

# **About This Report**

This report marks the fourth consecutive year that DAYU Irrigation Group Co., Ltd. has published its sustainability related Report. Adhering to the principles of standardization, transparency, objectivity, and comprehensiveness, the report provides stakeholders with insights into the company's business operations, environmental and social impact, public welfare initiatives, and overall performance, addressing key concerns of various stakeholders.

## **Report Reliability Assurance**

This report has been prepared by DAYU Irrigation Group Co., Ltd. and approved by the Board of Directors. The Board of Directors and all its members guarantee that this report contains no false records, misleading statements, or major omissions and assume individual and joint responsibility for the authenticity, accuracy, and completeness of its content.

## **Scope and Boundaries of the Report**

The report primarily covers DAYU Irrigation Group Co., Ltd., including its subsidiaries and branch offices.

## **Reporting Period**

This is an annual report covering the period from January 1, 2024, to December 31, 2024. To ensure continuity of information, some sections may include data from previous years or references to 2025.

## **Data Sources**

Unless otherwise stated, all financial data in this report are sourced from the annual financial statements of DAYU Irrigation Group Co., Ltd. and its subsidiaries. Other data are derived from internal company statistics and manually compiled records. All monetary values, unless otherwise specified, are presented in Renminbi (RMB).

## **Reporting Standards**

This report follows the *Guidelines No. 17 on Self-Regulation for Listed Companies—Sustainability Reporting (Trial)* issued by the Shenzhen Stock Exchange. Additionally, it is prepared in accordance with the *Global Reporting Initiative (GRI) Sustainability Reporting Standards*, and with reference to the *United Nations Sustainable Development Goals (UN SDGs)*. The report is tailored to reflect the company's current stage of development and sustainable development practices.

## **Terminology**

For ease of reference, "DAYU Irrigation Group Co., Ltd." is referred to as "DAYU Irrigation Group," "the Company," or "we" throughout this report. All disclosed data and information originate from official company documents and internal statistics, including but not limited to:

- DAYU Agro-Water Group (Gansu DAYU Irrigation Group Water Conservancy and Hydropower Engineering Co., Ltd.)
- DAYU Design Consulting Group (DAYU Design Consulting Group Co., Ltd.)
- DAYU Huitu Group (Beijing Huitu Technology (Group) Co., Ltd.)
- DAYU Equipment Development Group (DAYU Irrigation (Tianjin) Co., Ltd.)

## **Report Availability**

This report is available in both print and digital formats. The digital version can be accessed and downloaded from the following websites:

- DAYU Irrigation Group Official Website: www.dyjs.com
- Shenzhen Stock Exchange: www.szse.cn
- Cninfo (Giant Tide Information Network): www.cninfo.com.cn

(To promote environmental sustainability, we encourage readers to opt for the digital version. Thank you for your support!)

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**Together** 

**Standardizing Corporate Governance** 

**Optimizing Supply Chain Collaboration** 

Party Building Drives Development

Strengthening Compliance

DAYU Irrigation Group 2024 Sustainability Report

# **Chairman's Address**





Wang Haoyu

Chairman, DAYU Irrigation Group Co., Ltd.

Water is the source of life, and "water security" is one of the fundamental guarantees of national security. Since its inception, DAYU Irrigation Group has upheld the corporate spirit of "following the spirit of DAYU's water management to advance the cause of water conservation" and has remained committed to its mission of "making agriculture smarter, making rural areas better, and making farmers happier." Amidst the sweeping tide of agricultural modernization and water conservancy reform, we have courageously taken the lead, to actively engage in the grand endeavor of water conservation. Through continuous exploration and innovation in the fields of "water conservation, water

utilization, and water management," we contribute the unique strength of a private enterprise to ensuring national water security.

As 2024 marks a pivotal stage in the implementation of the 14th Five-Year Plan, it is also a key milestone for China's economic and social development to reach new heights. For the water conservation industry in China, this year is equally filled with opportunities and challenges, engraved with determination and breakthroughs. Food security, as the cornerstone of national development, has become increasingly prominent under the continued focus of the No. 1 Central Document. Water conservancy is the lifeline of agriculture. Under the strong impetus of the national policies, water conservancy authorities are earnestly implementing President Xi Jinping's governance philosophy of "prioritizing water conservation, balancing spatial distribution, systematic management, and coordinated efforts." As the sector advances towards high-quality development, the organic integration of policy guidance and market vitality is injecting fresh momentum into the industry. The rollout of the trillion-yuan national bond further serves as a powerful catalyst, adding bold strokes to the blueprint of water conservancy construction and unlocking infinite potential for the sector's continued growth.

## Pioneering Excellence in 2024

Looking back at 2024, we have deeply aligned ourselves with national strategic initiatives, strengthened our leadership in technological innovation, and driven market-oriented reforms. We have continuously made significant progress in business models, production technologies, and industry leadership mechanisms, achieving remarkable milestones in several key projects:

- As a leader in smart manufacturing for water-saving equipment, DAYU Irrigation Group has established six production bases across China, forming a robust manufacturing network.
- Our drip irrigation equipment technology was recognized as a National Manufacturing Single Champion, breaking foreign technological monopolies and playing a vital role in enhancing water conservation and efficiency across tens of millions of acres of farmland in China. Our products have also been successfully exported to more than 60 countries and regions, including Australia, the Americas, Southeast Asia, and West Asia, making us one of the largest global suppliers of drip irrigation products with internationally leading technology.
- Our water-saving equipment manufacturing base in Wuqing District, Tianjin-one of the world's largest watersaving equipment manufacturing plants-leverages advanced production processes and large-scale manufacturing capabilities to deliver high-quality water conservation products to global customers.

We closely integrate the "Three Rural Issues" (agriculture, rural areas, and farmers) with sustainable development, serving China's vast rural landscape and enormous agricultural market. From the aspects of industry leadership, embracing digital intelligence, global expansion and social responsibility, we are dedicated to making long-term contributions to national rural revitalization.

## **Industry Leadership**

DAYU Irrigation Group is at the forefront of industry transformation, continuously innovating business models and expanding our operational footprint. We have developed pioneering models in agricultural water conservation, rural wastewater treatment, and safe drinking water for rural residents, with landmark projects such as the "Yuanmou Model," "Wuqing Model," and "Pengyang Model" leading the way. These initiatives have set a precedent for social capital participation in agricultural and rural water resource utilization reforms, showcasing our capabilities and achievements in water conservation and resource protection.

Additionally, through digital twin technology, we have pioneered the intelligent management of the Shule River irrigation district, establishing the "Shule River Model" for smart water diversion. This initiative has been widely recognized, with CCTV featuring a special report that praised it as "a new benchmark for intelligent water management in China." By integrating technological innovation with water conservation efforts, we continue to explore scalable and replicable water-saving models that contribute to the sustainable use and protection of water resources.

DAYU Irrigation Group has also played a key role in fostering industry dialogue, successfully hosting the 4th China Water Conservation Forum in Jinan, Shandong. The forum, themed "Water Conservation and High-Quality Development of the Yellow River Basin," featured nearly 50 keynote speeches and attracted over 1,000 distinguished guests from central ministries, provincial and municipal governments, enterprises, and institutions. Together, participants explored strategic visions for ecological civilization, discussed water conservation governance priorities, and jointly planned the ecological protection and high-quality development of the Yellow River Basin.

## **Embracing Digital Intelligence**

At DAYU Irrigation Group, we are deeply committed to technological research and development, driving innovation in water conservation through digital intelligence. We recognize the transformative power of technology in the industry and remain steadfast in leveraging digitalization as our foundation and innovation as our core driving force.

Harnessing next-generation information technologies such as artificial intelligence, digital twins, SaaS cloud services, and big data, we have successfully implemented landmark projects, including Digital Twin Shule River, Digital Twin Ouyanghai, Xi'an Flood and Drought Disaster Prevention, and the Heilongjiang Mountain Flood "Four Forecasts" Initiative. These projects are accelerating the digital and intelligent transformation of the sector.

We were also the first in the industry to develop a water conservancy artificial intelligence model, applying it to water resource management, irrigation district water distribution, and urban-rural water supply. Following the launch of DeepSeek AI, we localized and integrated it into our intelligent models, optimizing the smart management and efficient allocation of water resources while actively exploring new market applications for AI-driven solutions.

## **Expanding Our Global Presence**

DAYU Irrigation Group is broadening its international reach

and deepening domestic and global collaborations. In 2024, designated as our Year of Full-Scale Global Expansion, we achieved key breakthroughs across multiple regions In South Africa and Uzbekistan, we successfully launched water-saving agricultural projects and smart irrigation systems, demonstrating the global applicability of China's water conservation solutions.

- The China-Kazakhstan Joint Dryland High-Water-Efficiency Agricultural Laboratory was included in the bilateral agreement signed by both national leaders, enhancing our international reputation and influence. This initiative also established a critical platform for China's agricultural cooperation with Belt and Road partner countries, bringing Chinese water conservation technology to the global stage.
- We participated in the 10th World Water Forum and were the only company to speak at the 4th High-Level Panel on Global Water Security, actively advocating for the signing of the International Water Conservation Declaration and contributing China's wisdom and solutions to global water conservation efforts.

Over the past year, we have hosted delegations from more than 20 countries and regions, including Russia, Uzbekistan, Kazakhstan, Pakistan, Saudi Arabia, the UAE, and Laos. Representatives from government agencies, international organizations, agricultural enterprises, and research institutions engaged in in-depth discussions with us. Our teams also worked on the ground, ensuring the successful delivery of the Pakistan project, visiting multiple countries, supporting 56 international clients with design solutions, and advancing the implementation of five overseas projects.

## **Commitment to Social Responsibility**

DAYU Irrigation Group takes great pride in its corporate responsibility, fostering a culture of care and commitment. We deeply appreciate the societal and human capital that drive our growth and remain dedicated to giving back through employee well-being initiatives and social contributions.

- We actively listen to employees' voices, ensuring a supportive and inclusive workplace.
- We promote women's empowerment and cultural heritage preservation.
- We support education in underprivileged areas, establishing the "DAYU Scholarship" and "DAYU Student Assistance Fund" to uplift children's dreams.

We swiftly respond to disaster relief efforts. Following the Jishishan earthquake in Gansu, we mobilized resources in record time to deliver urgent supplies and provide a safety net for affected communities.

## **Looking Ahead to 2025**

As we enter 2025—the final year of the 14th Five-Year Plan,DAYU Irrigation Group remains committed to its people-first water management philosophy. With technological innovation as our spearhead, social responsibility as our shield and policy steering as our flag, we will continue to safeguard water resources, support livelihoods, and advance the modernization of China's water conservancy sector. We look forward to joining hands with our partners to write a new and glorious chapter in the future of water conservation.

# **About DAYU Irrigation Group**

The predecessor of the company was established in 1994, DAYU Irrigation Group Co., Ltd. successfully became one of the first companies listed on the ChiNext board in October 2009 (Stock Code: 300021.SZ). The company has always adhered to its corporate mission of "making agriculture smarter, making rural areas better, and making farmers happier." For over Three decades, it has remained dedicated to solving and serving issues related to agriculture, rural development, and water resources. Actively responding to national strategies for rural revitalization and food security, the company has also expanded its global vision and business reach, delivering products and services to more than 60 countries and regions worldwide.

DAYU Irrigation Group has built a comprehensive digital water conservancy ecosystem that fully empowers the agricultural and water conservancy sectors. The company has established a nationwide presence, offering an integrated service package that includes R&D and intelligent manufacturing, planning and design, investment and financing, construction and delivery, digital intelligence, as well as operation and maintenance.

Positioning itself as a provider of comprehensive digital water conservancy solutions, the company has proactively built its own technology R&D team, fully embracing digital twin technology ahead of time. It has extensively applied modern information technologies such as the Internet of Things (IoT), big data, blockchain, artificial intelligence (AI), and smart meteorology in the fields of agriculture and water conservancy. In recent years, the company has evolved from manufacturing precise drip irrigation control products to developing various IoT intelligent devices and technological solutions. Its application scenarios have expanded beyond farmland to cover modernized irrigation districts, water resource management, urban smart water services, river and lake governance, agricultural irrigation, reservoir early warning systems, and mountain flood forecasting. The company now comprehensively provides digital water conservancy solutions spanning water conservancy, agricultural services, and ecological environment sectors.

As an industry pioneer, DAYU Irrigation Group has been actively engaged in various mechanism and model innovation practices within China's farmland water conservancy sector. It has explored and implemented a series of innovative business models tailored to local conditions, effectively integrating diverse resources, capital, and expertise. By linking government bodies, social capital, and farmers as key stakeholders, it has developed balanced models that distribute risks, benefits, and responsibilities effectively. Notable innovative business models include the "Yuanmou Model," "Wuqing Model," and "Pengyang Model," which have become exemplary cases in water-saving business development.

**Corporate Values** 

Constantly innovate and embrace changeKeep the Original intention and Keep in

Hard work and perseverance, creating

Strike where it matters, and honor only

Be reliable and trustworthy.

and sharing together

those who deliver results

1.01<sup>365</sup>=37.78

Ordinary people do Extraordinary things



## **Corporate Vision**

To build a world-renowned, century-old enterprise in watersaving and irrigation.



## **Corporate Mission**

Make Agriculture Smarter Make Countryside Better Make Farmers Happier



## Strategic Approach

Three Agricultures, Three Waters,
Three Networks; Dual Forces, Joint
Responsibilities.



## **Corporate Spirit**

Carry out the Water Conservation
Undertaking of DAYU with the Spirit of
DAYU's Water Control.

# DAYU Huitu Group

Digital Twin Model Algorithm R&D and Application

Informatization Software Development and Hardware R&D

Integrated Delivery of Water Resources Informatization

Informatization Facility Operation, SaaS Services and Emergency Services Integrated Digital Water Resources Solutions

# DAYU Design Consulting Group

Water Resources Planning and Consulting Water Resources Industry Design Design-led EPC Systematic Solutions for Water Resources Projects

Water conservancy project construction
Irrigation district modernization
High-standard farmland construction
Water environment management
Agricultural water conservancy infrastructure operation
Comprehensive solutions for intelligent agriculture

DAYU Agro-Water Group

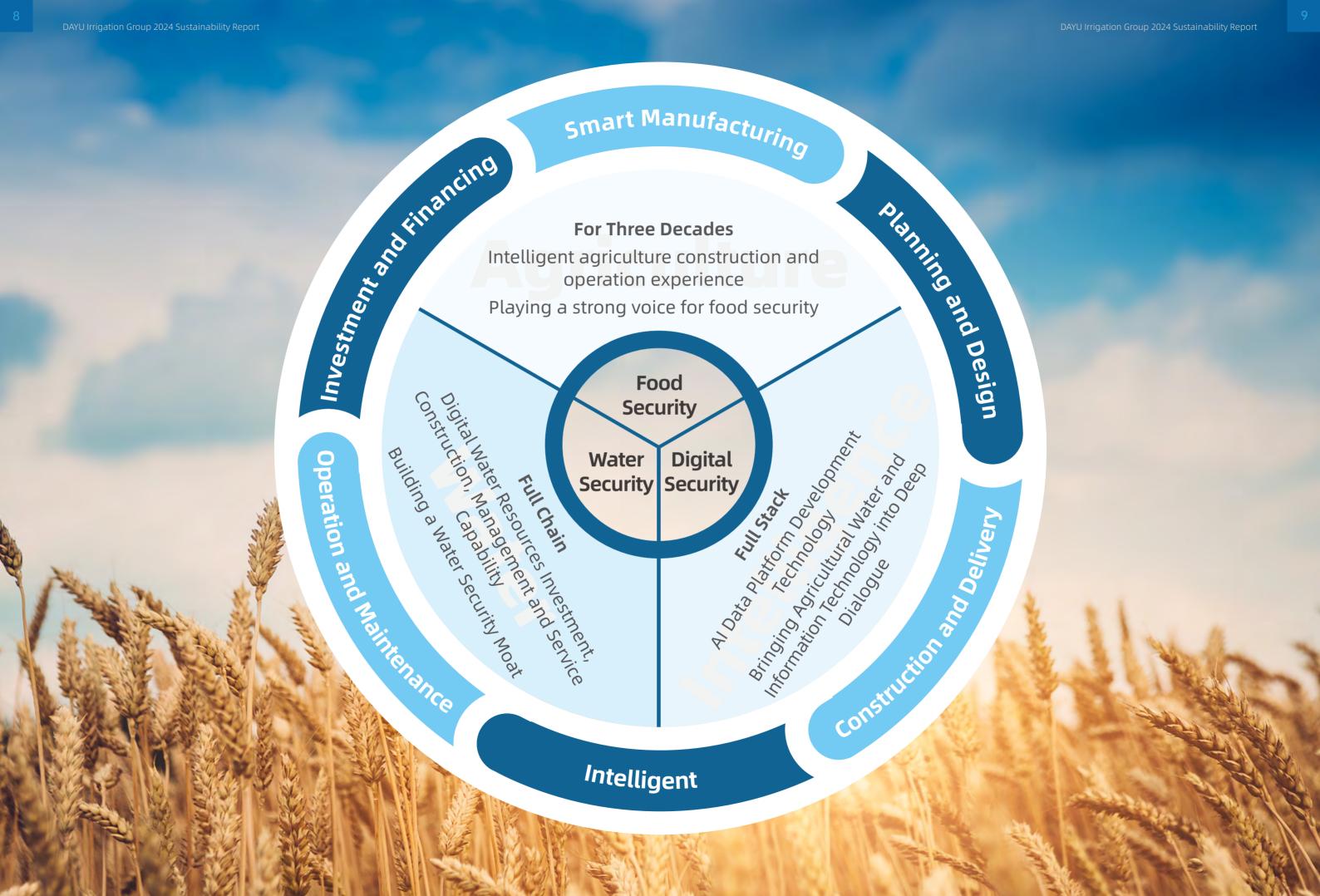
Development of cutting-edge technology and intelligent manufacturing of water-saving intelligent equipment Domestic and international marketing and sales Implementation of scientific research projects

Precision irrigation system solutions

DAYU Equipment Development Group

Digital Water Infrastructure Operations Agriculture Water Infrastructure Assets
Operation and Maintenance

Smart
Agriculture
Infrastructure
Operation



2009

First batch of companies listed on the ChiNext Market



2017

Passing the baton



2019

**Initiated the China Water Conservation Forum** 



2023

**Operations are the primary** strategy



1999

**Company founded** 



2018

**Expanded** into the ecological and environmental protection field



2020

Developed digital water conservancy capabilities



2022

2021

Upgraded and released the company strategy

> Established Beijing R&D center



2024

Fully expanded overseas, with successful implementation



2003

Developed engineering construction capabilities



2013

Developed planning and design capabilities



## **Honors and Credits**



## **Manufacturing Industry Single Champion Enterprise**

Ministry of Industry and Information Technology of the People's Republic of China



**Advanced Practical Technology in Water Conservancy - Efficient Water**saving Smart Operation Management **System for Irrigation Areas** 

Science and Technology Promotion Center, Ministry of Water Resources of the People's Republic of China



**Engineering Design Qualification for Irrigation,** Drainage, and River Course Regulation in the Water Conservancy Industry - Class A

Ministry of Housing and Urban-Rural Development of the People's Republic of China



**Water Conservancy Advanced Practical Technology Promotion Certificate - Efficient Water-saving Underground Irrigation System for Western Pastoral Areas** 

Science and Technology Promotion Center, Ministry of Water Resources of the People's Republic of China



**National Worker Pioneer Award** 

All-China Federation of Trade Unions



**High-tech Enterprise** 

Science and Technology Department of Xinjiang Uygur Autonomous Region



First Prize in Yunnan Provincial **Science and Technology Award** 

People's Government of Yunnan Province



Second Prize in Shanxi Provincial Science and Technology Progress Award

People's Government of Shanxi Province



First Prize in Ningxia Hui Autonomous Region **Science and Technology Progress Award** 

People's Government of Ningxia Hui Autonomous Region



Second Prize in Gansu Provincial Science and Technology Progress Award

People's Government of Gansu Province



**Best Practice Case in Sustainable Development of Listed Companies 2024** 

China Listed Companies Association



**Enterprise Credit Rating Certificate** for Supply (Raw Materials) **AAA** 

China Water Conservancy



**Best Board of Directors Practice Case in Listed Companies 2024** 

China Listed Companies Association



**Water Conservancy Construction Market Entity Credit Evaluation (Information Technology Category) AAA (Hubei Huitu-**Wuhan Shengkeda Technology Co., Ltd.)

> China Water Conservancy **Engineering Association**



**Best Practice Case in Digital Transformation** of Listed Companies 2024

China Listed Companies Association



**Water Conservancy Construction Market Entity Credit Evaluation** (Construction Category) AAA



**"2024 Best Board of Directors Practice Case** in Listed Companies"

China Listed Companies Association



**Enterprise Credit Rating Certificate** (Water-saving and Water Treatment) **AAA** 

> China Water Conservancy **Enterprise Association**



2024 Golden Quality Award ESG Award

Shanghai Securities News



**2024 Annual Water Conservancy Construction** Market Entity Credit Evaluation (Design Category) **AAA** 

China Water Conservancy and Hydropower Survey and Design Association

**Engineering Association** 

**Water Conservancy Construction Market Entity Credit Evaluation (Information** Technology Category) AAA (Beijing Huitu Technology (Group) Co., Ltd.)

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企业信用等级证书

China Water Conservancy **Engineering Association** 



China Water Conservancy **Engineering Association** 

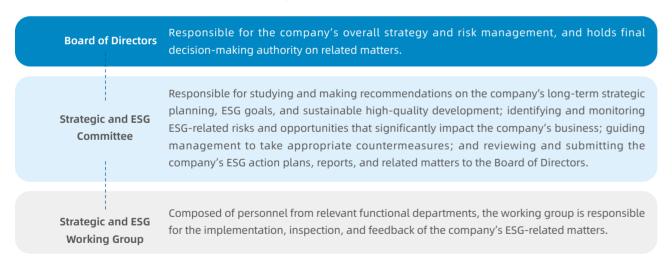
# **Sustainability Management and Governance**

## **Sustainability Governance**

Since its establishment, DAYU Irrigation has always been committed to rural areas and farmers. With the mission of "making agriculture smarter, making rural areas better, and making farmers happier," the company focuses on "agricultural water-saving irrigation, safe drinking water for farmers, and rural water environment management." It integrates this relatively traditional agricultural issue with environmental protection, social responsibility, and corporate governance. The company has deeply embedded the ESG concept and sustainable development into its core business practices. We actively explore new agricultural water-saving models, improve farmland water conservancy facilities, promote rural ecological protection, and enhance the digital and intelligent infrastructure of water conservancy. Through these efforts, we fulfill our commitment to green development and contribute to society's sustainable development.

As a member of the ESG Professional Committee of the Listed Companies Association, the company understands that improving ESG governance significantly impacts the development of ESG within the company by deepening the understanding of ESG concepts, improving decision-making processes, and enhancing the scientific nature of decisions. In April 2023, the company decided to incorporate ESG strategic management into the Board's Strategic Committee and establish an ESG working group. Subsequently, in October 2024, DAYU Irrigation formally established the Board Strategic and ESG Committee. The Chairman of the company directly serves as the Chairman (Convener) of the Committee, responsible for researching and proposing recommendations to enhance the company's sustainable development capabilities in long-term strategic development, major investment decisions, and areas such as environmental, social, and governance issues.

According to DAYU Irrigation's "Implementation Rules for the Board Strategic and ESG Committee," the committee has set up a Strategic and ESG Working Group. Regular meetings will be held at least once a year, and temporary meetings will be convened as needed. Through improving the company's strategy and ESG responsibilities and authority, enhancing decision-making processes, maintaining regular communication, improving policies and systems, setting ESG goals, and regularly conducting external information disclosure, the company continuously strengthens its core competitiveness and sustainable development capacity.



## **ESG Rating Performance**



# **Stakeholder Engagement and Due Diligence**

## **Stakeholders**

Shareholders and Investors

- **Employees**





**Business Partners / Suppliers** 



**Community Members** 



Media / NGOs



**Government and Regulatory Bodies** 

## **Key Concerns**

Stable performance growth

ensure close and effective interaction with all stakeholders.

- Sound corporate governance
- Strong financial results
- Integrity and compliant operations
- Information security and privacy protection
- Protection of employee rights
- Occupational health and safety
- · Competitive compensation and
- Career development and training
- Diversity, equity, and inclusion
- Safe and reliable construction services High-quality and comprehensive
- service
- Excellent operational performance
- Protection of customer rights
- Information security and privacy protection
- R&D and innovation
- Legal compliance in contract fulfillment
- Fair and transparent procurement
- Win-win cooperation
- Intellectual property protection
- Business ethics and anti-corruption
- Environmental protection
- Participation in public welfare
- Community development support
- · Promotion of local employment
- Legal and compliant operations
- · Responsible marketing and publicity
- Environmental management
- Implementation of national policies and regulations
- Promotion of local economic development
- · Product quality and safety
- Environmental protection
- Industry advancement
- · Business ethics and anti-corruption
- Tax compliance

## **Communication Channels**

- Corporate announcements and periodic reports
- Shareholders' meetings
- Investor presentation
- Roadshows

DAYU Irrigation Group places great importance on the feedback and expectations of

stakeholders regarding the company's sustainable development strategies and practices,

considering them a key foundation for driving its sustainability efforts. Based on the characteristics of our business and current operations, we have thoroughly identified key

stakeholder groups and continuously improved a diversified communication mechanism to

- Platform-based communication
- Company open days
- Project site visits
- Company website
- Employee satisfaction surveys
- Workers' congress
- Recruitment and promotion policies
- Employee care activities
- Employee training programs
- Complaints and feedback mailbox
- Director of Board reception day
- Customer satisfaction surveys
- Service hotlines
- Company website
- Regular inspections
- Customer privacy protection
- Operation service performance evaluation
- Supplier management enhancement
- Transparent procurement processes
- Responsible sourcing
- Supplier audits and evaluations
- On-site inspections
- Routine supplier communications
- Volunteering activities
- Environmental complaint hotlines On-site visits and forums
- · Regional assistance programs Charitable donations
- lob creation
- Company website and official social media
- Media interviews and partnerships
- · Regular disclosures
- Industry exchange events
- Regular reports and disclosures
- Timely regulatory inspections
- Government-enterprise dialogue
- · Policy recommendations

DAYU Irrigation Group 2024 Sustainability Report

## Sustainability Topic Analysis

In 2024, DAYU Irrigation Group conducted a comprehensive analysis of the company's value chain, domestic and international sustainable development standards (including but not limited to the relevant requirements of the Shenzhen Stock Exchange Sustainable Development Report, GRI Standards), ESG rating focus areas, and national policies and industry development trends. This analysis helped the company better understand the sustainable development context in which it operates. Sustainability topics identified were screened and selected accordingly. The company identified and selected 27 sustainability-related topics, including 7 environmental topics, 13 social topics, and 7 governance topics.

To more effectively respond to stakeholders' close attention to the company's sustainable development practices, we conducted surveys and quantitative analysis based on both the importance of impact and financial significance. The survey was conducted in accordance with the guidelines provided in the Self-Disciplinary Regulatory Guidelines No. 17 for Listed Companies on the Shenzhen Stock Exchange—Sustainable Development Report (Trial) and Self-Disciplinary Regulatory Guidelines No. 3 for Listed Companies on the Shenzhen Stock Exchange—Sustainable Development Report Preparation to assess the importance of the identified ESG topics.

The importance of the topics was assessed using a survey method. DAYU Irrigation Group invited stakeholders to evaluate the importance of each topic based on two dimensions: "severity of impact" (including scale, scope, and irreparability) and "likelihood of impact." We distributed 271 surveys to 10 categories of stakeholders, including Board members, senior management, shareholders, employees, customers, suppliers, regulatory agencies, industry associations, non-profit organizations, media, brokerage firms, and the general public, and consulted both internal and external sustainable development experts to prioritize the sustainability topics based on their impact significance. Additionally, we conducted a survey with senior management and key stakeholders in finance, investor relations, and risk management to evaluate the financial significance of the topics from two perspectives: "likelihood of financial impact" and "degree of financial impact."



## **Environmental Topics**

- 1 Environmental Compliance

  Management
- 2 Addressing Climate Change
- Resource and Energy Management
- 4 Waste Management
- **5** Water Resource Management
- 6 Circular Economy
- 7 Biodiversity Protection

## **Social Topic**

- 8 Product R&D and Technological Innovation
- 9 Intellectual Property Protection
- 10 High-Quality Products and Services
- 11) Supply Chain Management
- 12 Employee Rights and Welfare
- 13 Employee Health and Safety
- 14 Employee Development and Training
- 15 Diversity, Equality, and Inclusion
- 16 Promoting Industry Development
- 17 Technology Ethics
- 18 Rural Revitalization
- 19 Public Welfare and Charity
- Sustainable Agricultural Water Conservancy Infrastructure

## Governance Topics

- 21 Corporate Governance
- 22 Risk Management
- 23 Compliance Management
- 24 Business Ethics and Anti-Corruption
- 25 Information Security and Privacy
  Protection
- 26 Stakeholder Communication
- 27 Due Diligence

DAYU Irrigation Group has compiled the quantitative results of both financial significance and impact significance and presented the priority of each topic in a matrix format.



General Importance High Importance

# **Annual Performance Overview**

## Partnerships for the Goals o.....

- Net assets attributable to shareholders of the listed company:
- 205.15 million RMB
- Net profit attributable to shareholders of the listed company:
- 8.11 million RMB
- Total taxes paid: 20.94 million RMB
- Operating revenue: 437.88 million RMB
- Weighted average return on net assets: 3.93%

## Peace, Justice, and Strong Institutions o

- Conducted **3** legal awareness campaigns
- Internal audits: 45
- Contracts reviewed in the year: 18.221
- Conducted 11 anti corruption training sessions, covering 3.243 participants
- Coverage of business ethics and anti corruption training: 100%

## Life on Land o-----

- Considered biodiversity protection during the entire project lifecycle
- Engaged in land protection and ecological restoration to prevent desertification and soil erosion

## Life Below Water on

- Focused on developing rural wastewater treatment solutions
- Reduced water eutrophication and maintained ecological balance through rural wastewater treatment infrastructure construction

## Climate Action o-----

- Number of energy saving and emission reduction projects: 1
- Total environmental investment in 2024: 100 million RMB
- Total greenhouse gas emissions: 15.756.63tons of CO2
- Total carbon reduction in employee offices: 2,190.35 tons of CO2 equivalent, achieving three consecutive years of improvement in office carbon reduction

## Responsible Consumption and Production o

- Obtained China Environmental Label Product Certification
- In 2024, the Tianjin, Jiuquan, and Wuwei factories completed ISO14001 environmental management system certification
- General waste recycling and digestion rate: 100%

## Sustainable Cities and Communities •

- Number of environmental protection training sessions: 10
- Total hours of environmental protection training: 27
- Encouraged employees to adopt green travel

## **Reduced Inequalities ••••••**

- Percentage of minority ethnic employees: 7%
- · Actively responded to the national "Rural Revitalization" initiative, using infrastructure development to support rural poverty alleviation

# • Total public donations in 2024: 6.49 million RMB

## **Zero Hunger**

**No Poverty** 

- Key investment in sustainable agricultural water conservancy infrastructure construction
- Created a new model of "High standard farmland + EPC+" to enhance food security capacity

## Good Health and Well - being

- Social insurance coverage rate: 100%
- Occupational health check coverage rate: over 80%
- Number of occupational diseases: 0

## **Quality Education**

- Employee training coverage rate: 95.5%, an increase of 4.8% compared to last year
- Total employee training hours: **82,000** hours
- Total education donations in 2024: 5.05 million RMB

## **Gender Equality**

- Number of female employees: 729
- Percentage of female employees: 26.1%
- Number of female employees in middle and senior management: 173

## **Clean Water and Sanitation**

• The "Internet + rural water supply" model of "investment, construction, management, and service" ensures rural water safety

## Affordable and Clean Energy

- Focused on energy transformation and smart infrastructure development
- Developed products based on photovoltaic energy

## **Decent Work and Economic Growth**

- Number of employment opportunities created: **732**
- Labor contract signing rate: 100%
- Number of employees regularly assessed for performance and career development: 2,730

## Industry, Innovation, and Infrastructure

- R&D investment: 12.39 million RMB
- Number of patents granted: **36**
- Number of national key scientific research projects/ topics/sub - topics undertaken or participated in: 13
- Led the development of national standards: 1 standard; Participated in the development of national standards: 1 standard



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DAYU Irrigation Group 2024 Sustainabilist Report

# **Feature - DAYU's Joint Efforts Path**

After nearly thirty years of development and extensive practice, DAYU Irrigation Group has deeply realized that, compared to fields like municipal water supply and traffic and electricity infrastructure, the marketization of agricultural water conservancy infrastructure is still far from sufficient. This has led to prominent issues such as slow technological innovation, difficulty in raising funds, lack of compatible engineering and management infrastructure, and low operational efficiency.

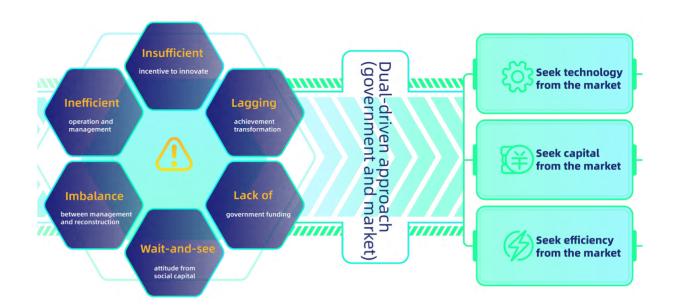
Since 10 years ago, DAYU Irrigation Group began investing in and operating the first national pilot project that introduced social capital into farmland water conservancy construction in Luliang, Yunnan. Over the past decade, DAYU has been involved in most major mechanism reforms, model innovations, and project practices in the agricultural water sector. Moreover, during this development process, the company participated in several "firsts" in the country, including the first government and social capital cooperation irrigation demonstration project, the first integrated irrigation construction and operation (EPC+O) project, the first large-scale irrigation construction-operations-transfer (BOT) project, and the first large-scale irrigation modernization concession project implemented with a new mechanism. We have come to recognize that in order to further prioritize water conservation, it is crucial to further implement General Secretary Xi Jinping's dual approach, and the key path lies in "seeking technology, funding, and efficiency from the market." This is also a major challenge and opportunity faced by all water-saving enterprises, including DAYU Irrigation Group.

We are confident that by deeply implementing the "dual approach", DAYU Irrigation Group will further develop superior technologies, secure more funds, achieve higher efficiency, and fully contribute to the faster development of China's watersaving industry.

## **Seek New Technologies on the Market**

We believe that under the traditional model, the construction of agricultural water infrastructure is constrained by government funding, construction standards, and management systems, which limits the emergence and application of new technologies. In contrast, under a marketized model, both water-saving enterprises and water users invest real capital. This shift in mindset from "I have to save water" to "I want to save water" forces the water-saving industry to continuously develop more advanced technologies and products. At the same time, water-saving enterprises must also support cost reduction and efficiency improvement through technological innovation.





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## **Market Provides Better Technologies**

In response to the urgent demands from the market, DAYU Irrigation Group has comprehensively developed smart products and core software models, investing 120 million RMB in 2023 alone. DAYU's "innovative technical solutions" cover 8 major categories, 29 series, and over 1,700 models. DAYU's smart factory in Tianjin has become the largest global water-saving R&D and manufacturing base. The marketization of water-saving technologies has reshaped the landscape, and DAYU's new technologies are rapidly being promoted and used across the country, as well as being exported to over 60 countries and regions.



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AYU Irrigation Group 2024 Sustainability Report

DAYU Irrigation Group 2024 Sustainability Report

## **Seek Capital from the Market**

For agricultural water conservancy projects, which are public assets with low profitability and mobility, DAYU has developed a variety of investment and financing solutions. After market validation, 18 "innovative model plans" with clear logical frameworks and operational paths have been formed. By exploring potential returns, expanding value-added services, leveraging technology to reduce costs and improve efficiency, and enhancing professional capabilities and service systems, we are able to mitigate risks at various stages and offer customized "one county, one policy" investment and financing strategies. These efforts help identify the optimal modes and best pathways for social capital to enter the sector.



## Seek Higher Efficiency on the Market

At present, in the construction of agricultural water infrastructure, construction is no longer the challenge; the core issue is the efficient, stable, and sustainable operation. To address this pain point, DAYU's "Water Butler" model has emerged. We focus on irrigation districts, reservoirs, urban and rural water supply, high-standard farmland, and rural wastewater management, promoting marketized, professional, and property-based management and "butler-style" operation services. As DAYU's first strategic priority, we are committed to becoming the largest operator of agricultural water infrastructure services in the country, ensuring that valuable water resources and government investments continue to deliver lasting benefits.



## **Market Provides Capital**

In 2022, DAYU Irrigation Group invested in the first major water conservancy project in Gannan Su District, a key area supported by national ministries: the Meijiang Irrigation District, with a total investment of 4.38 billion RMB. By introducing a market-oriented mechanism, 1.22 billion RMB in social capital was attracted, bridging the funding gap. DAYU also provided 27 years of market-based operation and maintenance services for the irrigation district's key water networks and supporting field engineering, ensuring the water safety for the grain-producing areas of Gannan. Furthermore, in Yumen, Gansu, located in the upper reaches of the Yellow River, DAYU entered into a strategic partnership with a state-owned enterprise and jointly invested in the Yumen Shule River water diversion project, enhancing the value of 35 million cubic meters of agricultural water by turning it into industrial water.

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We deeply understand the challenges of market-oriented reform in agricultural water infrastructure, but we firmly believe that, with the special value of water resources and the continuous push of policies, more and more market funds will be directed towards water-saving initiatives, ultimately achieving a cycle where water sustains water.



## **Market Provides Higher Efficiency**

In the "National 150 Project" – the Niu Luling Irrigation District in Hainan Province, covering 570,000 mu – DAYU Irrigation Group has applied market-oriented professional operation systems and digital twin technology, which has reduced the project's operating costs by more than 55% compared to traditional models, and has extended related applications to urban and rural water supply fields.

Similarly, the marketization mechanism combined with large-scale planting can effectively improve the efficiency of water-saving agricultural production. We applied high-yield drip irrigation technology for corn in Ningxia Tongxin, where a 12-person team cultivated 48,000 mu of corn, achieving an average yield of over 1 ton per mu in a single season. This is 300 jin more per mu compared to traditional farming. In Qi River, Shandong, the corn planting density increased from 4,500 to 5,500 plants per mu, and the yield per mu rose from 1,550 jin to 1,810 jin, with a labor reduction rate of 83%, effectively achieving the goal of "self-sustaining land."





## 2024 Highlights in this Chapter

Environmental protection training: 10 sessions

Total environmental investment: 1 million RMB

ISO14001 Environmental Management System certification completed by Tianjin, Jiuquan, and Wuwei factories

Total waste emissions reduced by  $\bf 37.54$  tons compared to 2023

Employee digital office carbon reduction increased by 145.91 tons compared to 2023

## Topic

Water Resource Management
Addressing Climate Change
Resource and Energy Management
Waste Management
Circular Economy
Biodiversity

## **Double Materiality Level**

High Importance
Medium Importance
Medium Importance
Medium Importance
Medium Importance
Medium Importance
General Importance

## **Corresponding SDG Goals**













# **Addressing Climate Change**



## **COP29 Declaration on Water for Climate Action**

## COP29 Declaration on Water for Climate Change

With the global deepening of the climate change agenda, enhancing the climate resilience of ecosystems and establishing a global system to adapt to climate change have increasingly become key issues on the international agenda. At the 29th Conference of the Parties (COP29) to the *United* Nations Framework Convention on Climate Change held in November 2024, countries reached consensus on climate finance targets and the establishment of a global carbon market mechanism. The main outcomes included collective quantitative targets for climate finance and the creation of a UN-supervised global carbon market mechanism, advancing global unified action on climate change. In addition to supporting the establishment of funding and carbon markets, the conference launched the "Water for Climate Action" initiative, which for the first time closely integrates water resource management with climate policy, emphasizing the inclusion of water-related mitigation and adaptation measures in Nationally Determined Contributions (NDCs) and National Adaptation Plans (NAPs).

Under the guidance of the "dual-carbon" goals, China continues to prioritize climate change adaptation, driving high-quality green and low-carbon development. The country is advancing global climate change efforts with new quality productive forces actively fulfilling its responsibilities as a major power, strengthening domestic climate risk management, and enhancing international cooperation. Based on the National Climate Change Adaptation Strategy 2035 and the dual-carbon "1+N" policy system, the Chinese government is deepening the green and low-carbon transformation, enhancing climate change monitoring, early warning, and risk management through technological innovation and institutional guarantees. At COP29, China released the China Action Plan on Early Warning for Climate Change Adaptation (2025-2027), aiming to enhance early warning capabilities in developing countries, helping them adapt to climate-induced environmental changes and proactively address risks and challenges. Furthermore, the Climate Change Report (2024): "Dual-Carbon" Goal-Driven New Quality Productive Force Development green paper, published in December 2024, proposed accelerating the development of new quality productive forces and promoting structural transformation, showing China's active participation in global climate change governance, and contributing Chinese wisdom and solutions to the world.

As a leading company in the water conservancy sector, DAYU Irrigation Group understands the significant impact of climate change on water resource use and agricultural development. With climate change becoming an increasingly pressing issue, enhancing business resilience and strengthening climate adaptability are essential tasks for both DAYU Irrigation and the entire water conservancy industry. The company follows the Task Force on Climate-Related Financial Disclosures (TCFD) guidelines, analyzing our efforts to address climate change risks from four aspects: governance, strategy and risk management, identification and management of climate change risks, and identification of climate change opportunities.

## Governance

DAYU Irrigation has set up a dedicated Project Safety and Environmental Protection Committee to oversee overall safety and environmental protection work. The committee regularly organizes risk analysis meetings to identify climate and environmental risks and assess both actual and potential climate-related risks and opportunities that may impact our business. The committee also analyzes the potential environmental and climate impacts of our operations, and formulates corresponding risk response plans, with responsibility assigned to individuals. Going forward, we will continue to enhance our capacity to respond to climate change and contribute to global efforts in addressing climate change, improving water resource efficiency, and advancing international cooperation.

## Strategy and Risk Management

The company fully recognizes that the risks posed by climate change stem primarily from physical risks and transition risks. Physical risks refer to the losses caused by environmental changes due to climate change, which impact economic and social systems, while transition risks refer to the specific challenges companies face when shifting to a low-carbon economy.

In response to these risks, in 2024, DAYU Irrigation identified and analyzed specific risks, closely monitoring the impact of these risks on the company's financing capabilities and cash flow, and developed mitigation measures for identified risks. These efforts are aimed at formulating contingency plans to enhance our adaptability to climate change.

## Climate Change-Related Risks

# Acute Risks

## Infrastructure

Extreme weather events like heavy rainfall, typhoons, and mudslides may cause sudden water level surges, urban flooding, reservoir overflows, dam breaches, and drainage system failures. Droughts could lead to water shortages, soil shrinkage, and damage to irrigation channels, severely threatening the safety and functionality of water conservancy infrastructure, bringing direct financial losses to the company.

## **Company Response Measures**

- Assess potential acute climate risks that may arise in production and operations and develop corresponding contingency plans.
- Incorporate climate risk into the planning, siting, design, material selection, construction, and operation & maintenance stages of infrastructure to improve the climate resilience of infrastructure and enhance operational safety.

## Chronic Risks

## Operational Costs

To cope with climate change, investment in the renovation of outdated facilities, development of new water-saving technologies, and smart management systems will be necessary. Additionally, global warming may increase the operation and maintenance costs of production equipment.

• Energy Transition

Global energy transitions may lead to fluctuations in electricity and raw material prices, while the company's commitment to clean energy could cause rising costs and adjustments in energy structures.

Market Demand

With ongoing climate changes, market demand for water-saving facilities and water conservancy infrastructure may shift. Climate variability caused by long-term changes could affect the company's strategic positioning in different regions.

- Improve the company's management system to enhance its ability to adapt to climate change.
- When selecting sites for new factories or offices, consider geographical factors and climate conditions, and evaluate construction and labor costs comprehensively.
- Focus on energy transitions and the construction of intelligent infrastructure, prioritize the development of energy-saving and emissionreducing technologies, and enhance the company's ability to quickly adapt to potential market demands through digital management.
- Strengthen carbon emission management across all aspects of the company's operations, from manufacturing to office work.

## Technology Risks

As climate change intensifies, more efficient watersaving technologies and smarter water resource management systems are required. The adoption of renewable energy-driven infrastructure may also be necessary, requiring significant investment in research and development or procurement costs. Additionally, selecting an improper technological path may result in immature technologies or limited application, increasing the risk of transformation failure.

## **Company Response Measures**

- Strengthen the R&D system and the commercialization of scientific research achievements to ensure that R&D projects lead to actual improvements in production capacity and equipment efficiency.
- Enhance DAYU's industry leadership and market insight, staying ahead of market trends and adjusting the industrial layout to maintain competitive advantage.
- Systematically train technical talent and build a strong innovation workforce.

## Policy and Regulatory Risks

Compliance Costs

Governments may impose stricter regulations on water resource management, protection, and sustainable use. Higher standards for water treatment and ecological restoration could increase the company's compliance costs.

Carbon Quotas

As global and domestic carbon trading markets continue to develop, fluctuations in carbon prices may impact the company's energy structure and lead to increased carbon emission control costs.

Environmental Data Reporting

Regulatory bodies may impose higher requirements for the accuracy of environmental data submitted by companies. Strict standards for information disclosure, as well as the potential for third-party verification, could increase the pressure on the company's environmental data collection and sustainable development reporting, raising internal coordination costs and risks of non-compliance.

- Continuously track relevant policies and regulations from governments and exchanges, strictly complying with reporting requirements.
- Stay updated on the development of domestic and international carbon markets and develop reasonable emission reduction plans, making early adjustments.
- Improve the company's environmental data reporting system, regularly publish sustainability reports, and strengthen communication with stakeholders.
- Enhance carbon emission management and promote the company's overall green transformation. Regularly disclose Scope 1 and Scope 2 greenhouse gas emissions data and subject the company to external scrutiny.

## Market Risks

• Customer Preferences

As China's dual-carbon goals are increasingly realized, customers may demand more ecofriendly and efficient water resource solutions. Failure to meet these emerging demands could lead to a decline in market share.

Competitive Landscape

Technological innovation could attract new entrants into the industry, increasing competitive pressure and accelerating the need for transformation.

Supply Chain Resilience

Climate change could damage suppliers, affecting raw material supply, product transportation, and project construction. This could, in turn, transmit risks to the company, resulting in financial risks.

- Continue advancing low-carbon technological transformation, prioritizing the development of advanced technologies, and continually launching water-saving devices and smart water-saving solutions that meet market needs, enhancing production efficiency and refining management.
- Coordinate with supply chain partners and enhance the capabilities of suppliers, fostering their awareness and responsiveness to climate change risks, thereby increasing supply chain resilience.

## Reputation Risks

As attention to climate change issues rises, companies that fail to take timely actions to address climate change or disclose related sustainable development information inaccurately or untimely may face reputation risks for not meeting stakeholders' expectations.

· Continuously monitor stakeholder demands, establish regular communication mechanisms, and respond to concerns transparently and publicly on a regular basis.

## **Climate Change Opportunities**

COP29 officially launched the "Water for Climate Action" initiative, which for the first time closely integrates water resource management with climate policy. The interconnections between water resources, climate change, biodiversity loss, and desertification have received unprecedented attention. "Water conservation" has become an essential tool for the global community to address climate change.

Therefore, on another level, climate change also presents potential opportunities for the company. Based on our identification and response to climate change risks, we are also highly focused on the transformation opportunities presented by climate change. We have integrated these opportunities into the company's future development strategy, actively positioning ourselves to accelerate the company's transformation.

## Infrastructure Construction Demands

## • Climate Adaptation Projects

With the increasing frequency of extreme weather events and chronic climate risks, there will be growing demand for more climate-resilient flood prevention and drainage systems, smart water resource management systems, agricultural water-saving equipment, and comprehensive river basin management projects.

## Smart City Construction

The combination of climate change and rapid urban development has created a need for early warning systems to address natural disasters such as flood prevention, flood damage, and water shortages. The design and implementation of urban rainfall and flood disaster management solutions have become key focuses in the development of smart water infrastructure.

## Agricultural Water Management Upgrades

DAYU Irrigation Group focuses on the areas of "Three Rural Areas and Three Water Issues" (efficient agricultural watersaving, rural wastewater treatment, and safe drinking water for farmers) in terms of planning and design, intelligent manufacturing, informatization, and operations & maintenance. Through comprehensive solutions, the company responds to the new national agricultural and rural development demands, supports rural revitalization initiatives, and helps enhance China's agricultural adaptation to climate change.

## Water Quality Improvement and Pollution Control

The long-term climate change impacts, such as water quality deterioration and water eutrophication, may further lead to regional environmental degradation. DAYU Irrigation's layout in areas such as centralized wastewater treatment and "beautiful rural areas" provides new technologies and models for these sectors, further solidifying the company's leadership in the industry.

## International Cooperation and Market Expansion

Firstly, developing countries and emerging markets are more likely to be significantly impacted by climate change, creating a strong demand for water resource management and infrastructure construction. Secondly, countries like those in the Middle East, Central Asia, Africa, and Russia, with which we have established good cooperative relationships, are expected to lead the way in market education and business upgrades. Additionally, the "Belt and Road" initiative provides new opportunities for water-saving and water resource management in countries along the route. DAYU Irrigation will continue to strengthen its international influence, expand its overseas business, and contribute Chinese wisdom to the global water resource management market.

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## **Carbon Emission Management**

While fully identifying climate-related risks and opportunities, the company actively responds to the national "dual-carbon" goals by implementing strict emission management across the Group. In 2024, through measures such as improving production processes, optimizing production workflows, promoting digital and intelligent transformation, and developing energy-saving technologies, DAYU Irrigation Group continuously advanced its carbon emission management efforts to reduce greenhouse gas emissions and achieve green, low-carbon development.

## DAYU Irrigation Group 2022 - 2024 Greenhouse Gas Emissions

Indicator	Unit	2022	2023	2024
Total Greenhouse Gas Emissions	tons CO <sub>2</sub> equivalent	13,314.75	12,126.69	15,756.63
Greenhouse Gas Emissions - Scope 1	tons CO <sub>2</sub> equivalent	2,215.99	2,044.06	5,391.09
Greenhouse Gas Emissions – Scope 2	tons CO ₂ equivalent	11,098.76	10,082.63	10,365.54

Note: The total greenhouse gas emissions increased in 2024 due to the expansion of production scale and increased business volume.

# **Implementing Green Production**

DAYU Irrigation Group strictly complies with environmental management laws and regulations such as the Environmental Protection Law of the People's Republic of China, Air Pollution Prevention and Control Law of the People's Republic of China, Water Pollution Prevention and Control Law of the People's Republic of China, and the Environmental Noise Pollution Prevention and Control Law of the People's Republic of China. We integrate energy-saving, emission reduction, and environmental protection concepts into every stage of production and operations. From organizational structure, systems, to implementation, we collaborate across all levels to establish and perfect our environmental protection management system. In 2024, the Tianjin, Jiuquan, and Wuwei factories completed ISO14001 Environmental Management System certification and received the China Environmental Label Product Certification, setting high standards for environmental management system construction



Wuwei Factory ISO14001 **Environmental Management** System Certificate



Tianjin Factory ISO14001 **Environmental Management** System Certificate



Jiuquan Factory ISO14001 **Environmental Management** System Certificate

The company manages energy consumption and pollutant emissions in production, work, and living areas within its jurisdiction through the Environmental Protection and Energy Saving Management Measures. Guided by the principles of "full participation, strengthening supervision, prevention first, protecting the environment, and complying with local management policies and requirements," the company established the Environmental Protection and Energy Saving Supervision Committee, chaired by the Group's chairman, with board chairs or general managers from each business division and subsidiary as members. Each subsidiary also has its own sub-committee to implement the "one person in charge" responsibility system for environmental protection and energy saving, ensuring the implementation of national and company environmental protection policies and regulations.

In addition, the company has established management measures such as the Environmental Protection Management Manual, Environmental Management System Procedures, Environmental Management Activity Records, and Environmental Protection and Energy Saving Management Regulations for Supply Chain Companies to ensure that environmental management is backed by concrete guidelines, forming a comprehensive system of institutional guarantees.

Based on the system framework, DAYU Irrigation Group has defined the following environmental management goals for 2024: "Hazardous waste classified storage with a 100% collection and disposal rate; 100% timely response rate for social environmental complaints; fire prevention measures in place with no major fires occurring; zero environmental pollution incidents (including air pollution and noise pollution)." These goals are being pursued through the improvement of production processes, optimization of production workflows, and the development of energy-saving technologies, with a focus on enhancing energy, water resource, waste management, and noise control.

Environmental Management Internal System List

# Environmental Protection and Energy Saving Management Measures Environmental Protection Management Manual Environmental Management System Procedures Environmental Management Activity Records Environmental Protection and Energy Saving Management Regulations for Supply Chain Companies

Hazardous waste classified storage, with a 100% collection and disposal rate

100% timely response rate for social environmental complaints

Effective fire prevention, with no major fires occurring

**Zero** environmental pollution incidents (including air pollution and noise pollution)

## **5** Energy Management

In terms of building the energy management system, DAYU Irrigation Group has developed the Group's energy management system according to the GB/T 23331-2020 Energy Management System Standard. We have refined energy management through methods such as setting energy policies, energy targets, and performance evaluations. The company's Environmental Protection and Energy Saving Management Measures clearly define energy-saving management requirements for different scenarios, including production workshops, laboratories, office spaces, cafeterias, living areas, and infrastructure maintenance. Through clear execution supervision measures and handling requirements, we ensure the implementation of energy-saving measures.

Additionally, the subsidiaries of DAYU Group actively promote mutual learning and experience sharing, using pilot projects to drive energy-saving and emission-reduction initiatives across the Group. The company also conducts market research, introduces advanced energy-saving and emission-reduction technologies, improves production processes, and enhances production efficiency to reduce excessive energy consumption and unnecessary waste at the production end

## Case - Jiuquan Factory Replaces Air Compressors and Implements New Energy-Saving Measures بشب

In 2024, DAYU Equipment Development Group's Jiuquan Factory benchmarked the successful experience of the Tianjin factory and replaced the existing high-energyconsuming 75kW industrial frequency air compressor with an advanced 110kW permanent magnet variable frequency two-stage compressed air machine. The system was also equipped with a refrigerant dryer and exhaust cooling system, which not only improved supply efficiency but also successfully resolved the previous high-temperature environment issue. This equipment upgrade reduced energy consumption by approximately 39.59%, while also lowering maintenance and repair costs, improving the working environment for employees, and providing a guick return on investment for the factory.



110kW Permanent Magnet Variable Frequency Two-Stage Compressed Air Machine

Case - Production Line Process Improvement and New Equipment for Energy-Saving

In 2024, DAYU Equipment Development Group's Jiuquan Factory introduced two PVC production lines and two high-speed injection molding machines, while the Wuwei Factory introduced two PE production lines. This resulted in a 300% improvement in factory production efficiency and approximately 30% energy savings.

2024 echnical Innovation Award Third Prize **Manufacturing Division** Equipment Technology and Efficiency Improvement Program







**New Injection Molding Machines** 

## DAYU Irrigation Group 2022 -2024 Energy Usage

Indicator	Unit	2022	2023	2024
Energy Consumption - Diesel	Tons	41.81	18.46	19.58
Energy Consumption - Gasoline	Tons	684.81	642.81	650.00
Energy Consumption - Natural Gas	Cubic Meters	14,764.00	13,977.00	13,136.67
Energy Consumption - Purchased Electricity	MWh	19,461.26	17,679.52	18,175.58

Note: The total energy consumption increased in 2024 due to the growth in business volume and the expansion of production scale.

# **Water Resource Management and "Three Wastes" Management**

DAYU Irrigation Group considers the water resource and waste management as essential components of its environmental management system and carries out refined management based on this system framework.

## Water Resource Management

In accordance with the Water Pollution Prevention and Control Law of the People's Republic of China, the company classifies water use into production water and domestic water. Wastewater from production processes is used for circulating cooling and is not discharged externally. Wastewater from domestic use is professionally treated to meet the Grade III limit values of Integrated Wastewater Discharge Standard (DB12/356-2018), and is uniformly discharged through designated outlets into the industrial park's sewage pipeline network, ultimately entering the park's wastewater treatment plant for further treatment.

In addition, the company is committed to raising employees' awareness of water conservation, strengthening daily education, and encouraging water-saving habits.

## DAYU Irrigation Group 2022 - 2024 Water Resource Usage

Indicator	Unit	2022	2023	2024
Water consumption	tons	109,969.00	92,763.00	96,766.00
Water use intensity	tons/million RMB revenue	32.33	26.87	22.10
Total wastewater discharge	Tons	70,380.16	62,709.60	77,412.80

## "Three Wastes" Management

The company strictly complies with pollution prevention laws and regulations including the Law on the Prevention and Control of Environmental Pollution by Solid Waste, the Air Pollution Prevention and Control Law, and the Environmental Noise Pollution Prevention and Control Law, and implements classified management accordingly.

For waste management, production-generated waste is categorized into general waste, hazardous waste, and domestic waste, and processed through "reduction, recycling, and harmless treatment." Hazardous waste such as used motor oil, oil drums, oil-soaked rags, spent activated carbon, and ion exchange resins is collected at fixed hazardous waste storage areas within the factory and handled by qualified third-party companies in accordance with the Standards for Pollution Control on Hazardous Waste Storage. General production waste (e.g., leftover materials and defective products) is collected using designated storage facilities and areas, with measures in place to prevent dispersion or leakage. These are recycled internally via specified transport routes, achieving a 100% recycling rate. Domestic waste is handled by municipal sanitation departments.



Leftover Material Stacking for Crushing



Granulating and Recycling of Scrap Material

## **DAYU Irrigation Group 2022 - 2024 Waste Discharge**

Indicator	Unit	2022	2023	2024
Total solid waste emissions	tons	116.64	131.78	94.24
Hazardous waste emissions	tons	0.73	1.26	0.76
Non - hazardous waste emissions	tons	115.92	130.52	91.88
Hazardous waste intensity	tons/million RMB revenue	0.0002	0.0004	0.0002
Non - hazardous waste intensity	tons/million RMB revenue	0.0341	0.0378	0.0210

In 2024, DAYU Irrigation Group continued to prioritize air pollutant management, equipping all emission points with appropriate environmental protection facilities and commissioning third-party institutions to conduct regular monitoring, ensuring stable and compliant emissions while eliminating fugitive emissions. To further enhance the factory's monitoring and control capabilities for volatile organic compounds (VOCs), the Tianjin factory of the Equipment Development Group added a VOC treatment unit in its water meter workshop. This equipment was verified by professional institutions to meet the emission rate and concentration limits required by the Emission Control Standard for Volatile Organic Compounds from Industrial Enterprises (DB12/524-2014) and the Integrated Emission Standard of Air Pollutants (GB16297-1996).

## Noise Management

Each of DAYU Irrigation's factories identifies noise sources in production and environmental protection equipment such as injection molding machines, cooling systems, machining equipment, and exhaust fans. In 2024, newly purchased equipment adopted the latest gearboxes and screws to reduce operating noise. Professional institutions were commissioned to monitor factory noise levels to ensure compliance with the Environmental Quality Standard for Noise at all factory sites.



**VOC Treatment Equipment - Tianjin Factory** 

## **DAYU Irrigation Group 2022 - 2024 Air Emissions**

Indicator	Unit	2022	2023	2024
PM (Particulate Matter) Emissions	tons	0.03	0.16	0.26
NMHC (Non - Methane Hydrocarbons)	tons	0.76	0.29	0.45
TVOC (Total Volatile Organic Compounds)	tons	3.81	5.06	10.03
Hydrogen Chloride Emissions	tons	0.01	0.27	1.27
Vinyl Chloride Emissions	kg	3.51	0.11	0.16
Total Air Pollutant Emissions	tons	4.62	5.78	12.2

Note: Total air pollutant emissions increased in 2024 due to expanded production scale and business volume.

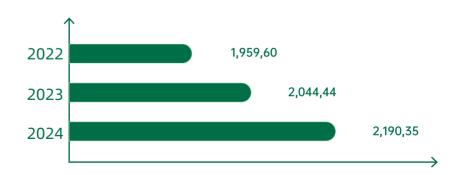
# **Practicing Low-Carbon Operations**

DAYU Irrigation Group continues to promote green and low-carbon operations, advocating for a green office culture. Based on the DAYU Irrigation Low-Carbon Environmental Behavior Guidelines, the company continuously guides employees to develop green and low-carbon living habits. Starting from daily life, employees are encouraged to maintain the overall green development environment of the company through personal actions.

In the company's daily operations, DAYU Irrigation Group promotes digital and paperless offices throughout the entire group. The company advocates for employees to digitally record activities through an online management platform, improving work efficiency through methods like online meeting minutes, cloud document collaboration, and digital communication. Additionally, the company further cultivates employees' low-carbon office habits through live streaming of key meetings, video and telephone conferences, and online approvals. DAYU also continues to display the calculated carbon reduction for each employee's respective business, increasing their sense of participation and responsibility in energy-saving and emissionreduction practices. In 2024, the total carbon reduction from employees' digital office practices amounted to 2,190.35 tons, marking the third consecutive year of improvement in office carbon reduction.

## **Carbon Reduction from Attendance**





Indicator	Unit	2022	2023	2024
Carbon Reduction from Live Streaming	kg	171,423.00	262,723.35	402,649.81
Carbon Reduction from Video Conferences	kg	35,425.00	25,728.85	26,179.95
Carbon Reduction from Phone Conferences	kg	59,567.00	59,589.60	60,613.50
Carbon Reduction from Approvals	kg	138,692.00	140,178.00	141,678.00
Carbon Reduction from Company Directory	kg	156,989.00	156,991.08	158,560.99
Carbon Reduction from Logs	kg	167,890.00	167,949.96	168,000.34
Carbon Reduction from Smart HR	kg	124,880.00	126,019.20	127,165.97
Carbon Reduction from Smart Forms	kg	390,428.00	390,475.20	390,501.60
Carbon Reduction from Attendance	kg	714,306.00	714,789.60	715,002.30

## **2024 Environmental Protection Efforts**

Environmental Protection Training Sessions: Total Training Hours:

Number of Energy-Saving and Emission Reduction Projects:

Total Environmental Investment:

10

**27** hours

million RMB

The company has advanced equipment updates and reuse in office and cafeteria areas, promoting the use of energy-saving appliances. For example, the office replaced all lighting with LED fixtures, and the cafeteria installed energy-efficient air conditioning. Additionally, office furniture such as desks and chairs that were retired was reallocated for reuse in dormitories and factory areas. Beyond system requirements and digital management reforms, DAYU Equipment Development Group organized 10 environmental protection-related training sessions in 2024, including content on the company's environmental management system and the *Environmental Protection Law of the People's Republic of China*. A total of 27 hours of training were provided, with 157 participants.



**Environment Protection Training** 

# Protecting the Ecological Environment

n 2024, DAYU Irrigation Group strictly adhered to the *Environmental Protection Law of the People's Republic of China* and the *Soil and Water Conservation Law of the People's Republic of China*, actively responding to the implementation of the *China Biodiversity Conservation Strategy and Action Plan (2023-2030)*. From the perspective of the project lifecycle, the company thoroughly considered the ecological environment and biodiversity impacts of its projects, while leveraging its strengths to carry out soil and water conservation, ecological restoration, pollution control, and other environmental protection work.

At the beginning of the design of DAYU's various projects, we focused on ecological environmental protection, practicing the concept that "mountains, water, forests, fields, lakes, grasses, and sand" is a community of life, and through the Project Safety Committee, we have included the impacts of the project on the surrounding ecological environment into the scope of the assessment, and we have implemented in-depth water ecological and environmental management in ecological management of drains and channels, and in ecological management of rivers and lakes. We will further implement the water ecological environment management into the ecological management of drainage channels, river and lake connectivity, water resources storage and other projects, contributing to the water ecological restoration. We also fully consider the function of the project on the basis of ecological factors, from the selection of ecological building materials, ecological and environmental protection equipment used in environmental protection construction program development, as far as possible to reduce the impact of the project on the ecological environment.





## 2024 Highlights in this Chapter

Number of R&D personnel: 290

Total R&D investment in 2024: 12.39 million RMB

New patents in 2024: 36

National standards led/participated in: 1/1

Employment opportunities created in 2024: 732

Total donations in 2024: 6.49 million RMB

# Rural Revitalization Sustainable Agricultural Water Infrastructure Intellectual Property Protection Supply Chain Management Employee Rights and Welfare Employee Health and Safety Employee Development and Training Diversity, Equity, and Inclusion Public Welfare and Philanthropy Technology Ethics

## **Corresponding SDG Goals**



♠ ♠ ♠ High Importance

High Importance

Medium Importance

♠ ♠ ♠ General Importance



















# **Innovation Drives Development**

## R&D and Technological **Innovation**

The company led scientific and technological research projects at the provincial and ministerial levels or above

Innovation is the core driver of DAYU Irrigation Group's sustainable growth. The company continuously improves its innovation mechanisms, increases R&D investment, strengthens information security, and protects intellectual property, enabling comprehensive innovation in technology and management and laying a solid foundation for high-quality development.

Adhering to the principle that "science and technology are the primary productive force," DAYU brings together the scientific research strengths of the DAYU Research Institute and Huitu Group to build a top-tier R&D and innovation team.

Currently, the R&D team consists of xx members and is gradually evolving from a single-discipline structure to a multidisciplinary fusion. Team members possess both solid theoretical knowledge and practical problem-solving capabilities, continuously driving the technological innovation. The DAYU Research Institute includes four core departments that, through internal structural optimization, promote scientific and technological advances in water conservancy and provide efficient and intelligent solutions for agricultural water management.

The company tracks R&D policy trends via channels such as *Policy Briefings*, ensuring that its research direction aligns with national and local development needs, and maintains a leading market position.

Research Projects Department

Innovative Products Department

**Drip Irrigation Product** Development Department **Smart Irrigation** Department

## **Innovation incentives**

Science, Technology and Innovation Management (STIM) Policy

Knowledge Innovation Management Policy

Management Policy of Qualification and Honor Awards

To encourage innovation, DAYU has introduced incentive policies including the Technological Innovation Management Measures, Knowledge Innovation Management Measures, and Qualification and Honor Reward Management Measures, rewarding outstanding teams and individuals in technological innovation. These initiatives not only enhance the company's innovation capacity but also contribute to its long-term development.

DAYU also actively promotes international scientific cooperation to foster resource sharing and joint research capacity building. These efforts strengthen industry-university-research integration and build a long-term cooperation platform for top talent in the field.



In 2024, DAYU Irrigation Group collaborated with China Agricultural University and Kazakh National Agrarian Research University to establish the joint laboratory, leveraging rich experience and resources in agricultural science and education. The cooperation spans teaching, scientific research, and technology transfer, and aims to create synergies in technology development, talent cultivation, dissemination, and standard-setting.

The project also supports the development of a China-Kazakhstan water-saving agricultural demonstration park and cooperative education programs to foster leading agricultural talent. It contributes to scientific and industrial advancement in irrigation, saline-alkali land management, and agricultural machinery, and was listed in the official bilateral cooperation agreements signed by the heads of both countries.



# Official Launch of the China-Kazakhstan Joint International Laboratory for High Water-Efficiency Agriculture in

DAYU successfully implemented the "13th Five-Year" national key R&D program project on Efficient Water-Saving Irrigation and Integrated Application in Western Pastoral Areas, and was approved to undertake major "14th Five-Year" projects such as New Technologies and Equipment for Water-Saving and Over-Exploitation Control in North China Groundwater Areas, along with other national-level agricultural research programs. Over the years, we have more than 60 provincial/ministerial-level scientific research projects led, more than 600 patents obtained. In 2024, another x new invention patents, x national-level research projects participated in, with total R&D investment: xxx million RMB.



**DAYU Rural Toilet Septic Tank** Cleaning & O&M Management System V1.0



Integrated CAST Reactor for Rural **Domestic Wastewater Treatment** 



Data Parsing Method Compatible with Multiple IoT Communication Protocols

## DAYU Irrigation 2022 - 2024 R&D Data

Indicator	Unit	2023年	2024年
R&D Investment	10,000 RMB	12,337.55	12,393.90
R&D Investment / Main Revenue	%	3.6	2.8
National Key Projects Participated	Cases	9	13
Number of R&D Personnel	People	253	290
R&D Personnel Ratio	%	8.95	10.4

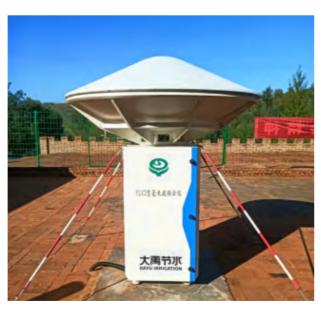
The acoustic rain enhancer, an innovation that combines modern acoustics, meteorological science and environmental science, utilizes specific acoustic frequencies to "talk" to the clouds in the sky and induce precipitation by enhancing the relative motion of cloud droplets and facilitating the process of merging.

In August 2024, at the DAYU IRRAGATION Innovation Team's field experiment station in Shenmu City, Shaanxi Province, the sonic rain booster was turned on for only 10 minutes before rain fell, adding 33 millimeters of rain to the area in 45 minutes.

Sonic rainboosting does not require airborne vehicles, and has the advantages of low cost, fast response, no airspace restriction, and environmental protection and no pollution, making it an important breakthrough for solving the problem of water shortage in arid and semi-arid areas.



Low frequency rotary flute + Resonant horn



Millimeter wave cloud gauge



Smart Electric Butterfly Valve

Traditional valve switches are inconvenient and require manual operation in harsh environments, such as walking into irrigated fields. DAYU developed a smart electric butterfly valve using IoT technology that supports both remote APP and contactless cardbased control, replacing manual valve operations.

Its integrated metering and control design allows for scheduled switching, enabling flexible use and precise irrigation. The valve features stable performance, field power supply, abnormal condition monitoring, and intuitive status feedback.

In 2024, the valve was applied in the *Hexi Corridor High-Yield Water-Saving Crop* Demonstration Project, covering about 500 mu. It reduced labor and resource input, increased yields by 10%, cut water use by 10%, and improved water-use efficiency by over 15%, enhancing both agricultural productivity and water conservation.

Focusing on breakthrough innovations in areas lacking proprietary technology, DAYU developed an end-to-end process for drip emitter design and production - from scenario analysis to flow channel modeling, simulation, 3D printing, injection molding, testing, and standardization.

With standardized emitter shapes and flow channels, DAYU enhanced hydraulic performance, clog resistance, manufacturing accuracy, and customization. This breakthrough helped the company overcome previous weaknesses in self-developed core products and mitigate quality risk from external suppliers.

In 2024, DAYU was recognized as a Single Champion Manufacturer in the eighth batch released by the Ministry of Industry and Information Technology (MIIT) for its "Complete Drip Irrigation Equipment," affirming its global leadership in production technology and market share.







3D Printing of the Drip Irrigation Irrigator

As a critical public infrastructure project, agricultural water conservancy is a key component of the nation's high-quality and sustainable development. It is also an industry that urgently requires technological breakthroughs and the establishment of independent intellectual property. Guided by the value of "continuous innovation and embracing change," DAYU Irrigation Group is committed to overcoming bottleneck technological challenges that hinder both the company and the industry. Through independent research and development, the company has achieved significant breakthroughs in areas such as drip irrigation product series, water conservancy informatization terminal products, and intelligent high-efficiency water-saving irrigation systems.

## Information **Security and Privacy Protection**

2024 Management Innovation Award First Prize The construction of "three platforms" helps management innovation to promote \the digitalization and/ upgrading of enterprise management.

DAYU Irrigation Group places great emphasis on information security and continuously strengthens its information security management systems. Guided by policies such as the Data Security Law of the People's Republic of China, the company has formulated and implemented a comprehensive *Information Security Management Measures*, which clearly outlines protocols for equipment, account, and password security, standardizes employee operating behaviors, and establishes procedures for data protection and virus prevention.

In 2024, the company enhanced its information security framework by establishing an Information Security Committee under the Group's Work Safety Committee to oversee comprehensive Information Security Management Measures. Additionally, in response to cybersecurity requirements, the company revised its *Network Management* Measures, updating the network architecture and role responsibilities. In August 2024, a Cybersecurity Task Force was officially established to comprehensively enhance the Group's network security capabilities.

Huitu Group, a DAYU subsidiary, has also implemented a suite of regulations tailored to its business needs, including the Information Security System Compilation, Information System Management Measures (Trial), Disaster Recovery and Data Security Plan, Project Information Security Management Manual, and Information Security Incident Emergency Response Plan. These documents define the organizational structure for handling information security incidents and provide emergency response protocols, with regular drills conducted to ensure immediate, standardized responses in the event of an incident. By combining institutional safeguards with standardized practices, Huitu Group has built a comprehensive and effective defense against information security risks.

Technical Support Group

CLOG (Communications and Liaison Group)

Logistics Support Group

## **Emergency Management Framework**

Information Security Training Employee Coverage

2024 Major information security incidents



To maintain an efficient and stable data security management system, the company enforces a strict ban on external remote access to all data devices and has established a comprehensive backup strategy, ensuring regular, encrypted data backups and storage. In 2024, the company performed 1,450 file backups. Network and system audits were conducted regularly, with numerous patches and updates completed throughout the year to ensure safe and stable system operations.

The company also held information security training in 2024, covering topics such as Secure Coding Standards. The training achieved 100% employee participation, and there were zero major information security incidents or user privacy breaches during the year.

## Intellectual Property Protection

DAYU Irrigation Group regards independent research and development as a core priority and considers intellectual property (IP) a strategic asset vital to enhancing its competitiveness. The company strictly complies with the Civil Code of the People's Republic of China, Patent Law, Trademark Law, and Anti-Unfair Competition Law, while continuously refining internal systems such as the Intellectual Property and Brand Protection Management Measures and the Innovation Management Measures, to build a sound IP management framework.

Departments such as the Legal Risk Control Department, Marketing Management Center, and Scientific Research Project Management Department are responsible for overseeing the lawful and compliant use of external knowledge resources and safeguarding the company's patents, software copyrights, and trademarks. Suppliers and partners are also required to comply with IP protection regulations, ensuring the legality of all products and technical documentation.

To further enhance IP governance, the company has established a dedicated management team and developed a digital management platform for R&D information, which systematically maintains records of patents, software copyrights, and standards. By continuously strengthening its risk assessment and management systems, DAYU aims to fully protect its IP rights and ensure that its innovation outcomes are respected and preserved.

## **Risk Assessment and Management System**



- Technical Risks: Identify potential risks related to the leakage of trade secrets, patent expiration, or lack of effective protection.
- Contractual Risks: Ensure that licensing, transfer, and cooperative agreements adequately protect IP rights.



· Conduct both qualitative and quantitative assessments of identified risks to determine their likelihood and potential impact. Use risk evaluation tools to highlight high-priority areas requiring close attention.



- Establish and improve internal IP management systems, including confidentiality protocols, application procedures, and infringement alert mechanisms.
- Develop emergency response plans for potential IP infringement cases and maintain close cooperation with legal
- Regularly conduct risk assessments and enhance employee awareness through IP training.

## Risk Response



- Proactive Measures: Timely registration, maintenance, and updating of IP rights, as well as strategic patent and trademark planning.
- Reactive Measures: In the event of infringement, promptly initiate legal action to protect company interests, including litigation or mediation as necessary.



# Smart Water for Prosperous Villages

## High-Quality and Efficient Delivery



Quality Management System Certificate

Water resource management plays a crucial role in enhancing aquatic ecosystems and promoting rural revitalization. Guided by the "Three Rurals, Three Waters, and Three Networks" strategy, DAYU Irrigation Group focuses on three core areas: agricultural water-saving, rural wastewater treatment, and safe drinking water for farmers. The company builds comprehensive solutions by integrating water networks, information networks, and service networks, while fostering extensive industry cooperation and multi-stakeholder engagement to realize the vision of smart agriculture, beautiful countryside, and happy farmers.

Quality is the lifeline of an enterprise. From investment, construction, and management to service, DAYU Irrigation integrates every stage of the industrial chain–including early-stage planning and consulting, mid-stage investment and construction, and post-construction operation and maintenance–forming a full-cycle quality management system. Utilizing comprehensive and efficient EPC and EPCO models, the company achieves whole-life-cycle management from design to procurement, construction, and operation.

In 2024, the Group and several subsidiaries obtained GB/T 19001-2016 / ISO 9001:2015 Quality Management System Certification.

The company has established a four-tier responsibility structure for quality management. Senior executives lead overall quality governance; the Safety Supervision Department coordinates and oversees quality management; and specific tasks are assigned to functional departments and positions, ensuring accountability across all phases. Across various departments and levels, DAYU has xx quality management personnel responsible for quality assurance, inspection, and measurement standards, ensuring effective and comprehensive implementation of the quality system.

# Corporate Vision To build a world-renowned, century-old enterprise in water-saving and irrigation. Corporate Mission: Make Agriculture Smarter Make Countryside Better Make Farmers Happier Planning & Investment & Intelligent manufacturing Integrated whole industry chain and whole value chain (Investment, Construction, Management, Service) Operations & Smart & Construction delivery Underpin Underpin Standard Chain Chain Standard Chain Chain

## **DAYU Irrigation Quality Management System**

## Clear Responsibilities

Responsibility lists and annual quality and safety target responsibility agreements ensure clarity and alignment.

## **Fulfilled Duties**

Management system certification and internal/external audits reinforce supervision.

## Comprehensive Evaluation

A practical KPI and performance appraisal system links results with promotion and penalties.

## Standardized Accountability

The *Quality and Safety Accountability Implementation Rules* define strict procedures to ensure thorough enforcement.

Strictly adhering to national laws and regulations, the company has formulated 53 internal policies—such as the *Quality, Safety, and Risk Prevention Management Measures* and the *Quality Management Responsibilities and Performance Appraisal Regulations*—covering all links in the industrial chain. The Legal Department also routinely monitors legal updates and provides training, ensuring the company stays aligned with regulatory developments. A clear accountability chain is maintained to enforce quality and safety responsibilities.

In project execution, to ensure high-quality and efficient delivery, the company aligns with the *Construction Law of the People's Republic of China, Construction Project Quality Management Regulations*, and *Water Conservancy Project Quality Management Provisions*, while issuing its own standards like the *Engineering Quality Management Guidelines* and *Engineering Materials Management Measures* to regulate construction materials, processes, inspections, feedback, and incident investigations.

In 2024, DAYU formulated new standards such as the *Huitu Group Project Construction Management Process Guidelines* and the *Standardized Construction Specifications for High-Standard Farmland Informatization Projects*, providing structured responsibilities, key tasks, milestones, and workflows for different project stages. Supporting tools like the *Standard Construction Drawing Atlas, Quality Verification Records*, and *Implementation Feedback Forms* further assist project teams in standardizing operations.

The company implements a systematic project quality supervision process that includes comprehensive inspections, quarterly oversight, targeted checks, and random audits. Based on inspection results, detailed reports are generated to identify gaps and ensure corrective actions are completed. In 2024, DAYU conducted quality supervision on 22 projects and performed 113 quality inspections, continuously improving its quality management standards.

## **O Reliable Service and Safe Operation**

Post-delivery operation and maintenance are central to the company's business. DAYU promotes three core service strategies: institutional innovation, business expansion, and enhanced service capacity. The company ensures long-term, high-quality services for rural areas through professional O&M team, advanced digital platforms, 24/7 customer support, and digital operations empowerment.

During operation, DAYU actively engages with clients and local communities, openly collects feedback, and ensures timely response. All projects are required to display a *Customer Service Notice Board* with a 400-hotline number. Customer feedback is logged, assigned to relevant subsidiaries, and tracked until resolved.



Product After-Sales Service Certification



After-Sales Service Certification

In 2024, the Water Steward team of DAYU's Agricultural Water Group resolved all 14 complaints, achieving a 100% resolution rate. The company also conducted satisfaction surveys with 11 village committees, assessing daily operations, problem-solving, response time, and emergency handling - resulting in 100% satisfaction.

Management Innovation Multi-Channel, Multi-Measures, **Multi-Dimensional** Building a **Customer Service System** 

In 2024, Dayu Water Conservation will deepen its "customer-centered" service concept and focus on meeting customer needs and improving project quality. We have established a comprehensive customer service system, embedding customer service in all open windows through the opening of the 400 hotline, the public number, the official website, the enterprise microblogging platform, and other platforms. At the same time, we have opened the first outbound return visit survey for homeowners, and have completed the "Dayu Water Conservation" outbound call labeling, so that problems can be identified and resolved in a closed-loop management process that covers the entire cycle of pre-sales inquiries, complaint handling, regular return visits, and process tracking until completion. Through closed-loop management of the entire cycle of pre-sales inquiries, complaint handling, regular return visits, and tracking of process matters until completion, we nip problems in the bud and take timely and effective measures to resolve them, avoiding adverse impacts on the company.

Business Model Innovation Award First Prize Standardized + Multi-Tenant" SaaS Product **Service Model** 

Huitu Group independently developed a SaaS service platform using a "standardized + multi-tenant" approach, offering a low-cost, high-efficiency growth path. Based on agricultural and water conservancy scenarios, the platform has launched three SaaS products: Integrated Urban-Rural Water Supply, Small to Mid-Sized Irrigation Districts, and Smart Agriculture. Huitu Technology oversees deployment, maintenance, and security, significantly reducing customer time and cost. These products have now been implemented nationwide.

Qanjiao Model



Pu Cheng 1.0

Pu Cheng 2.0

Facing challenges in traditional agriculture—such as fragmented land, poor post-construction management, declining profitability, and an aging workforce-DAYU proposed the "High-Standard Farmland + EPC+" model. It builds on the EPC lifecycle framework while adding tailored strategies for different projects, resulting in innovative models such as the Quanjiao Model, Pucheng 1.0, and Pucheng 2.0.

In Pucheng County, DAYU introduced operational maintenance modes, specialty crop cultivation, and industrial integration at different construction stages, creating a comprehensive chain spanning construction, operation, planting, and industrialization. By combining infrastructure O&M with land use transfer and planting, the company explored an integrated model for mountainous farmland reclamation and long-term management.

The Quanjiao Model adopted the EPC+O+Land Transfer approach, where social capital stakeholders participated in farming activities like plowing, planting, management, and harvesting. This approach delivers full lifecycle management-from planning and construction to post-operation, land transfer, and large-scale cultivation.

These replicable models encourage complementary advantages and collaborative development across regions, advancing agricultural modernization and reinforcing national food security.

## **Smart Water for Agriculture**

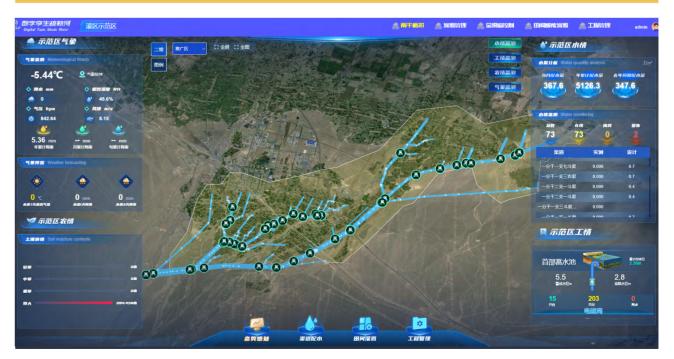
As a leading enterprise in the agricultural water conservancy sector, DAYU Irrigation Group embraces the mission of "making agriculture smarter, making rural areas more beautiful, and making farmers happier." The company responds to the national "Rural Revitalization" strategy, dedicating itself to addressing the "Three Rural Issues" (agriculture, rural areas, and farmers). In this process, the company comprehensively considers the interconnected impacts of agriculture, rural development, and farmers, and builds diverse solutions centered around "water," actively exploring fields such as digital twins, water-saving irrigation districts, high-standard farmland, river embankments, wastewater treatment, and smart drinking water systems.

DAYU aims to optimize water resource allocation, promote water-saving irrigation technologies, and improve rural water conservancy facilities, ensuring food security and agricultural economic development while supporting ecological protection and environmental improvement, ultimately achieving harmonious coexistence between economic, social, and environmental factors.

DAYU Irrigation has developed a two- and three-dimensional integrated GIS platform (TopMap Earth), creating a digital twin application system that provides precise management tools for both water conservancy and agriculture sectors. In water management, this platform can monitor hydrometeorological data in real time, predict flood risks, and optimize reservoir dispatch plans, effectively preventing flood disasters and ensuring rational use of water resources. In agriculture, it provides smart agricultural solutions that enable real-time monitoring of soil, climate, and crop growth, facilitating precision management to improve production efficiency and product quality, thereby promoting sustainable agricultural development.

The advancement of low-altitude technology has accelerated the development of the low-altitude economy. DAYU's subsidiary, Huitu Technology, is leading the way in water conservancy by employing cutting-edge technologies, such as drone tilt photography, allowing every drop of water and every inch of land to have "digital life." Drone mapping efficiency has increased by 30%, and real-world modeling costs have dropped by 45%, redefining the speed and precision of smart water management, making what was once unthinkable now part of everyday practice.

In specific applications, DAYU has innovatively integrated modern irrigation digital twin scenarios with business applications, making the Litu District irrigation digital twin platform a daily operational and management tool for overall irrigation scheduling and the cooperative sub-districts. This highlights the platform's role in visualizing, controlling, and assisting decision-making.



Digital twin irrigation district

In the Dianchi Lake Basin in Jinning District, DAYU adopted an integrated "Three-Waters Joint Governance" approach, utilizing existing water systems and reservoirs to create a cycle of agricultural tailwater, initial rainwater, domestic wastewater, treated effluent, and efficient water-saving pipelines. This project effectively reduced and improved agricultural water pollution's impact on Dianchi Lake, while collecting and reusing water to save 2,599.75 m³ of water annually and generate an economic benefit of 51.995 million RMB.

Generate an economic benefit of

**51.995** million RMB

## മ്മ Case - High-Standard Farmland Renovation

DAYU has modernized 5,000 acres of farmland in the Tai-tou Town project demonstration area. By integrating modern information technologies, automated equipment, intelligent control systems, and precision agriculture techniques, DAYU has upgraded traditional agricultural practices to enhance planting efficiency, resource utilization, and product quality while reducing labor intensity. This transformation also ensures an environmentally friendly, sustainable agricultural production model.

## Case - Water-Saving Irrigation Districts و

DAYU has implemented a modern irrigation district project in Qihe County, driving comprehensive agricultural water price reforms. This initiative significantly improved the quality and efficiency of farmland irrigation facilities, while enhancing the overall efficiency of water resource utilization. These efforts provide a solid foundation for increasing crop yields, boosting agricultural profitability, and raising farmers' incomes. Additionally, DAYU has promoted widespread involvement from local governments, communities, and the public in the construction and management of the project, ensuring mutual benefits for all participants.



Modern irrigation district project in Qihe County

## y Case - River Embankments

In Jiande City, where there are three provincial-level rivers—Xin'anjiang, Lanjiang, and Fuchunjiang—flooding during the rainy season severely threatens residents' safety and causes significant economic damage. DAYU implemented various measures to enhance flood control, including the construction of new embankments and the reinforcement of existing ones. These efforts ensured the flood control capacity of the Dayang section met the 1-in-20-year flood protection standard. The project also innovated the development of a multi-functional framework embankment structure and a rapid assembly and disassembly dry dam structure, achieving dual functions of flood prevention and road passage in limited spaces. Furthermore, commercial development within the embankment area led to the creation of over 140 commercial outlets, contributing to the regional prosperity and establishing a model for a "happy river" and a demonstration area for common prosperity.



Year-round major information security accidents construction Jiande whole area happy river, create common wealth demonstration area water conservancy prototype.



Multi-Functional Framework Embankment Structure

## & Case - Smart Drinking Water Systems

In Wuwei City's Liangzhou District, DAYU designed an innovative flotation and sedimentation process combined with an air flotation sedimentation tank to address the challenges posed by seasonal water quality changes. This new process efficiently saves land and construction costs while flexibly switching operation modes to meet varying water quality conditions. It achieved a 96.9% algae removal rate and a 98.5% turbidity removal rate, significantly enhancing water quality treatment. The project also implemented a differentiated treatment plan for production wastewater, ensuring that dewatered sludge had a moisture content below 70%, meeting environmental standards. This innovative design not only met five-star water purification facility but also ensured compliance with urban water supply and drinking water hygiene standards, provides a strong safeguard for rural water safety and public health.

Algae removal rate

96.9%

Turbidity removal rate

98.5%



Water Treatment Plant Design Render

## **Research Project** Cooperation

As an industry leader, DAYU actively takes on the responsibility of industry development by closely collaborating with upstream and downstream partners, as well as multiple research institutions and universities, to promote technological innovation and application in the sector.

DAYU plays a key role in many national-level key projects, using cutting-edge technologies like clean energy and 5G to respond to the needs of modern development. These efforts have resulted in major research and applications in areas such as water-saving and pressure-extraction, and intelligent irrigation, greatly enhancing its R&D capabilities and providing practical solutions for industry-wide challenges.

## Key National R&D Projects

New Technologies and Equipment for Water - Saving in Over - Exploited Groundwater Areas of North China

High Water - Efficiency Models for Major Grain and Economic Crops in the Hexi Corridor and Their Demonstration

Photovoltaic - Based Sprinkler Wireless Controller

Smart Irrigation Technology Integration and Demonstration in Bozhou Area

Smart Irrigation Technology Integration in the Northwest Arid Areas

Improve irrigation water and fertilizer use efficiency, enhance crop yield.

Address ecological and agricultural water conflicts in the Hexi Corridor through high - efficiency irrigation and multi - process coupling.

Develop a smart, precise irrigation system using clean photovoltaic energy and 5G technology.

Solve water supply and demand mismatches in the Yellow River - Huaihe region, improve irrigation efficiency.

Use IoT, big data, and sensors to explore smart irrigation models, building demonstration areas for application.

DAYU continues to strengthen its partnerships with renowned universities and research institutions, such as China Agricultural University, China Institute of Water Resources and Hydropower Research, and Tianjin Agricultural University, advancing the development of smart irrigation systems and establishing over 10 innovation platforms, including key laboratories and research centers for agricultural water-saving equipment. These platforms promote deep collaboration and resource sharing, creating a conducive environment for technological progress and product innovation.

## **Industry Standard Formulation**

In 2024, as an industry leader, DAYU actively pushed for the standardization of agricultural water-saving technologies. The company led the formulation of the national standard Agricultural Water-Saving Irrigation Equipment Part 7: Plastic Valves for Micro-Irrigation (GB/T 19812.7-2024) and participated in the formulation of the Water-Fertilizer Integration Equipment (GB/T 43908-2024). These efforts not only reinforce DAYU's leadership in water-saving technology but also lay a solid foundation for the sustainable use of water resources and the development of modern agriculture.

## A list of industrial standards in 2024

Led National Standard

Participated National Standard

Participated Group Standard

Agricultural Water - Saving Irrigation Equipment - Part 7: Plastic Valves for Micro - Irrigation (GB/T 19812.7 - 2024)

Water - Fertilizer Integration Equipment (GB/T 43908 - 2024)

Evaluation Guidelines for Water - Saving Parks (T/CSTE0670 - 2024)

Guidelines for Supporting Infrastructure Construction of High - Standard Farmland (T/ZNJX 003 - 2024)

Integrated Groundwater Level Gauge T/CHES 130-2024

Integrated Tipping Bucket Rain Gauge T/CHES 131-2024

## **Industry Advocacy and Exchange**

DAYU Irrigation Group actively expands domestic and international cooperation projects with government and enterprises, hosts industry forums, promotes public education, and participates in exhibitions to lead a new era in China's water-saving development. The company continues to amplify its advantages as a full-industry-chain systems integrator, sharing successful case studies and application models both domestically and internationally. Through premium products and services, DAYU is deeply engaged in a new round of reform and development, contributing its wisdom and strength to the advancement of the industry.

In 2024, DAYU made a full-scale entry into international markets and held the China Water-Saving Forum for the fourth consecutive year. With a global perspective, the company promotes the overall development of water-saving initiatives in China. It signed cooperation agreements with numerous governments and enterprises, including China Gezhouba Group, the People's Government of Mingin County in Gansu Province, and China Water Affairs Investment Co., Ltd., helping partners improve water resource utilization through advanced technologies and experience.

The company also promotes public water-saving awareness by setting up displays, distributing brochures, and organizing lectures to explain water-saving technologies and demonstrate their effectiveness, advancing the construction of a watersaving society from all angles.

In response to the national *Belt and Road* Initiative, DAYU established its International Business Division to pursue a dual strategy of "going global" and "bringing in" talent and resources. The company continuously explores and optimizes its international development strategy, actively engaging in global cooperation to shape its international influence with Chinese wisdom.

In September 2024, H.E. Mr. Chanthanet Boualapha, Deputy Minister of Natural Resources and Environment of Laos, led a delegation to DAYU's Beijing R&D Center. The two parties had in-depth exchanges on solutions and products in areas such as agricultural water-saving, digital twin applications, and wastewater treatment. Deputy Minister Boualapha expressed strong interest in establishing long-term cooperation with DAYU.



Deputy Minister of the Ministry of Natural Resources and Environment of Laos visits DAYU R&D Center

In November 2024, the 4th China Water-Conservation Forum, hosted by the Central Committee of the Chinese Peasants and Workers Democratic Party and initiated by DAYU Irrigation Group, was held in Jinan, Shandong. Themed Water Conservation and High-Quality Development in the Yellow River Basin, the forum brought together more than 1,000 representatives from government agencies, research institutions, universities, and the business community to explore the development and future of China's water-saving sector.

The forum featured five major sub-topics:

Water Conservation, Ecological Protection, and High-Quality Development

Water Conservation and the "Dual Approach"

Water Conservation and Food Security

Water Conservation and New Quality Productive Forces

Accelerating the Development of the Water-Conservation Industry to Promote Green Transformation in Shandong

These discussions covered the latest concepts and technologies in water saving and aligned with key national strategies such as ecological protection and food security. They fostered deep dialogue and intellectual exchange among participants, generating strategic ideas for the high-quality development of the water-saving industry and related ecological agriculture sectors.

The forum also provided a valuable platform for policymakers, promoted the improvement of relevant policies, and facilitated project investment through a major water affairs project showcase and contract signing session. Additionally, the event had a broad social impact, raising public awareness of water conservation and strengthening the foundation for social participation and consensus-building in the water-saving movement.



The 4th China Water-Conservation Forum, 2024



Chairman Wang Haoyu presents keynote report: "Channeling Market Vitality to Irrigate Millions of Acres Across China"

# **Talent Creates the Future**

Talent is the core driving force behind enterprise development and industry transformation. DAYU Irrigation Group focuses on safeguarding employee rights, strengthening foundations by optimizing compensation and benefits, regulating labor systems, and creating a safe working environment through health training and safety measures. To promote career development, the company builds promotion channels and offers diverse training programs to support employees' growth.

## **Safeguarding Employee Rights**

DAYU regards the protection of employee rights as a core element of its development and is committed to creating a fair, just, transparent, and people-centric work environment. The company strictly adheres to the Labor Law of the People's Republic of China, Labor Contract Law of the People's Republic of China, and other national regulations, establishing clear internal management systems for recruitment, employment, and compensation. This creates an equitable and transparent human resources system, offering every employee equal opportunities for development.

DAYU upholds the Law on the Protection of Minors, the Prohibition of Child Labor Regulations, and the Universal Declaration of Human Rights, ensuring that labor practices comply with legal standards and are free from child labor and forced labor. The company promotes a culture of diversity, equality, and inclusiveness, ensuring no discrimination based on gender, age, ethnicity, or any other factor during recruitment, job placement, or employment processes.



To achieve sustainable development alongside the company and attract and retain top talent, DAYU has developed a "Cocreation, Sharing, and Co-responsibility" partnership model, creating a Career Partner Management System that outlines management mechanisms for entry, operation, and exit. The company follows the philosophy of "prioritizing those who strive," and has established comprehensive, competitive compensation and benefits systems, such as Equity Incentive Systems and Salary Management Measures. Performance bonuses are closely linked to business results, promoting individual motivation and creativity while avoiding egalitarianism. The company provides social insurance and housing provident funds, in addition to commercial insurance, addressing employees' concerns.

In 2024, during Safety Production Month, DAYU's union, in collaboration with the district's union and municipal workers' hospital, organized free health checkups for 169 frontline employees. The union coordinated with the hospital to bring professional equipment to the company, minimizing the impact on employees' work schedules. The checkup covered over 60 items, including internal and external examinations and blood tests. This initiative enhanced employee wellbeing and reinforced their sense of belonging.



## Health Checkup

DAYU promotes employee participation through democratic processes. The company signs various agreements such as the Collective Contract, Wage Collective Agreement, Women's Rights Protection Agreement, and Occupational Safety and Health Agreement, safeguarding employees' rights. To facilitate communication, regular meetings like the Employee Representative Congress are held. The company encourages employees to actively contribute ideas and suggestions for business improvement. Furthermore, DAYU organizes multiple communication channels, such as Chairman's Reception Day, Star Lecturer Seminars, and Chairman's Research Activities, ensuring open dialogue between employees and management.

On November 8, 2024, DAYU hosted its first Chairman's Reception Day at the Beijing R&D Center. This event aimed to build a direct communication bridge between leadership and employees, fostering an understanding of the frontline workforce's needs and ideas. The chairman listened attentively to each employee's comments and discussed solutions, incorporating valuable suggestions into the company's future reforms.





Chairman's Interview

DAYU is committed to cultivating a diverse, equal, and inclusive cultural environment. The company actively supports the career development of female employees and promotes their self-expression and excellence in the workplace. For pregnant and breastfeeding employees, DAYU provides facilities like nursing rooms to ensure a supportive work environment.

On March 8, 2024, the company's union and human resources department organized the "Beautiful Goddesses, Charming and Flourishing" creative dumpling-making event for over 600 female employees. The event featured various fun activities, fostering teamwork, creativity, and cultural exchange, enhancing employees' sense of belonging and team cohesion. This initiative also demonstrates DAYU's commitment to promoting gender equality and social progress.





"Beautiful Goddesses, Charming and Flourishing"

DAYU also values employees' mental and cultural well-being, organizing team-building events and celebratory activities such as birthday parties, safety knowledge competitions, and Women's Day events to foster communication and emotional bonds between colleagues. Additionally, to ensure work-life balance, the company provides employees with access to a fitness center, billiard tables, and dormitories, as well as regular welfare distribution of agricultural products to show appreciation for their contributions.



**Employee Welfare Subsidies** 

During the 2024 National Day holiday, DAYU leadership visited several frontline projects, including the Jinning, Yuanmou Phase II, Panzhihua, and Niululing projects, to provide guidance and support. The President acknowledged the hard work of employees, emphasizing the importance of delivering high-quality projects. These visits were greatly appreciated by frontline workers, further motivating them to contribute to the company's development.





Visit to Jinning and Yuanmou Phase II Projects

In early 2024, DAYU hosted the Hainan Annual Series Event, themed "Gathering Strength, Facing Challenges Together; Advancing with Determination, Moving Forward Confidently; Uniting Hearts, Creating a Brilliant Chapter". Employees from all departments gathered in Hainan for a rich array of activities, including a welcome dinner, team-building, project sharing, training sessions, and year-end award ceremonies. Participants also visited key landmarks, such as the Wenchang Satellite Launch Center and the Hainan Niululing Irrigation District, fostering collaboration and clarifying business goals for the year ahead.

This event strengthened teamwork and laid a solid foundation for the company's continued growth.





Hainan Annual Series Event

The company established the DAYU Care Fund to promote a culture of mutual support and compassion, enhancing team cohesion. This fund provides assistance for employees in need due to major illnesses, children's education, family difficulties, and significant financial losses. In 2024, the fund allocated 385,000 RMB to support medical treatment for employees and their parents, as well as educational aid for children. Over the past decade, the fund has disbursed a total of 1.6 million RMB, benefiting nearly 50 individuals.

## Protecting **Occupational** Health

## **Health and Safety** Management System



ISO 45001:2018 Occupational Health and Safety Management **System Certification** 

The coverage rate of occupational health checkups

Employees suffering from occupational diseases

The health and safety of employees are critical to the success of any organization. DAYU Irrigation Group prioritizes the well-being of its employees, implementing a comprehensive and multi-layered approach to safeguard their occupational

The company strictly complies with national laws and regulations, including the Emergency Response Law of the People's Republic of China, Occupational Health and Safety Law of the People's Republic of China, and Prevention and Treatment of Occupational Diseases Law of the People's Republic of China. DAYU has developed an Occupational Health Management System to manage employee health systematically and reduce occupational disease risks. The company also continuously updates internal regulations such as the *Safety Operating Procedures* Compilation, Safety Production Regulations Compilation, and Safety Management Production Regulations, and has created a 2023-2025 Long-Term Safety Production Plan to provide clear direction and standards for the company's safety production efforts.

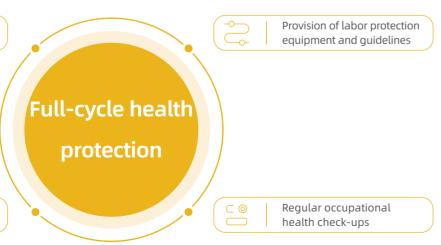
DAYU has specially set up a "Safety Supervision Department" to separate the authority and responsibility of "supervision" and "management" to ensure the professionalism and independence of safety management. At the same time, the company has set up the Production Safety Committee as the highest decisionmaking organization for production safety management, with the chairman of the board as the director of the committee, who is the first person responsible for production safety and manages and makes decisions together with the executive vice-president, vice-president of engineering, chief engineer, as well as the heads of various departments and project managers. Under the committee, the office of production safety committee is set up, which is responsible for the daily production safety work affairs in collaboration with the Safety Supervision Department, forming an up-and-down linkage and a safety management organization system with clear responsibilities, and extending the safety management to the concrete implementation and carrying out of each project to ensure the safety and health of the project construction personnel and the smooth implementation of the project. The company has set up a full-cycle health service guarantee system. Starting from the establishment of employee health record files, the company records and tracks the health condition of each employee in detail, provides labor protection equipment that meets the standards and gives professional guidelines for its use to ensure that the employees can be effectively protected at work. The company conducts regular occupational health checkups for its employees in accordance with the regulations, identifies health risks and provides medical health guidance. At present, the coverage rate of occupational health checkups has reached 80%, and the number of employees suffering from occupational diseases is zero.



Establishment of employee health record files

Optimization of supplementary

health insurance for employees



In 2024, DAYU Irrigation Group initiated safety mutual inspections as part of its annual safety management goals. On April 25, 2024, a safety inspection team composed of personnel from various departments visited project sites and production lines to check on safety measures, equipment operation, fire safety, electrical safety, and more. The team also reviewed employee safety training and adherence to safety protocols. After identifying any issues, the inspection team worked with relevant departments to develop corrective measures, assign responsibilities, and set deadlines for improvements. These safety mutual inspections helped address hidden dangers, promoted interdepartmental collaboration, and improved overall safety management.





Corrective Actions Meeting

## **Health and Safety Protection Initiatives**

Safety training sessions

30

The "Cherish Life, Rescue at Hand" training attracted

**1,170** employees

The company develops annual training plans and carries out systematic safety training to ensure all employees participate. Through professional lectures and case studies, DAYU promotes the safety culture of "Responsibility Implementation, Strict Adherence to Regulations, Safety First, Joint Prevention, Human-Centered, Respect for Life, Continuous Improvement, and Safe Development." In 2024, the company held 30 safety training sessions covering various fields such as engineering safety, project safety, and production safety. The "Cherish Life, Rescue at Hand" training attracted 1,170 employees and strengthened their awareness of safety production through relevant exams.

In response to President Xi Jinping's important instructions on safety production, DAYU organized a series of safety production activities during *Safety Production* Month, including legal education, safety knowledge competitions, comprehensive safety inspections, special investigations into major hazards, and emergency drills, addressing various dimensions to prevent production accidents and minimize their impact.

In June 2024, the Safety Supervision Department of DAYU's Agriculture and Water Group hosted a Safety Production Standardization Exchange Event in line with the Safety Production Month activities. Over 20 leaders from various project management departments participated. The event showcased standardized practices for construction layout, safety protection, temporary electrical systems, etc., which effectively improved participants' understanding of safety production standards, laying the groundwork for enhancing the company's safety production standardization efforts.





Safety Education

**Management Experience Sharing** 

To enhance employee safety awareness, DAYU hosted a "Everyone Talks Safety, Everyone Knows Emergency - Opening the Life Channel" themed safety knowledge competition in Tianjin on June 14, 2024. Six teams from different business sectors participated, covering essential safety production regulations and emergency response measures. The competition featured multiple rounds, including compulsory questions, identifying safety hazards, quick-response questions, and practical skills. The event encouraged learning through competition and reinforced safety awareness among employees, building a solid foundation for the company's safety production.



Safety Knowledge Competition



Safety Knowledge Challenge Section

## Supporting Employee Development

Number of employees regularly undergoing performance and career development assessments

2,730

Talent is the core driving force behind enterprise development. DAYU creates a dual career development channel-management track (M) and professional track (P)-providing employees with opportunities for upward mobility. Employees can achieve vertical career growth through internal promotions, and the company also provides horizontal cross-track development opportunities based on professional capabilities or job competence assessments.

In talent selection and development, DAYU supports internal training and promotion, offering employees broad career development opportunities. At the same time, the company supplements its workforce by recruiting external talents, bringing fresh perspectives and vitality to the business. To help employees understand their work performance and development trajectory, DAYU has established a comprehensive performance evaluation system, including quarterly assessments and value-based evaluations. It also clarifies performance feedback and appeals processes, motivating employees to continually improve their skills.



To ensure systematic and professional training, DAYU has developed the Training Management Measures and other internal documents, providing a solid foundation for training activities. The company has built and continuously improved its training system, defining organizational structures, responsibilities, training plans, and management for both internal and external instructors. This ensures that training is both scientific and professional.

DAYU has established its own DAYU Academy, offering systematic courses to provide comprehensive training for employees. The academy customizes training programs based on the characteristics and career needs of employees, closely aligning with their career development plans. This not only helps employees improve their professional skills but also fosters a culture of continuous learning and innovation, enhancing the company's core competitiveness.

**New Employees** 

A Mentorship System helps new employees quickly familiarize themselves with the corporate environment and establish interpersonal connections.

**Business Personnel** 

A regular internal and external expert training system helps improve business skills.

**Professional Technical Talents** 

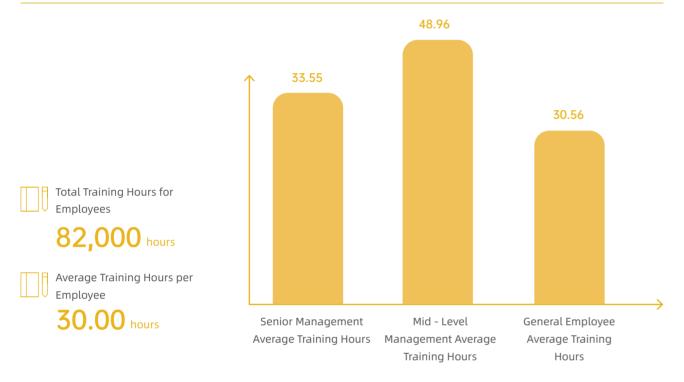
Encouragement for employees to obtain professional titles and continuous development of technical skills through industry - academic collaboration.

**Management Personnel** 

Opportunities for external exchange and learning in universities and enterprises to enhance managerial abilities.

To meet the diverse learning needs of employees, DAYU combines both online and offline training formats, integrating internal and external resources. Each business sector has its own online live-streaming platform, offering specialized training courses. For example, the *Agricultural Water Lecture Hall* in the Agricultural Water Sector and the *Huitu Technology Lecture Hall* focus on cutting-edge knowledge and practical skills in their respective fields, ensuring that employees stay updated with the latest industry developments.

## Average training hours of employees by grade



## Average percentage of employees trained by grade



In 2024, the company organized a series of specialized training events offline, covering annual training for senior and mid-level managers, strategic training for senior and mid-level managers, on-site training for performance feedback and discussions, as well as marketing model innovation training in Meijiang, Jiangxi. These training events comprehensively covered employees at different levels and positions, helping employees enhance their knowledge and skills.

## Case - Specialized Manager Training, Effectively Improving Team Efficiency

The ability of managers plays a critical role in the efficiency of teams. Therefore, on November 27, 2024, the Human Resources Department held a training session on "Performance Feedback and Coaching for Managers." This training, conducted both in-person and online, reached all employees in the group.

The core focus of the training was on performance feedback and coaching. Trainers shared the "Three-Step Feedback Method," which provides clear feedback from the aspects of behavior, specific examples, and results. They also introduced coaching techniques, encouraging managers to motivate employees' inner drive. The GROW coaching model, which involves setting Goals, understanding Reality, offering Options, and deciding on the Next Steps, was also a key part of the training, providing managers with a scientific coaching process. This training promoted the company's management philosophy and helped the company move forward steadily in market competition.



**Managers Training** 

## Case - Business Skill Enhancement Training, Driving Sustainable Development



**Irrigation Seminar** 

In order to enhance employee capabilities, DAYU Equipment Development Group held a specialized business skills training from November 4 to 15, 2024. This training invited international expert Josh Spector to share cutting-edge concepts and practical skills. The training covered project design, sales techniques, and supply chain management, among other aspects. The trainers used case studies and interactive teaching to help employees master knowledge and skills while offering development suggestions that aligned with the company's practical situation. After this training, employees not only learned valuable professional knowledge and practical skills, but also applied what they had learned to their daily work, improving business capabilities and work efficiency, ultimately enhancing the company's competitiveness.

DAYU continues to host the DAYU Night Talks series of training sessions, inviting both internal lecturers and external experts to deliver courses on a wide range of topics, including legal knowledge, business model introductions, digital twins, business etiquette, career skills, communication methods, and more. This diverse curriculum meets employees' learning needs in various fields, helping employees broaden their knowledge and enhance their overall competencies.

DAYU Irrigation Group uses the DAYU Night Talks innovative training platform to launch the "DAYU Star Lecturer" online training activity, now in its 36th session. Based on weekly live-streamed events and combined with online voting, a panel of judges evaluates the performance of lecturers in terms of explanation ability, teaching attitude, skills, employee feedback, and case sharing. Outstanding star lecturers are then selected.

Lecturers from different fields impart professional knowledge and practical experience, helping employees expand their knowledge boundaries and improve their overall competencies. As cultural ambassadors of the company, these star lecturers integrate the company's values and mission into their courses, enhancing employees' sense of identity and belonging to the company while learning new skills, thus strengthening the corporate development synergy.



"DAYU Star Lecturer" Award Ceremony

# **Public Welfare to Promote Rural Revitalization**

## **Supporting Public** Welfare



"Helping Rural Students in Need" Public Welfare Activity Certificate

In addition to pursuing corporate development, DAYU Irrigation Group actively participates in social welfare causes, fulfilling its corporate responsibility through concrete actions. The company has established a *Donation Management Measures* and has steadily advanced its public welfare endeavors to ensure that every donation is accurately and efficiently used. In 2024, the company donated a total of 10.285 million yuan to charity.

The company remains committed to giving back to society, embodying the responsibility of "taking from society, giving back to society" through its actions. In August 2024, the company's trade union actively participated in the "Helping Rural Students in Need" public welfare activity, providing care packages to 50 students in difficulty from Tongwei County, Gansu Province. In July, the union organized 380 volunteers from its Tianjin-based units to participate in the "Same Dream Charity Fund" of the China Rural Development Foundation, donating 817 care packages to struggling families in mountainous areas.

Provided care packages to

50 students

Donated 81 / care packages to struggling families in mountainous areas

On June 20, 2024, DAYU Irrigation Group held the donation ceremony for the *Dunhuang Overseas Cultural Relics Digital* Restoration Fund. As the first company in liuguan to donate to this specialized fund, DAYU showed its commitment to preserving cultural heritage. Culture is the soul of a nation, and relics are historical witnesses. This donation reflects DAYU's dedication to preserving Dunhuang's cultural legacy. The company hopes this action will inspire more social forces to engage in the protection of cultural heritage, helping safeguard China's invaluable cultural heritage.



Dunhuang Cultural Relics Digital Restoration Fund Donation Ceremony

On January 5, 2024, the company's union issued a "Blood Donation for a Sick Mother" initiative, and employees in Tianjin actively responded. The first group of 20 volunteers, along with colleagues from the Audit and Inspection Center, went to the blood donation station. Volunteers cooperated smoothly, showcasing discipline and a sense of social responsibility. Employees who couldn't participate prepared nutritional products to support the logistics. After the blood donation, the volunteers returned proudly, reflecting the company's care for its employees and commitment to social responsibility, while also boosting the sense of unity within the team.



**Blood Donation** 

## **Supporting Educational Development**

DAYU Irrigation Group has always demonstrated a high sense of social responsibility and actively contributes to the development of education. Through financial and material donations, the company strives to improve the infrastructure of schools in impoverished areas, providing better learning conditions for students.

The company has set up the DAYU Scholarship and DAYU Assistance Fund to encourage students who are academically outstanding but face financial difficulties, motivating them to persist in their studies and achieve their dreams. In addition, the company invites university students and faculty to visit the headquarters to experience the charm of water-saving technology and understand the importance of water conservation. In 2024, the company donated a total of XX yuan to educational causes.



## On April 2, 2024,

a donation to China Agricultural University to support research and talent cultivation.





## On May 30, 2024,

a donation to Linshui Central Primary School to improve the teaching environment.





## On June 5, 2024,

a DAYU Scholarship was issued to Jiuquan High School students to support their development.





## On July 1, 2024,

a donation to Xingguo Pingchuan Middle School in Ganzhou, Jiangxi to promote the school's development.





## On December 11, 2024,

a donation to Gansu Agricultural University to strengthen industry-academia collaboration.



On September 4, 2024, over 70 teachers and students from the College of Water Resources and Civil Engineering at China Agricultural University visited the DAYU Irrigation Group headquarters in Tianjin to explore the company's innovative development. The students toured various facilities such as the Eco-Environmental Operation Scheduling Center, Water Butler Operation Scheduling Center, and Smart Water Meter Workshops, learning about the leap from traditional water conservancy to modern intelligent water-saving technologies.

From smart water meter remote monitoring to automated irrigation system controls and the application of big data in water resource management, a series of advanced technologies were displayed, offering students a glimpse into the future of smart water conservancy. This collaboration between industry and academia strengthens the connection between education and industry development, promoting both progress.





China Agricultural University Visiting DAYU

Visiting On-site

## **Ensuring Safe Water Use**

Water is the source of life, and ensuring safe drinking water in rural areas is a matter of people's livelihood and well-being. The company actively responds to the Rural Revitalization Strategy by deeply integrating its expertise in smart water services with rural drinking water safety projects, contributing to solving rural water problems with "DAYU wisdom." The Pengyang Model for rural drinking water projects in Pengyang County, Ningxia, exemplifies a new "investment, construction, management, service" model that integrates the internet with rural water supply. Through the use of internet technology, the rural water supply system has been intelligently managed and monitored, improving the stability and safety of water supply.

On December 18, 2023, a 6.2-magnitude earthquake severely damaged the water infrastructure in Jishishan County. DAYU Irrigation Group quickly took action and fully committed to the post-disaster reconstruction of water supply facilities. The project, with a total investment of 102 million yuan, includes the construction of a new regulating reservoir, a water treatment plant with a capacity of 9,000m<sup>3</sup>/d, and the installation of 13 water supply pipelines for relocation sites. The construction team worked around the clock, using a "day and night" mode, with over 60 machines and 300 workers. The completed project not only improved sewage treatment capacity but also brought more convenient living conditions to residents. DAYU's actions during the post-earthquake reconstruction in Jishishan reinforced the water security infrastructure and became a heartwarming public project.





**Project Site** 





**63** investor activities conducted

45 internal audits completed

11 anti-corruption training sessions, covering 3,243 participants

100% coverage of business ethics and anti-corruption training

100% compliance rate for suppliers

100% of new suppliers screened using environmental evaluation criteria

## Topic

Corporate Governance
Risk Management
Compliance Operations
Business Ethics & Anti - corruption
Stakeholder Communication
Due Diligence

## **Double Materiality Level**

Medium Importance
Medium Importance
Medium Importance
Medium Importance
Medium Importance
Medium Importance

Medium Importance

10 Reduced Inequalities



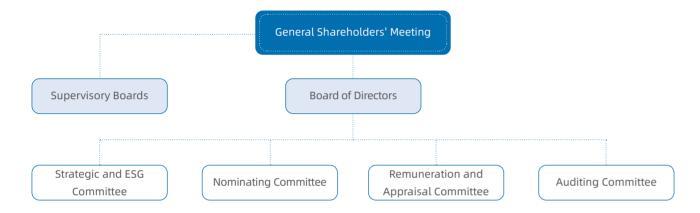
**Corresponding SDG Goals** 



# **Standardizing Corporate Governance**

### **Compliance Operations**

The company continuously improves its corporate governance system, establishing a sound internal control framework and strictly adhering to laws and regulations, such as the Company Law of the People's Republic of China, Securities Law of the People's Republic of China, Corporate Governance Code for Listed Companies, and Self-Disciplinary Regulatory Guidelines No. 2 for Listed Companies on the Shenzhen Stock Exchange - The Code of Conduct for GEM Listed Companies (2023 Revision), among other regulatory documents. A clear and efficient governance structure has been built, encompassing the general meeting of shareholders, the board of directors and its committees, the supervisory board, and the management team. At the same time, the company continues to optimize the rules for the general meeting, board meetings, and supervisory board operations, as well as the procedures for independent directors to ensure the company remains compliant in its operations.



Conduct compliance training activities

**3** Sessions

Establishment of a pool of potential investment targets and tracking and management of targets

93 cases

DAYU Irrigation places great importance on compliance system management, adhering to the principles of "openness, fairness, and justice" when conducting business, and carrying out compliance reviews for various investment projects to ensure the smooth and compliant implementation of major projects. In 2024, the company continued to enhance auditing and monitoring improvements, implementing a joint meeting mechanism to ensure that all business activities comply with legal requirements and meet regulatory standards. To raise employee awareness of compliance, the company held three compliance training sessions in 2024, adopting a combination of online and offline training methods to provide flexible and diverse learning opportunities, helping employees better understand and execute compliance requirements.

To regulate investment decision-making and improve investment efficiency, while effectively preventing investment-related risks, the company established a Strategic Investment Department in 2024. Based on the Articles of Association of DAYU Irrigation Group, an Investment Decision Committee (referred to as the "Investment Committee") was established. The company also developed the Rules of Procedure for the Investment Decision Committee of DAYU Irrigation Group, continuously optimizing the investment decision-making process. The Investment Committee is a standing body within the group, with the Risk Control Department of the Group serving as the committee office, handling the daily operations of the committee and reviewing investment projects and other decision-making processes within the group.

Through the Strategic Investment Department, DAYU Irrigation established "marketing-style scanning mechanisms for key focus areas," "graded management mechanisms for potential investment targets," and "internal coordination mechanisms" in 2024. Key investment areas included the hydropower survey and design institute, pan-operation fields, advanced manufacturing, information sectors, and seven other areas of focus. Three asset/equity disposal projects were completed, and an inventory of 93 potential investment targets was established and tracked, with research conducted on 38 targets and 22 land parcels.



- **Preliminary Review** Meeting
- **Investment Decision** Meeting
- **Post-Investment Project** Management
- Supervision and Implementation

- Evaluate whether the project aligns with the Group's strategic development plan and business focus
- Identify project risks, propose risk control measures and implementation suggestions
- Proposal acceptance
- · Convening the Investment Committee meeting
- Project pre-investment approval procedures
- All projects approved by the Investment Committee or as required by the Chairperson must undergo full-process post-investment management
- Establish sound supervision and execution policies. Units and individuals responsible for failing to conduct proper reviews or implementation shall be subject to necessary penalties

Legal and regulatory **Investment Committee** Preliminary review meetings Post-investment follow-up training sessions meetings (DingTalk/phone) (DingTalk/phone) meetings (DingTalk/phone) 28 20 Risk warning letters issued Post-investment On-site post-investment Risk reminder letters issued management reports inspections 30 3

company's operations.

The company continuously follows the Audit Law of the People's Republic of China, Chinese Internal Audit Standards, and other relevant laws and regulations, and has developed the Internal Audit Management Measures. Adhering to the approach of "horizontal coverage, vertical depth, and special reinforcement," the company identifies issues in a timely manner, prevents risks, and effectively supervises daily management, key projects, and major projects, providing strong support for the

In 2024, the company continued to improve risk control processes, enhance risk management capabilities, and revised several rules and regulations, including the "Investment Decision Committee Meeting Rules," "Post-Investment Management Measures," "Legal Entity Management Measures," "Contract Management Measures," "Legal Dispute Management Measures," and "Engineering Project Subcontracting Management Measures," ensuring risk management responsibilities are implemented

and supporting the company's stable operations.

**Risk Control Internal Systems List** 



The company refers to the Internal Control Process for Listed Companies of the Shenzhen Stock Exchange, establishing norms for risk control systems. It defines the roles of the Board of Directors, Audit Committee, Supervisory Board, and management in the internal control structure, integrating risk management processes across all management operations to ensure the company's operations are compliant and safe.

According to the arrangements and deployments of the 2024 work meeting, the Group's Risk Control Department led the establishment and improvement of risk control mechanisms across all departments and business lines. The Group compiled and formed the Internal Control Manual of DAYU Irrigation Group Co., Ltd., and preliminarily completed the construction of a comprehensive risk control system. The internal control system involves 15 business lines, including strategy, human resources, finance, investment, procurement, manufacturing, sales, R&D, engineering, operations, securities, compliance, audit, administration, and information technology. Each business line established an independent risk management team, implementing a line responsibility system. A full-chain risk control mechanism from front to back was built, ensuring comprehensive coverage of business risk management throughout the entire lifecycle.



Risk Area	Risk Mitigation Measures
Project Investment Risk	Timely revision of the Investment Committee meeting rules to clarify the project decision list
	<ul> <li>Thorough preliminary research on projects to ensure the authenticity and comprehensiveness of reports</li> </ul>
	<ul> <li>Review of decision-making proposals and supporting materials, carefully organizing meetings and incorporating the opinions and suggestions of committee members to support investment decisions</li> </ul>
	<ul> <li>Strengthen post-investment tracking and management, and make adjustments when necessary</li> </ul>
Legal Litigation Risk	<ul> <li>Revision of the Contract Management Measures to promote standardized contract review and daily management</li> </ul>
	<ul> <li>Establish and dynamically update a contract template library to reduce contract disputes due to unclear terms</li> </ul>
	Establish a case study and tracking mechanism for major and difficult cases
	Problem-oriented approach using typical case analysis for management guidance
Labor Employment Risk	Development of an Employee Handbook to clarify relevant management requirements
	<ul> <li>Strengthening employee training, reinforcing corporate core values, and raising risk prevention awareness</li> </ul>
Daily Operational Management Risk	<ul> <li>Group conducts regular reviews of systems and processes, continuously improving mechanisms and optimizing workflows to enhance risk control in daily operations</li> </ul>
	<ul> <li>Special actions such as quality improvement and field research by Agro-Water Group are carried out to foster management improvement and efficiency</li> </ul>
	<ul> <li>Completed a comprehensive risk management system that covers 413 risk factors across all business lines, with clear control measures and a completed risk control manual, providing actionable solutions for the company to implement risk control across all levels.</li> </ul>

DAYU established a major project support management mechanism in 2024, to support key projects, including participating in government decision-making and industry acquisitions. This approach achieved good results post-implementation.

#### **Risk Management and Internal Control Audit Process**



Determine audit projects, organize audit teams, develop audit plans, define scope and focus, and deliver the "Audit Notification" to the audited unit.

**Implementation Phase** 

Conduct on-site audits, collect audit evidence, and prepare audit working papers.

**Reporting Phase** 

Organize audit materials, draft the audit report, solicit opinions from the audited unit, hold a corrective communication meeting, and send the final audit report to the audited unit's management after approval.

Follow-up Check Phase

Review audit materials, draft the final report, solicit feedback, hold corrective meetings, and send the final report to the audited unit's management.

Conducted

Produced

Issued

45 internal audits

4 routine audit reports

**30** special audit reports

11 inspection reports

### Comprehensive Risk Management System Development Project

From April to December 2024, the Risk Control Department led the establishment and improvement of risk control mechanisms across departments and business lines within the Group. The *Comprehensive Risk Control Implementation Plan (Draft)* was developed, completing the preliminary construction of the Group's risk management system. Through this, DAYU Irrigation achieved full-chain risk control and established business loop management. This initiative promoted cross-departmental innovation, integrated resources to improve efficiency, fostered a risk management culture, and simultaneously achieved both economic and social benefits, setting an industry benchmark.

Award Third Prize
Informatization management
platform self-development
project

In 2024, DAYU Irrigation hired external accounting firms to audit the financials and internal control systems. A total of 7 subsidiaries were audited for operational management, 6 special audits were conducted, 45 engineering projects were audited, and 15 complaints were investigated. Additionally, the company assisted in 10 cases related to various types of business and conducted financial due diligence on 1 item, participated in 45 bidding supervision sessions, and performed 11 anti-corruption and integrity training sessions.

Furthermore, the legal department reviewed 18,221 contracts, revised 9 contract templates, conducted special reviews of 13 contracts, provided 17 instances of legal support and training, and compiled 13 typical case summaries to guide and assist business departments in compliant operations.

#### **Audit Department**

Audited for subsidiaries operational management	Audited engineering projects	Investigated complaints
7	45	15
Participated bidding supervision sessions	Anti-corruption and integrity training sessions	Assisted construction due diligence sessions

#### **Legal Department**

Reviewed contracts 18,221	Revised contract template	Conducted special contract reviews
Provided instances of legal support and training	Compiled typical case summaries	

### **Board Governance**

# Protecting Shareholder Rights

### Regulations on Securities-related Affairs

Public Opinion Management Regulations

**Emergency Response Crisis Management Regulations** 

Environmental, Social and Governance (ESG) Management Regulations

Entrusted Financial Management
Regulations

Market Value Management
Regulations

Accounting Firm Selection
Regulations

# Investor Relations and Communication



The company is steadfast in safeguarding the legitimate rights of its shareholders, strictly following the requirements of the *Rules of Shareholder Meetings of Listed Companies*, *Articles of Association*, and *Rules of Procedure for Shareholder Meetings* to convene shareholder meetings in an orderly manner. To ensure that every shareholder can conveniently participate and fully exercise their voting rights, the company adopts a dual approach of on-site communication and online live streaming for meetings. Adhering to the principles of "openness, fairness, and justice," the company focuses on protecting the rights of shareholders, especially minority shareholders, such as the rights to propose, vote, and nominate directors, ensuring that shareholders' legal rights are effectively respected and protected.

At the same time, the company is dedicated to advancing the development of securities related systems. During the reporting period, the company established the *Public Opinion Management Regulations*, *Emergency Response Crisis Management Regulations*, *Environmental, Social and Governance (ESG) Management Regulations*, *Entrusted Financial Management Regulations*, *Market Value Management Regulations*, and *Accounting Firm Selection Regulations*, to build a comprehensive safeguard system that clarifies the rights and obligations of the board of directors and ensures shareholder rights. Furthermore, the company has increased the stock holdings of some directors, supervisors, and senior management, implemented share buyback plans, changed fundraising investment projects, and conducted feasibility studies on REITs, enhancing the ability of minority shareholders to benefit. In 2024, the company distributed cash dividends of 0.60 yuan per 10 shares.

The company places a high value on information disclosure, striving to improve the quality and efficiency of disclosure to ensure that the information disclosed is truthful, timely, accurate, and complete. The company strictly adheres to the relevant regulations of the China Securities Regulatory Commission (CSRC) and the Shenzhen Stock Exchange, ensuring all shareholders have equitable access to the company's information. To achieve this, the company designates *China Securities Journal*, *Shanghai Securities News*, *Securities Times*, *Securities Daily*, and *Cniws* as the designated newspapers and websites for information disclosure, creating an open and transparent communication environment to comprehensively protect the interests of shareholders. In 2024, the company published 556 disclosure announcements and reference documents, with an information disclosure evaluation of B, and a 100% response rate on interactive platforms.

The board of directors always adheres to the principles of "truthful, accurate, complete, timely, and fair" information disclosure and focuses on building a transparent and efficient communication bridge with investors. Through research, performance briefings, conference calls, media interviews, and interactive platforms, the company actively responds to the expectations and concerns of stakeholders, enhancing investors' recognition and trust in the company. The company has held annual performance briefings for three consecutive years, integrating on-site communication with various online live streaming formats, significantly enhancing investors' understanding of the company's performance and development plans.

Additionally, the company closely monitors industry dynamics and public opinion, maintaining positive interactions with investors and focusing on their main concerns. In 2024, the company's securities department regularly compiled and released investor relations management reports, maintaining close communication with investors through various channels about the company's strategic planning, development prospects, industry competition, and daily operations, effectively ensuring investors' right to know and communication channels.

To provide a better experience for investors, the company actively adopts advanced online and digital communication tools. Through live interactions, virtual corporate tours, self-media platforms, infographic annual reports, audio-video annual report overviews, and organizing on-site project visits, the company presents its information in a vivid, visual, and easy-to-understand manner, making it easier for investors to access and understand the relevant information.

#### **DAYU Irrigation Investor Relations Management Process**



### **Strengthening Compliance**

# **Business Ethics and Anti-corruption**

Business Ethics and Anti-corruption Training Coverage Rate:

100%

Average Business Ethics and Anticorruption Training Hours per Employee:





2024 Training for integrity reporting Related regulation processes

Adhering to the values of "maintaining our original intentions, knowing the importance of respect," the company strictly complies with the *Anti-Monopoly Law of the People's Republic of China*, *Anti-Unfair Competition Law of the People's Republic of China*, and other laws and regulations. By establishing a comprehensive business ethics supervision system, the company continuously standardizes business conduct. Additionally, the company has implemented internal policies such as the *Code of Integrity and Self-discipline* and the *Complaint Management System* to regulate employee behavior and prevent and eliminate illegal or unethical conduct.

The company continually improves its anti-fraud reporting and complaint mechanism and strengthens business ethics. It encourages and supports employees and stakeholders to report violations, misconduct, and actions detrimental to the company's interests or reputation through various channels such as phone, email, or mail. The company has established a reward mechanism for whistleblowers and a protection policy to ensure smooth reporting channels, confidentiality, and the protection of whistleblowers' identities. In 2024, the company received two reports related to business ethics and anti-corruption, immediately investigated the incidents, and dismissed the involved individuals, with a complaint resolution rate of 100%.

To enhance employees' awareness of integrity and their ability to prevent corruption, in 2024, DAYU Irrigation conducted 11 anti-corruption warning training sessions, covering 3,243 participants.

## **Optimizing Supply Chain Collaboration**

### Supply Chain Management System

DAYU Irrigation adheres to the principles of "centralized database, resource sharing, classification and grading, dynamic management" and has formulated internal management measures such as the *Supplier Management Measures* and *Supply Chain Company Safety Management Rules* in accordance with relevant national laws and regulations, establishing an efficient and stable supply chain management system to support the company's sustainable development. In 2024, the company formulated the *Supplier Misconduct Management Measures* to optimize the management of supplier misconduct, standardize the management procedures, and improve efficiency and effectiveness. Simultaneously, by optimizing resource allocation, the company classified and integrated suppliers, building a supplier database that effectively improves procurement efficiency and material quality.

DAYU Irrigation follows responsible procurement principles and has developed supplier admission evaluation forms and cooperation evaluation forms. During the supplier admission phase, the company conducts reviews and evaluations to ensure compliance. In 2024, the company established the *Procurement Communication and Coordination Management Measures* to improve internal and external coordination within the company's procurement department and developed the *Single-source Procurement Management Measures* to regulate single-source procurement behaviors.

DAYU Irrigation screened and

eliminated 20 suppliers

The company has established a full lifecycle management system for suppliers, categorizing them into manufacturing, trade, and service types, and strictly screening and supervising suppliers through the four stages of classification, evaluation, performance review, and freezing/exit to ensure continuous and standardized supplier management. The company's procurement follows the principle of "transparent procurement" and firmly opposes bribery by suppliers. For suppliers violating social responsibility-related systems, the company will deal with them according to regulations and announce the results. In 2024, DAYU Irrigation screened and eliminated 20 suppliers, blacklisting them and terminating cooperation.

#### **Supplier Management System**

#### **Classification Admission**

Suppliers are categorized into three major types and 17 subtypes based on the nature of their products. Suppliers are selected based on localization criteria, and those who register must sign documents such as the *Quality Responsibility Commitment* and *Integrity Commitment*, ensuring the authenticity, completeness, and effectiveness of the provided materials. The company conducts follow-ups via letters, phone calls, and meetings to assess suppliers' anti-corruption

#### Classification

Supplier evaluation is categorized into daily evaluation, on-site assessment and annual evaluation, which is an all-round evaluation of suppliers' daily performance, production process, quality control, etc. Suppliers are classified into four grades, namely, A, B, C, D, according to the evaluation results.

#### **Evaluation**

The inspection team consists of the Procurement Division, relevant business departments and user units, and conducts on-site inspections of approved suppliers to gain a deeper understanding of the suppliers' organizational structure, management level, and equipment, with a focus on evaluating the production environment and credibility dimensions.

#### Freezing and Exit

Suppliers who violate relevant laws, company regulations, or contractual agreements are subject to freezing management; suppliers who are reported as non-compliant by national industry departments due to product quality are subject to exit management.

### **Supplier Empowerment Training**

To enhance the market competitiveness of suppliers and improve cooperation efficiency, DAYU Irrigation attaches great importance to targeted empowerment training for suppliers. By organizing special promotion activities and follow-up visits, the company conveys advanced management concepts, innovative business strategies, and comprehensive market dynamic analyses to suppliers, helping them strengthen their capabilities. Moreover, the company has developed a comprehensive reward mechanism for outstanding suppliers, including profit-sharing, increasing procurement share, public recognition, and offering more cooperation opportunities, to encourage continuous improvement and collaborative development.

In 2024, DAYU Irrigation launched the SRM system and organized systematic training for suppliers and internal procurement departments. From September 2024, internal business training was initiated and completed by December for suppliers, including system operation manuals, demonstrations, and User Acceptance Testing (UAT). Through the development and release of manuals and series of training, DAYU Irrigation clarified the specific roles and operational steps for both buyers and suppliers within the system, improving the standardization and transparency of the company's procurement processes.

Supplier Compliance Rate:

100%

Percentage of New Suppliers Selected Using Environmental Evaluation Criteria:

100%



**SRM System Training** 

# **Party Building Drives Development**

In 2024, DAYU Irrigation continued to adhere to the guidance of Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era. The company remained closely aligned with its core business development, steadily advancing its party building efforts. The company focused on leveraging the party organization's role as a stronghold and the exemplary role of its party members, supporting the enterprise's steady progress in a complex market environment. The DAYU Irrigation Party Committee currently has 14 Party branches and 204 formal Party members.

The Party Committee is committed to cultivating a team of Party members with strong theoretical knowledge, business capabilities, and an innovative spirit. This team aims to showcase firm Party principles, outstanding conduct, and proper style in the process of achieving the brand goal of "Unity in the Nation, Sharing Nature." In 2024, the company developed 8 active members, 17 probationary members, and 3 preparatory Party members, with 3 members officially becoming full Party members after completing their probation period.

Simultaneously, the company continues to integrate Party building work with business development, launching the "Party Member Pioneer Position" initiative. Ten Party members led efforts to overcome technical production challenges and optimize business processes, resulting in an approximately 80% improvement in department work efficiency, contributing to the company's cost reduction and efficiency enhancement.

For its outstanding contributions to Party building, the company has received numerous honors, including the "National Advanced Grassroots Party Organization" and "Model Grassroots Party Building Point." In June 2024, DAYU Irrigation's subsidiary, HuiTu Technology, was awarded the title of Advanced Party Organization in Fengtai District, Beijing.



#### Fengtai District "Two Excellence and One First" Recognition Ceremony

In 2024, DAYU Irrigation carried out Party building brand activities themed "Unity in the Nation, Sharing Nature" and engaged in various Party building exchanges. The company also actively participated in various Party member development training activities organized by the Jiuquan Economic and Technological Development Zone, in line with the Party Work Committee's work requirements of "Pioneers Leading the Way. Strengthening Enterprises and Parks." This initiative helped further consolidate and enhance the Party members' brand awareness and service consciousness, contributing to the high-quality development of the Development Zone.





Training Class for Party Organization Secretaries and Party Affairs Cadres of Jiuguan Economic Development Zone (Jiuquan High-tech Zone)

#### DAYU Irrigation Holds 103rd Anniversary of the Founding of the Party and 2024 Mid-Year Work Summary Conference

On July 1, 2024, DAYU Irrigation held the 103rd Anniversary of the Founding of the Party and the 2024 Mid-Year Work Summary Conference in Tianjin. The meeting recognized outstanding performers, enrolled new Party members, and reported on work progress by each business division and subsidiary. Company leaders summarized the achievements and lessons from the first half of the year, and outlined plans and deployments for the second half. The meeting attracted over 3,000 Party members, cadres, and employees. It emphasized the importance of working with determination, taking responsibility, and ensuring that the full-year goals and tasks are achieved through practical efforts.



**Outstanding Party Work Award** 



Newly recruited party members read the oath of joining the party



Speech by the Chairman of the Group



### **Future Outlook**

#### Consolidating Industry Leadership, Low-altitude Economy Drives Development

As an industry leader, DAYU Irrigation is committed to rural revitalization, food security, and the management of agricultural water infrastructure. The company has embedded the development of new quality productive forces into its business operations, actively seizing new opportunities brought by industrial transformation and national policy guidance to promote the development of new quality agricultural productive forces. In 2025, for the first time, the Central Document No. 1 will incorporate "low-altitude economy" into the rural revitalization strategy, explicitly supporting the development of smart agriculture and expanding applications of technologies such as artificial intelligence, data, and low-altitude technology. We recognize that the low-altitude economy, as a strategic emerging industry, will become a key driving force for the transformation of agricultural production methods. Therefore, the company has actively started making plans by widely applying drones for data collection and extending applications to areas such as oblique photography collection, river and channel section measurement, underwater terrain measurement, laser point cloud collection, and dronebased plant protection. Using drones, we are able to tailor survey plans, effectively standardize data formats, improve data accuracy, enhance work efficiency, and reduce investment costs. In the future, the company will further explore the organic integration of low-altitude economy and agricultural water saving, combining it with the company's existing digital twin platform, equipment, and personnel to build an industrial ecosystem and fully explore the potential for development brought by drone technology applications.

#### Leading Technological Innovation, Collaborative Water Management in Sky and Earth

We understand that the development of new quality agricultural productive forces requires intelligent, precise, and green agricultural technologies to reduce resource waste and ecological damage, thereby ensuring the stability and sustainability of food production. DAYU Irrigation is working to build a "new quality agricultural productive forces" benchmark through a comprehensive artificial intelligence technology system and rich information technology scenarios, empowering a new paradigm of smart agriculture. Based on the water-saving artificial intelligence model "Chanshui," DAYU HuiTu Technology successfully deployed and integrated the DeepSeek Al large model and built a general "Xiao Hui Assistant" localized application, significantly improving prediction accuracy. This, combined with the Digital Twin 3D Visualization Platform and the "Hui Guanjia" smart agriculture platform, allows for precise water resource management and efficient allocation, providing intelligent, full-process management services for agricultural production. Furthermore, DAYU Irrigation is not only focused on managing "surface water" but also looking towards the sky. Through the successful experimentation of the "sound wave rainmaker" in Shaanxi Province, the company has created a technological breakthrough to address water scarcity in arid and semi-arid areas, linking water resource distribution and ecological environment. This marks a significant step towards "collaborative water management between heaven and earth." The company will continue its commitment to technological innovation, leveraging artificial intelligence to deepen information technology business scenarios, focus on developing cutting-edge technologies, and lead the development of agricultural water-saving solutions with new quality agricultural productive forces.

#### Leveraging Favorable Winds for Global Expansion, Blossoming and Expanding in Multiple Regions

In recent years, DAYU Irrigation has actively responded to the national "Belt and Road" initiative, continuously exploring new models and paths for "going global." The company leverages national policy guidance and actively expands markets in Southeast Asia, Central Asia, the Middle East and North Africa, Africa, and Europe and the Americas. Furthermore, it has collaborated with Kazakhstan National Agricultural Research University and China Agricultural University to jointly establish an efficient water use laboratory in the desert areas of China and Kazakhstan, building a long-term cooperative platform for top industry talents. At the same time, we are responding to the acceleration of domestic major water conservancy projects, working in coordination with national trillion-yuan water conservancy investments, actively innovating business models, and leveraging the enterprise's value and social capital to contribute to the construction of engineering systems for national small and medium rivers, mountain flood disaster control, hydrological infrastructure, and key regional drainage capacity. DAYU Irrigation will further expand "going global" paths and strengthen domestic cooperation and development, helping the Chinese water-saving industry form a new situation characterized by a solid foundation, smart empowerment, and international expansion.



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# **Key Performance Metrics**

### **Environment**

Metrics	Unit	2023	2024
Total Solid Waste	tons	131.78	94.24
Total Hazardous Waste Emissions	tons	1.26	0.76
Total Non-Hazardous Waste Emissions	tons	130.52	91.88
Hazardous Waste Density	tons per million revenue	0.0004	0.0002
Non-Hazardous Waste Density	tons per million revenue	0.0378	0.0210
Total Recycled Waste	tons	1	186.14
Energy Consumption - Gasoline	tons	642.81	650.00
Energy Consumption - Diesel	tons	18.46	19.58
Energy Consumption - Natural Gas	cubic meters	13,977.00	13,136.67
Energy Consumption - Purchased Electricity	MWh	17,679.52	18,175.58
Energy Consumption - Total Energy Consumption	tons of standard coal	3,164.13	8,345.35
Energy Consumption Density	tons of standard coal per million revenue	0.92	1.91
Total Greenhouse Gas Emissions	tons of CO <sub>2</sub> equivalent	12,126.69	15,756.63
Greenhouse Gas Emissions - Scope 1	tons of CO <sub>2</sub> equivalent	2,044.06	5,391.09
Greenhouse Gas Emissions - Scope 2	tons of CO <sub>2</sub> equivalent	10,082.63	10,365.54
Water Usage	tons	92,763.00	96,766.00
Total Wastewater Discharge	tons	62,709.60	77,412.80
Water Usage Density	tons per million revenue	26.87	22.10
Air Emissions - Particulate Matter (PM)	tons	0.16	0.26
Air Emissions - Non-Methane Total Hydrocarbons	tons	0.29	0.448
Air Emissions - Volatile Organic Compounds (TVOC)	tons	5.06	10.03
Air Emissions - Hydrogen Chloride	tons	0.27	1.27
Air Emissions - Vinyl Chloride	kilograms	0.11	0.16
Total Air Pollutant Emissions	tons	5.78	12.16
Packaging Material Usage	tons	378.61	597.58
Packaging Material Usage Density	tons per million revenue	0.1097	0.1365
Environmental Protection Training Sessions	sessions	5	10
Environmental Protection Training Duration	hours	10	27
Environmental Protection Training Participants	participants	102	157
Energy Saving and Emission Reduction Projects	projects	1	1
Environmental Protection Investment	10,000 yuan	8.05	100

### Social

Metrics	Unit	2023	2024
Total Number of Employees	persons	2,826	2,795
Number of Employees by Gender - Female	persons	689	729
Number of Employees by Gender - Male	persons	2,137	2,066
Number of Employees by Employment Type - Part-time Employees	persons	0	0
Number of Employees by Employment Type - Full-time Employees	persons	2,826	2,795
Number of Employees by Age Group - Under 30	persons	883	733
Number of Employees by Age Group - 30-50 years	persons	1,898	1,976
Number of Employees by Age Group - Over 50	persons	45	86
Number of Employees by Position - General Employees	persons	2,288	2,286
Number of Employees by Position - Middle Management	persons	520	493
Number of Employees by Position - Directors, Supervisors, Senior Management	persons	18	16
Number of Middle and Senior Management Employees by Gender - Female	persons	98	173
Number of Middle and Senior Management Employees by Gender - Male	persons	437	320
Percentage of Ethnic Minority Employees	%	4.7	7
Number of High-end R&D Talents Introduced	persons	6	4
Number of Jobs Created	persons	617	732
Labor Contract Signing Rate	%	100	100
Social Insurance Coverage Rate	%	100	100
Occupational Health Examination Coverage Rate	%	80	80
Total Number of Departures	persons	734	684
Employee Turnover Rate	%	27.4	24.28
Maternity Leave Days Taken by Female Employees	days	474	6,233
Return to Work Rate after Maternity Leave for Female Employees	%	100	95
Total Training Hours for Employees	hours	87,096	82,000
Average Training Hours per Employee	hours	32	30
Average Training Hours for Senior Management Employees	hours	33.72	33.55
Average Training Hours for Middle Management Employees	hours	47.97	48.96
Average Training Hours for General Employees	hours	30.12	30.56
Training Coverage Rate for Employees	%	90.7	95.5
Training Percentage for Senior Management Employees	%	100	100

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Metrics	Unit	2023	2024
Training Percentage for Middle Management Employees	%	100	100
Training Percentage for General Employees	%	89	90
Number of Employees Receiving Regular Performance and Career Development Assessments	persons	2,189	2,730
Total Cash Donations for Public Welfare	10,000 yuan	1,108.39	649.03
R&D Investment	10,000 yuan	12,337.55	12,393.90
Number of National Key Scientific Research Projects/Topics/Sub- topics Undertaken or Participated	items	9	13
Number of Patents Obtained	items	61	36
Number of Invention Patents Obtained	items	6	7
Number of Software Copyrights Obtained	items	12	14
Number of National Standards Led	items	1	1
Number of National Standards Participated in	items	7	1
Number of Industry Standards Led	items	1	/
Number of Industry Standards Participated in	items	2	4
Number of Local Standards Led	items	1	/
Quality Inspections	times	49	113
Supervision Inspections for Projects	times	65	22
Number of Safety Production Education and Awareness Activities	times	24	2
Total Number of Suppliers	No.	870	1,601
Total Number of Domestic Suppliers	No.	861	1,599
Total Number of Foreign Suppliers	No.	9	2
Percentage of Suppliers with Social Responsibility/Sustainable Development Audits	%	12	50
Supplier Compliance Rate	%	100	100
Number of Suppliers Who Have Conducted Environmental Impact Assessments	items	53	100
Number of Supplier Trainings	times	3	2
Supplier Training Coverage Rate	%	71	40
Number of Suppliers Complying with Relevant Supplier Management Regulations	No.	870	750
Percentage of New Suppliers Selected Based on Environmental Evaluation Criteria	%	1	100
Percentage of New Suppliers Selected Based on Social Evaluation Criteria	%	1	10

### **Goverance**

Metrics	Unit	2023	2024
Board of Directors Members	persons	9	9
Number of Independent Directors on the Board	persons	3	3
Supervisory Board Members	persons	3	3
Number of Employee Supervisor on the Supervisory Board	persons	1	1
Audit Committee of the Board of Directors	persons	5	5
Nomination Committee of the Board of Directors	persons	5	5
Remuneration and Assessment Committee of the Board of Directors	persons	5	5
Strategic and ESG Committee	persons	/	7
Number of Shareholder Meetings Held	times	6	8
Number of Board of Directors Meetings Held	times	11	15
Number of Supervisory Board Meetings Held	times	10	13
Number of Strategic and ESG Committee Meetings Held	times	1	1
Average Dividend Ratio Over the Last Three Years	%	71.94	70
Number of Party Branches	No.	13	14
Number of Full Members in the Party	persons	207	204
Number of Probationary Party Members	persons	4	3
Number of Internal Audits	times	53	45
Number of Regular Audit Reports	items	16	4
Number of Special Audit Reports	items	29	30
Number of Inspection Reports	items	8	11
Anti-corruption Complaint Resolution Rate	%	100	100
Employee Business Ethics and Anti-corruption Training Coverage Rate	%	100	100
Average Training Hours for Employee Business Ethics and Anti- corruption Training	hours	16	3
Number of Business Ethics and Anti-corruption Training Courses	items	21	11
Total Number of Participants in Business Ethics and Anti-corruption Training	persons	/	3,243
Number of Information Security Training Sessions	times	4	2
Employee Coverage Rate for Information Security Training	%	100	100
Total Hours of Information Security Training	hours	6	2
Number of Participants in Information Security Training	persons	300	1
Number of Major Information Security Incidents or User Privacy Breaches	cases	0	0
Number of Legal Regulations Promotion Sessions	times	3	3
Investment Decision Meeting (DingTalk / Teleconference)	times	23	28
Pre-audit Meeting (DingTalk / Teleconference)	times	9	9
Post-investment Management Meeting (DingTalk / Teleconference)	times	2	20
On-site Post-investment Research	times	1	7

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# **Report Index Guidance**

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### **Reader Feedback**

Dear Reader,

Hello!

Thank you very much for taking the time to read this report amidst your busy schedule. We highly value and look forward to your feedback on this report. Your evaluation will help us continuously improve our sustainability information disclosure and enhance our sustainable development management and practices. We sincerely welcome and appreciate your valuable suggestions!

1. Please provide an overall evaluation of this report:							
Very good	Good	Average	Poor	Very poor			
2. Please evaluate the exten	t to which this report reflec	ts the company's impact on so	ociety, environment, and	economy:			
Very good	Good	Average	Poor	Very poor			
3. Please evaluate our perfo	rmance in stakeholder com	nmunication:					
Very good	Good	Average	Poor	Very poor			
4 Plana and the same of		other title					
4. Please evaluate our perfo	rmance in product respons	induity:					
Very good	Good	Average	Poor	Very poor			
5. Please evaluate our perfo	rmance in environmental, s	safety, and occupational heal	th matters:				
Very good	Good	Average	Poor	Very poor			
	. ,	11.11%					
6. Please evaluate our perfo	rmance in employee respo	nsibility:					
Very good	Good	Average	Poor	Very poor			
7. Does the information discl	osed in this report meet yo	our expectations?					
Yes	No	Unclear					
8. What are your comments and suggestions on our sustainable development practices and this report?							
1							





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### **DAYU Irrigation Group Media Matrix**



Chinese Official Website



Official Website



WeChat Official Account





DAYU Irrigation Group

Relation Wechat Official Account



Account



Culture Wechat Official Account

DAYU Huitu Group (Beijing Huitu





Mall



CWCF WeChat Official Account

DAYU Equipment Development Group (DAYU Irrigation (Tianjin) Co., Ltd.)



WeChat Official Account



DAYU Irrigating Mall WeChat Official Account



Kuaishou Account



Tiktok Account



HuiTu WeChat Official Account



XiaoHui WeChat Official Account

DAYU Design Consulting Group (DAYU Design Consulting Group Co., Ltd.)



DAYLI Design Consulting WeChat Official Account

Gansu DAYU Irrigation Group Water Conservancy and Hydropower Engineering Co., Ltd. (DAYU Agro-Water Group)



DAYU Agro TikTok Account



DAYLL Agro-mall TikTok Account