

河北建設集團股份有限公司 HEBEI CONSTRUCTION GROUP CORPORATION LIMITED

(A joint stock company incorporated in the People's Republic of China with limited liability)

STOCK CODE: 1727

2023

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

OVERVIEW

This is the seventh Environmental, Social and Governance (the “**ESG**”) Report issued by Hebei Construction Group Corporation Limited (the “**Company**”). It focuses on the disclosure of relevant information on the ESG aspects of the Company. The Report covers the works for the financial year from 1 January 2023 to 31 December 2023 (the “**Reporting Period**”).

BASIS OF PREPARATION

This Report is prepared based on the Environmental, Social and Governance Reporting Guide (the “**Guide**”) in the Appendix C2 of the Listing Rules issued by The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The content of this Report is determined based on a set of systematic rules. The relevant procedures include identifying and ranking important stakeholders and the important issues relating to ESG, determining the scope of the ESG Report, collecting relevant materials and data, preparing the report based on related information and reviewing the information contained in the Report.

SCOPE OF THE REPORT

The policies, statements and data in this Report cover Hebei Construction Group Corporation Limited and its subsidiaries (“**we**”, the “**Group**” or “**Hebei Construction Group**”). Unless otherwise specified, all currencies referred to in this report is RMB.

DATA SOURCE AND RELIABILITY ASSURANCE

The data and cases of this Report are mainly derived from the Group’s statistical reports and related documents. The Group undertakes that there is no false record or misleading statement in this Report and is responsible for the authenticity, accuracy and completeness of the contents hereof in all material respects.

CONFIRMATION AND APPROVAL

Upon confirmation by the management, this Report was approved by the Board of Directors on 27 March 2024.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

CHAIRMAN'S MESSAGE

2023 was a year of challenges and opportunities for Hebei Construction. Facing the complex and volatile external environment, we adhered to the strategy of going global, committed to combining coordinated development with balanced governance, deepened scientific and technological innovation, continued to focus on comprehensive and high-quality development, and delivered a satisfactory answer to all shareholders and all sectors of the society.

Compliance Governance, Consolidating the Foundation for Development

Hebei Construction continuously standardizes the corporate governance structure, improves the scientific rules of procedure, and strengthens the integrity and compliance management; continuously improves the level and performance of ESG governance, maintains long-term and effective communication with various stakeholders, and strives to fully integrate ESG core concepts and standards into corporate development strategies and daily operations, so as to build a solid foundation for sustainable development.

Tackled Difficulties, Creating the High Quality Projects of the Times

Hebei Construction adheres to the spirit of craftsmanship and took quality first as the core value orientation. All projects have overcome difficulties such as tight work schedule and heavy tasks, and have been scientifically organized and planned to ensure high-quality project delivery. In addition, we insist on taking technological innovation as the driving force, continuously improve the technological innovation system, increase investment in technological innovation, and empower intelligent construction, so as to lead the construction industry to achieve high-quality development.

Green Construction, Protecting Green Mountains and Green Water

Hebei Construction actively responds to the national “dual carbon” strategy, advocates the green and low-carbon development concept of “industrialization of production, digitalization of building and intelligence of construction”, and vigorously develops prefabricated buildings, intelligent construction and green construction to contribute to the healthy and sustainable development of the construction industry. In addition, we insist on fulfilling the responsibilities of corporate environmental protection, integrate the concept of green and sustainable development into all aspects of corporate operations, and strive to promote the concept of green environmental protection and facilitate the construction of ecological greening projects while creating economic benefits and achieving our own development.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

People-oriented, Building a Happy Enterprise

Hebei Construction always believes that young cadres are the vital force for the long-term development of the Group's business. We have reserved professional talents, built a multi-form, multi-channel and three-dimensional talent cultivation system and built a scientific talent team to inject vitality into the development of the Group. We vigorously promote the culture of "family · people", effectively safeguard the legitimate rights and interests and occupational health and safety of employees, organize colorful leisure activities, improve the sense of happiness and sense of belonging of employees, and realize the win-win future of talents and the enterprise.

Boundless Love, Contributing to Social Prosperity

Hebei Construction adheres to its original aspiration, actively participates in social welfare undertakings, insists on sharing development achievements with the society, and demonstrates the responsibility and undertaking as a constructor. Facing the severe flood in Baoding, the rescue team of the Group was not afraid of difficulties and rushed to support the disaster area around the clock, giving full play to its professional advantages and solving the urgent needs of the victims. At the same time, we steadily promoted livelihood projects and infrastructure construction, continuously made efforts to improve the education and medical environment, and contributed to the construction of a better and more prosperous society.

This is our first independent ESG report aiming to review the efforts made by Hebei Construction Group in terms of corporate governance, environmental protection and fulfilling social responsibilities in 2023. We hope to further promote the sharing of interests between the Group and all sectors of the society, especially the stakeholders, in order to enhance mutual understanding and recognition and jointly write a new chapter of sustainable development.

As the old year comes to an end, a new chapter will be started. In the new year, we will continue to unswervingly follow the leadership of party building, adhere to the core values of pursuing transcendence, dedication and sincerity, boundless organization and co-creation of value, and work hard and resolutely on the road of sustainable development and green ecological construction to move forward to a brilliant new journey.

Li Baozhong

The Secretary of the Party Committee and the Chairman of Hebei Construction Group

1 IMPROVED CORPORATE GOVERNANCE

Hebei Construction Group has been making continuous efforts since the initiation of the “14th Five-Year” Plan. Adhering to the principles of sustainable development, it strictly complied with laws and implemented institutionalized management. By continuously improving the level of ESG governance, the Group actively contributed to the sustainable development of the industry and aligned with China’s green development goals in the new era.

1.1 ESG Mechanism

Our corporate culture revolves around the theme of “Creating a harmonious family, and becoming a responsible person”. We adhere to a people-oriented approach and have incorporated the ESG concept into our corporate culture and development strategies. We are committed to building a responsible corporate image by actively practicing the corporate personality of “integrity-oriented and conduct-oriented”. We attach great significance to customer-oriented, work for the welfare of our employees and share the fruits of our economic achievements with our social partners. We are dedicated to continuously striving towards our vision of becoming a “People-oriented happy enterprise with vibrant and long-lasting business”.

Cultural Theme	Corporate Mission	Corporate Vision	Corporate Spirit
<ul style="list-style-type: none">• Creating a harmonious family• becoming a responsible person	<ul style="list-style-type: none">• Creating a space full of love	<ul style="list-style-type: none">• People-oriented happy enterprise with vibrant and long-lasting business	<ul style="list-style-type: none">• Be a thoughtful enterprise and credible corporation

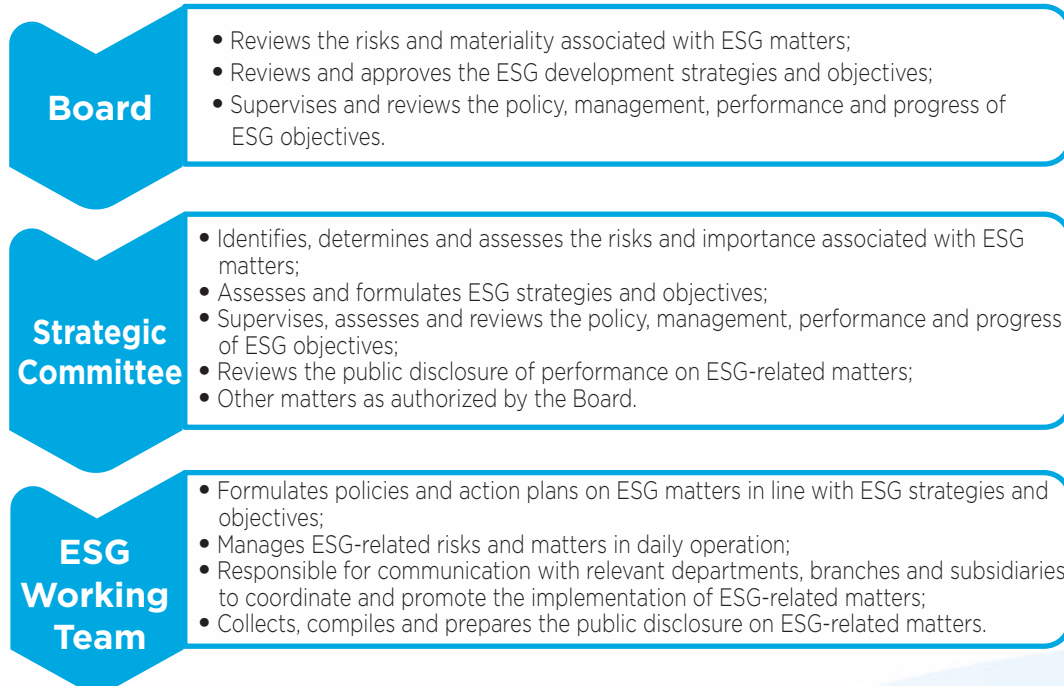
Corporate Culture Philosophy

ESG Governance

The Group attaches great importance to the construction and improvement of the ESG structure. We have clearly defined the roles and responsibilities of personnel at all levels and established collaborative mechanisms to promote synergy between the ESG working group and various business departments, which enable the effective implementation of the ESG-related work.

ESG Management Structure

In order to ensure the effectiveness of sustainable development and deepen the integration of ESG concepts with our corporate development strategies, we have established a three-tier ESG management structure, and implemented the top-down management model of “decision-making – management-execution levels”, with clear boundaries and defined responsibilities at each level. The Board is at the first level, responsible for overall coordination, decision-making and supervision of ESG-related matters. The strategic committee is at the second level and is generally responsible for the Group’s ESG management matters and driving the implementation of decisions made by the Board. The ESG working team is at the third level and is responsible for the implementation and execution of ESG work.



ESG Governance Structure

STATEMENT OF THE BOARD

The Board assumes the ultimate responsibility for the operation management and sustainable development of the Group, serving as the highest governing body of the Group. As the core decision-making body, the Board is responsible for approving, supervising and evaluating ESG-related strategies and actions. We regularly review reports from the strategic committee and the ESG working group to ensure effective progress and implementation of ESG-related work across the Group.

In the course of its involvement in ESG issues, the Board conducts regular reviews of identified ESG risks and engages in in-depth discussions and evaluations of potential ESG risks submitted by the strategic committee and the ESG working group. We prioritize these risks based on the level of concern expressed by various stakeholders and develop corresponding strategies to ensure the Group's continuous progress and leadership in the ESG field. At the same time, based on the operational findings of the strategic committee and the ESG working group regarding potential ESG risks, the Board provides improvement suggestions and management plans in alignment with the Group's long-term development strategy.

During the Reporting Period, the Group actively carried out work in six areas, namely strengthening corporate governance, quality delivery assurance, promoting industry prosperity, advocating for a low-carbon future, fostering employee growth and contributing to the community service. We are committed to demonstrating our comprehensive value to our customers, partners, employees, communities and other stakeholders, and will continue to optimize our strategies and actions to achieve long-term sustainable social and economic value.

1.2 Risk Management

The Group attaches great importance on establishing and maintaining a sound and effective internal control and risk management system. We follow the principles of comprehensiveness, materiality, balance, adaptability and cost-effectiveness, and adhere to a risk prevention approach that emphasizes proactive measures before risks occur and reactive measures afterwards. During the Reporting Period, we adopted the “three lines of defence” as the main strategy for risk prevention and control, clarified and allocated special risk control tasks and responsibilities, and implemented management from multiple perspectives, in order to effectively avoid major risks.

INTERNAL CONTROL SYSTEM

Based on its actual operation circumstance, the Group has formulated the “Internal Control Manual”(《内部控制手冊》) and the “Implementation Plan for the Construction of the “Three Lines of Defence” of Internal Control”(《内部控制“三道防線”建設實施方案》), with various business units of the Group as the first line of defence, the risk management department as the second line of defence, and the internal auditors as the third line of defence. By integrating the strengths of various business units, branches (subsidiaries), the supervision and audit department, the legal department, the inspection office, the discipline inspection committee and the corporate equity department, we effectively prevent and control the possible risks and deviations in the Group’s business activities, which ensures our sound operation, and continuously improves the effectiveness of our risk and internal control management.

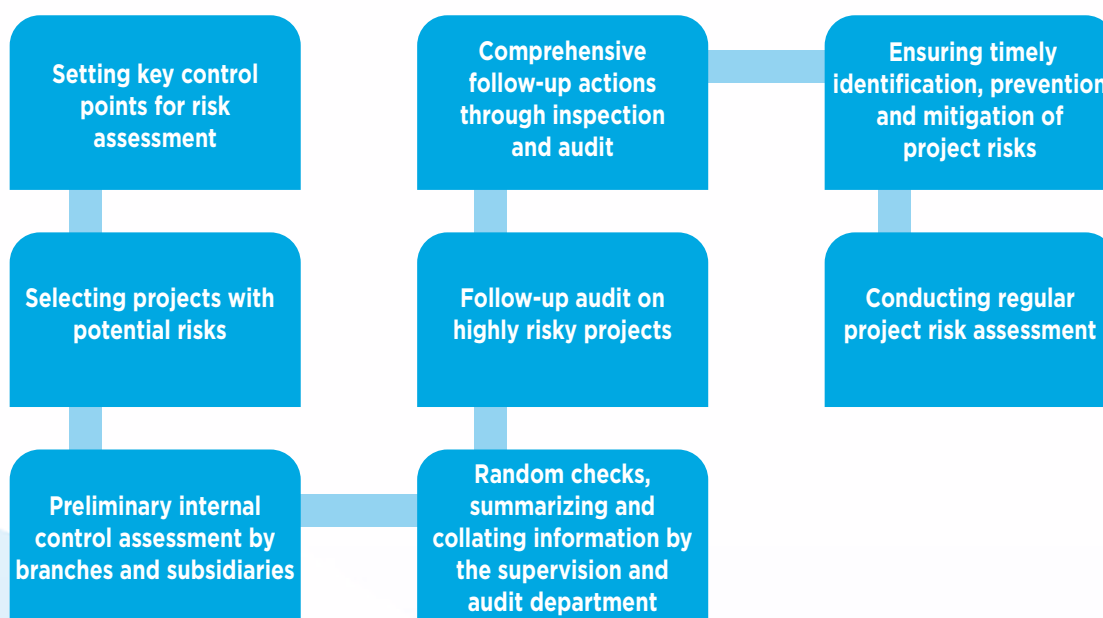


Hebei Construction of Internal Control System of Three Lines of Defense

RISK CONTROL

In order to further improve the Company’s internal control management and risk prevention capabilities, identify risky projects and promptly address risks, in addition to the “Three Lines of Defence” internal control management system, the Group conducted regular internal control evaluations during the Reporting Period in accordance with the “Internal Control Management System (《内部控制管理制度》)”. The evaluations were led by the supervision and audit department and focused on the risk prevention capabilities of key control points such as pre-tender assessment of projects, project revenue and cost recognition process and matching, project overpayment, owner’s performance and external environment conditions.

The Group has established an internal control risk management module on the information platform, and set up key control points for risk assessment based on the six aspects of market, contract, operation, production, treasury and legal affairs, and selected risk projects, to promote the implementation of the “Three Lines of Defence” internal control management system and the follow-up of high-risky projects. During the Reporting Period, we selected 290 projects as audit priorities and required such branches and subsidiaries to conduct preliminary internal control self-assessments. The supervision and audit department then conducted random checks and inspections on the self-assessment process of the branches and subsidiaries, summarized and collated the assessment results, and took comprehensive follow-up actions on high-risky projects in the form of inspections and audits. Throughout the audit process, we have identified and compiled a total of 35 internal control risk items across the branches and subsidiaries, and completed the rectification and follow-up of various audit risk items.



Risk Management Procedures

During the Reporting Period, we optimized and improved our management of operational risks and contractual risks to effectively control our risks and ensure the continuity and reliability of our business operations.

Operational risk

- During the Reporting Period, the supervision and audit department identified issues related to operations and took steps to optimize and release the Supplier Blacklist Management System (《供應商黑名單管理制度》). The purpose was to further refine its scope of application, clarify the department responsible for overall blacklist management, supplement the criteria for determining blacklisted suppliers, provide detailed guidance on the process for applying for blacklisted suppliers, and establish standards and procedures for supplier delisting appeals and the establishment of a white list for suppliers.
- The operation and management department issued the Notice on Strengthening Project Cost Management and Clarifying the Veto of Payments (《關於強化項目成本管理並明確付款否決項的通知》), the Notice on Establishing a Core Group for Cost Settlement (《關於成立成本結算核心小組的通知》), and jointly issued the Notice on Clarifying the Persons-in-charge of Cost (Income) Budget Preparation of each Unit (《關於明確各單位造價(收入)預算編製負責人的通知》) and the Notice on Advocating the Use of Notarization in Engineering Claims and Settlement (《關於倡導在工程索賠 結算環節使用公證送達的通知》). The Company further promoted the settlement progress of various branches (subsidiaries), standardised the project cost accounting management process, and each unit took timely action to stop losses on risky projects, so as to consolidate the responsibilities of each level of the operation system.

Contractual risk

- During the Reporting Period, the operation and management department analyzed and compared the relevant terms in the contracts based on the risk identification and summary of projects undertaken and contract review in recent years, issued risk control reports on contracts involving 20 major risk terms, and made practical risk mitigation plans.
- The Company optimized the contract approval process, integrated the pre-bidding evaluation process with the contract review process, ensuring timely communication of risk terms and allowing ample negotiation time, thus reducing the risk of operating loss caused by contracts.

Specific Risk Improvement

Risk knowledge training

In order to establish a collaborative and interconnected risk management framework and strengthen the risk management awareness of core employees, Hebei Construction Group has undertaken specialized training programs, further implemented the Group's policies, and enhanced its risk prevention and control efficiency, to ensure its stable operation and sustainable development.

Specialized training program

Special training on cost management of EPC projects

Against the backdrop of the rapid development of general engineering contracting, the Group has implemented cost control measures for EPC projects tailored to its specific circumstances, and introduced a company-wide cost control concept. We invited experienced industry experts to conduct EPC cost control training for more than 400 project managers, technical leaders and business managers of branches and subsidiaries, so as to enhance the cost control coordination among project managers, technical leaders and business managers and improve the overall cost management efficiency of the Group.



Special training on contract risk of EPC projects

In order to improve the comprehensive, professional and whole-process engineering general contracting management system and mechanism, transform the engineering project management model, and improve risk prevention and control capabilities, the Group carried out special training on contract risk for EPC projects.

Specialized training programs

Training on the learning and disclosure of the “Consumption Standards and Calculation Rules for Construction Projects (《建設工程消耗量標準及計算規則》)”

In order to gain a deep understanding of and implement the latest version of the “Consumption Standards and Calculation Rules for Construction Projects” issued by the Department of Housing and Urban-Rural Development of Hebei Province in July 2023, we invited industry experts to provide detailed interpretations and guidance for the Group’s business team to effectively respond to changes in rules and ensure that the Group complies with the standards in control and budget management of construction projects.



Property Project Response Seminar

The Group invited experts from the legal and business systems to conduct special seminars for branches and subsidiaries with a large proportion of property projects to reduce the risk factors beyond our control brought by policies.

1.3 Business Ethics

The Group strictly adheres to the ethical boundaries of business conduct and complies with the “Law of the People’s Republic of China for Countering Unfair Competition” (《中華人民共和國反不正當競爭法》), “Interim Provisions on Prohibition of Commercial Bribery”(《關於禁止商業賄賂行為的暫行規定》), “Opinions on Several Issues Concerning the Application of Law in Handling Criminal Cases of Commercial Bribery” (《關於辦理商業賄賂刑事案件適用法律若干問題的意見》) and other relevant laws and regulations. We actively promote and protect a fair competitive market environment, striving to foster the healthy development of the market and stimulate industry vitality. We have accordingly formulated “Internal Audit Management Regulations” (《內部審計管理規定》), “Code of Business Ethics and Code of Conduct” (《商業道德規範與行為準則》), “Code of Conduct for Organ Staff” (《機關工作人員行為守則》) and other internal codes of conduct. We prioritize and continuously cultivate a culture of integrity, requiring every employee to adhere to the code of business conduct. In conducting our business operations, professionalism, impartiality, integrity and ethical behavior are expected. Any form of corruption or bribery is strictly prohibited.

Open reporting channels

The Group has a variety of reporting channels such as dedicated reporting line, email, mailbox and online feedback. Upon receipt of the report, the Group's supervision and audit department will promptly organise relevant handling teams to verify the reported content and take serious actions against confirmed illegal or non-compliant activities in accordance with applicable laws and regulations. We continue to improve the whistleblower protection mechanism and keep whistleblowers' information strictly confidential. We strongly condemn and take severe actions against any retaliation directed towards whistleblowers, aiming to safeguard their legitimate rights and interests.

Special telephone line for reporting	<ul style="list-style-type: none">• 0312-3311119
E-mail for reporting	<ul style="list-style-type: none">• hbjsjtygz@hebjs.com.cn
Mailbox for reporting	<ul style="list-style-type: none">• By courier or in-person delivery to the Discipline Inspection Department or Inspection Office• Mailing Address: Party and Government Office of Hebei Construction Group Corporation Limited at No. 125 Lugang Road, Baoding City, Hebei Province
Online feedback	<ul style="list-style-type: none">• The Supervision Office has set up an online information feedback channel, which is valid for a long period. Scan the QR code to feedback, appeal or report

Reporting Channels

Anti-corruption culture construction

The Group is committed to promoting integrity and establishing a strong anti-corruption foundation, building a business operating environment of “integrity and ethics”. During the Reporting Period, we carried out anti-commercial bribery and anti-corruption training in the online + offline mode. This training was delivered to all senior executives and key personnel, covering the concept of commercial bribery and the legal responsibilities involved. We also highlighted the severe consequences of bribery, corruption, and embezzlement, clearly defining the boundaries and guidelines to enhance the Company’s compliance level. The Group provided anti-commercial bribery and anti-corruption training to a total of 238 employees, with directors and employees.



1.4 Materiality Issues

We attach importance to sincere communication and exchange with our customers, employees and investors. Through normalized communication mechanism and various communication channels, we actively listen to the demands and opinions of stakeholders so as to continuously adjust our focus on sustainable development and create more value for our stakeholders.

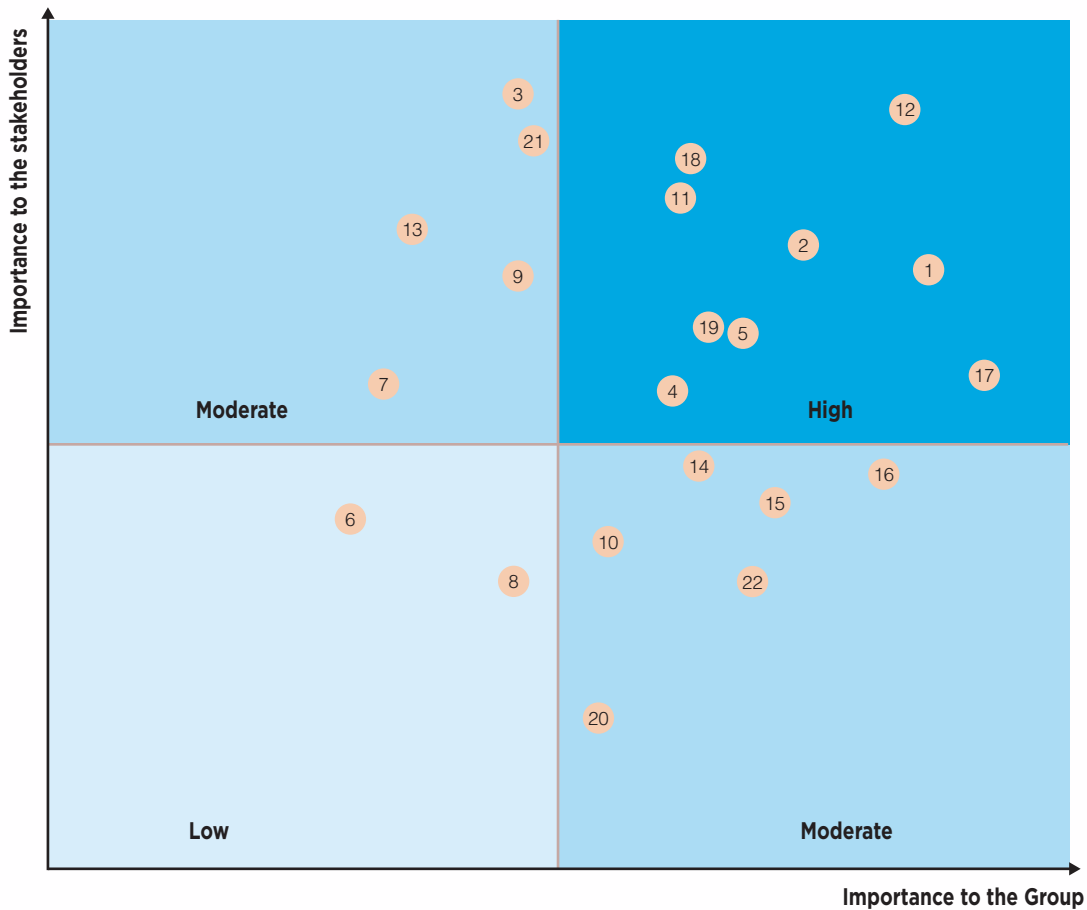
Stakeholder communication

We continuously optimise our communication mechanism with stakeholders and enhance communication channels to gain a deeper understanding of their exceptions and requirements, and actively respond to various stakeholders. The following table sets out the key issues of concern to different stakeholder groups during the Reporting Period:

Stakeholder categories	Issues that stakeholders are particularly concerned about	Communication or response methods
Employees	Health and safety Remuneration and benefits Career training and development Internal communication and feedback channels	Young employees symposium Annual meeting Survey on employees' satisfaction
Shareholders/Investors	Anti-corruption Compliant operation Compliant risk responses Business opportunity and technological innovation	Shareholders' general meeting Regular and temporary announcements Roadshow
Government authorities	Compliant operation Promote local employment and economic and social development	Communication through meetings Participate in government projects Standard formulation and idea exchange
Clients/Proprietors	Project quality Customer experience Protection of commercial information	Purchase and sales of commercial houses Customer satisfaction survey Communication of sales and inspection
Suppliers/Subcontractors	Project quality Supply chain management Environmental impact of construction work Requirements of suppliers on ESG	Daily transactions Annual recognition Qualification review Communication throughout the tender and bidding process
Environment	Green office The utilization of water resources Resource recycling Environmental impact of construction work Application of clean technology and energy Emissions and waste disposal	Green management Resources management Information disclosure
Communities	Charity Environmental impact of construction work Promote local employment and economic and social development	Charity activities Activities to promote community's development

Materiality Matrix

During the Reporting Period, the Group reviewed and identified ESG-related issues in 2023 based on the results of the 2022 materiality assessment, combined with the Stock Exchange's ESG Guidelines, peer benchmarking and the actual development of the Company during the year. A total of 9 issues of high importance, 11 issues of medium importance and 2 issues of low importance were identified.



Hebei Construction Group's ESG Materiality Matrix of 2023

List of Material Topics of Hebei Construction Group in 2023					
No.	Category	Topics	No.	Category	Topics
1	Corporate governance and development	Compliant operation	12	Labor and Community	Employees' health and safety
2		Anti-corruption	13		Training and career development
3		Compliant risk responses	14		Caring about employees
4		Business opportunity and technological innovation	15		Channels for employees to conduct internal communication, lodge complaints and give feedback
5	Environment	Application of clean technology and energy	16		Charity
6		The utilization of water resources	17		Promote industry and local economic and social development
7		Emissions and waste disposal	18	Project quality assurance	
8		Resource recycling	19	Customer experience	
9		Environmental impact of construction work	20	Protection of the commercial information of the Company and customers	
10		Green office	21	Business operations	Quality management of the supply chain
11	Labor and community	Remuneration and benefits	22		Requirements of suppliers on ESG

2 CREATING CRAFTSMANSHIP QUALITY

Hebei Construction Group consistently adhered to its corporate vision of becoming a “People-oriented happy enterprise with vibrant and long-lasting business”. We maintain a quality operation mechanism that prioritizes customer satisfaction as the standard. We continuously enhance our project quality supervision and management processes, aiming to stimulate the vitality and workforce for high-quality development and strive to become a model for the industry’s high-quality growth.

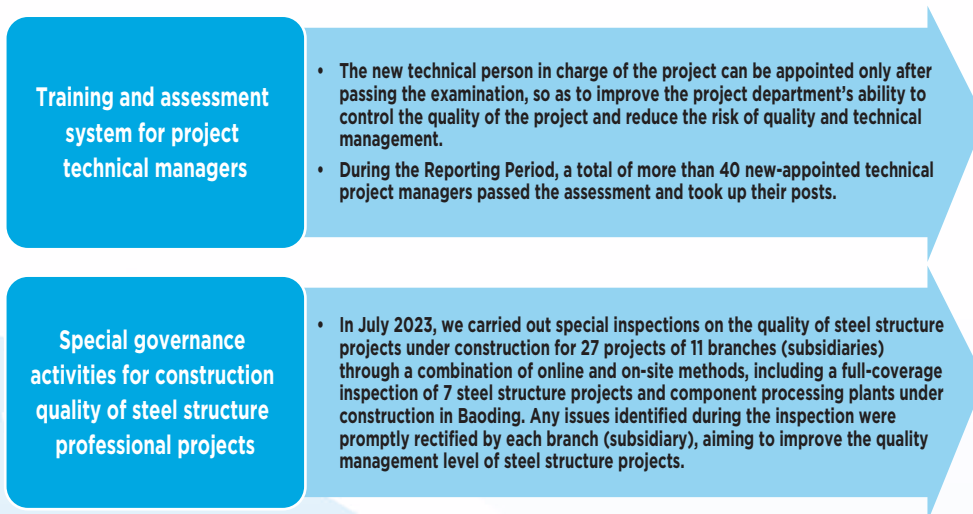
2.1 Quality Assurance

With quality first as its value orientation, Hebei Construction Group adheres to providing high-quality product delivery. The Group has established a sound project quality management system and supervision mode, along with continuously improving the quality improvement mechanism. It has quality control measures, foster a culture of quality, and achieve an all-round improvement in the Company’s engineering quality standards.

Quality Management

Based on the “Quality Law of the People’s Republic of China” (《中華人民共和國質量法》), the “Regulations on the Quality Management of Construction Projects” (《建設工程質量管理條例》) and other quality-related laws, regulations and industry standards, the Group has formulated the “Standardized Manual for Engineering Project Management” (《工程項目管理標準化手冊》) to strengthen the construction of the quality system. During the Reporting Period, we have revised the “Enterprise Management Manual 2023 Edition” (《企業管理手冊 2023版》), “Quality Management Measures for Steel Structure Engineering” (《鋼結構工程質量管理辦法》) and the “Special Plan for Implementation of Key Work” (《重點工作落地執行專項方案》), and added the “Management Measures for Assessment of Quality and Technical Personnel (Trial)” (《質量技術人員考核管理辦法(試行)》) and the “Technical Requirements for Construction of Steel Structure Projects” (《鋼結構工程施工技術要求》). The Group maintained strict control over market access, adhered to the market guidelines of “selecting real estate, enhancing professionalism and increasing characteristics”, strictly implemented the requirements of 20 market risk measures (市場風險二十條) and “Ten Don’ts” (《十不接》), strengthened pre-tender assessment, and implemented quality behaviour standardisation and engineering quality management standardisation, to continuously standardise the quality management system of the Group.

In order to continuously improve the quality of the Group’s projects, enhance market competitiveness and increase the Group’s reputation, The Group has established and continuously improved the quality improvement mechanism. Through establishing a training and assessment mechanism for project technical officers, organising the assessment of quality and technical system personnel, and carrying out special project management campaigns for the construction quality of steel structure professional projects, the Group has continuously improves the quality of the Group’s projects, increases the Group’s reputation, enhances market competitiveness, and further strengthens the quality management system of key engineering projects of the Group.



Quality Enhancement Mechanisms

In 2023, the number of employees of the Group participated in the quality and technical system appraisal was 1,848, of which 241 employees achieved an excellent appraisal result, accounting for 13.04%; 280 employees received a good appraisal result, accounting for 15.15%; and 1,256 employees were appraised as qualified, accounting for 67.97%. By analyzing the appraisal results, the Group gained insights into the areas where its system personnel may have shortcomings, which provided a basis for the subsequent formulation of improvement measures.

Training session for management personnel of steel structure projects under construction

In August 2023, Hebei Construction Group organised a training session for the management personnel of steel structure projects under construction, which was attended by the chief engineer, the manager of quality and technical department, the quality supervisor of each branch (subsidiary) and the project manager, the project general engineer and the quality officer of steel structure projects (including projects under construction and upcoming construction). After the conclusion of the training session, a visit to the physical steel frame column components at a steel structure factory was conducted. Such training session and observation improved the quality management level of steel structure projects.



Photos of training session for management personnel of steel structure projects under construction

Quality control measures

In accordance with the working guidelines of “seriousness and rigour, fairness and impartiality, focus and professionalism, and sustained excellence”, the work style of “Four Dos and Four Don’ts (四要四不要)” and the management principle of “three disapprovals (三不放過)”, the Group has integrated and formulated the “Management Manual of Supervision and Inspection Office” (《督查辦公室管理手冊》), which was continuously revised and improved during implementation. We carry out in-depth quality supervision and inspection work and establish a normalised project quality supervision and inspection process, guided by the annual inspection priorities known as the “Ten Key Areas” and the specialised inspection focus areas outlined in the “Sixty Key Points”, so as to comprehensively supervise and control project quality, and to achieve the Company’s goal of high-quality delivery.

In 2023, the acceptance rate of Hebei Construction Group’s engineering projects was 100%, and the excellent rate of the main structure¹ was 59.8%



Quality Supervision and Inspection Process

During the Reporting Period, the Group carried out supervision and inspection work with the excellent performance model, which enhanced the awareness of applying the excellent performance management model and evaluation model in projects and promoted the standardisation of project management. We implemented the inter-city and inter-branch (subsidiary) joint inspection mode, created comprehensive communication opportunities between different branches (subsidiaries) within the regional scope. By expanding the scope of supervision and inspection, we improved the effectiveness of our supervision and inspection work and elevated project management standards.

Quality culture construction

The Group recognizes the power of culture. While continuously improving the quality management standards, we actively carry out various quality culture promotions and training and enhance employees’ awareness of quality by organising events such as quality month activities, quality knowledge competitions and visits to high-quality projects.

¹ The rate of excellent products of project quality is the rate of excellent products in the completed unit projects of acceptance appraisal, which is also known as the rate of excellent products in unit projects and referred to as the rate of excellent products.

Quality Month Theme Activities

The Group fully implemented the deployment of the “Outline for the Construction of a Quality Power (《質量強國建設綱要》)” and the “Notice on the Launching of the National ‘Quality Month’ Activities in 2023” (《關於開展2023年全國“質量月”活動的通知》) issued by 25 departments, including the General Administration of Market Regulation and the Ministry of Housing and Construction, and the requirements of various local authorities on launching “Quality Month” activities. In September 2023, the Group organised “Quality Month” activities. During the “Quality Month”, and organised various activities such as quality knowledge competitions and observation training to enhance the quality awareness of all employees, improved the quality of works and services, and actively promoted the standardisation of quality management.

- **Quality Knowledge Competition**

More than 150 people from four departments of the Group, namely civil engineering, electrical engineering, heating, ventilation and municipal transportation formed 56 teams to participate in the competition, which aimed to stimulate employees’ enthusiasm for learning and improve their professional and technical capabilities.



Photo of Quality Knowledge Competition

- **On-site Observation Training**

The Group organised the chief engineer and the manager of the quality and technology department of each branch (subsidiary) to visit the Ziruiyuan Project (紫瑞園項目) site in Hengshui to improve the quality management standards.



Photo of on-site observation training

Quality Awards

With a sound quality management system, our delivery quality has been unanimously recognised by the industry and customers. During the Reporting Period, the Group achieved a total of 9 national awards, 103 provincial quality projects and 3 provincial excellent design projects.

Award Categories	Award name and quantity
National Awards	2 Lu Ban Awards (Main Contractor) 3 Lu Ban Awards (Participation) 2 China Construction Engineering Decoration Award 1 Highway Transportation Quality Project Award (Li Chun Award) 1 Bronze Award of the Landscape Engineering Award of the Chinese Society of Landscape Architecture
Provincial Quality Project	3 Golden Awards of Anji Cup 25 High-Quality Structural Projects in Hebei Province 1 Golden Award of Beijing Structural Great Wall Cup 2 Silver Awards of Beijing Structural Great Wall Cup 2 Tianjin Haihe Cup 2 High-Quality Structural Projects in Tianjin 2 Inner Mongolia Autonomous Region Grassland Cup 4 High-Quality Building Structure Projects in Inner Mongolia Autonomous Region 1 Inner Mongolia Autonomous Region Quality Projects Award 1 Century Cup in Liaoning Province 1 High-Quality Project in Guangdong Province 17 Urban Landscaping Quality Projects in Hebei Province 8 Outstanding Municipal Public Construction Projects in Hebei Province 6 High-Quality Construction and Decoration Projects in Hebei Province 1 Tianjin Decoration Haihe Cup 2 Demonstration Sites for Quality Standardisation of Construction Projects in Henan Province 4 High Quality Projects in Liaoning Province 21 Anji Cup
Excellent Design Awards	3 Provincial Excellent Design Project Achievements



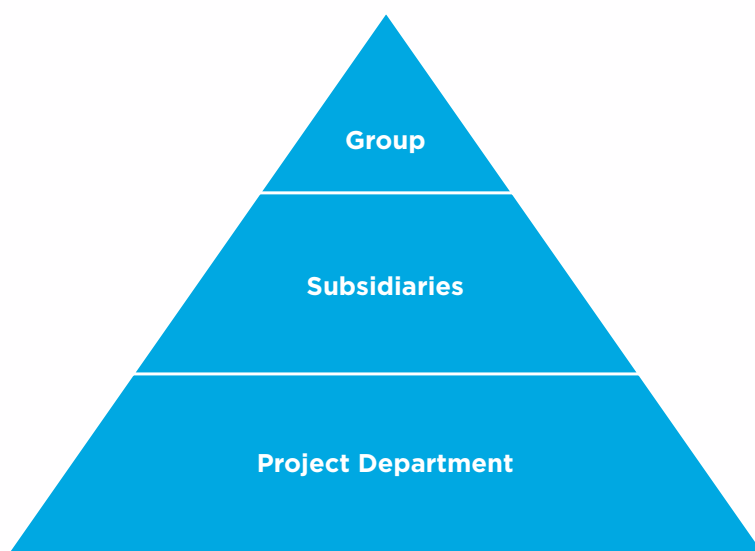
Project of Non-registered VIP Reception Center of Winter Olympic Games in Zhangjiakou City, Hebei Province won the 2023 Lu Ban Award



Guan Hanqing Opera House and Museum in Baoding won the 2023 Lu Ban Award

2.2 Dedicated Services

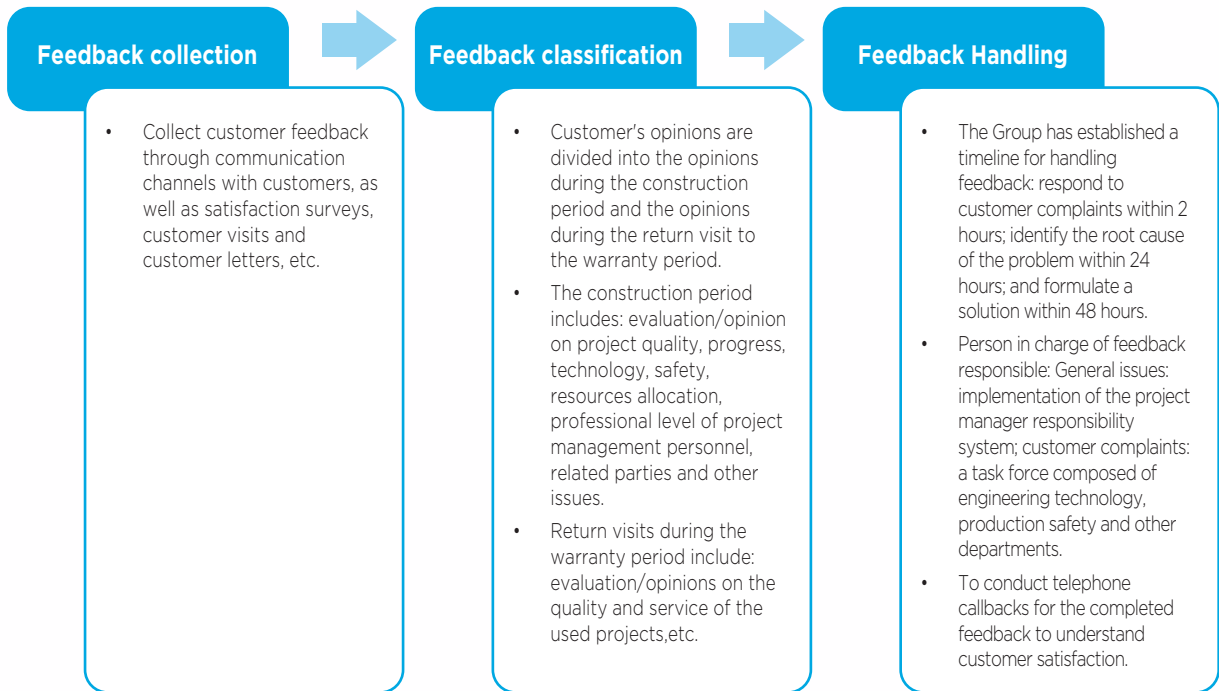
Through formulation of the “Implementation Rules for Key Account Management” (《大客戶管理實施細則》), the Group has established a three-tier service management organisation system consisting of the Group, subsidiaries and project department. We pay attention to listening to the needs of customers, strive to provide customers with high-quality products, and effectively protect the rights and interests of customers.



Three-tier Service Management Organisation System

Customer Communication

We comply with and continuously improve the “Customer Complaint Management Process” (《顧客投訴管理流程》) internal system. By setting up complaint hotline, corporate e-mail, office telephone, a specialist to receive letters from people and other multiple channels, we receive and classify customer feedback, and promptly address their concerns. We will carry out customer satisfaction surveys after the complaint is handled, to identify the weaknesses in our services and summarise experience, and continuously improve customer satisfaction.



Customer Feedback Processing Process

In 2023, customer satisfaction surveys were conducted for all construction projects in progress and projects during the warranty period as required by the Group. In particular, for construction projects in progress, the survey was conducted by the project department on a regular basis, who then reported the findings to branches (subsidiaries). For projects during the construction period, the survey included evaluation and opinions on project quality, progress, technology, safety, resource allocation, professional level of project management personnel, related parties and other issues. Return visits to projects during the warranty period included evaluation and opinions on the quality and service of the used projects, etc. Through the customer satisfaction surveys, we identified the weaknesses and deficiencies in construction process and service delivery, summed up and improved experience. During the Reporting Period, the customer satisfaction rate was 93.2%.

Customer privacy protection

According to laws and regulations such as the “Law of the People’s Republic of China on the Protection of Rights and Interests of Consumers” (《中華人民共和國消費者權益保護法》), the “Law of the People’s Republic of China on Data Security” (《中華人民共和國數據安全法》) and the “Law of the People’s Republic of China on Network Security” (《中華人民共和國網絡安全法》), the Group has formulated and improved the “Code of Business Ethics and Code of Conduct of Hebei Construction Group Corporation Limited” (《河北建設集團股份有限公司商業道德規範及行為準則》) to clarify the management responsibilities of customer information and the applicable authority of employees in various positions in relation to customer information, so as to comprehensively protect customer information security and prevent information leakage.

Standardised marketing

The Group undertakes that all marketing and promotional activities conducted by the Group shall strictly comply with relevant laws and regulations, such as the “Advertisement Law of the People’s Republic of China” (《中華人民共和國廣告法》), the “Law of the People’s Republic of China on the Protection of Rights and Interests of Consumers” (《中華人民共和國消費者權益保護法》). We always abide by the ethical standards of corporate marketing. While improving the level of brand management, we attach great importance to the interests of consumers and corporate responsibilities, and ensure that all content and forms are true, compliant and appropriate, preventing any exaggeration or the existence of false propaganda. During the Reporting Period, we did not involve any incidents that penalised by regulatory authorities due to marketing violations of relevant laws and regulations.

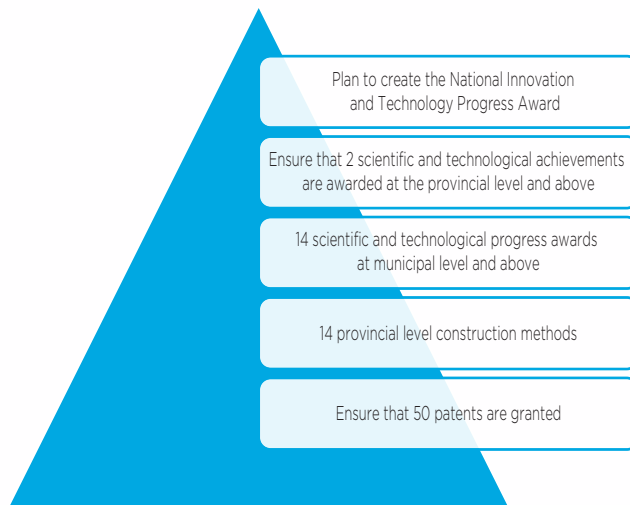
3 FORGING A WIN-WIN SITUATION

We always regard technology as the primary productive force of the Group, pay close attention to innovation development and the protection and application of scientific and technological achievements, actively participate in industry exchanges and industry-academia-research cooperation, create a sustainable supply chain, and contribute to the development of the entire industry chain of the construction industry.

3.1 Technological Innovation

The Group always adheres to driving technological development with innovation and attaches great importance to the construction of a technological innovation system. We have formulated internal system documents such as “Science and Technology and Research and Development Project Management Workflow” (《科技研發項目管理工作流程》), “Project Management Measures for Enterprise’s Science and Technology Research Plan” (《企業科技研究計劃項目管理辦法》), “Management Measures for Enterprise’s Science and Technology Research and Development Expenses” (《企業科技研發費用管理辦法》) and “Science and Technology Progress Management System” (《科技進步管理制度》). Focusing on technology process construction, research and development organisation construction and project innovation capacity construction, we continuously improve the technological innovation system, stimulate the role of management in promoting scientific and technological innovation, and promote the deep integration of scientific and technological innovation and industrial development.

Based on the above-mentioned internal systems, during the Reporting Period, the Group issued notices such as “Highlights of Science and Technology Management Work in 2023” (《2023年度科技管理工作要點》) and “Enterprise Science and Technology Research Plan Projects in 2023” (《2023年度企業科技研究計劃項目》) to lay out the annual scientific and technological work priorities and to put forward requirements for the plan projects above the provincial level and the enterprises’ science and technology research plan projects. Based on the above, the Group set targets for technological innovation work in 2023, which were all successfully achieved during the Reporting Period.



Targets for Scientific and Technological Innovation Work in 2023

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Over the years, we have continuously increased our investment in scientific and technological innovation, integrated scientific and technological research and development resources. We have established “six major scientific and technological platforms”, including the National Enterprise Technology Centre, the Post-doctoral WorkStation and the Academician WorkStation. These platforms have yielded numerous achievements in scientific and technological innovation, resulting in hundreds of awards and honours represented by the Second Prize of National Science and Technology Progress Award and Zhan Tianyou Award, providing robust scientific and technological support for the high-quality development of the Company. During the Reporting Period, the Group was awarded the 2023 Hebei Science and Technology Cooperation Award by the Provincial Department of Science and Technology, the Bronze Award in the Hebei Region of the Second National Post-doctoral Innovation and Entrepreneurship Competition, 8 valuable patents and 1 micro technology promoted by China Association of Construction Enterprise Management, 2 superior construction methods in the first Engineering Construction Enterprise Digital, Industrial, Green and Low-carbon Construction Method Competition, 34 Provincial Construction Industry Science and Technology Progress Awards, 17 provincial construction methods, 15 Provincial Construction Industry Association Science and Technology Awards, 20 promoted value patents, 13 micro technology competitions, 6 construction methods competitions, and 2 first prizes and 2 second prizes in the “Yanzhao Cup” Construction Craftsmanship Skills Demonstration Speech Competition.

Prefabricated Construction

As a green and environmental protection technology vigorously promoted by the PRC government, prefabricated construction is an important way to promote the green, healthy and sustainable development of the construction industry. To actively response to relevant policy calls of the PRC government and Hebei Province, the Group explores and implements planning and business development of prefabricated projects. During the Reporting Period, the Group undertook 26 prefabricated construction projects across the country with a total construction area of 1.40 million m² which obtained a total of 8 national patents in relation to prefabricated construction and completed 7 corporate construction methods.

Green and Low-carbon Construction

In response to the national “dual carbon” goal actively, in addition to internally developing relevant system documents such as the Standards for the Construction Process of Ultra-low Energy Consumption Buildings (《超低能耗建築施工工藝標準》), we adopt green, low-carbon and recyclable building materials, and actively carry out green construction projects by integrating innovative technologies and environmental protection strategies. During the Reporting Period, the Group initiated 3 Green Construction Technology Demonstration Projects approved by the Department of Housing and Urban-Rural Development, establishing excellent examples for green and low-carbon construction practices within the industry.

Medical Complex Building Project of the Second Hospital of Hebei Medical University

The 101 Medical Complex Project of the Second Hospital of Hebei Medical University, Zhengding New District (North District Phase I) is a demonstration project of green construction technology. In the project development process, we employed various advanced green technologies such as external wall insulation system, condensation comfort air conditioning system and solar heat collection system. Through intelligent zoning control, we improve energy utilisation efficiency. Due to the project’s complexity, including multiple specialised subcontracting and intricate pipeline layouts, we relied on the BIM + smart construction site management platform. With BIM technology, we efficiently arranged the complex pipelines, turning project challenges into highlights and promoting efficient project management and construction. Preliminary estimates indicate that after completion, the project will directly save 180,000 kWh of electricity, 13,000 GJ of heat, and 3,500 standard cubic metres of gas annually, resulting in a direct reduction of 4,986 tonnes of carbon emissions.



The Overall Relocation Project of Wenan County Hospital

The Group adopts the guiding principles of green and ecological design in the overall relocation project of Wenan County Hospital. The design incorporates various technical measures such as space energy saving, material energy saving, scientific and technological energy saving, security system, green energy saving and roof greening, with carbon emissions lower than 20% of similar buildings. At the same time, we maximise green area by planting both grass and trees, and integrate the hospital organically into the surrounding natural green environment, creating a “Garden-style Hospital” with green and ecological landscape. In the process of project construction, we vigorously promote the “saving resources and protecting the environment” green construction process and smart construction management technology, to improve the construction management level and management efficiency, and realise green construction and lean construction.



Innovation incentives

The Group unwaveringly regards scientific and technological innovation as the source of power for enterprise development. In order to continuously stimulate the vitality and motivation of employees to participate in scientific and technological innovation and building a strong technical research and development team, we comply with the “Management System for Scientific and Technological Progress” (《科技進步管理制度》) and continuously improve the scientific and technological innovation assessment and incentive system. The Group takes overall responsibility to coordinate and manage the results of internal and external projects, and recommend excellent projects to national, provincial and municipal science and technology departments for scientific and technological progress award. Meanwhile, the Group rewards and subsidises innovation results and scientific research projects internally every year, to effectively encouraging the Group’s technical research and development team.

During the Reporting Period, the Group actively nurtured an innovative spirit of exploration among employees by organising various scientific and technological innovation competitions and activities for employees and providing generous rewards to the award-winning employees to create a favourable environment for employees to showcase their technological innovation capabilities.

2023 “Yanzhao Cup” Construction Craftsmanship Skills Demonstration Competition

During the Reporting Period, the Group hosted the 2023 “Yanzhao Cup” Construction Craftsmanship Skills Demonstration Competition organised by the Hebei Province Construction Industry Association. After fierce competition, the Group’s contestants stood out and won a total of 2 first prizes and 2 second prizes, demonstrating our progressive technological innovation capabilities and the growth of our high-quality and highly-skilled workforce.

Intellectual property protection

We attach great importance to the protection of innovative achievements, continuously develop our technological competitiveness and strictly abide by laws and regulations such as the “Trademark Law of the People’s Republic of China” (《中華人民共和國商標法》), the “Patent Law of the People’s Republic of China” (《中華人民共和國專利法》), and the “Copyright Law of the People’s Republic of China” (《中華人民共和國著作權法》) and other laws and regulations. We have formulated a number of internal management systems and a sound intellectual property protection system, continuously improving the standardised management and control process from creation, application and protection to the attribution of property rights and results.

In order to implement the intellectual property protection system thoroughly and continuously enhance the awareness of intellectual property protection among all employees, the Group participated in a number of exchange and training activities relating to intellectual property protection during the Reporting Period.

No.	Training content	Date	Training Units
1	2023 Overseas Intellectual Property Protection Training for Export Enterprises	12 October 2023	Baoding Municipal Market Supervision Administration
2	Lecture on Intellectual Property Management of Enterprises	2 November 2023	Baoding Municipal Market Supervision Administration
3	Lecture on Diversified Settlement of Intellectual Property Disputes	8 November 2023	Baoding Municipal Market Supervision Administration
4	Special training on the Implementation of Patent Open Licencing System and Patent Conversion	28 November 2023	Baoding Municipal Market Supervision Administration
5	Lecture on Intellectual Property Management of Enterprises (Phase II) Intellectual Property Infringement Dispute Mediation Strategies and Interpretation	1 December 2023	Hebei Biao Zheng Information Technology Co., Ltd.* (河北標證信息科技有限公司)
6	Hebei University High-value Patent Cultivation and Patent Achievements Release Press Conference	13 December 2023	Baoding Municipal Market Supervision Administration

Intellectual Property Training Activities in 2023

As the end of the Reporting Period, the Group had 1,238 valid patents (including 53 patents for inventions), 191 newly patent applications and 152 newly authorised patents (including 11 patents for inventions) in 2023.

In addition, the Group actively organised video conferences and video training sessions on construction method papering for various provincial-level construction methods reporting units to explain and answer questions on the key technologies difficulties of provincial-level construction methods and reporting materials of construction methods, aiming to improve the level of scientific and technological achievements preparation of research and development project members and ensure smooth completion of the reporting work of provincial-level construction methods. During the Reporting Period, we were awarded 2 Merit Prizes at the China Association of Construction Enterprise Management's Green and Low-Carbon Construction Method Competition, 6 awards at the Provincial Construction Industry Association's Construction Method Competition, and selected 141 enterprise-level construction methods, of which 17 were recommended to apply for the provincial construction method in Hebei Province.

3.2 Win-win Cooperation

As a leader in the construction industry, the Group takes industry development as its own responsibility. We always pay close attention to the development trend of the construction industry, gives full play to its own advantages, and lead the development of the industry with the concept of sustainable development, aiming to achieve a vision of mutual success.

Standard Formulation

Leveraging on the Group's accumulated industry experience in construction projects over the years, we conducted in-depth exchanges with government authorities and industry associations on high-quality requirements and construction standards summarised in practice, and actively participated in the formulation of industry standards to improve the level of industry standardisation. During the Reporting Period, the Group edited/participated in a total of 13 industry standards.

No.	Standard name	Standard No.	Date of implementation
1	Quality Assessment Standards for Construction Projects	DB13(J)/T8476-2022	2023.5.1
2.	Construction Engineering Process Regulation Part 13: Water Supply and Drainage Project	DB11/T1832.13-2022	2022.10.1
3.	Construction Engineering Process Regulation Part 14: Heating Project	DB11/T1832. 14-2022	2022.10.1
4	Construction Engineering Process Regulation Part 15: Ventilation and Air Conditioning Installation	DB11/T1832. 15-2022	2022.10.1
5	Construction Engineering Process Regulation Part 10: Decoration and Renovation	DB11/T 1832.10-2022	2023.4.1
6	Advanced Treatment Technical Specifications for Sewage Ozone Catalytic Oxidation	T/CECS 1347-2023	2023.10.1
7	Energy Efficiency Assessment Standards for Existing Building	DB13(J)/T8487-2022	2022.12.1
8	Technical Conditions for Galvanizing of Road Fence Fastener Machinery	T/CHTS20026-2022	2022.12.20
9	Technical Regulations for the Application of Prestressed Porous Materials	JC/T 60019-2023	2024.2.1
10	Technical Specifications for Design and Construction of Highdosed Collagen Asphalt in Expressway with Long Life	T/CECS G: D54-08-2023	2024.1.1
11	General Regulations for Waterproof Construction and Municipal Project	GB55030-2022	2023.4.1
12	Evaluation Standards for Prefabricated Buildings	DB13(J)/Y8321-2022	2023.6.1

Industry standards edited/participated in 2023

Industry-academia-research cooperation

The Group adheres to the strategic policy of “integration of industry and education, school-enterprise cooperation”, and integrates of “technology leads development, innovation wins the future” into the Group’s daily operations. We actively carried out cooperative research projects and exchange and interactions with external institutions and associations, and are committed to building a mutually beneficial and sustainable cooperative relationship.

Cooperation and Research Projects with Post-Doctoral Research Workstations

Dr. Li Hongfu completed the registration procedures and enrolled in the “Second National Post-Doctoral Innovation Competition” in April 2023. After joining in the station, Dr. Li Hongfu conducted in-depth experimental research on the topic of “Continuous Fibre Composite Materials 3D Printing Materials and Equipment”. The research outcomes have resulted in 8 patent applications, 3 software copyrights and 1 scientific and technological achievement evaluation, and 2 patents are under review. A total of 20 new patents are expected to obtain. As of the end of 2023, the Group’s post-doctoral research station has hosted a total of five post-doctoral researchers, with one currently in the station, and four have completed their research.

“Structural Design and Construction Technology Quality Control” Public Welfare Seminar

During the Reporting Period, the Group hosted the “Structural Design and Construction Technology Quality Control” public welfare lecture sponsored by Hebei Construction Industry Association in Baoding, Hebei. The theme of the lecture focused on the new experience, new methods and new measures of construction enterprises in structural design and construction management in recent years, aiming to promote the cultivation of professional talents in structural design and construction of construction enterprises. Nearly 1,000 participants from more than 300 organisations attended the training seminar.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

By joining in the industry associations and alliances, the Group strengthens exchanges and cooperation with peers, shares new trends and new technologies in the development of the construction industry, and jointly builds a new ecosystem within the industry.

China Civil Engineering Society

China Construction Industry Association

China Association of Construction Enterprise Manage

China Association for Quality

Hebei Provincial Society of Civil Engineering and Architecture

Hebei Construction Industry Association

Quality Association of Hebei Province

3.3 Responsible Supply

The Group is committed to maintaining high-quality and stable supply partnerships, building a responsible supply system, and ensuring the sustainability of the Group's supply chain.

Supplier Management

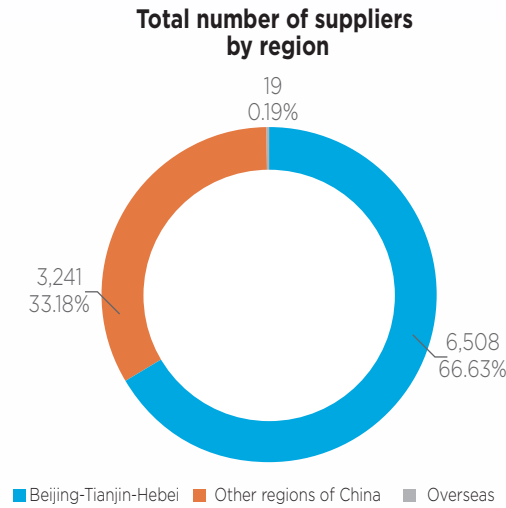
In order to ensure that the equipment and materials purchased by the Group meet the quality and safety standards, we have established and abided by a series of supplier management systems and procurement standards, such as the “Management Measures of Centralized Procurement Suppliers” (《集採供應商管理辦法》), “Guiding Opinions of Centralized Procurement Management” (《集採管理指導意見》), “Material Management System” (《物資管理制度》) and “Subcontractor Management System” (《分包商管理制度》). We have actively established a three-level centralised procurement management system involving the Group, branches, subsidiaries and project departments, carefully assessing the environmental, social and quality risks within the supply chain to ensure the stability and sustainable development of the supply chain.

The Group's procurement is undergoing digital transformation. Currently, the centralised procurement management department, in collaboration with the information centre, has completed the development and deployment of the online bid evaluation system, which enables real-time monitoring of key materials bidding process and performance process. Our Yuncai platform has introduced a third-party industrial product platform to independently build a miscellaneous materials mall, allowing for the recruitment of suppliers from various categories and creating a supplier storefront model, thereby optimising the ordering and procurement process, improving the efficiency of miscellaneous materials procurement, and expanding the material supply channels. In 2023, a total of 27 project departments participated in the mall procurement, placing 317 orders with a total amount of RMB7,520,700. Yuncai Network has 8,299 new registered suppliers, including 6,969 material suppliers, 1,015 equipment suppliers, 24 labour subcontractors and 291 professional subcontractors.

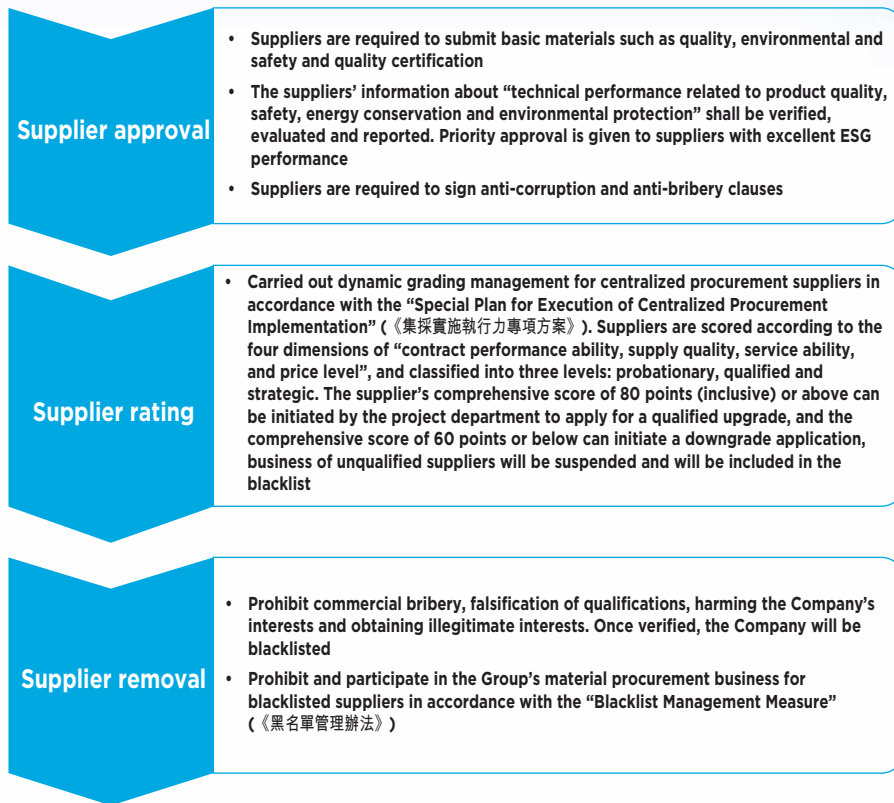
During the year, we continued to implement the “Measures for the Quality Management of Steel Structure Projects” (《鋼結構工程質量管理辦法》) issued by the Group in October last year, and strictly controlled the supplier access and process and post-evaluation of steel structure suppliers, with particular emphasis on the qualification and safety production permit of subcontractors, so as to further strengthen the management of steel structure from the source, and ensure the quality and safety of steel structure engineering construction.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

At the end of the Reporting Period, our major cooperative suppliers, including engineering subcontractors, material suppliers and service providers, totalled 9,768. The distribution of each supplier by region is as follows:



The Company adopts supply chain management in accordance with the “Management Measures for Centralized Procurement Suppliers” (《集採供應商管理辦法》) and the “Blacklist Management Measure” (《黑名單管理辦法》), and establishes the “List of Centralized Procurement Suppliers” (《集採供應商名錄》) for daily management and regular evaluation of all suppliers, and conducts dynamic management from three aspects: approval, rating and removal, so as to improve the efficiency of supply chain management and effectively reduce risks. During the year, a total of 1,244 supplier evaluations and 864 supplier grading adjustments were conducted. Up to now, there are 13 strategic suppliers, 4,940 qualified suppliers and 64,437 trial suppliers.



Supplier Management Process

Supplier communication

We maintain close communication with suppliers through methods such as visits and exchanges, on-site bidding and Q & A sessions to identify possible risks and make targeted improvements, which consolidates the foundation of cooperation between both parties and jointly promote the sustainable development of the Company and the long-term progress of the industry.

On-site visits to suppliers

During the year, we continued to communicate with various suppliers. Through on-site visits to a number of suppliers, we gained a deeper insight into their business models, safety management, production processes, innovation, etc., thereby ensuring the quality of purchased materials and reducing supply chain risks.

4 LEADING A GREEN FUTURE

The Group actively responds to the national goal of “3060” carbon peaking and carbon neutrality, integrating the concept of green and sustainable development into all aspects of corporate operations. We actively address climate change, fulfil our environmental protection responsibilities, and strive to build a harmonious and beautiful home.

4.1 Green Management

The Group strictly abides by the laws and regulations such as the “Law of the People’s Republic of China on Environmental Protection”(《中華人民共和國環境保護法》), the “Law of the People’s Republic of China on the Assessment of Environmental Affects”(《中華人民共和國環境影響評價法》), the “Energy Conservation Law of the People’s Republic of China”(《中華人民共和國節約能源法》) and the Law of the People’s Republic of China on the Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》), and has formulated internal policies, such as the “Environmental Protection Management Policy”(《環境保護管理制度》) and the “Green Construction Implementation Rules”(《綠色施工實施細則》) to practise the concept of green energy conservation and continuously strengthen energy efficiency management, water resources management and waste management.

At present, we have passed the ISO 14001 Environmental Management System Certificate, covering construction engineering, municipal public construction, electromechanical engineering, foundation, airport track, steel structure, ready-mixed concrete, and construction industry engineering design related disciplines within the scope of qualification.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In order to enhance environmental control and minimise the impact on the environment, during the Reporting Period, the Group re-identified and evaluated significant environmental factors and major hazardous/risk sources (unacceptable risks), and formulated corresponding target indicators and management plans, clearly assigning responsibilities to specific departments and individuals.

Noise Emission Compliance

- Daytime (6: 00 AM to 22: 00 pm) < 68dBA (standard value: 70dBA)
- Nighttime (22: 00 PM to 6: 00 AM next day) < 53dBA (standard value: 55dBA)

No dust on site

- No visible dust on the site
- The site has a level and solid ground without loose soil
- All main transportation roads on site are hardened
- Dust emissions in operation area: Earth rock < 1.0 m (standard: 1.5 m); structural construction < 0.3 m (standard: 0.5 m)

No spillage during transportation

- No spillage during transportation

Strictly control and maximum reduction of leakage of hazardous chemicals and oil products

- Dedicated personnel for the management of hazardous chemicals storage
- Classified and enclosed management of special storage for oil materials

Waste management with improved recycling rates

- Classification and management of waste completed by the project management department after commencement
- proper disposal, maximizing recycling and reuse with a recycling rate of 40% (standard value: 39%)

No light pollution on the construction site during nighttime

- All nighttime construction lighting is equipped with light shields

Strict prohibition of major fires and explosion accidents

- Elimination of fire and explosion accidents

Compliance with emission standards for construction materials

- Use of promoted construction materials and products
- Emission concentrations of substances such as formaldehyde, vinyl chloride, benzene, and ammonia contained in various construction materials do not exceed the designated emission limits
- Use of stone materials that meet the radioactive control standards

Compliance with emission standards for production and domestic sewage

- Sewage discharge complies with the national standards for chemical oxygen demand (COD), suspended solids (SS), and hydrogen ion concentration index (PH)

Resource and energy conservation

- Reuse of non-traditional water sources and recycled water in construction $\geq 33\%$ (standard: 30%)
- Effective utilisation rate of temporary facilities' land area $\geq 92\%$ (standard: 90%)
- Material waste rate reduced by 30% compared to the normative loss rate, reusable rate of temporary fencing materials $\geq 80\%$ (standard: 70%)
- Construction waste below 300 tons per 10,000 square meters; construction waste recycling rate $\geq 51\%$ (standard: 50%)

Compliance with vehicle exhaust emissions standards

- All vehicles used in construction comply with National VI A standard

Carbon peaking and carbon neutrality

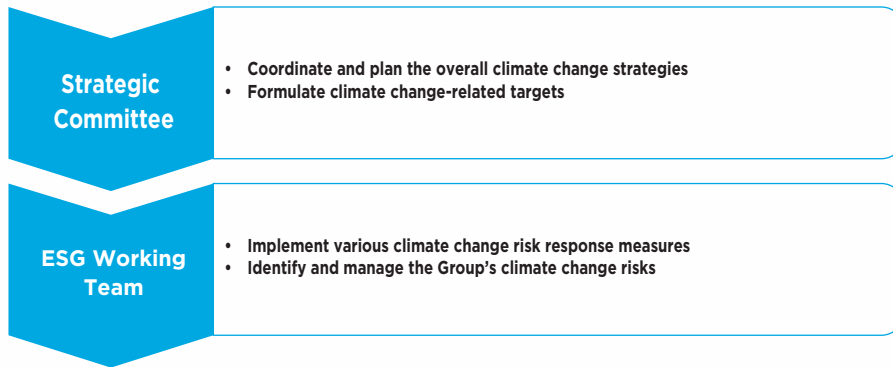
- Reduce carbon emissions to achieve carbon peaking and carbon neutrality

Environmental Targets and Indicators of Hebei Construction Group

4.2 Climate change

Climate change is a common challenge for all mankind. We actively explore the economic opportunities and challenges that climate change may bring to enterprises, incorporate climate change issues into our overall strategy, increase low-carbon investment and implement emission reduction actions, respond to policy calls, assume corporate responsibilities, and contribute to achieving the national goal of “carbon peaking and carbon neutrality”.

We have established and continuously improve the climate change risk governance structure and clarify the responsibilities of climate change management at all levels to ensure the effective implementation of climate change management.



Climate Change Risk Governance Structure

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

With reference to the information disclosure framework of the Task Force on Climate-related Financial Disclosures (TCFD), and taking into account the characteristics of the construction industry and the Group's operations, we carried out climate risk identification and analysis from two aspects, namely physical risks and transition risks, and formulated countermeasures. Through investigation and analysis, we found that under strong management and control scenario of RCP2.6, transition risks have greater impact on the Group, while under the high-emission scenario of RCP8.5, physical risks pose higher risks to the Group's operation.

Risk type		Risk factors	Risk description	Responses
Physical risks	Acute	Extreme weather events such as typhoons, floods, droughts, extreme heat and cold weather	The frequent extreme weather events will result in inconvenient commutes for employees, project suspension/delay in construction and disruptions in supply chain transportation, which will affect the continuity of production operations and increase the cost burden.	1 Formulate contingency plans for extreme weather (strong typhoons, heavy rainfall and flooding, sleet and snow, etc.), issue work notices to deal with extreme weather, and prepare emergency facilities; 2 Arrange designated staff to monitor the weather forecast on a daily basis. In case of extreme weather, the emergency plan will be activated in a timely manner, and the post-event review will be carried out to summarise and accumulate experience;
	Chronic	Impact from changes in temperature and precipitation	Gradual changes in temperature and precipitation may result in the relocation of some of the potentially affected operating sites, increasing operating costs.	3 Reserve sufficient emergency supplies (such as lighting, generators, water belts, baffles, snow tools, rain gear, etc.), and regularly check and inspection to ensure the backup force for emergency treatment.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Risk type		Risk factors	Risk description	Responses
Transition risks	Policies and laws	More stringent emissions reporting obligations and compliance requirements	With the introduction of national policies related to carbon emission reduction, the Group will face increasing requirements from regulatory and investment bodies for disclosure of corporate emission reduction targets, measures and results and failure to disclose corresponding environmental information in a timely manner in accordance with the relevant laws, regulations and policies issued will expose the Group to compliance risks.	<ol style="list-style-type: none"> 1 Actively study relevant policies and regulations, strengthen communication with various regulatory authorities and stakeholders, and actively respond to the demands of various stakeholders; 2 Make use of the energy management system, continue to promote various energy conservation and emission reduction tasks, carry out refined energy management, and manage building energy quota and long-term carbon emission targets; 3 Enhance the accounting of carbon emissions in the building construction process and provide comprehensive and continuous disclosure of greenhouse gas emissions.
	Technologies	Low carbon technology transition and application of low carbon building materials	To address climate change, low-emission products will gradually replace existing products, and designs such as green buildings and ultra-low energy buildings will gain wider market attention and policy support. As a result, the Group is exposed to risks such as: reduced liquidity of existing product assets and increased costs for transition to low-emission products.	<ol style="list-style-type: none"> 1 Promote green construction management to reduce building energy consumption in terms of raw material production and component processing, construction site management, subsequent building maintenance and technological innovation, and to improve the overall energy efficiency and environmental performance of buildings; 2 Continuously promote ultra-low energy buildings and promote the implementation and application of green building concepts in the construction process.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Risk type		Risk factors	Risk description	Responses
	Market	Customer preference for green construction	As customers become more aware of and inclined towards green buildings, the Group will face risks such as increased budgets due to the need to accelerate the progress of the low carbon transition, reduced market share due to the threat of competitors offering low emission products and increased costs for research and development, design and development of green technologies.	<ol style="list-style-type: none"> 1 Closely monitor and pay more attention to changes in customer demand for green buildings and disclosure requirements for sustainable development; 2 Promote the wide application of new green construction technologies and actively improve the certification level and coverage ratio of green construction labels.
		Rising raw material costs	The prices of resources such as energy, water and building materials will increase as a result of climate change, which in turn will affect the cost of purchasing raw materials for products and lead to disruptions in the project construction schedule.	<ol style="list-style-type: none"> 1 Strictly implement resource-saving measures in the use of raw materials and recycle construction waste; 2 Collaborate with industry partners to promote green supply chain development and reduce procurement costs.
	Reputation	Growing concern from stakeholders about negative feedback	As a general contractor, the Group needs to closely follow up on feedback from clients and other stakeholders on requirements related to addressing climate change to enhance confidence among investors and other stakeholders. Failure to meet investors' expectations will result in lower ESG and climate change related index ratings in the capital markets.	<ol style="list-style-type: none"> 1 Increase attention to the disclosure requirements related to sustainable development and climate change to ensure compliance; 2 Incorporate environmental impact and climate change risk reduction into the Group's strategic level and formulation of corresponding measures; 3 Continuous focus on and active participation in green certifications and initiatives (e.g. green building) to enhance the competitiveness in the industry.

Climate Risk Identification Checklist and Countermeasures

In the actual production and operation process, we strengthen employees' risk awareness and their abilities to respond to climate change risks in multiple dimensions through special inspections and emergency drills.

Fire and mechanical injury emergency drill

In order to improve the ability of employees and project teams in responding to emergencies, the Group organised fire and mechanical injury emergency drills for the Guang'anmen Hospital project during the Reporting Period, with a total of more than 180 participants, which effectively improved employees' awareness of fire prevention and emergency rescue, and enhanced employees' abilities in evacuation and self-rescue. At the same time, based on the actual situation, the project department reviewed and revised the two emergency plans for fire prevention and mechanical injury to further improve the practicability and operability of the plans.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group strictly complies with the “Law of the People’s Republic of China on the Conservation of Energy Resources” (《中華人民共和國節約能源法》), emphasizing energy efficiency and incorporating the concepts of environmental protection, energy conservation and carbon reduction into the whole process of production and operation. By implementing various carbon reduction initiatives, the Group has achieved its dual carbon goal in an all-round way.

Reduce energy consumption of large and medium-sized equipment and construction machines, and maximise the utilisation of renewable resources such as solar energy

Prioritise the use of energy-saving lamps in offices and on-site areas, and reduce electricity consumption by prioritising the use of energy-saving equipment during construction

Establish waste recycling facilities at construction sites for timely waste disposal

Seal and preserve fuel used on-site to reduce energy and fuel spillage

Energy Saving and Carbon Reduction Measures of the Group

The project department adopts automatic-controlled switches for lighting fixtures

The construction site of the new campus project of Baoding No. 4 Vocational Middle School (保定市第四職業中學) installed LED lamps in the outdoor area of the office, equipped with time-controlled switches for automated control of the lamps, which can save electricity while ensuring the efficient lighting during the project’s nighttime operation.



The project department adopts photovoltaic street lighting

In the Guang' anmen Hospital project, the Group actively responds to the call for green lighting by installing photovoltaic street lights. Through the use of solar-powered streetlights, automatic light sensors, timers and other devices, the project maximises electricity savings and reduces greenhouse gas emissions.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Reporting Period, the Group's greenhouse gas and energy consumption were as follows:

Type		Unit	2021	2022	2023
Direct energy consumption	Gasoline	Litre	4,474,265	4,291,165	3,051,030
	Diesel	Litre	20,254,735	18,677,386	11,321,790
	LPG	Tonne	5,125	4,567	658
	LNG	m ³	376,597	741,043	1,040,735
Indirect energy consumption	Purchased electricity	kWh	144,648,787	116,013,412	94,161,653
	Purchased thermal power	Million kJ	10,489	16,864	17,014
Total energy consumption ²	Tonne standard coal		56,986	51,087	31,778
Total energy consumption intensity	Tonne standard coal/RMB10,000 total revenue		0.01	0.01	0.01
GHG emission ³	Scope 1 GHG emissions	tCO ₂ -eq	80,569	75,042	41,527
	Scope 2 GHG emissions ⁴	tCO ₂ -eq	116,273	68,018	55,572
	Total GHG emissions	tCO ₂ -eq	196,842	143,060	97,099
	GHG emissions intensity	tCO ₂ -eq/RMB10,000 total revenue	0.04	0.04	0.03

2 Total energy consumption was calculated according to the General Rules for Total Energy Consumption Calculation (GB/T 2589-2020).

3 During the Reporting Period, the Group's Scope 1 GHG emissions mainly generated from direct energy consumption - mainly including natural gas, diesel and gasoline; Scope 2 GHG generated from indirect energy consumption - mainly including purchased electricity and purchased steam; GHG emissions were calculated with reference to the "Guidelines for Accounting Methods and Reporting of Greenhouse Gas Emissions from Industrial and Other Enterprises" (《工業其他行業企業溫室氣體排放核算方法與報告指南(試行)》) issued by the National Development and Reform Commission of the People's Republic of China.

4 During the Reporting Period, the electricity emission factor was calculated with reference to the "Notice on the Management of Greenhouse Gas Emission Reports for Enterprises in the Power Generation Industry for 2023-2025" (《關於做好2023-2025年發電行業企業溫室氣體排放報告管理有關工作的通知》) issued by the Ministry of Ecology and Environment of the People's Republic of China, in which the grid emission factor was adjusted to 0.5703 tCO₂/MWh.

4.3 Resources Management

The Group continuously improves its resource management system by setting resource use targets and implementing refined energy management in the course of operation. By formulating targeted energy-saving plans and adopting green energy-saving technologies, the Group improves the efficiency of resource use and contributes to its green and sustainable development.

Water Resources Management

The Group actively advocates water conservation. In the ordinary and usual course of business and operation, optimises water conservation measures in the whole process from the aspects of water conservation at the source, and water conservation in the process and water recycling. As a result, the Group's water consumption has decreased annually.

During the Reporting Period, we have established a system for recycling and utilising rainwater, reclaimed water and other water resources to maximise water resource recycling, reducing the use of fresh water resources. We require the installation and use of water recycling devices for machinery, equipment and vehicles at construction site, utilising collected rainwater and other tested non-tap water sources for road spraying, greenery watering, concrete and block maintenance, maximising the utilisation of water resources. In addition, we have taken proactive measures to protect the construction site and surrounding environment from water and soil pollution, reducing the use of groundwater, further reducing water resources risks, and demonstrating the Group's responsibility.

Type		Unit	2021	2022	2023
Water consumption	Total volume	Tonne	8,927,548	7,805,411	6,218,492
	Intensity	Tonne/ RMB10,000 total revenue	2.45	1.87	1.86

Use of water resources in 2023

Construction Materials Management

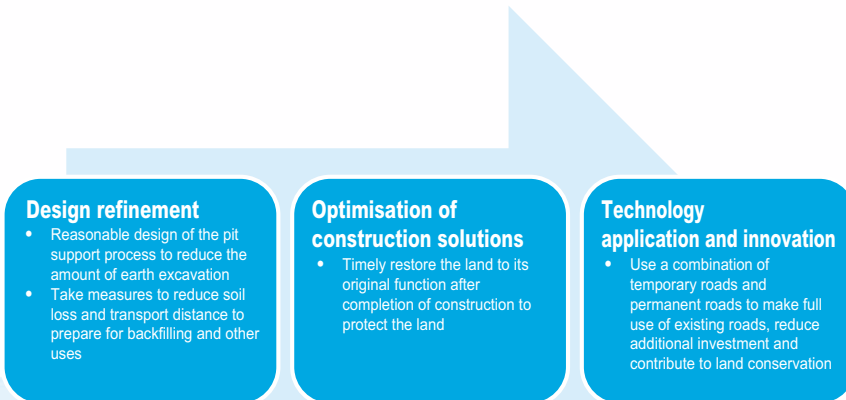
The Group adheres to the concept of green development and the principle of conservation management throughout the construction process, and strives to achieve cost reduction and efficiency enhancement and effective waste reduction in three aspects, namely material selection, connection technology and material conservation, contributing to the sustainable development of the construction industry.

Material selection	Connection technology	Material conservation
<ul style="list-style-type: none"> • Use of high-performance concrete • Use of waterproof material • New energy-saving rebar application technology 	<ul style="list-style-type: none"> • Mechanical connection technology for large diameter rebars • Heat shrink cable connection • Common plate flange connection for galvanized air ducts 	<ul style="list-style-type: none"> • Use of straight threaded joints for connections as far as possible, use rebar scraps to make bar support to improve the utilization rate of rebars • Strict control of formwork and scrap woods, recycling of waste formwork and hole protection

Measures of Construction Material Conservation

Conservation of Land

The Group strictly adheres to various national land use standards and actively conducts research on land-saving technologies and land-saving models, promoting the sustainable development of land resources. Through the investigation and assessment of construction projects and land environmental quality, we implement land resources conservation from three perspectives: design refinement, optimisation of construction solutions and technology application and innovation, under the condition of fulfilling local policy requirements. We actively assume our corporate social responsibility in the construction industry and strive to maximise the value of land resources and ecology.



Protection measures for land resources

4.4 Emissions Management

The Group strictly abides by the Law of the People’s Republic of China on the Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》), the Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢棄物污染環境防治法》), the Law of the People’s Republic of China on the Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》), the Standards for Environmental Noise Emission in Construction Sites (《建築施工場所環境噪聲排放標準》) and other laws and regulations. Internally, the Group has formulated systems and guidelines such as the “Environmental Protection Management Policy” (《環境保護管理制度》) and the “Green Construction Implementation Rules” (《綠色施工實施細則》) to strictly manage the discharge and treatment of waste, and continuously explores and promotes new measures and technologies for pollutant control to minimise the impact on the environment. During the Reporting Period, the Group had no major environmental impact incidents.

Wastewater Management	Waste Management	Exhaust Gas and Dust Management	Noise Management
<ul style="list-style-type: none"> Sedimentation tanks are set up for construction of on site mixing stations, car washes, and grinding stone processes Grease trap in canteen Toilet with septic tank Promote wastewater recycling and reuse and encourage the installation of reclaimed water reuse systems 	<ul style="list-style-type: none"> Add toxic and hazardous waste recycling sites and facilities on construction sites to achieve classified management and labelling Toxic waste chemical materials and packaging are centrally collected by special personnel Industrial cotton cloth, oiled gloves and oiled cotton yarn (cotton cloth) should be recycled as far as possible after treatment Other non-recyclable wastes are collected and disposed of at regular intervals 	<ul style="list-style-type: none"> Try to purchase and select non-toxic and non-hazardous environmentally friendly materials as much as possible Improve the ratio of raw materials and reduce the use of toxic and hazardous substances Improve operations, strengthen management and prioritise the use of clean production processes to reduce the production of atmospheric pollutants Purchase vehicles with qualified exhausted gas emission devices; enhance routine maintenance for vehicles; and conduct timely inspection with mandatory scrapping of vehicles that do not meet exhausted gas emission standards to minimise the exhaust emission of vehicles 	<ul style="list-style-type: none"> Give priority to low-noise construction facilities and process methods Set up noise detection devices at the noise sources and conduct real-time dynamic monitoring, and suspend the work immediately when the noise limit specified by the local government is found to be exceeded Strictly prohibit construction at night Prohibit construction vehicles from sounding their horns when entering and leaving the site

Emission Management Initiatives

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Reporting Period, the Group's waste generation was as follows:

Type		Unit	2021	2022	2023
Waste generated	Non-hazardous waste	Tonne	709,779	585,381	480,012
	Hazardous waste	Tonne	40	20	15
	Total volume	Tonne	709,819	585,401	480,027
Waste intensity		Tonne/ RMB10,000 total revenue	0.15	0.15	0.14

4.5 Green Office

The Group advocates for green and environmentally friendly concepts, adheres to green office practices and takes various measures for energy conservation and resource conservation. The Group integrates the concept of green office throughout its operation process to enhance employees' awareness of low-carbon life.

Save electricity	Save paper	Office Waste Management
<ul style="list-style-type: none"> Use nationally certified energy-saving products and energy-efficient appliances. Develop a habit of saving electricity. For example, turn off the power at any time to avoid phenomena such as "eternal lights" and "daylights". The temperature of the air conditioner is not lower than 26°C in summer and not higher than 20°C in winter. When the air conditioner is turned on, the doors and windows should not be opened. Do not turn on the air conditioner when the air conditioner is not in use. Turn off all electrical equipment after work. Advocate green travel and provide employees with charging piles for new energy vehicles. 	<ul style="list-style-type: none"> Advocate paperless office, print after finalizing the document. Single-sided printed paper should be reused. Refuse excessive packaging items. Do not use or reduce the use of non-reusable paper products such as disposable water cups and laminated paper. Centralized recycling and reuse of waste paper, waste books and newspapers. 	<ul style="list-style-type: none"> Waste carbon paper, waste ribbons, waste magnetic disks, waste calculators and waste fluorescent lamps, etc. are stored in marked boxes set up by each department and are collected and disposed of by the office in a centralized manner. Waste photocopier ink cartridges and waste batteries, etc. are collected and disposed of by the office.

Green Office Initiatives

5 BUILDING A TALENT HOME

With the corporate mission of “creating space with love” and the corporate vision of “People-oriented happy enterprise with vibrant and long-lasting business, we have cultivated a characteristic culture centered around “Family · People”. We attach great importance to the health and safety and future development of employees, and gain insights into their needs through satisfaction surveys to ensure their well-being. At the same time, we continuously enhance the ability of employees through a series of training activities to create unlimited development space for employees.

5.1 Employee Employment

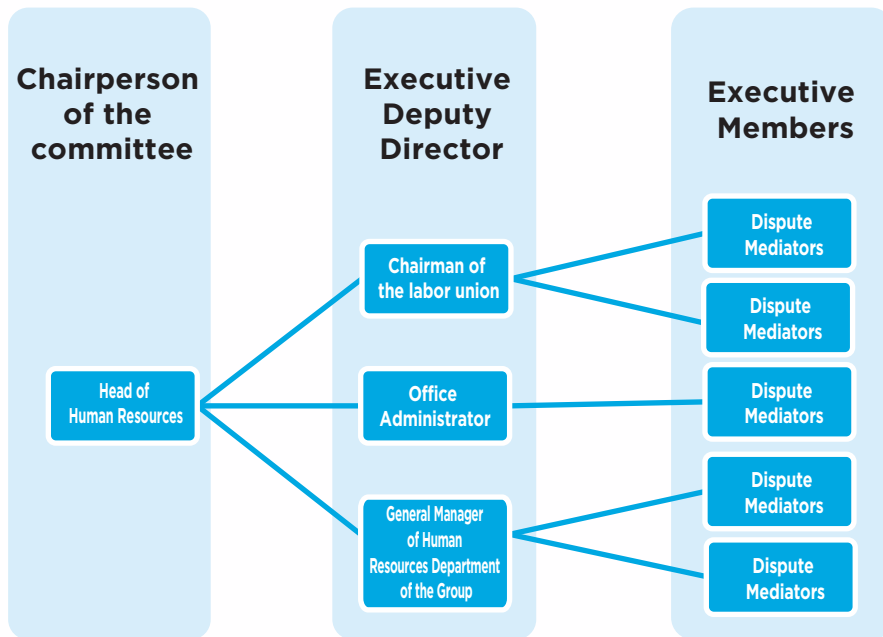
We adhere to the principle of equal employment, and strictly comply with national and local laws and regulations such as the “Labour Law of the People’s Republic of China” (《中華人民共和國勞動法》), the “Labour Contract Law of the People’s Republic of China” (《中華人民共和國勞動合同法》), the “Law of the People’s Republic of China on the Promotion of Employment” (《中華人民共和國就業促進法》), the “Social Insurance Law of the People’s Republic of China” (《中華人民共和國社會保險法》) and the “Provisions on the Prohibition of Using Child Labour” (《禁止使用童工規定》). We have established a series of systems and processes such as the “Human Resources Management System” (《人力資源管理制度》) and the “Recruitment Standard Process” (《招聘標準流程》), to carry out talent recruitment based on the principles of fairness and openness. We resolutely eliminate discrimination based on age, gender, region, ethnicity, religion, and other factors, while protecting the basic rights and interests of employees on all fronts.

Within the Group, any use of child labour, forced labour, or biased discrimination is strictly prohibited. Furthermore, we strictly require suppliers and contractors to standardise their employment, and prohibit illegal laws and discrimination. During the Reporting Period, the Group was not involved in any incidents of child labour or forced labour.

Protection of rights and interests

The Group has established a Labour Dispute Mediation Committee to help solve labour disputes in branches (subsidiaries). We conduct promotional and educational activities on labour laws and regulations for branches and subsidiaries, proactively work on preventing labour disputes, receive business guidance from the labour dispute arbitration committee of the competent government department, and handle relevant matters entrusted by the arbitration committee, aiming to protect the legitimate rights and interests of employees. Through practical actions, the Group strives to resolve labour disputes at the grassroots level to the maximum extent, reduce them from the bud, and provide strong support for the Company to build a harmonious labour relationship.

During the Reporting Period, all units of the Group initiated employment inspections, and formulated separate solutions for employees who were not assigned to specific positions. An employee in a primary subsidiary of the Group who is unable to be qualified for the original position or the rearranged position after the expiration of the medical treatment period, initially took extreme measures to avoid handling relevant labour relationship procedures. Through mediation by the Labour Dispute Mediation Committee, both parties eventually reached a mutually agreed-upon outcome, achieving a win-win situation by maintaining the legitimate rights and interests of the workers while safeguarding the interests of enterprises.



Structure of the Labour Dispute Mediation Committee

Talent recruitment and appointment

Talent is an indispensable element for the sustainable development of an enterprise. We adhere to the principle of equal treatment and actively recruit talents, valuing diversity in our workforce. We select individuals from different genders, cultures and professional backgrounds, aiming to progress in collaboration with the Company. We use a combination of online and offline methods to attract more talents through multiple channels.

Online recruitment

- We publish recruitment brochures and position requirements on employment websites within universities, and promptly contact university employment office to promote the Group's recruitment information through university employment groups and public accounts.
- We participate in online dual elections and presentations of universities. During the year, we participated in more than 10 online job fairs at key universities such as Hebei University of Architecture and Engineering, Shijiazhuang Railway University, North China University of Technology and Hebei University of Water Resources and Electric Power, and interviewed more than 100 fresh graduates online.

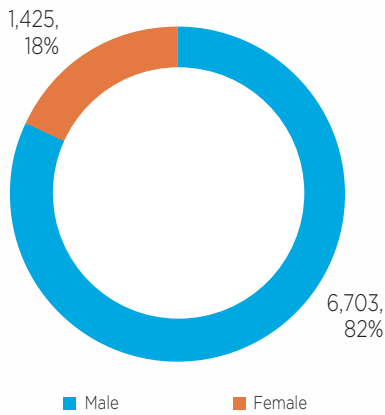
Offline recruitment

- The Human Resources Department organised the 2023 Spring job fair at the hall on the first floor of the Group.
- We attended presentations hosted by contracted school-enterprise cooperation units such as Hebei University of Architecture and Engineering and Hebei Agricultural University, collecting resumes on-site and arranging interviews.

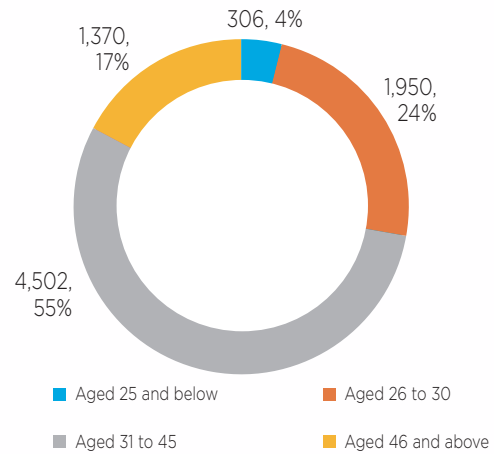
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Reporting Period, we provided 59 positions for fresh graduates, and the Group had a total of 8,128 employees. The breakdown by gender, age, employee type and region are as follows:

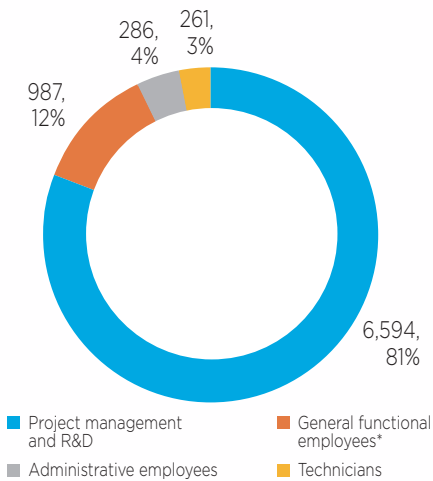
Proportion of number of employees by gender



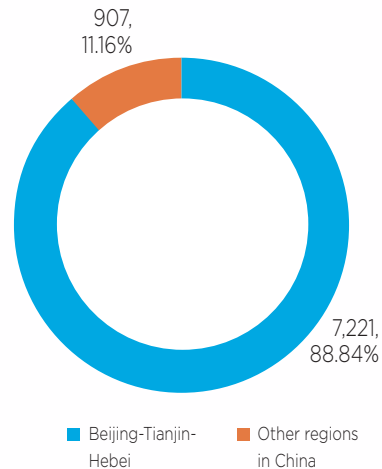
Number of employees by age



Number of employees by category



Number of employees by region



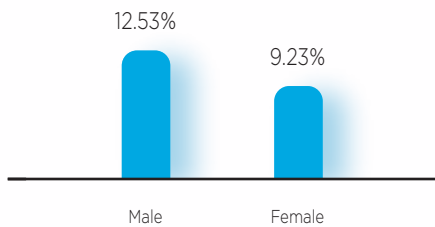
*: General Functional Employees refer to: human resources department, legal affairs, audit finance, operation and marketing employees

Employee retention

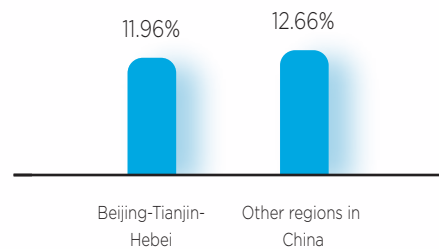
In order to ensure its long-term development, the Group has formulated the “Special Implementation Plan for Reducing the Turnover Rate of Young Employees” (《降低青年員工流失率專項執行方案》). We respect our employees’ career path choices and have implemented a series of targeted measures, including conducting satisfaction surveys and exit interviews with our young employees, to prevent the loss of outstanding talents. Every year, we conduct statistical analysis on employee turnover data, and take active measures to improve while protecting the basic rights and interests of employees.

During the Reporting Period, the total employee turnover rate of the Group was 12.06%. Information on the turnover rate by gender, region and age is as follows:

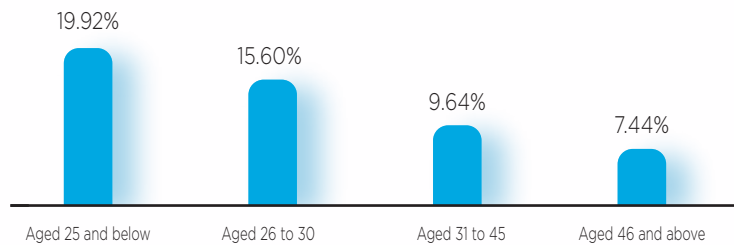
Employee turnover rate by gender



Employee turnover rate by region



Employee turnover rate by age

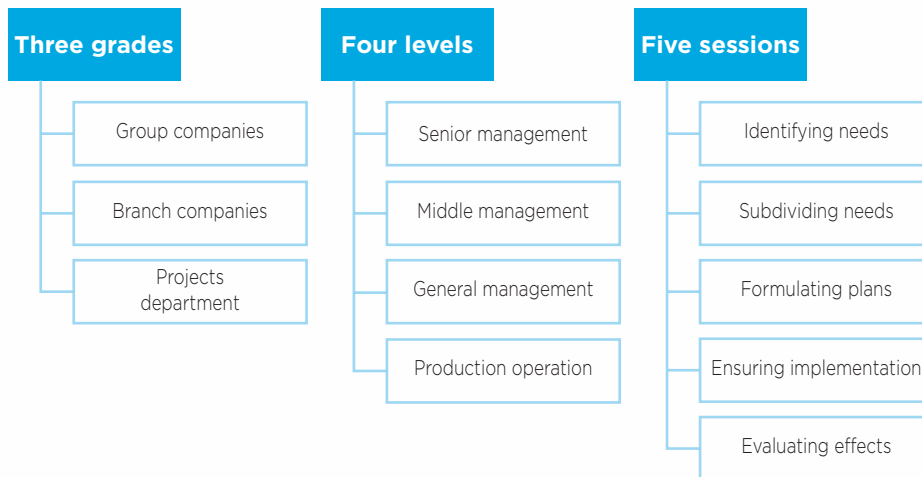


5.2 Talent Development

We provide a diversified career development platform for all employees of the Group, formulate the “Special Implementation Plan for Training Management” (《培訓管理專項執行方案》), and establish a three-grade, four-level and five-session training system to comprehensively and from multiple angles provide targeted training for employees at different levels, thereby enhancing their learning and improving the effectiveness of various training programmes. For special vocational skills required at work, we encourage employees to obtain vocational qualification certificates and provide necessary assistance to facilitate the long-term career development of all employees.

Training of Employees

Our Human Resources department conducts employee training in strict accordance with the “three-grade, four-level and five-session” employee education and training system, and has established a three-level training network by formulating the “Annual Employee Education and Training Plan” (《年度員工教育培訓計劃》) at three grades: group companies, branch companies and project departments. The Group organises and implements employee training at four levels: senior management, middle management, general management and production operation, so that there are plans and implementation at each level; training is implemented through five sessions, including “identifying needs, subdividing needs, formulating plans, ensuring implementation and evaluating effects”.



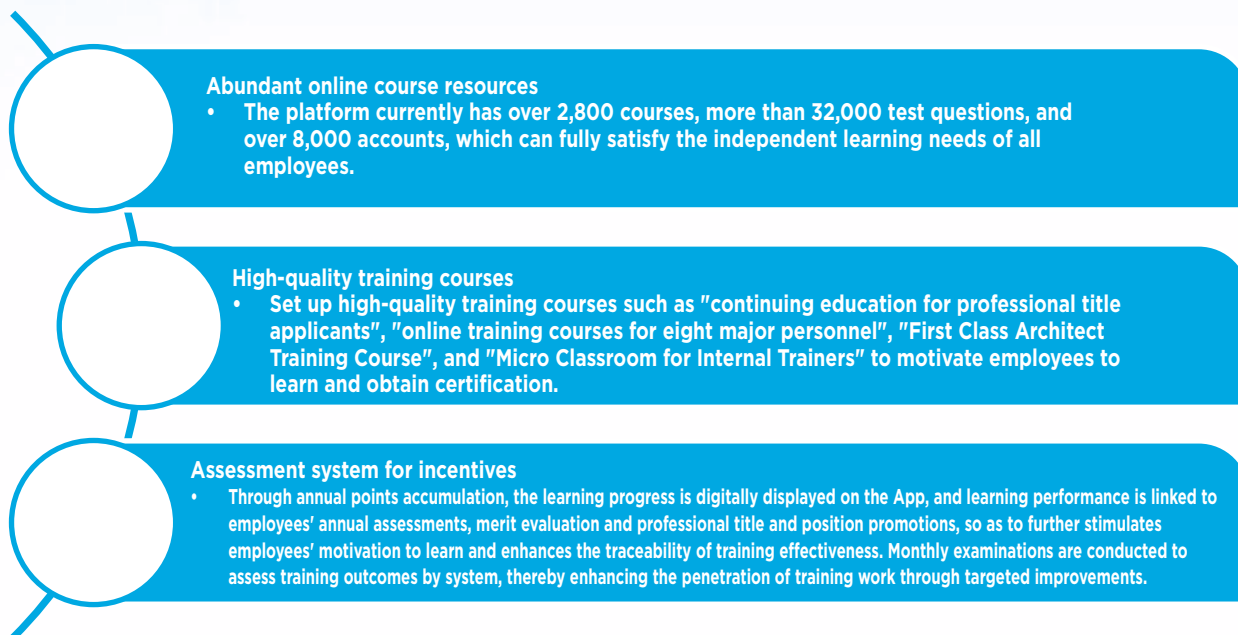
“Three-grade, Four-level and Five-session” Employee Training Management System

Based on the above-mentioned training system and the “Annual Training Plan” (《年度培訓計劃》), during the Reporting Period, we actively carried out targeted training such as training for new employees, training for on-site construction professionals (the eight major personnel) and Tsinghua Business School training, which have been well received by employees. We are committed to building a comprehensive pool of high-quality talents to promote the sustainable development of the Company.

Qualification training for on-site construction management personnel

We encourage on-site construction management personnel and frontline operating employees to participate in vocational skills training and hold vocational qualification certification examinations. During the Reporting Period, we continued to organise the certification process for the eight major personnel and their continuing education, conducting a total of 44 examination sessions with 3,446 people participated in continuing education courses of certification holders. This year, a total of 656 employees, including civil construction personnel, decoration construction personnel and civil construction quality personnel, etc. obtained vocational qualification certification.

In order to support the digital transformation of the Group, we have established an online training platform called “Construction Intelligent Academy” and an online examination system, and created a “Internet + Training” model by category, level and step to provide employees with more flexible and diversified learning channels, which can fully meet the independent learning needs of all employees. We actively cultivate a learning-oriented organisation, foster a positive learning culture, stimulate organisational vitality, and contribute to the high-quality development of the Company.



Online Training System of "Construction Intelligent Academy"

Training for new employees

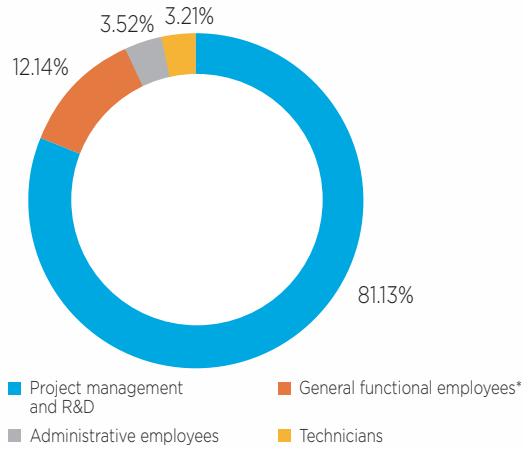
During the Reporting Period, we arranged induction training for 59 fresh university graduates, enabling them to integrate into the "big family" of Hebei Construction Group as soon as possible and experience the warmth of the "Family • People" culture. The induction training mainly covered corporate culture publicity, strategic planning training of the Group, excellent performance management and the Company's system and process training, safety knowledge training, legal knowledge training and human resources knowledge training, etc. Additionally, we arranged for new employees to visit the Company's historical exhibition hall. After the training, the new employees underwent an examination using the "Construction Intelligence Academy" learning platform, which further deepened their understanding of the corporate culture and facilitated their swift entry into their respective roles.

In order to help new employees better integrate into the Company, we have formulated the "Special Implementation Plan for Mentorship and Apprenticeship" (《師帶徒專項執行方案》), and established a team of mentors. New employees can freely choose their mentors during the probationary period and rotation period. Through mutual selection activities between mentors and apprentices, we promote mentoring and apprentice exchanges and improve the enthusiasm and cohesion of mentors and apprentices.

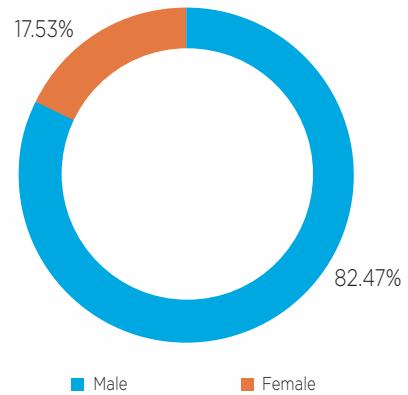
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Reporting Period, each unit of the Group planned to arrange 803 training sessions, with a total number of 33,538 training participants and a total of 76,847 days, representing a 100% coverage rate of employee training. The breakdown of training by employee type and gender are as follows:

Proportion of training by employee type



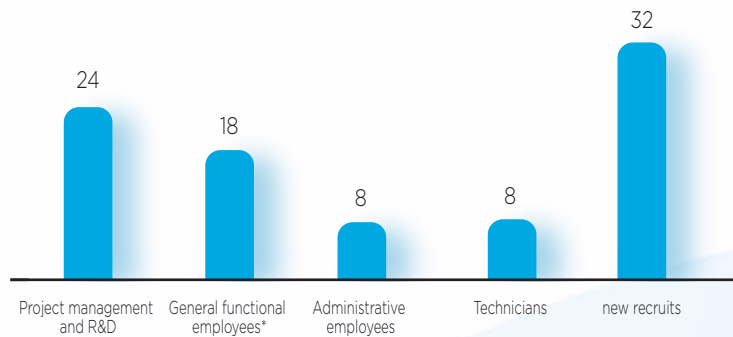
Proportion of training by gender



Training hours for employees by gender



Training hours by employee type



*: General functional employees refer to: human resources department, legal affairs, audit finance, operation and marketing employees

Employee Development

We continue to improve the position promotion and management system and provide them with fair just and transparent promotion channels. During the Reporting Period, the Group issued the “Management Measures for the Selection and Appointment of Project Managers” (《項目經理崗位選拔任用管理辦法》), recognising the significant role of project managers as overall responsible individuals for the Group’s operations. These management measures provide specific regulations regarding the principles of selecting project managers, application scope, qualifications for appointment, terms of reference and selection process. In September, the Group formulated the “Special Assessment and Management Plan for the Performance Capability of Project Managers” (《項目經理履職能力專項考核管理方案》), conducting a comprehensive 360-degree assessment of project managers’ roles. During the same month, 22 subsidiaries of the Group completed the first special assessment of project managers’ performance capabilities.

Reserve cadre training programme

Reserve cadres are the guarantee for the sustainable development of our business. The students of the third and fifth batches of the Hebei Construction Group Business School are considered as a group of reserve cadres of the Group. In July 2023, the opening ceremony for the fifth batch was successfully conducted with 103 participants. The fifth batch have completed three sessions of face-to-face courses, totaling six days of training. The third batch have completed two sessions of face-to-face courses, totaling four days of training, nurturing 300 reserve cadres.

In order to demonstrate the exemplary role of advanced individuals and enhance the cadre team within the system, the Group carried out the selection of “excellent business managers” and “excellent new employees in the operation system”. Based on the length of service, we evaluated candidates in aspects such as business negotiation, cost management, cooperation and communication, qualification and performance, business ability and personal quality, so as to identify outstanding talents for the reserve cadres within the operation system.

At the same time, we established a “settlement core group” in each branch (subsidiary), compiling a list of settlement core group members of each branch (subsidiary) and the details of settlement items claimed by each member. By “substituting actual projects for training” (以戰代訓), we advanced the progress of project settlement, identified talents, and enriched the talent pool of reserve cadres within the operation system.

5.3 Employee Care

The Group always adheres to a people-oriented approach, providing employees with favourable welfare benefits while organizing various colourful activities. We listen to employees' voices through symposiums and satisfaction surveys, share the fruits of development with employees, and work together towards a prosperous future.

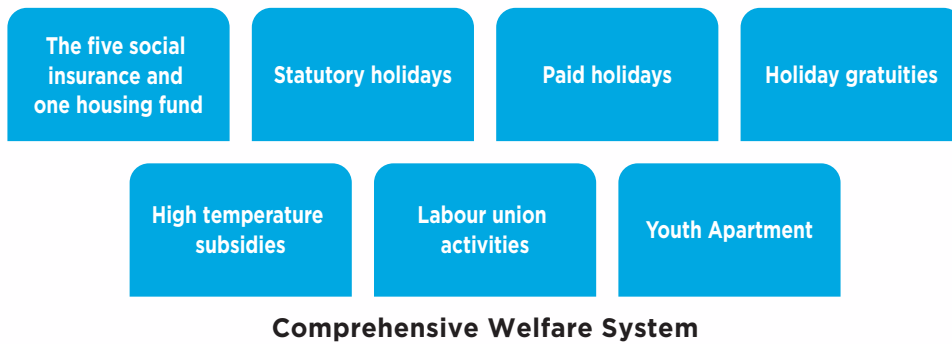
Remuneration and benefits

We adopt a fair and just remuneration management system and abide by the “Remuneration Implementation Standards” (《薪酬執行標準》). The Group's Human Resources Department centrally manages the remuneration and social security of all employees through designated remuneration-related staff in branches (subsidiaries), to ensure that the Company scientifically and reasonably determine the difference in remuneration of employees based on their contribution to the organisation, guaranteeing the fairness and incentive effect of remuneration.

During the Reporting Period, we strengthened the centralised management of remuneration and social security insurance, further refined the management regulations on employee attendance and leave, and further standardised the implementation standards of the Company's remuneration package. we implemented a unified remuneration distribution model, and supplemented provisions for the implementation measures of the Company's remuneration adjustment, clarifying the basis for the implementation of remuneration of branches and subsidiaries in 2023, and standardising the Company's remuneration implementation standards.

Employee Benefits

We pay great attention to the well-being of employees. We not only guarantee various types of holidays and national statutory benefits as stipulated by national laws and regulations and the Company's system, but also provide employees with a wide variety of benefits such as high-temperature subsidies, labour union activities and paid holidays, etc. so as to improve their sense of happiness.



We attach great importance to the work-life balance of employees. During the Reporting Period, we organised various cultural and sports activities to strengthen the trust and cooperation among employees and cultivate their sense of belonging.

Employee Activities

The Group made a debut in the 2023 Baoding Marathon and made every effort to support the marathon event.



The Group held the 2023 employee basketball competition, swimming competition and table tennis and badminton competition to activate the cultural life of employees, enhanced their physical fitness and increase team cohesion.



Employee Activities

The Group held youth companionship activity

In order to enhance the cohesion and sense of belonging of young employees, the labour union and the Youth League Committee of the Group, together with the labour union of Hebei University and the Lianchi District Committee of the Communist Youth League, carried out the youth companionship activity of “Youth Gathering: Meeting on 520”. In recent years, considering the characteristics of the industry where it operates, the Group has actively built a dating platform for networking among single young employees of the Company, organised more than 10 large companionship activities, and served over 1,000 young employees.



Employee communication

The Group attaches great importance to the voices of employees and actively establishes channels for employee communication, with a focus on employees' rights and interests and deepening democratic management. We have set up various communication channels, such as the Chairman's mailbox of employee's feedback, employee representative meetings and young employee's seminars, to timely understand and solve the reasonable demands of employees, continuously improve the our corporate management system, and enhance employees' recognition and sense of belonging to the Company.

Employee Satisfaction

During the Reporting Period, we conducted a comprehensive employee satisfaction survey to gain in-depth insights into employees' work status and actual needs. We conducted hierarchical evaluations for employees in key positions and general management positions focusing on six dimensions of corporate culture, work reward, work background, work group, corporate management and corporate operation. A total of 7,482 employees participated in the survey, with an overall satisfaction rate of 87.41%, representing an increase of 1.2% over the same period last year. The overall satisfaction rate has shown a continuous upward trend for three consecutive years.

Care for women

We value the growth and development of female employees, providing them with equal opportunities and benefits, and creating a friendly and inclusive work environment.

During the Reporting Period, we organised a number of activities with the theme of female care. In addition, the Group organises gynaecological medical check for married female employees of childbearing age every year and arranges gynaecological examinations, HPV and TCT screenings for female employees in a uniform manner.

Delivering warmth on “March 8” Women’s Day

On the occasion of the International Women’s Day on March 8, the Group’s headquarters, branches and subsidiaries carried out various activities and presented holiday gifts to female employees. These vibrant and diverse activities demonstrated the style of female employees of the Group and allowed everyone to experience the warmth and care from the Company.



The 6th “Outstanding Spouse” (賢內助) selection activity

During the year, we carried out the 6th “Outstanding Spouse” (賢內助) selection activity, recognising and encouraging the spirit of dedication. Such activity served as a platform to honour the silent supporters who contribute to the harmony of their families and the development of the Company through their hard work, so as to help the sustainable and healthy development of the Company.

第六届“贤内助”

安装公司 刘振清的妻子 张红强	成都分公司 李星纪的妻子 王娜	二分公司 周丽瑞的妻子 王艳艳	钢结构分公司 汤杰的妻子 张芳
基础设施分公司 吉洪茂的妻子 黄晓蓉	建安分公司 张建平的妻子 王华芸	空港分公司 石宗晖的妻子 张坤	内蒙古分公司 俞发财的妻子 吴丽娟

第六届“贤内助”

秦皇岛分公司 赵乐的妻子 孙清妍	三分公司 陈庆明妻子 孙永娟	石家庄分公司 申晓明的妻子 张博	天辰公司 田磊的妻子 高菁
一分公司 彭建军的妻子 孙燕燕	云贵分公司 孙发兴的妻子 杨志想	装饰公司 王国亮的妻子 王二妮	

5.4 Health and Safety

We are committed to practicing the concept of safe development and providing a safe and healthy workplace for all employees, while effectively balancing safety and development. We strictly abide by the “Law of the People’s Republic of China on Production Safety” (《中華人民共和國安全生產法》), the “Law of the People’s Republic of China on the Prevention and Treatment of Occupational Diseases” (《中華人民共和國職業病防治法》) and other national laws and regulations, and have formulated the “Safe Production Reporting Incentive System” (《安全生產舉報獎勵制度》) and the “Management System of Highly Dangerous Sub-contracting Projects” (《危險性較大的分部分項工程管理制度》) within the Group, forming 25 safety production management systems with the “Safe Production Responsibility System” (安全生產責任制) as the core, with a total of 451 management items.

We regularly revise our internal rules and regulations in accordance with the requirements of relevant national laws, regulations and relevant provisions on quality, occupational health and safety and environmental protection, while taking into account the actual circumstances of the Group. During the Reporting Period, we revised the Group’s “Emergency Plan” (《應急預案》) to further improve the Group’s emergency rescue and response capabilities for production safety and environmental protection incidents. Our goal is to organise emergency rescue work in a scientific, rapid and orderly manner, minimise casualties, property losses and impact on the environment, and ensure the sustainable, healthy, stable and benign development of the Group while maintaining social harmony and stability.

Safety Production Management

In accordance with the “Standardized Manual for Engineering Project Management” (《工程項目管理標準化手冊》), “Enterprise Vision Identification System (VIS) Manual” (《企業視覺識別系統VIS手冊》), “Special Solutions for the Implementation of Standardised Management Work for the Whole Process of Construction Projects of the Safety Production Department”(《安全生產部工程項目全過程標準化管理工作執行專項方案》) and “Notice on Further Standardising the VIS Image of Key Sites of Project Construction Sites” (關於進一步規範項目施工現場重點部位VIS形象的通知) on 17 August 2021, we carried out in-depth standardised management, strengthened project process control, and unified the project management model, so as to win the market through site operations, create benefits through management, and provide strong support for the normal development of the Group’s production and business activities.

The Group regularly organises exchange activities, and promotes safety production standardisation, and continuously improves the safety management system. We enhance daily precautions and source governance, striving to eliminate safety hazards from the root. During the Reporting Period, the Group did not experience any work-related injuries and work-related fatalities.

Organising observation and exchange activities

- The Group determined benchmarks for internal and external safety and civilisation standardisation, regularly organised observation and exchange activities, and led the promotion of a unified model for safety management at construction sites, so as to promote safe, green and civilised construction and on-site image building of the Group.

Strengthening system-level construction

- In accordance with the requirements of the second meeting of the fifth session of the workers’ congress, the Company dynamically adjusted the establishment of safety management organisations at all levels and the allocation of full-time safety production management personnel, issued the “Notice of the Company on the Appointment of Safety Responsible Personnel (Safety Director(s) of All Units” (《公司關於各單位安全負責人(安全總監)任命的通知》), and appointed 24 safety responsible personnel (safety directors) for a term of three years.

Special rectification and governance

- During the Reporting Period, the Group supervised all units to carry out special rectification of technical measures to reduce and control the number of personnel on construction scaffolding and operational platforms, protection deficiencies at the edge cave, non-standard practices and prevention of falls from heights, safety management of foundation pits (trenches) and on-site electric engineering transport vehicles.

Project informatisation

- In order to further strengthen on-site management and control, the Group established a remote video monitoring system, which is implemented from the exemplary and key projects to gradually extending its coverage to all projects. Currently, a total of 82 projects have been connected, and the system is running smoothly, further strengthening the on-site management and control.

Safety Production Management Measures

During the Reporting Period, we have identified and released a total of 38 Group level model projects and conducted 23 internal and external exchange activities, leading the promotion of the unified model of safety management at the construction site, and promoting the safe, green and civilised construction and on-site image building of the Group.

Observation of construction safety production and dust pollution prevention and control in Hebei Province

On the morning of July 12, the Hebei Province Department of Housing and Urban-Rural Development carried out an exchange activity on construction safety production and dust pollution prevention and control in the Baoding Hospital Project of Guang'anmen Hospital of the China Academy of Chinese Medical Sciences. Four projects, namely Baoding Hospital Project of Guang'anmen Hospital of the China Academy of Chinese Medical Sciences, the Construction Project of the New Campus of Shunping County Hospital, the Project of Overall Relocation of Wen'an County Hospital, and the Zhangjiakou Xuri Garden, were successfully selected as the online VR "Cloud Observation" project of the Hebei Province Department of Housing and Urban-Rural Development in 2023 among a total of 22 projects in the province, accounting for nearly 20% of the province, demonstrating the strength of the Group and enabling all units to organize learning and improve together. Leaders from the Provincial Department of Housing and Urban-Rural Development, and officers in charge of construction safety production and dust pollution prevention and control from the Housing and Urban-Rural Development Bureau (Construction Bureau) of various cities (including Dingzhou and Xinji), the Baoding Municipal Bureau of Coordinated Administrative Law Enforcement for Urban Management, the Construction and Traffic Management Bureau of the Management Committee of Xiong'an New Area, and the main responsible personnel of the safety organisations and the dust prevention and control institutions, as well as representatives of certain construction enterprises, totaling more than 200 people, participated in the activity. This exchange activity was another provincial-level on-site safety observation held by the Group after 23 years, sharing the best practises in the construction industry in the province, and providing high-level safety support for the high-quality development of the Group.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In terms of safe and civilised construction, the Group has been continuously striving for excellence and has gained recognition and praise from numerous regulatory agencies and industry associations. During the Reporting Period, we were awarded 5 standardised construction sites of production safety in construction projects nationwide and 35 provincial safety and civilization construction sites.

Safety Assurance Training

The Group resolutely implements the corporate safety culture of “Life is most valuable, safety is of vital importance”, and strives to control safety risks and reduce accident hazard by regularly carrying out safety training and actively promoting safety culture, so as to prevent and curb the occurrence of major accidents.

During the Reporting Period, the Group conducted training programmes such as systematic training, special training and training for safety management personnel through a combination of online and offline channels, with a total of 12,438 participants. Taking the “Safety Production Month” as a carrier, we carried out the “Safety Production Month” activity with the theme of “Everyone Stresses Safety, Everyone Knows Emergency”. Through various forms of publicity, education and training, we cultivated a life first safety culture under the corporate theme culture “Family • People”.

Group-wide safety production month series activities

During the Reporting Period, in order to comprehensively raise the safety responsibility awareness of employees, we focused on carrying out Safety Month Consultation, Safety Production Seminar and Safety Lectures, which were attended by more than 1,170 people, including the deputy general manager of production of branch (subsidiary) companies, the manager of the safety production department, the safety officer (safety director), relevant personnel of the system, and safety and technical related personnel of the project departments. Detailed explanations and promotion were provided on topics such as technical control of temporary power safety, the implementation guidelines (trial) of the “Standards for Determination of Major Hazards of Production Safety Hazards in Housing and Municipal Engineering (2022 Edition)” (《房屋市政工程生產安全重大事故隱患判定標準(2022版)》), whole-process control and safety management documentation for sub-projects with high risks, and the precautions filled in by the safety management information and the system of the supervision system.



Group-wide safety production month series activities

At the same time, the Group organised the “joint inspection and exchange”, and each unit and project department carried out “themed” emergency plan drills such as comprehensive, special, on-site disposal, and desktop simulation exercise, taking into account production progress, professional characteristics, and their own major safety risks, so as to improve the emergency response capability. A total of 80 “themed” emergency drills were carried out, including 3 regional-level emergency drills organised by local cities and districts. Each project organised 48 fire drills, 9 heat stroke drills, 8 flood control emergency drills, 5 electric shock accidents emergency rescue drills, 4 high-altitude fall accidents rescue functional drills, 2 confined space operation drills, 1 mechanical injury drill, 1 collapse drill, 1 emergency escape drill, and 1 gas-related drill.



Joint inspection and exchange



Guang’ anmen Hospital project fire and mechanical injury emergency drill



Exchange meeting on emergency drill for deep pit collapse at Jiahe Centre

Group-wide safety production month series activities

Each branch (subsidiary) of the Group also carried out a series of safety-themed publicity activities during the Safety Month.



Launching Ceremony of activities of Infrastructure Branch Companies in Safety Production Month



Wen'an County Hospital Project held knowledge competition



Concrete Branch carried out safety production month activities



Shunping Hospital's safety production and dust prevention and control exchange meeting

Employee health protection

We comply with the laws, regulations and standards of the country and the place where the projects are located, such as “Law of the People’s Republic of China on the Prevention and Treatment of Occupational Diseases” (《中華人民共和國職業病防治法》), the “Measures for the Administration of Occupational Health Examination” (《職業健康檢查管理辦法》) and the “Regulations on Work-Related Injury Insurance” (《工傷保險條例》) to provide a healthy working environment for employees. The Group has passed the ISO 45001 Occupational Health and Safety Management System Certification, which covers construction works, municipal and public works, highway works, mechanical and electrical works, foundation works, airport track works, steel structure works, ready-mixed concrete works, construction works design and other works categories.

We have formulated “Occupational Health Management System” (《職業健康管理制度》), “Safe production Reporting Incentive System” (《安全生產舉報獎勵制度》) and the “List of Important Environmental Factors, List of Major Hazardous Sources and Their Control Plans, Environmental Target Indicators and Management Plan, Occupational Health, Safety Target Indicators and Management Plan of 2023” (《2023年重要環境因素清單、重大危險源及其控制計劃清單、環境目標指標及管理方案、職業健康安全目標指標及管理方案》) to identify in a comprehensive manner the environmental factors that may affect the occupational health of employees during construction of the Group’s projects, such as dust and hazardous chemicals. We have implemented management measures and assigned responsibilities to relevant departments, ensuring the safety of our employees.

We attach great importance to the health of our employees and provide them with free occupational health check-ups. During the Reporting Period, we further standardised employee health management in accordance with the “Employee Health and Medical Check Management System” (《員工健康體檢管理工作制度》). We have clarified the management process and relevant requirements of physical examinations, realised the whole process management of formulating physical examination plans, organised and arranged physical examination for employees, issued analysis of the overall physical examination results of the unit, and formulated the overall health improvement plan of the unit, providing systematic guarantee for employee health management. During the year, we made adjustments to the list of physical examination institutions, allowing employees to exercise greater autonomy in choosing their preferred physical examination institutions. We also extended the validity period of physical examination to ensure that the physical examination of employees was in place. Based on the overall health and medical check results issued by the medical examination agency, we have formulated health improvement plans focusing on the top five major abnormal indicators (thyroid abnormality, pharyngitis, overweight, fatty liver and increased blood pressure) of the medical check results to fully reflect our commitment to employee well-being.

6 CREATING A WARM COMMUNITY

In response to the national “14th Five-Year Plan”, Hebei Construction Group adheres to the concept of sustainable development and actively undertakes social responsibilities. We share the fruits of economic growth with our social partners, and are always committed to promoting the development of public welfare undertakings with all walks of life, contributing to society and people’s livelihood, building a harmonious and prosperous community, and creating a warm neighborhood. During the Reporting Period, the Group made external donations totaling RMB87,547,200, and the number of volunteers reached 1,132.

6.1 Warm the Community

Hebei Construction Group upholds the public welfare concept of “sincere dedication and collaboration with all sectors”, and vigorously engages in public welfare activities such as earthquake relief and rural revitalization. During the Reporting Period, the Group invested a total of RMB880,000 in rural revitalization activities.

Participated in flood relief in Baoding

In the severe flood in July 2023, the Group donated nearly RMB6,000,000 in funds and supplies and dispatched a team of young employees to participate in flood relief and rescue efforts. They fearlessly and selflessly fulfilled various tasks, earned wide praise from relevant departments and all walks of life.



Strong support for Zhuozhou, with a letter of thanks receiving from the Communist Party Committee of Baoding City and Baoding Municipal People’s Government

In response to the the “23.7” massive flood disaster, the Group organised a number of rescue forces to Zhuozhou to carry out drainage and dredging work, with a cumulative drainage volume of 2,000,000 cubic metres and more than 10,000 cubic metres of dredging.



In addition, we coordinated the overnight repair of bridges and roads in mountainous areas such as Mancheng and Laishui with our professional machinery and equipment, provided conditions for subsequent rescue operations. In the post-disaster recovery and reconstruction process, we went deep into the disaster-stricken villages and carried out garbage clearing and removal, and demolition of dilapidated houses. In this disaster relief operation, the Group gave full play to its professional advantages and demonstrated its corporate responsibility. The Communist Party Committee of Baoding City and Baoding Municipal People’s Government sent a letter of thanks to the Company.



Organising volunteer performance activities, contributing to rural revitalization

On 22 September 2023, the Literary and Art Volunteer Association of Hebei Province organised a literary and art volunteer service team for civilization practise in the new era to visit the Dadao Agricultural Ecological Demonstration Park (大道農業生態示範園), and conducted a popular evening performance for the villagers. Through this event, we sang about the beautiful and happy lives of farmers and contributed to rural revitalization.

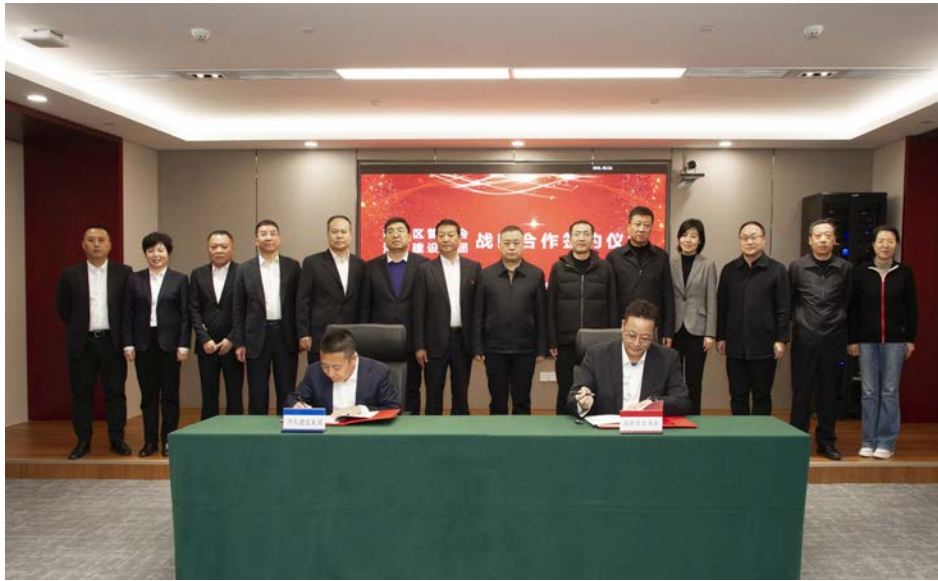


6.2 Social Welfare

Driven by the spirit and vision of making greater contributions to the economy and society, Hebei Construction Group has actively established government-enterprise cooperation and strong alliance, gave full play to its own advantages in strategic cooperation, comprehensively launched the joint development layout of the government and enterprises, promoted the construction of people's livelihood projects, and helped residents improve their lives.

Entering into a strategic cooperation agreement with the High-tech Zone Management Committee

On 7 February 2023, the Group entered into a strategic cooperation agreement with the Baoding National High-tech Zone Management Committee. Ma Yimin, Secretary of the Party Working Committee of the High-tech Zone, Zhou Linwei, Director of the Management Committee, Li Baozhong and Shang Jinfeng, leaders of the Group, attended the signing ceremony.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In addition, Hebei Construction Group actively participates in people's livelihood projects and infrastructure construction to enhance the education and medical environment, improve the living standards of residents, and promote the improvement of social infrastructure.



Improving educational environment

In 2023, the Group initiated the Hancun Primary School Project, which includes the construction of comprehensive teaching buildings, cafeteria, all-weather playground, underground parking garages, gates, supporting pipelines, rubberised sports fields and other ancillary facilities.



Enhancing healthcare services

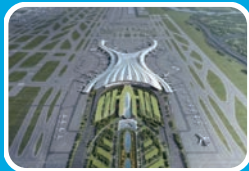
In 2023, the Group's China Academy of Chinese Medicine Guang'anmen Hospital Baoding Branch Project was fully topped out. The new hospital area includes administrative scientific research buildings, infection buildings, international medical centres, medical technology buildings, etc., and the hospital has 1,100 beds. The project is an important project for the construction of an international medical base in Baoding.



Renovating old residential areas

In 2023, the Group won bids for the main renovation project of the main works in old residential areas the supporting infrastructure renovation project in Gaoyang County's old residential areas, and the renovation and supporting infrastructure construction project in Dongwangcaozhuang shantytown in Gaoyang County.

Livelihood Projects



Investing in airport construction

In 2023, the Group commenced construction on the west runway project of the Guangzhou Baiyun International Airport Phase III expansion. Once completed, the airport will become a globally competitive international aviation hub, leading the Guangdong-Hong Kong-Macao Greater Bay Area and radiating globally as an international aviation city.



Improving infrastructure

In 2023, the Group carried out the drainage pipeline network renewal project in Baigou New Town, Baoding, updated all drainage pipelines in the area, which would improve the operation quality of the municipal pipeline network and the water environment and living environment of Baigou New Town.



Building an ecological water system

In 2023, the construction of the water system project in Huancheng, Gaoyang City carried out by the Group has achieved initial results. The construction of the 4.6 km drainage system in the urban area and the greening, garden roads, hydropower and other projects along the route were completed, and the urban section of the Hongrun Avenue channel was officially connected to water, adding new vitality to the city, not only providing the public with leisure and recreational space, water-related space, but also comprehensively improving the level of urban ecological safety and improving people's well-being.

Infrastructure Construction

APPENDIX: CONTENT INDEX OF STOCK EXCHANGE ESG REPORTING GUIDE

Major Scope, Aspect, General Disclosures and KPIs	Disclosure Sections	Remarks	
A. Environment			
Aspect A1	Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	4.2 Climate Change 4.4 Emissions Management	
KPI A1.1	The types of emissions and respective emissions data.	4.2 Climate Change	
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	4.2 Climate Change	
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	4.4 Emissions Management	

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Major Scope, Aspect, General Disclosures and KPIs		Disclosure Sections	Remarks
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	4.4 Emissions Management	
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	4 Leading a Green Future	
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	4.4 Emissions Management	
Aspect A2	Use of Resources		
General Disclosure	<p>Policies on the efficient use of resources, including energy, water and other raw materials.</p> <p>Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.</p>	4.3 Resources Management	
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000 s) and intensity (e.g. per unit of production volume, per facility).	4.3 Resources Management	

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Major Scope, Aspect, General Disclosures and KPIs		Disclosure Sections	Remarks
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	4.3 Resources Management	
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	4.3 Resources Management 4.5 Green Office	
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	4.3 Resources Management 4.5 Green Office	
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	/	The operation of the Group does not involve product packaging
Aspect A3	The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	4.1 Green Management	
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	4.1 Green Management	
Aspect A4	Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	4.2 Climate Change	
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	4.2 Climate Change	

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Major Scope, Aspect, General Disclosures and KPIs	Disclosure Sections	Remarks
B. Social		
Employment and Labour Practices		
Aspect B1	Employment	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	5.1 Employee Employment
KPI B1.1	Total workforce by gender, employment type (for example, full- or part time), age group and geographical region.	5.1 Employee Employment
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	5.3 Employee Care

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Major Scope, Aspect, General Disclosures and KPIs		Disclosure Sections	Remarks
Aspect B2	Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	5.4 Health and Safety	
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	5.4 Health and Safety	
KPI B2.2	Lost days due to work injury.	5.4 Health and Safety	
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	5.4 Health and Safety	

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Major Scope, Aspect, General Disclosures and KPIs	Disclosure Sections	Remarks
Aspect B3	Development and Training	
General Disclosure	<p>Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.</p> <p>Training refers to vocational training. It may include internal and external courses paid by the employer.</p>	5.3 Employee Care
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	5.3 Employee Care
KPI B3.2	The average training hours completed per employee by gender and employee category.	5.3 Employee Care
Aspect B4	Labour Standards	
General Disclosure	<p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.</p>	5.1 Employee Employment

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Major Scope, Aspect, General Disclosures and KPIs		Disclosure Sections	Remarks
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	5.1 Employee Employment	
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	5.1 Employee Employment	
Operating Practices			
Aspect B5	Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	3.3 Responsible Supply	
KPI B5.1	Number of suppliers by geographical region.	3.3 Responsible Supply	
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	3.3 Responsible Supply	
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	3.3 Responsible Supply	
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	3.3 Responsible Supply	

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Major Scope, Aspect, General Disclosures and KPIs		Disclosure Sections	Remarks
Aspect B6	Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	2.1 Quality Assurance 2.2 Dedicated Services	
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.		The Group's operations do not involve product recall
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	2.2 Dedicated Services	
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	3.1 Technological Innovation	
KPI B6.4	Description of quality assurance process and recall procedures.	2.1 Quality Assurance	
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	2.2 Dedicated Services	

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Major Scope, Aspect, General Disclosures and KPIs		Disclosure Sections	Remarks
Aspect B7	Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	1.3 Business Ethics	
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	1.3 Business Ethics	
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	1.3 Business Ethics	
KPI B7.3	Description of anti-corruption training provided to Directors and staff.	1.3 Business Ethics	
Community			
Aspect B8	Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	6 Creating a Warm Community	
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	6 Creating a Warm Community	
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	6 Creating a Warm Community	

APPENDIX: LIST OF LAWS AND REGULATIONS

Civil Code of the People's Republic of China (《中華人民共和國民法典》)

Law of the People's Republic of China for Countering Unfair Competition (《中華人民共和國反不正當競爭法》)

Law Against Unfair Competition of the People's Republic of China and Certain Opinions of the State Council on Promoting Fair Competition in the Market and Maintaining the Normal Order of the Market (《國務院關於促進市場公平競爭維護市場正常秩序的若干意見》)

Construction Law of the People's Republic of China (《中華人民共和國建築法》)

Regulations on the Quality Management of Construction Projects (《建設工程質量管理條例》)

Regulations on the Administration of Work Safety of Construction Works (《建設工程安全生產管理條例》)

Patent Law of the People's Republic of China (《中華人民共和國專利法》)

Trademark Law of the People's Republic of China (《中華人民共和國商標法》)

Law of the People's Republic of China on Environmental Protection (《中華人民共和國環境保護法》)

Law of the People's Republic of China on Assessment of Environmental Affects (《中華人民共和國環境影響評價法》)

Regulations on the Administration of Construction Project Environmental Protection (《建設項目環境保護管理條例》)

Law of the People's Republic of China on Prevention and Control of Solid Waste Environmental Pollution (《中華人民共和國固體廢物污染環境防治法》)

Law of the People's Republic of China on Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》)

Law of the People's Republic of China on Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》)

Labor Law of the People's Republic of China (《中華人民共和國勞動法》)

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Law of the People's Republic of China on the Promotion of Employment (《中華人民共和國就業促進法》)

Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》)

Provisions on the Prohibition of Using Child Labor (《禁止使用童工規定》)

Law of the Peoples Republic of China on Production Safety (《中華人民共和國安全生產法》)

Measures for the Administration of Contingency Plans for Work Safety Accidents (《生產安全事故應急預案管理辦法》)

Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases (《中華人民共和國職業病防治法》)

Measures for the Administration of Occupational Health Examination (《職業健康檢查管理辦法》)

Regulations on Work-Related Injury Insurance (《工傷保險條例》)



河北建設集團股份有限公司
HEBEI CONSTRUCTION GROUP CORPORATION LIMITED