employee Retention Rate	97.81%	100%
Core Talent Retention Rate	103.13%	106.06%

Note: Core talent refers to employees at or above intermediate level. The retention rate may exceed 100% due to year-on-year increases in this group.

Key Practices 2024

Executive Training Programs

In 2024, Company executives participated in training organized by Shanghai Electric Group on the EHS Management for Corporate Leaders, which deepened understanding of national strategies and strengthened leadership accountability in safety and sustainability.



IDP Talent Development "Book Club"

In December 2024, IDP participants engaged in a themed "Book Club" event combining professional reading and skills training. The activity promoted cross-functional learning and collaboration in an innovative, growth-oriented environment.



Talent Rotation Program

In May 2024, three employees (including one mid-level manager) participated in SEG's Outstanding Young Talent Rotation Program, designed to broaden perspectives, support leadership development, and promote cross-level engagement within the organization.

New Employee Orientation Training

The Company conducted orientation training sessions for newly hired employees in 2024, helping them integrate into the corporate culture and operational systems. Two recent graduates also attended Group-level onboarding courses to strengthen their career foundations.



Mentorship Program

Through the "Mentor-Apprentice" model, experienced staff mentor new hires in practical skills and work integration.

In October 2024, the Company held a graduation ceremony for four mentor-apprentice pairs and signed one new mentorship agreement.



Training in Legal, Technical, and Compliance Topics

The Company delivered a wide range of targeted training in 2024 covering management, technical expertise, finance, and legal topics. Highlights included Understanding Transformers and Related Technologies and Corporate Law Reform and Practical Governance.

In parallel, employees actively participated in compliance training organized by Shanghai Electric Group, including:

- 3 employees completed entry-level training for external signatories.
- 4 employees completed continuing education for external signatories.
- 8 employees passed the contract management certification exam.



Supply Chain Collaboration

A resilient and well-managed supply chain is a key foundation for achieving sustainable business growth. SEPTDE integrates sustainability principles throughout its supply chain management processes, covering supplier admission, performance management, evaluation, and quality enhancement. We have built a responsible, collaborative, and compliant supply chain system that emphasizes efficiency and green practices. By strengthening partnerships across the value chain, we are fostering a mutually beneficial ecosystem based on co-construction, shared value, and long-term cooperation.

Supplier Management

The Company has developed and implemented several management policies, including the Supplier Code of Conduct and the Supplier Management System, which provide a structured framework for risk control, supplier evaluation, and safety and compliance management. These documents lay the institutional foundation for systematic and sustainable supply chain governance.

The Supplier Management System outlines requirements for supplier admission, auditing, performance evaluation, and classification, while also setting expectations for social responsibility, including safety and compliance obligations. It incorporates a formal exit mechanism to continuously optimize supplier quality and performance.

Supplier Admission

A rigorous qualification review is conducted for all suppliers. They are required to sign and comply with the Supplier Code of Conduct. The admission process includes verification of supplier information, evaluation against entry criteria, document review, on-site audits, and product validation. The Company proactively identifies potential supplier risks to ensure early detection and efficient risk control. Suppliers involved in dishonesty, contract breaches, environmental violations, or serious quality incidents are placed on a blacklist and disqualified from future cooperation.

Suppliers are required to provide relevant qualifications and obtain internationally recognized management system certifications, including but not limited to ISO 9001 Quality Management System, ISO 14001 Environmental Management System, and ISO 45001 Occupational Health and Safety Management System, to enhance the sustainability and compliance of the supply chain from the outset.

Supplier Audit

The Company has established a multi-tiered supplier performance evaluation system, conducting regular annual inspections, surprise audits, and re-evaluations. Performance in quality, cost, delivery, and service is comprehensively assessed. Depending on the findings, measures may include notifications, warnings, suspension, or termination.

In 2024, the Company completed 80 supplier audits.

Supplier Communication

The Company maintains diverse communication mechanisms tailored to supplier types and collaboration needs. Regular meetings, technical exchanges, and training sessions are organized to enhance information sharing and build a network of reliable, long-term supplier partnerships based on mutual trust.

Supplier ESG Responsibilities

Through the Supplier Code of Conduct, the Company outlines a range of ESG-related expectations for suppliers, including but not limited to:

- Zero tolerance for bribery and corruption in any form.
- Respect for employee rights and equal treatment.
- Prohibition of forced and child labor.
- Implementation of health and safety risk controls and training.
- Compliance with local environmental laws and international standards.
- Continuous improvement of environmental protection measures.

Building a Sustainable Supply Chain

Establishing a sustainable supply chain plays a vital role in mitigating risks and securing long-term, high-quality growth. The Company works closely with suppliers to realize shared development objectives.

Digital Supply Chain

Leveraging the Shanghai Electric Group's Supplier Relationship Management (SRM) digital platform, the Company has upgraded its procurement and supplier management processes. The platform promotes data integration, resource sharing, and full lifecycle management of subcontractors, enabling greater efficiency, cost savings, and transparency in procurement.

Supply Chain Risk Management

In response to an increasingly complex global environment, the Company has optimized supplier structures, diversified sourcing strategies, and strengthened early warning mechanisms. This enables the construction of a flexible, resilient supply system to support stable project execution.

Green Supply Chain

The Supplier Management System prioritizes the selection of green, low-carbon suppliers when procurement requirements are met. The Company encourages suppliers to reduce carbon emissions and resource consumption in material selection, manufacturing, packaging, and logistics, fostering a resource-efficient and environmentally responsible supply chain ecosystem.

Anti-corruption in the Supply Chain

The Company places strong emphasis on anti-corruption in procurement. All suppliers must sign a Business Integrity Agreement before contracting, which outlines responsibilities and disciplinary measures. We are committed to preventing corruption and promoting a fair and transparent business environment.

In 2024, no supplier corruption incidents were reported.

Conflict Minerals Management

As an EPC contractor and integrated solution provider in the power sector, SEPTDE does not manufacture or assemble electronic and electrical products containing 3TG (tantalum, tin, tungsten, gold) minerals and does not directly procure such high-risk mineral resources or raw materials.

During the reporting period, no conflict minerals risks were identified in our operations or supply chain. If future business activities change, the Company will reassess the risks and conduct due diligence as appropriate.

Key Practices 2024

Total number of qualified suppliers:

80

Number of local suppliers

(Shanghai area): **34**

Local procurement ratio:

42.5%

Community Engagement

The development of an enterprise is closely intertwined with the support and participation of the communities it serves. Likewise, community development benefits from the creativity and contributions of enterprises. While pursuing steady growth, SEPTDE remains committed to fulfilling its social responsibilities and supporting public welfare initiatives. We actively address key social issues and leverage our technical expertise and resources to engage in charitable activities, striving for harmonious coexistence with society.

Community Involvement

The Company actively participates in community activities, embracing its role as a socially responsible enterprise. We are committed to improving the quality of life and development prospects in local communities, working toward the shared goal of building a better and more sustainable society.

In 2024, the Company created 7 new local job opportunities, contributing positively to community economic development.

Case: African Bridge Restoration Project – Advancing the “Belt and Road” Vision of Shared Prosperity

During the construction of a 220kV substation project in an African country, deteriorated infrastructure posed a critical challenge. A long-neglected steel bridge located at the border between two countries was incapable of supporting the transport of a 100-ton power transformer, threatening the project timeline and hindering bilateral traffic. SEPTDE proactively undertook the restoration of the steel bridge, enabling the successful delivery of substation equipment and reopening a key economic transport route between the two nations. The initiative has since become a landmark project in local infrastructure improvement.

This case has set a benchmark for high-quality China-Africa energy cooperation and promoted the internationalization of Chinese electrical standards. In 2024, the Company received an official letter of appreciation from local embassy, commending SEPTDE for building a "Power Silk Road" and strengthening China-Africa friendship through tangible action.



Education Support

The Company regards education as a cornerstone of social progress and has long supported educational charitable causes. By donating books and funding the construction of educational facilities, we help improve learning environments in underserved areas, ensuring more students have access to quality education.

Since 2021, the Company has continuously organized "Charity Sales Events," where employees voluntarily donate items for sale. All proceeds are earmarked for schools in Western China, supporting the Company's long-term "Public Education Support" initiative.

On March 5, 2024, the Company organized a donation campaign for primary school students and low-income families in Yidie Town, Shilou County, Lvliang City, Shanxi Province. Donations included clothing, books, and school supplies, with a total estimated value of RMB 2,000.



Community Services

Participation in volunteer activities is an important avenue for fostering teamwork and social responsibility among employees. The Company actively encourages staff to take part in volunteer initiatives and community outreach.

In 2024, the Company promoted employee participation in volunteer and community service activities, fostering a spirit of compassion and contributing positively to society.

Customer Service

While continuously enhancing its service capabilities, SEPTDE remains firmly committed to protecting customer rights and interests. We strictly comply with applicable laws and regulations and uphold the principle of "Customer First". We continue to improve our customer service management system, standardize the handling and feedback processes for customer complaints, maintain open and effective communication channels, and strive to deliver high-quality, efficient service experiences.

Customer Service System

In addition to ensuring the long-term stability and safety of our products and services, we place great importance on understanding and responding to customer needs and feedback. We have established a comprehensive customer information management system, along with mechanisms for feedback collection, rapid response, and complaint resolution to form a closed-loop service process. Dedicated personnel are responsible for recording and tracking complaints, conducting root-cause investigations, analyzing issues, and ensuring timely resolution with satisfactory responses within defined timeframes.

In 2024, the Company further optimized its customer demand management process, strengthened project delivery and relationship management, and advanced the digitalization of marketing and service functions to respond swiftly to market dynamics and client needs, enhancing customer experience.

Customer Satisfaction Management

To effectively collect customer feedback, the Company conducts annual customer satisfaction surveys. These evaluations help us identify areas for targeted service improvement and continually enhance the customer experience.

In 2024, the Company's customer satisfaction index reached 96%, meeting and exceeding the annual target of 85%.

Responsible Marketing

SEPTDE adheres to the principles of responsible marketing and advertising compliance. We strictly follow the Advertising Law, the Consumer Rights Protection Law of the People's Republic of China, and other relevant regulations. Internal policies have been developed to guide responsible marketing practices and define clear accountability standards. We have formulated compliance guidelines for internal publicity and advertising to ensure that all promotional materials are complete, accurate, objective, and easy to understand.

In 2024, the Company organized a thematic training for its marketing personnel on "Preventing Malicious Overseas Competition," effectively mitigating risks related to misleading promotions. During the reporting period, there were zero legal cases related to responsible marketing, and no violations concerning product and service information or labeling were recorded.

R&D Innovation and Contribution to National Strategies

SEPTDE consistently prioritizes both management and technological innovation. The Company promotes digital transformation in project management through the development of integrated information platforms. In parallel, it advances renewable energy research by integrating scientific outcomes with applications to drive innovation in clean energy technologies. In alignment with national development strategies, the Company actively responds to strategic policy goals by expanding international cooperation, developing overseas renewable energy markets, and contributing to the high-quality advancement of the "Belt and Road" Initiative.

Digital Transformation in Project Management

In 2024, the Company officially launched its Project Information Management Platform, designed to enhance standardization and process consistency across project execution. Through digitalization and data visualization, the platform enables real-time monitoring of progress, cost control, risk alerts, and financial forecasting. It also integrates business, management, and financial workflows to support the Company's broader digital transformation goals, promoting refined, data-driven project management.

Innovation in Renewable Energy Technologies

Case 1: Energy Storage System R&D

In 2024, the technical team conducted focused research on the application of energy storage systems in solar and wind power generation. The project aimed to address key technical challenges in stabilizing intermittent renewable energy outputs.

Case: 62MW Solar PV Project in a Caribbean Country – PV Racking System Upgrade

The 62MW solar power project undertaken by the Company in a Caribbean nation has maintained stable energy output since commissioning. In 2024, the Company upgraded the PV racking system to incorporate horizontal single-axis tracking technology, allowing solar panels to adjust dynamically with the sun's angle. This improved generation efficiency by 15%–30% compared to traditional fixed structures and significantly enhanced land-use efficiency. The project continues to support regional clean energy transition efforts.



Key Practices 2024

R&D investment:
RMB **1.15** million

R&D investment as a percentage of
revenue: **0.05%**

Value of new product orders in 2024:
RMB **434.4** million

Empowering National Strategies

Case 1: Uzbekistan's First Digital Substation Commissioned

In December 2024, SEPTDE successfully completed the construction and commissioning of Uzbekistan's first 220kV digital substation. With an additional 400MW of grid capacity, the project adopted domestically manufactured equipment and smart control systems, significantly enhancing grid efficiency in Jizzakh Region. As a flagship "Belt and Road" project, it has greatly improved power reliability for both industrial and residential users. The project reflects the Company's commitment to sustainable infrastructure development and lays the groundwork for Uzbekistan's digital energy transformation.



Case Study 2: Successful Energization of the 200MW Wind Power Project Substation in Gaotai, Zhangye, Gansu Province

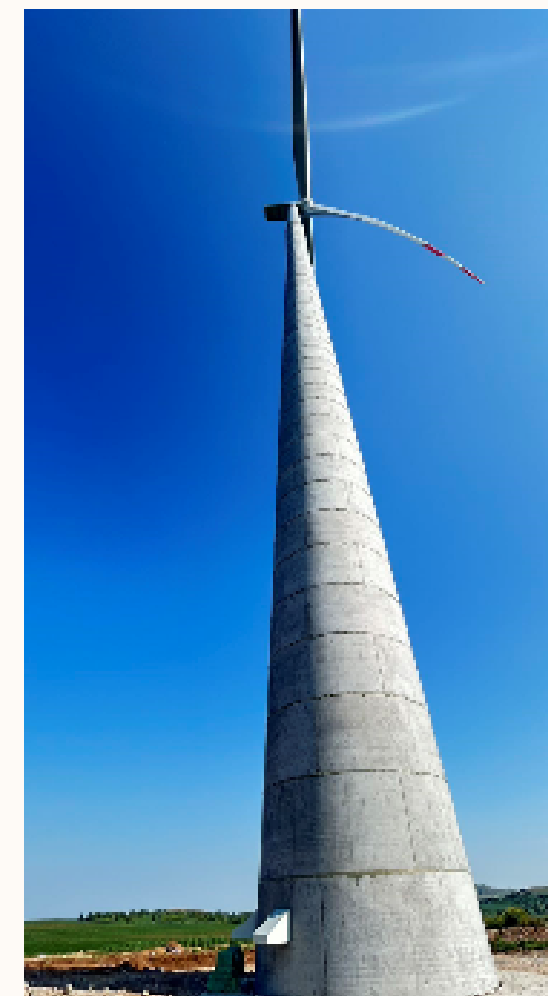
In July 2024, SEPTDE successfully completed the first energization of the substation for the 200MW wind power project located in Beibutan, Gaotai County, Zhangye City, Gansu Province. This milestone marked the project's entry into a critical phase for full-capacity grid connection and power generation. The project comprises 32 wind turbines, a 110kV step-up substation, and a 30MW/120MWh energy storage system. SEPD Engineering efficiently coordinated construction, equipment delivery, and commissioning processes to ensure the timely and high-quality completion of key milestones. This project plays a vital role in supporting the development of renewable energy infrastructure in Northwest China and directly contributes to the implementation of the national "Wind and Solar Mega Base" strategy.



Case 3: Jilin 31.7MW Wind Power and Rural Revitalization Project

In December 2024, the Company signed the Jilin Wind Power and Rural Revitalization Project, advancing the integration of renewable energy and rural development. With a planned total installed capacity of 31.7MW, the project includes the construction of five high-capacity wind turbines and a 66kV booster station. Once operational, it is expected to generate approximately 114 million kWh of electricity annually and reduce CO₂ emissions by about 96,500 tons per year.

As a key clean energy demonstration project in Jilin Province, it will serve as a strong driver for energy structure transformation in Taonan City, injecting green momentum into the region's transition toward a low-carbon economy and high-quality development.



Governance

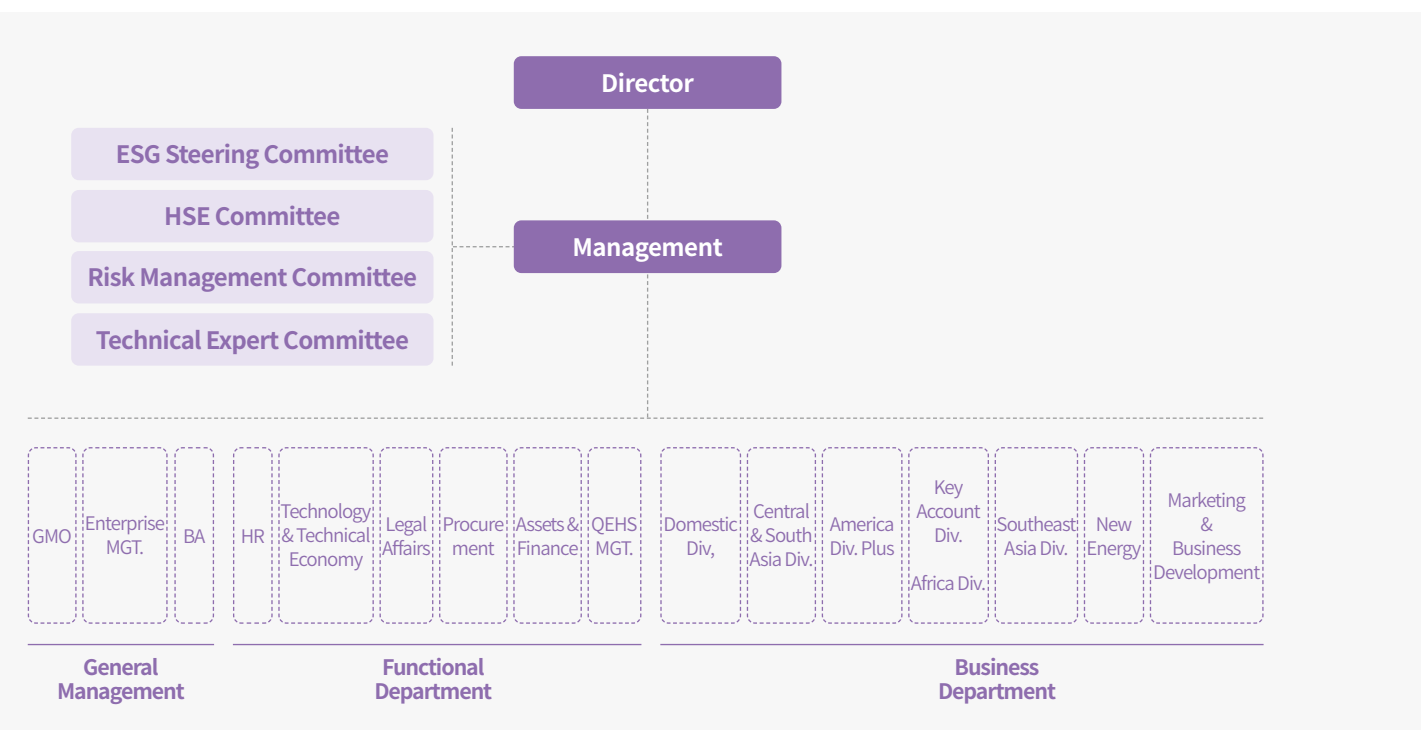
SEPTDE has established a clear and well-defined governance framework that is deeply integrated into its operational structure, forming a solid foundation for stable operations and sustainable development. The Company continues to strengthen standardized operations and scientific governance, optimize its tax strategy, enhance mechanisms for business ethics and anti-corruption, reinforce internal control and risk management systems, and ensure robust information security and data privacy. Through mutual trust and collaboration with value chain partners, the Company fosters long-term, sustainable value creation.

Corporate Governance
Tax Strategy
Business Ethics and Anti-Corruption
Internal Control and Risk Management
Information Security and Privacy Protection

Corporate Governance

We uphold the governance principles of "compliance, proactivity, and integrity", continuously optimizing our corporate governance structure to safeguard shareholder rights and enhance communication with investors and potential stakeholders, ultimately increasing corporate value. The Company strictly adheres to the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, and other applicable laws and regulations. A clearly structured and responsibility-aligned governance system ensures coordinated management across the parent company, subsidiaries, branches, and project divisions, providing a strong foundation for long-term, stable development and continuous innovation.

SEPTDE Organizational Structure



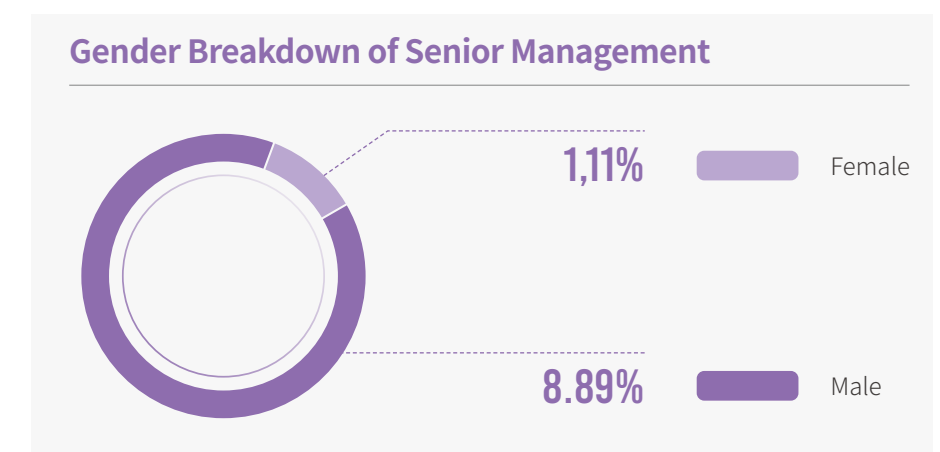
The Company's governance is led by the Executive Director and management, under which several specialized committees operate, including ESG Steering Committee, Health, Safety, Environmental Protection and Fire Safety Committee (HSE Committee), Risk Management Committee and Technical Expert Committee. This top-down governance model ensures clear accountability and effective communication across all levels of the organization, promoting both compliant operations and efficient management.

Board and Executive Diversity

We are committed to building a diverse executive leadership team composed of professionals with a wide range of backgrounds and expertise in areas such as corporate governance, smart manufacturing, financial management, audit and risk control, investment management, and legal compliance. This diversity enhances strategic foresight, decision-making quality, and overall leadership effectiveness.

Gender Breakdown of Senior Management

As of the end of 2024, the Company had 9 senior executives, of whom 11% were women.



Executive Remuneration System

The Company follows a remuneration philosophy based on "strategy alignment, fairness, competitiveness, and performance-driven incentives". We apply a multi-dimensional remuneration principle that considers "market rates, job responsibilities, individual qualifications, and performance outcomes". The system is continuously refined to adapt to evolving internal and external conditions. Remuneration for senior executives is governed by internal policies such as the Remuneration Management Regulations and Annual Performance Evaluation Guidelines, and is determined based on annual performance, role execution, and audit by the Company's performance evaluation office.

The total compensation package for senior executives consists of: Base Salary, Performance-based Pay, Position Allowances, and Benefits and Welfare. Performance bonuses are composed of both individual performance and company-wide performance. Assessments are conducted in accordance with documents such as the Leadership Target Responsibility Statement, Annual Performance Evaluation Form, Annual Work Summary, and Leadership Performance Appraisal Report.

Tax Strategy

Paying taxes in accordance with the law is one of the most fundamental social responsibilities of a corporation. As a responsible corporate taxpayer, SEPTDE adheres to the principle of legal compliance in taxation. The Company faithfully fulfills its tax declaration and payment obligations under both domestic and international laws, and follows the arm's length principle as set out in the OECD Transfer Pricing Guidelines in its cross-border transactions.

The Company has established a Tax Management Policy to systematically prevent and control tax-related risks, standardize tax management procedures, and enhance its ability to interpret and apply tax policies. Through the development of a comprehensive tax management system segmented by tax category, along with supporting procedures such as tax declaration and invoice management, the Company ensures that tax operations are standardized, orderly, and efficient.

Tax Commitments

We make the following commitments:

- Comply with the tax laws and regulations of all jurisdictions in which we operate, and engage only in commercial transactions that serve a genuine business purpose.
- Fulfill all tax declaration and payment obligations in accordance with relevant tax laws, and maintain transparency in dealings with government and tax authorities.
- Disclose tax policies in a transparent manner. Financial statements and audit reports contain information on deferred tax assets and liabilities, corporate taxes, and applicable tax rates.
- Apply the arm's length principle in transfer pricing and refrain from shifting profits to low-tax jurisdictions, exploiting loopholes in tax laws, or using tax havens.
- Avoid the use of artificial tax structures without substantial business purposes, align business activities with tax policy incentives to fully leverage lawful preferential tax treatments.
- Establish business presence based solely on operational needs, such as proximity to customers, suppliers, raw materials, and technology sources.
- In cross-border related-party transactions, comply with the OECD Transfer Pricing Guidelines and local tax laws. Where applicable, a transfer pricing report is prepared to document and monitor these transactions.

Tax Structure

The Company has established a professional tax governance system centered around the Asset & Finance Department, in collaboration with the Human Resources Department and business units. The management team regularly reviews tax briefings to oversee the implementation of the overall tax strategy.

Department	Responsibilities
Asset & Finance Department	Oversee the tax management system, including invoice control, tax filings, risk management, external communications, and policy development. Responsibilities include coordinating tax audits, tracking policies, and drafting internal tax regulations.
Human Resources Department	Responsible for the declaration and management of individual income taxes.
Business Departments	Responsible for timely invoice reimbursement, and verifying the authenticity of sales and procurement transactions to prevent issuance of false invoices.

Tax Strategy

Tax Governance Principles

The Asset & Finance Department acts as the Company's central tax function, staffed by experienced professionals who oversee the tax management of the parent entity and provide guidance to subsidiaries. Each subsidiary has designated personnel for tax compliance to ensure that tax obligations are fulfilled and risks are managed effectively.

Tax governance is viewed as a continuous and sustainable process. We integrate tax management with business workflows and ESG objectives to build a long-term sustainable approach to tax risk management.

Compliance

We fully meet our tax obligations and pay taxes truthfully in accordance with local laws and applicable tax treaties. We maintain close cooperation with tax authorities in all countries where we operate and strive to fulfill our duties as a responsible taxpayer. Through compliant tax behavior, we contribute to local development and public welfare.

We support international tax cooperation and do not engage in base erosion or profit shifting by exploiting differences in national tax systems or tax haven jurisdictions.

All intercompany transactions are conducted at arm's length, consistent with pricing applied to unrelated third parties. Transfer pricing arrangements are reviewed and confirmed by external experts, and documented in transfer pricing reports.

We recognize that transfer pricing can give rise to double taxation risks due to competing taxing rights among jurisdictions. To mitigate such risks, we ensure our pricing practices fall within the acceptable arm's length range.

Transparency

We disclose our tax-related information in a transparent and consistent manner through public reports. Our financial statements and related disclosures include the basis for income tax calculation, deferred tax assets and liabilities, tax expenses, and the effective tax rate. These are subject to independent external audits for objectivity and credibility.

We maintain open and constructive dialogue with tax authorities and relevant stakeholders, based on mutual respect and transparency. We submit tax-related information in a cooperative and compliant manner and maintain sufficient accounting records to support and explain our tax positions and disclosures.

Tax Risk Management

e proactively identify and manage tax risks while maintaining strict legal compliance. The Company provides relevant documentation to support its tax positions and prevent any misuse of legal entities for tax evasion purposes.

In the event of changes in tax laws, regulations, or rulings, the Company will assess and respond to potential risks accordingly. For complex or uncertain matters, we consult external tax advisors and conduct regular training for staff. Where appropriate, we seek advance rulings from tax authorities to reduce uncertainty.

SEPTDE effectively identifies and addresses potential risks through its internal tax risk management system, striving to minimize their adverse impact on business performance and to maximize benefits within a controllable risk framework.

The Company conducts annual reviews of its compliance with national tax laws and internal tax policies and promptly addresses any identified issues.

In 2024, the Company reported no major tax violations.

Tax Filing

The Company fulfills its tax declaration and payment obligations in accordance with both domestic and international laws, with no instances of unpaid taxes. As of 2024, we operate nine overseas subsidiaries and branches across eight countries.

In 2024, the Company's domestic tax contribution was RMB 37.4056 million. The overseas tax contribution was RMB 8.5871 million.

Business Ethics and Anti-Corruption

SEPTDE is committed to operating in strict compliance with all applicable laws and regulations, including the Anti-Unfair Competition Law of the People's Republic of China and the Interim Provisions on Prohibiting Commercial Bribery. The Company has established and continuously improves its ethical governance system through policies such as the Code of Business Conduct and the Supplier Code of Conduct, strengthening long-term mechanisms to promote ethical integrity across all levels of operation.

SEPTDE upholds the principles of fair and free market competition, and maintains a zero-tolerance policy toward all forms of commercial bribery, extortion, fraud, money laundering, monopolistic practices, and unfair competition.

In 2024, the Company recorded zero fines, settlements, or litigation related to anti-unfair competition, conflicts of interest, money laundering, or insider trading.

Business Ethics

The Company has developed a company-wide, full-process business ethics management system that assigns clear responsibilities at each organizational level and strengthens internal compliance and control mechanisms. The Risk Management Committee and the Internal Control Leadership Team jointly oversee the implementation and monitoring of ethical conduct policies.

Ethical compliance training is conducted regularly for both management and employees as part of the Company's long-term ethical culture program. Business ethics requirements are also extended to the external supply chain: all suppliers are required to sign an Integrity Agreement, with contractual provisions specifying accountability and penalties. This establishes a collaborative clean governance mechanism.

In 2024, the signing rate for supplier Integrity Agreements reached 100%.

Anti-Corruption Risk Prevention

SEPTDE embeds anti-corruption awareness across all internal and external commercial activities. Governance measures include the implementation of policies such as the Guidelines for Major Business Decisions (Three Majors and One Large), which outline specific anti-bribery requirements for employees, suppliers, and other business partners. Ethical conduct is linked to individual performance evaluations, and all forms of bribery are strictly prohibited. These measures aim to raise awareness and reinforce integrity across the organization.

Corruption Risk Assessment

An annual anti-corruption risk inspection plan is in place to identify and analyze potential risks in key positions and critical business processes. Tailored mitigation measures are formulated for identified risk points.

Executive Oversight

Leadership integrity files are maintained, and job rotation and tenure management systems are implemented to mitigate risks associated with long-term roles.

Focus on People, Finance, and Procurement

Enhanced supervision and auditing are conducted for key functions including procurement, bidding, and finance, to promote management transparency and fairness.

In 2024, the average hours of integrity and compliance training were 22hours for senior management, and 10hours for employees. In addition, all senior executives, mid-level and above managers, and employees in sensitive roles signed an Integrity Commitment Letter (100% compliance).

Anti-Corruption Culture Development

SEPTDE actively integrates anti-corruption values into corporate governance, in line with group-level policies such as the Regulations on the Management of Integrity Files for Senior Officials and the Shanghai Electric Group's Discipline Inspection and Whistleblowing Guidelines. A wide range of activities, including themed training, case-based warnings, and risk identification, are conducted to embed ethical conduct into daily business and foster a culture of integrity.



In 2024, the Company continued to carry out integrity education activities, strengthening its culture of integrity by organizing viewings of anti-corruption and warning education films, and making steady progress toward institutionalizing and sustaining discipline education.

Grievance and Reporting Channels

SEPTDE respects both whistleblowers and individuals under investigation, and is committed to conducting thorough, timely, and impartial investigations into all reports of misconduct. Corrective actions may include, but are not limited to, policy clarification, additional training, process revisions, or disciplinary actions. The Company maintains strict confidentiality regarding whistleblowers and the information they provide, and strictly prohibits any form of extortion, threats, or retaliation against whistleblowers. Any individual or group found to have retaliated will be subject to disciplinary actions, up to and including termination of employment.

A dedicated compliance reporting mechanism is in place to receive, assess, and act upon reported concerns. Upon receiving a report or supporting evidence, the Company promptly validates the claim and forms an investigative team. Verified violations are subject to internal disciplinary measures, and cases involving illegal activities are referred to relevant authorities. Whistleblowers who help reduce or prevent company losses may receive appropriate material or spiritual rewards in accordance with internal policies.

Compliance Reporting Channel

Mailing Address: Legal Department, 2nd Floor, No. 99 Guiqing Road, Xuhui District, Shanghai, China

Postal Code: 200233

Internal Control and Risk Management

SEPTDE recognizes that risks are present throughout the full lifecycle of a project, from acquisition and implementation to final delivery, spanning multiple critical stages. The Company regards risk prevention and control as a core pillar of stable business development and continually improves its internal control and risk management systems. By implementing a closed-loop process for risk identification, assessment, early warning, and response, we effectively enhance governance capacity and operational resilience. SEPTDE has formulated policies such as the Risk Management Committee Work Guidelines and Project Risk Early Warning Management Procedures, enabling systematic risk identification, classification, and tiered response mechanisms aligned with both industry characteristics and actual business operations.

Risk Management System and Structure

To promote sustainable corporate development, SEPTDE has released the Risk Management Committee Work Guidelines, which clarify governance responsibilities, optimize the risk oversight structure, enrich the Company's approach to risk, and enhance its impact in fulfilling social responsibility.

The Risk Management Committee is the Company's highest governing body for enterprise-wide risk oversight. It is responsible for coordinating major risk control strategies and optimizing the Company's risk governance framework. The Committee regularly reviews major risk events, evaluates internal control implementation, and guides the dedicated Risk Management Task Force, which executes and monitors risk-related activities—including early warning, corrective actions, and process optimization.

In addition, SEPTDE cooperates with the audit and supervisory departments of Shanghai Electric Group to conduct regular internal control assessments, special audits, and risk inspections to strengthen the effectiveness and efficiency of the Company's risk management system.

Three Lines of Defense in Risk Management

At the operational level, SEPTDE has established a three-line defense model to ensure effective execution of its risk management framework:

First Line of Defense: Business Departments

- Responsible for designing and implementing internal control systems for their respective operations and ensuring the execution of control measures.

Second Line of Defense: Risk Management Committee

- Leads the development of the risk management and internal control system, and annually organizes risk identification, assessment, mitigation, and reporting; and supervises the resolution of major risks.

Third Line of Defense: SEG Audit and Supervision Department

- Conducts comprehensive audits of Company operations and regularly evaluates the effectiveness of risk management and internal control systems to ensure proper execution and risk controllability.

Case Study: Risk Map

SEPTDE has developed a Standardized Risk Map to systematically identify and assess risks across strategic, market, financial, operational, and legal dimensions, enhancing enterprise-wide risk response capability.

Category	Risk Type	Risk Level	Example Scenarios
Strategic	Insufficient Innovation Investment	Moderate	Few innovation outcomes, declining competitiveness, and obstacles to long-term growth
	Corporate Governance Risk	Moderate	Misuse of company name, passive holdings without control, weak oversight
Operational	R&D Technology Lag Risk	Moderate	Technological advances outpacing in-house R&D
	Supply Chain Disruption Risk	Moderate	Interruptions in upstream or downstream supply
	Human Resources Risk	Moderate	High turnover of key talent
	Data & Information Security Risk	Moderate	Data breaches, cyberattacks, loss of trade secrets
	HSE (Health, Safety, and Environment) Risk	Moderate	Workplace accidents, environmental pollution, extreme weather, climate change impact

Internal Control

To strengthen internal oversight, SEPTDE has established an Internal Control Leadership Group and Working Group, which jointly coordinate planning and implementation of the Company's management and control systems. In 2024, under the guidance of the working group, the Company successfully passed ISO supervision audits for quality, environmental, and occupational health & safety management systems—enhancing management performance and customer satisfaction, and laying a foundation for high-quality development.

To promote the institutionalization of internal controls, the Company has developed and released the Internal Control Manual (2023 Edition) based on the Shanghai Electric Group Internal Control Manual. This manual covers key business processes such as procurement, finance, contract management, and project execution, and promotes standardized, procedural, and systems-based internal control management. Each business unit conducts regular internal control reviews, process optimization, and issue rectification based on the manual—continually reinforcing SEPTDE's internal control and risk management foundation.



Information Security and Privacy Protection

SEPTDE places strong emphasis on information security and the protection of personal privacy. The Company is committed to enhancing its compliance and governance systems for cybersecurity, strengthening its risk response and emergency management capabilities, and continuously improving its overall cybersecurity governance performance. SEPTDE strictly adheres to applicable laws and regulations such as the Cybersecurity Law and the Personal Information Protection Law of the People's Republic of China. Internal regulations including the Information Security Management and Control Standards, Cybersecurity Management Guidelines, and Data Protection Policies apply to all employees. These policies form the foundation of a comprehensive defense system to ensure consistent, enterprise-wide security and privacy compliance.

Network and Information Security Management

Based on internal documents such as the Overall Cybersecurity Strategic Plan, the Company has established a governance framework aligned with the requirements of its parent group. This structure clearly defines responsibilities for subsidiaries and project offices, ensuring the effective implementation of Group-wide strategies at all levels.

The Company's cybersecurity management is overseen by the SEG's Cybersecurity and Information Management Task Force, while the Information Management and Infrastructure Department at SEPTDE is responsible for setting targets and implementing related initiatives.

In 2024, the Company carried out several daily management initiatives, including cybersecurity inspections and employee training programs, to identify potential threats and raise overall awareness. These measures ensured robust protection of corporate information. No information security breaches were reported in 2024.

Emergency Response Plan for Information Security Incidents

SEPTDE has formulated an Information Security Emergency Response Plan and conducts regular emergency drills to mitigate the risk of business disruptions that could compromise customer interests. This plan follows a proactive, continuous-improvement approach to risk management. Each annual drill is comprehensively assessed based on its objectives, implementation, and outcomes to ensure the effectiveness of the emergency response process and the smooth execution of procedures.

Key Practices 2024

In March 2024, the Company conducted a simulated network outage emergency drill, enhancing the incident response capabilities of employees in critical IT-dependent roles.

In July 2024, a phishing email simulation drill was conducted to strengthen the entire workforce's ability to identify and respond to social engineering attacks. This drill was conducted for all employees, with a 100% participation rate.

Customer and Employee Data Privacy

SEPTDE complies fully with the Personal Information Protection Law and has adopted a strict privacy policy based on the principles of "legality, fairness, and transparency" when collecting and processing personal data. Routine data de-identification measures are applied to sensitive personal information to reduce risk. The Company undergoes regular internal audits by Shanghai Electric Group, focusing on notification of the scope and purpose of personal data collection, obtaining user consent and safeguarding sensitive personal information.

Customer Data Protection

A dedicated customer information confidentiality management system is in place, detailing data processing workflows and corresponding security controls. Protective measures include: Data encryption, access control and permission-based management, and scheduled internal audits. An IT operations audit system has been deployed to monitor all internal administrator and external service account activities, ensuring traceability and reducing the risk of data leakage. For major projects, a special confidentiality protocol is enforced, guided by the Major Project Confidentiality Management Regulations. Designated personnel are required to sign confidentiality agreements.

In 2024, no incidents of customer privacy breaches were reported.

Employee Data Protection

The Company takes employee personal data security seriously. Data collection, storage, and usage processes for HR-related information are strictly regulated. An authorization and access review mechanism is in place to prevent unauthorized access or disclosure. A dual-layer protection strategy, combining process controls and system-based safeguards, is employed to protect employee privacy rights and ensure data security.

Appendix

ESG Performance Data Table

Social Performance Indicators

Indicator	Unit	2022	2023	2024
Total Number of Employees	person	137	134	134
Number of Female Employees	person	43	40	40
Percentage of Female Employees	%	31%	30%	30%
Percentage of Women in Management Positions	%	8.03%	7.46%	7.46%
Labor Contract Signing Rate	%	100%	100%	100%
Social Insurance Coverage Rate	%	100%	100%	100%
Labor Union Coverage Rate	%	100%	100%	100%
Employee Health Check Coverage Rate	%	100%	100%	100%
Paid Leave Policy Coverage Rate	%	100%	100%	100%
Employee Turnover Rate	%	5.11%	5.22%	2.99%
Number of Campus Recruitment Events Participated	times	2	5	12
Number of New Hires from Campus Recruitment	person	2	4	2
Total Investment in Employee Training	RMB 104	29.09	34.34	42.64
Training Coverage Rate	%	92.70%	93.28%	100%
Average Training Hours per Employee	hours	30.66	26.67	25.00
Lost Workdays Due to Work-related Injuries	day	0	0	0
Number of Newly Diagnosed Occupational Disease Cases	/	0	0	0
Charitable Donations from "Charity Sale" Activities	RMB	5,730	3,715	—
Total Tax Contribution	RMB 104	3,836.67	3,396.85	3,740.56
Total Number of Qualified Suppliers	/	97	66	90

Economic Performance Indicators

Indicator	Unit	2023	2024
Operating Revenue	RMB 108	10.03	15.57
Operating Costs	RMB 108	8.70	14.14
Total Profit	RMB 104	902.78	968.94
Net Profit Attributable to the Parent Company	RMB 104	633.90	648.98

Environmental Performance Indicators

Indicator	Unit	2023	2024
Total Environmental Protection Investment	RMB 104	68	72
Direct GHG Emissions (Scope 1)	tCO ₂	28.52	33.41
Indirect GHG Emissions (Scope 2)	tCO ₂	152.06	159.74

Note: CO₂ emissions are calculated based on the GHG Protocol developed by the World Resources Institute (WRI). The calculation boundary covers the company's headquarters office building located on Yuyuan Road, Shanghai, and excludes project offices in other domestic provinces as well as overseas subsidiaries, branches, and project offices.

GRI Standards Content Index

Disclosure	Disclosure Topic	Chapter	Pages
GRI 2: General Disclosures 2021			
The organization and its reporting practices			
2-1	Organizational details	About the Company: Company Profile	P7
2-2	Entities included in the organization's sustainability reporting	About This Report	P1
2-3	Reporting period, frequency and contact point	About This Report	P1
Activities and workers			
2-6	Activities, value chain and other business relationships	About the Company: Company Profile Social: Supply Chain Collaboration	P7, P74
2-7	Employees	Social: Employee Recruitment and Rights	P58
Governance			
2-9	Governance structure and composition	Governance: Corporate Governance	P89
2-10	Nomination and selection of the highest governance body	Governance: Corporate Governance	P89
2-12	Role of the highest governance body in overseeing the management of impacts	ESG Management: Governance Structure	P18
2-14	Role of the highest governance body in sustainability reporting	ESG Management: Governance Structure	P18
2-15	Conflicts of interest	Governance: Business Ethics and Anti-Corruption	P95
2-16	Communication of critical concerns	ESG Management: Governance Structure	P18
2-17	Collective knowledge of the highest governance body	Governance: Corporate Governance	P89
2-18	Evaluation of the performance of the highest governance body	Governance: Corporate Governance	P89

Disclosure	Disclosure Topic	Chapter	Pages
2-19	Remuneration policies	Governance: Corporate Governance	P89
2-20	Process to determine remuneration	Governance: Corporate Governance	P89
Strategy, policies and practices			
2-22	Statement on sustainable development strategy	ESG Management: Management Statement	P17
2-23	Policy commitments	Social: Employee Recruitment and Rights	P58
2-27	Compliance with laws and regulations	Governance: Corporate Governance	P89
Stakeholder engagement			
2-29	Approach to stakeholder engagement	ESG Management: Stakeholder Management	P20
2-30	Collective bargaining agreements	Social: Employee Recruitment and Rights	P58
GRI 3: Material Topics 2021			
3-1	Process to determine material topics	ESG Management: Materiality Assessment	P22
3-2	List of material topics	ESG Management: Materiality Assessment	P22
3-3	Management of material topics	ESG Management: Materiality Assessment	P22
GRI 201: Economic Performance 2016			
201-1	Direct economic value generated and distributed	ESG Performance Data Table: Economic Performance Indicators	P104
201-2	Financial implications and other risks and opportunities due to climate change	Environmental: Climate Change Response	P27
201-3	Defined benefit plan obligations and other retirement plans	Social: Employee Recruitment and Rights	P58
GRI 204: Procurement Practices 2016			
204-1	Proportion of spending on local suppliers	Social: Supply Chain Collaboration	P74

Disclosure	Disclosure Topic	Chapter	Pages
GRI 205: Anti-corruption 2016			
205-1	Operations assessed for risks related to corruption	Governance: Business Ethics and Anti-Corruption	P95
205-2	Communication and training about anti-corruption policies and procedures	Governance: Business Ethics and Anti-Corruption	P95
205-3	Confirmed incidents of corruption and actions taken	Governance: Business Ethics and Anti-Corruption	P95
GRI 207: Tax 2019			
207-1	Approach to tax	Governance: Tax Strategy	P91
207-2	Tax governance, control, and risk management	Governance: Tax Strategy	P91
207-3	Stakeholder engagement and management of concerns related to tax	Governance: Tax Strategy	P91
207-4	Country-by-country reporting	Governance: Tax Strategy	P91
GRI 301: Materials 2016			
301-1	Materials used by weight or volume	Environmental: Resource Conservation and Water Management	P42
301-2	Recycled input materials used	Environmental: Resource Conservation and Water Management	P42
301-3	Reclaimed products and their packaging materials	Environmental: Resource Conservation and Water Management	P42
GRI 302: Energy 2016			
302-1	Energy consumption within the organization	Environmental: Climate Change Response	P27
302-2	Energy consumption outside of the organization	Environmental: Climate Change Response	P27
302-3	Energy intensity	Environmental: Climate Change Response	P27
GRI 303: Water and Effluents 2018			
303-1	Interactions with water as a shared resource	Environmental: Resource Conservation and Water Management	P42

Disclosure	Disclosure Topic	Chapter	Pages
303-2	Management of water discharge-related impacts	Environmental: Pollution Prevention and Control	P37
303-3	Water withdrawal	Environmental: Resource Conservation and Water Management	P42
303-4	Water discharge	Environmental: Pollution Prevention and Control	P37
303-5	Water consumption	Environmental: Resource Conservation and Water Management	P42
GRI 304: Biodiversity 2016			
304-2	Significant impacts of activities, products and services on biodiversity	Environmental: Biodiversity Protection	P50
304-3	Habitats protected or restored	Environmental: Biodiversity Protection	P50
GRI 305: Emissions 2016			
305-1	Direct (Scope 1) GHG emissions	Environmental: Climate Change Response	P27
305-2	Energy indirect (Scope 2) GHG emissions	Environmental: Climate Change Response	P27
305-5	Reduction of GHG emissions	Environmental: Climate Change Response	P27
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Environmental: Pollution Prevention and Control	P37
GRI 306: Waste 2020			
306-1	Waste generation and significant waste-related impacts	Environmental: Pollution Prevention and Control	P37
306-2	Management of significant waste-related impacts	Environmental: Pollution Prevention and Control	P37
306-3	Waste generated	Environmental: Pollution Prevention and Control	P37
306-4	Waste diverted from disposal	Environmental: Pollution Prevention and Control	P37
306-5	Waste directed to disposal	Environmental: Pollution Prevention and Control	P37

Disclosure	Disclosure Topic	Chapter	Pages
GRI 308: Supplier Environmental Assessment 2016			
308-1	New suppliers that were screened using environmental criteria	Social: Supply Chain Collaboration	P74
308-2	Negative environmental impacts in the supply chain and actions taken	Social: Supply Chain Collaboration	P74
GRI 401: Employment 2016			
401-1	New employee hires and employee turnover	Social: Employee Recruitment and Rights	P58
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Social: Employee Recruitment and Rights	P58
401-3	Parental leave	Social: Employee Recruitment and Rights	P58
GRI 403: Occupational Health and Safety 2018			
403-1	Occupational health and safety management system	Social: Occupational Health and Safety	P65
403-2	Hazard identification, risk assessment, and incident investigation	Social: Occupational Health and Safety	P65
403-3	Occupational health services	Social: Occupational Health and Safety	P65
403-4	Worker participation, consultation, and communication on occupational health and safety	Social: Occupational Health and Safety	P65
403-5	Worker training on occupational health and safety	Social: Occupational Health and Safety	P65
403-6	Promotion of worker health	Social: Occupational Health and Safety	P65
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Social: Occupational Health and Safety	P65
403-8	Workers covered by an occupational health and safety management system	Social: Occupational Health and Safety	P65
403-9	Work-related injuries	Social: Occupational Health and Safety	P65
403-10	Work-related ill health	Social: Occupational Health and Safety	P65

Disclosure	Disclosure Topic	Chapter	Pages
GRI 404: Training and Education 2016			
404-1	Average hours of training per year per employee	Social: Employee Training and Development	P70
404-2	Programs for upgrading employee skills and transition assistance programs	Social: Employee Training and Development	P70
404-3	Percentage of employees receiving regular performance and career development reviews	Social: Employee Training and Development	P70
GRI 405: Diversity and Equal Opportunity 2016			
405-1	Diversity of governance bodies and employees	Social: Employee Recruitment and Rights	P58
GRI 406: Non-discrimination 2016			
406-1	Incidents of discrimination and corrective actions taken	Social: Employee Recruitment and Rights	P58
GRI 407: Freedom of Association and Collective Bargaining 2016			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Social: Employee Recruitment and Rights	P58
GRI 408: Child Labor 2016			
408-1	Operations and suppliers at significant risk for incidents of child labor	Social: Employee Recruitment and Rights	P58
GRI 409: Forced or Compulsory Labor 2016			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Social: Employee Recruitment and Rights	P58
GRI 413: Local Communities 2016			
413-1	Operations with local community engagement, impact assessments, and development programs	Social: Community Engagement	P77
GRI 414: Supplier Social Assessment 2016			
414-1	New suppliers that were screened using social criteria	Social: Supply Chain Collaboration	P74
GRI 416: Customer Health and Safety 2016			

Disclosure	Disclosure Topic	Chapter	Pages
416-1	Assessment of the health and safety impacts of product and service categories	Social: Quality Assurance	P55
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Social: Quality Assurance	P55
GRI 417: Marketing and Labeling 2016			
417-1	Requirements for product and service information and labeling	Social: Customer Service	P80
417-2	Incidents of non-compliance concerning product and service information and labeling	Social: Customer Service	P80
417-3	Incidents of non-compliance concerning marketing communications	Social: Customer Service	P80
GRI 418: Customer Privacy 2016			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Governance: Information Security and Privacy Protection	P101

SASB Standards Content Index

Disclosure	Topic	Chapter	Pages
Energy Management			
RT-EE-130a.1	(1) Total energy consumed	Environmental: Resource Conservation and Water Management	P42
	(2) Percentage grid electricity and		
	(3) Percentage renewable		
Product Safety			
RT-EE-250a.1	(1) Number of recalls issued,	Social: Quality Assurance	P55
	(2) Total units recalled		
Product Lifecycle Management			
RT-EE-410a.3	Revenue from renewable energy-related and energy efficiency-related products	Environmental: Climate Change Response	P27
Business Ethics			
RT-EE-510a.1	Description of policies and practices for prevention of:	Governance: Business Ethics and Anti-Corruption	P95
	(1) corruption and bribery and		
	(2) anti-competitive behavior		
RT-EE-510a.2	Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	Governance: Business Ethics and Anti-Corruption	P95
RT-EE-510a.3	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations	Governance: Business Ethics and Anti-Corruption	P95

SDGs Content Index

SDGs	Content	Chapter	Pages
SGD1. No Poverty	End poverty in all its forms everywhere.	Social: Community Engagement	P77
SDG3. Good Health and Well-being	Ensure healthy lives and promote well-being for all at all ages.	Social: Employee Recruitment and Rights	P58
SDG4. Quality Education	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.	Social: Community Engagement	P77
SDG5. Gender Equality	Achieve gender equality and empower all women and girls.	Social: Employee Recruitment and Rights	P58
SDG6. Clean Water and Sanitation	Ensure availability and sustainable management of water and sanitation for all.	Environmental: Pollution Prevention and Control Environmental: Resource Conservation and Water Management	P37, P42
SDG7. Affordable and Clean Energy	Ensure access to affordable, reliable, sustainable, and modern energy for all.	Environmental: Climate Change Response Environmental: Renewable Energy	P27, P45
SDG8. Decent Work and Economic Growth	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.	Social: Employee Recruitment and Rights Social: Supply Chain Collaboration	P58, P74
SDG9. Industry, Innovation, and Infrastructure	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.	Social: R&D Innovation and Contribution to National Strategies	P81
SDG10. Reduced Inequalities	Reduce inequality within and among countries.	Social: Employee Recruitment and Rights	P58

SDGs	Content	Chapter	Pages
SDG11. Sustainable Cities and Communities	Make cities and human settlements inclusive, safe, resilient, and sustainable.	Social: Community Engagement	P77
SDG12. Responsible Consumption and Production	Ensure sustainable consumption and production patterns.	Environmental: Climate Change Response Social: Supply Chain Collaboration Social: Customer Service	P27, P74, P80
SDG13. Climate Action	Take urgent action to combat climate change and its impact.	Environmental: Climate Change Response	P27
SDG14. Life Below Water	Conserve and sustainably use the oceans, seas and marine resources.	Environmental: Biodiversity Protection	P50
SDG15. Life on Land	Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.	Environmental: Biodiversity Protection	P50
SDG16. Peace, Justice, and Strong Institutions	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.	Governance: Corporate Governance	P89
SDG17. Partnerships for the Goals	Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development.	Social: Supply Chain Collaboration	P74

Reader Feedback

Dear Reader,

Thank you for taking the time to read the 2024 Environmental, Social, and Governance (ESG) Report of Shanghai Electric Power Transmission & Distribution Engineering Co., Ltd.

To help us continuously improve our ESG performance and enhance the quality and relevance of this report, we sincerely welcome your comments and suggestions. Please feel free to share your feedback via email at SPTD_DQB@shanghai-electric.com . Your insights and support are valuable drivers of our continued progress in sustainable development management and practice.

We look forward to your evaluation and suggestions.

Optional Questions

Which stakeholder group best represents your organization's relationship with our company?

- Government and Regulatory Authorities
- Customer
- Shareholder
- Investor
- Employee
- Partner (Supplier/Subcontractor)
- Community Representative
- Other (please specify)

How would you rate the overall quality of this report?

- ☐ High
- ☐ Medium
- ☐ Low

How would you evaluate the quality of information disclosed in this report?

- ☐ High
- ☐ Medium
- ☐ Low

Contact Information (Optional)

- ☐ Name:
- ☐ Organization:
- ☐ Contact Details:

Are the ESG topics that matter to you adequately addressed in this report?

- ☐ Yes
- ☐ Partially
- ☐ No

Do you find the report's structure and design user-friendly and easy to read?

- ☐ Yes
- ☐ Partially
- ☐ No



Sustainable Development Goals

To support forest conservation and reduce carbon emissions, this report is published in electronic format only. You may download the report from our website. We welcome your comments and feedback. If you have any suggestions or inquiries regarding the contents of this report, please feel free to contact us via phone or e-mail.

Environmental · Social · Governance

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