



Capital Environment Holdings Limited  
首創環境控股有限公司

(Incorporated in the Cayman Islands with limited liability)  
Stock Code : 03989



**2021**  
SUSTAINABILITY  
REPORT

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# Sustainability Performance 2021

## Company Achievement

Processed 5.9225 million tonnes of solid waste

Producing 1.151 billion kilowatt-hours of on-grid energy

Total investment of RMB18.79 billion in projects in reserve

## Environment

### Developing Climate Change Policy

GHG Emissions Intensity (Scope 1, 2 and 3) 0.37 ton of CO<sub>2</sub>-e/RMB1,000 of revenue

Hazardous Waste Intensity 0.57 ton/RMB1,000 of revenue

Non-hazardous Waste Intensity 0.07 ton/RMB1,000 of revenue

### Setting Directional Environmental Target

Energy Intensity 3.06 MWh/RMB1,000 of revenue

Water Intensity 3.32 cubic metres/RMB1,000 of revenue

## Employees

Work-related injury rate per 1,000 workers 2.84 persons

Percentage of employees receiving regular performance and career development reviews 96.21%

Total Training Hours 62,320 hours

Trained Employees Percentage 99.81%

## Community Investment

Donation of a Total RMB2.88 million

Total 286 volunteering hours

## About this Report

This report is the sixth Sustainability Report (the “Report”) of Capital Environment Holdings Limited (“CEHL” or the “Company”) (stock code: 3989) and together with its subsidiaries (the “Group”). In order to demonstrate the sustainability process and vision of CEHL to Stakeholders, this Report elaborates on the policies, measures and performance in respect of the Group’s sustainability. This Report is available in Chinese and English, and has been uploaded to the website of The Stock Exchange of Hong Kong Limited (“SEHK”) and the Company’s website at [www.cehl.com.hk](http://www.cehl.com.hk) for reference at any time.

### REPORTING BOUNDARY

This Report mainly covers the Group’s sustainability performance between January 2021 and December 2021 (the “Year”). Due to the possible structural changes in the Group’s business, the scope of this Report mainly includes the core business, covering the 29 operating projects (referred to hereafter as the “Reporting Projects”) of CEHL in Mainland China that have been completed and put into production before 2021, the types of Reporting Projects mainly including: 1) sanitation integration, 2) waste-to-energy, and 3) anaerobic treatment of organic waste, but not including joint venture projects or projects located overseas.

Taking into consideration the access and ownership of data, the Report has not yet covered the joint ventures of which the Group holds non-controlling interests and overseas projects (in New Zealand). The projects that have been included in investment reserve but not yet in full operations are also excluded<sup>1</sup>. In future, the Group will continuously improve its internal data collection system to further expand the scope of disclosure if possible.

Project Type/ Process Type	Project Name	Region	Processing Capacity (tonnes/day)
Sanitation Integration	Road Cleaning Project of Environmental Health Service Centre in Chaoyang District, Beijing	North China	3.05 million square metres
	Solid Waste Collection and Transfer Integration Project in Yutian County, Tangshan City, Hebei Province		350
	Solid Waste Collection and Transfer Project in Linyi County, Shanxi Province		290
	Rural Solid Waste Collection Project in Qixian, Henan Province	Central China	400
	Solid Waste Collection and Transfer Integration Project in Lushan County, Henan Province		400
	Solid Waste Collection and Transfer Integration Project in Suixian Township, Henan Province		400
	Solid Waste Collection and Transfer Project in Xihua County, Zhoukou City, Henan Province		350
	Urban and Rural Sanitation Integration Project in Suiping County, Henan Province		300
	Township Solid Waste Collection and Transfer Project in Zhengyang County, Henan Province		400

<sup>1</sup> In the domestic market, as of 31 December 2021, the Group’s heavy asset projects in reserve reached a total of 69 projects (including 26 waste-to-energy projects, 7 landfill projects, 6 anaerobic treatment projects, 17 waste collection projects, 9 hazardous waste treatment projects, 2 waste appliances dismantling projects and 2 biomass power generation projects); as of 31 December 2021, the Group’s light asset format projects in reserve reached a total of 13 projects, including 7 sanitation projects and 6 site restoration projects.

## About this Report

Project Type/ Process Type	Project Name	Region	Processing Capacity (tonnes/day)
	Township, Road Cleaning and Solid Waste Transfer Project in Zhengyang County, Henan Province*		2.7 million square metres
	Waste Collection and Transfer Project in Qianjiang City, Hubei Province		200
	Rural-Urban Solid Waste Collection, Transfer and Integration Project in Xichuan, Xixia and Neixiang Counties in the South-to-North Water Diversion Catchment Area, Transfer and Integration Project, Henan Province*		724
	Township Waste Integrated Processing Project, Fuzhou City in Guangchang County, Jiangxi Province	East China	320
	Township Integrated Processing Project in Shicheng County, Jiangxi Province		504
	Waste Collection and Transfer Project in Gao'an County, Jiangxi Province		450
Waste-to-Energy	Waste Incineration Power Project in Huizhou City, Guangdong Province	South China	1,600
	Solid Waste Incineration Power Generation Plant in Duyun City, Guizhou Province <sup>2</sup>	Southwest China	670
	Waste Incineration Power Generation Project in Yutian County, Tangshan City, Hebei Province*	North China	600
	Rural-Urban Solid Waste Incineration Power Generation Project in Xichuan, Xixia and Neixiang Counties in the South-to-North Water Diversion Catchment Area, Henan Province*	Central China	1,000
	Domestic Waste-to-energy Project in Suixian, Henan Province		600
	Waste Incineration Power Generation Project in Xihua County, Zhoukou City, Henan Province*		600
	Waste Incineration Power Generation Project in Zhengyang County, Henan Province*		600

<sup>2</sup> Operations including collection, storage and transfer of waste.

<sup>3</sup> Referred to as Yangzhou Kitchen Waste Project in 2018 Report.

## About this Report

Project Type/ Process Type	Project Name	Region	Processing Capacity (tonnes/day)
	Solid Waste Incineration Power Generation Project in Qianjiang City, Wubei Province*		600
	Solid Waste Incineration Power Generation Plant Project in Ruijin City, Jiangxi Province	East China	400
	Solid Waste Incineration Power Generation Plant in Quanling, Nanchang, Jiangxi Province		1,200
	Solid Waste Incineration Power Generation Plant in Gao'an City, Jiangxi Province		600
Anaerobic Treatment	Kitchen Waste Anaerobic Treatment Project in Yangzhou, Jiangsu Province <sup>3</sup>	East China	200
	Kitchen Waste Anaerobic Treatment Project in Xiaoshan, Hangzhou, Zhejiang Province		400
	Capital Environment Kitchen Waste Anaerobic Treatment Project in Ningbo City, Zhejiang Province		400

\* As newly included projects in this Report

Compared with the 2020 Sustainability Report, seven new operating projects are added to the reporting scope of this Report, which have been highlighted in the above table.

## REPORTING STANDARDS

This Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide ("ESG Guide") under Appendix 27 of the Rules Governing the Listing of Securities on the SEHK. In addition, in order to enhance the level of report disclosure, this Report also refers to the GRI Standards ("GRI Standards") issued by the Global Reporting Initiative ("GRI")<sup>4</sup>. The appendix of the last chapter of this Report has a full index of ESG Guide and GRI Standards to show each of the guidelines used, so that readers can quickly search according to the GRI Standards.

<sup>4</sup> With reference to GRI 103: Management Approach, as well as selected topic-specific disclosures in GRI Standards, including GRI 205 Anti-Corruption, GRI 302: Energy, GRI 303: Water and Effluents, GRI 305: Emissions, GRI 306: Effluents and Waste, GRI 308: Supplier Environmental Assessment, GRI 401: Employment, GRI 403: Occupational Health and Safety, GRI 404: Training and Education, GRI 405: Diversity and Equal Opportunity, GRI 406: Non-discrimination, GRI 408: Child Labour, GRI 409: Forced or Compulsory Labour and GRI 414: Supplier Social Assessment.

## About this Report

The Group also follows the reporting principles of the ESG Guide and GRI Standards to ensure that the contents of the Report are truthfully and objectively presented to readers, including:

<b>Materiality and Stakeholder inclusiveness</b>	Through communication with the Stakeholders of the Company (“Stakeholders”), the Group listens and identifies issues that are important to Stakeholders. By conducting an online questionnaire, the Group invites Stakeholders to assist in identifying issues that are material to the Group’s economic, environmental, social and governance issues, which are reviewed and confirmed by members of the board of directors of the Company (the “Board”).
<b>Sustainability context</b>	This Report evaluates performance against broader sustainability considerations and goals, and where possible, considers its long-term strategies, risks, opportunities and goals when discussing sustainability issues.
<b>Completeness</b>	This Report covers topics that were material to Stakeholders during the Year and enables them to assess the performance of the Group during the reporting period.
<b>Quantitative</b>	Quantitative information is recorded and estimated in this Report and, where practicable, compared with past performance. To ensure the accuracy of key environmental performance indicators, the Group has commissioned professional external consultant to conduct carbon assessments in accordance with relevant national and international standards. The quantitative data of key social performance indicators in this Report came from the statistical records of relevant departments of the Group and companies of the Reporting Projects.
<b>Accuracy</b>	The Group rigorously maintains the accuracy of the information presented in the Report for Stakeholders to assess the Group’s performance and indicators.
<b>Balance</b>	The Group reports on the environmental, social and governance (“ESG”) achievements of the Year, as well as the difficulties and solutions it has faced, in an accurate, objective and balanced manner.
<b>Clarity</b>	This Report presents relevant ESG information to Stakeholders in an understandable and accessible format.
<b>Consistency and Comparability</b>	Where practicable, the Group uses consistent statistical methods so that data can be meaningfully compared in the future. If there are any changes that may affect the comparison with previous reports, the Group has added a note to the corresponding content of this Report. This Year’s environmental and social performance data and comparison with previous years’ environmental performance are detailed in the section “Appendix: KPIs Summary”.
<b>Reliability</b>	The information cited in this Report comes from the Group’s official internal documents, statistical reports, as well as its management and operation information collected in accordance with the Group’s systems, and the information is presented clearly without any misleading intent.
<b>Timeliness</b>	The Group reports on its ESG performance on a regular basis and clearly displays the period stated so that Stakeholders can obtain relevant information in a timely manner and make informed decisions.

Going forward, the Group will consider further enhancements to the data collection system and reporting against the core options of the GRI Standards in order to improve the level of disclosure in the Report.

## About this Report

### REPORT CONTENT APPROVAL

The Board assumes full responsibility for the contents of this Report and ensures the integrity and reliability of the contents presented. The information quoted in this Report came from the Group's official internal documents and statistical reports. This Report was reviewed and approved by the Board on 29 March 2022.

### OPINIONS AND FEEDBACK

Stakeholders' opinions and suggestions will help the Group formulate future sustainability strategies and more robust sustainability governance. If you have any questions or suggestions, you are welcome to contact the Group's Department of Company Secretarial through the following channels:

Address: 1613–1618, 16/F Bank of America Tower, 12 Harcourt Road, Central, Hong Kong  
Telephone: (852) 2526 3438      Fax: (852) 2816 0008  
Email: [esg@cehl.hk](mailto:esg@cehl.hk)

## Chairman's Message



**Mr. CAO Guoxian**  
*Chairman*

## Chairman's Message

In 2021, all parts of the world were continuously hit by the COVID-19 pandemic and the general public was affected to varying degrees. In the face of various difficulties, CEHL, as a leading enterprise in the domestic solid waste industry, is committed to tide over the difficulties with the public. It adheres to epidemic prevention and unites the community to ensure the safety of employees and the community with the highest standards of prevention and control measures, creating long-term benefits.

Under these difficult circumstances, the Group realises that environmental and social sustainability is regarded as one of the criteria for measuring corporate success. At the same time, the Central People's Government vigorously promoted the national policy of carbon neutrality development strategy and accelerated the development of environmental protection and green economic industries, including the development of carbon emissions reduction, carbon absorption, and carbon trading markets. This opens up room for growth for the development of the environmental protection industry and brought increased source of income. As a leading enterprise in the domestic solid waste industry, the Group shoulders social responsibilities and works with various Stakeholders to develop a sustainable community and environment and jointly tackles the major and urgent challenges brought by climate change.

The Group is committed to promoting and leading sustainability, and showcasing CEHL's sustainability performance to its Stakeholders. The Group is further integrating sustainability-related matters into its operations. Through this Report and other communication channels, CEHL aims to present to internal and external Stakeholders its current performance and development direction in sustainability, sharing its vision, actions, and future plans in a transparent, balanced and comprehensive principles.

China's economic and social development has a huge demand for green and environmental protection industries. Under the 'double cycle' of China's economic transformation cycle and global technological innovation cycle, combined with the economic and social situation in the new era and the guidance of the "Ecology + 2025" strategy of the Company's controlling shareholder, Beijing Capital Eco-Environment Protection Group Co., Ltd. (SSE code: 600008), the Group will continue to drive economic development, build the internal driving force of "investment + capability + service", realising the transformation of business priorities and achieve high-quality growth. At the same time, the Group is committed to protecting the environment by turning waste into energy. It advocates a circular economy model, implements carbon reduction measures, sets up environmental management systems, and regularly reviews its performance, striving to become a leader in environmental sustainability.

Looking forward, in order to meet the expectations of the public, the Group will focus on the main course, seizing opportunities brought by dual carbon strategy and continuing to cooperate with various Stakeholders. It will continue to increase investment in scientific and technological research and development, and improve operational efficiency driven by capital, talents and culture. By dedicating CEHL's resources, it will jointly contribute to the rectification of global climate crisis and the achievement of the national double carbon goal.

**Cao Guoxian**

*Chairman*

**Capital Environment Holdings Limited**

March 2022, Beijing

## Executive Preface



**Mr. Li Fujing**  
*Chief Executive Officer*

## Executive Preface

The climate change crisis presents challenges around the world, with countries pledging to reach net zero or carbon neutrality goals in the foreseeable future. In September 2020 during the General Assembly of the United Nations, our National President proposed peaking carbon dioxide emissions by 2030 and striving to achieve the goal of carbon neutrality by 2060. This shows the Chinese government's determination to transform to a low-carbon economy. As a leader in the domestic solid waste industry, CEHL is committed to contributing to the low-carbon transition, working closely with the government to achieve China's carbon neutrality goal.

The Group focuses on communication with Stakeholders, listens to their expectations and needs towards CEHL and at the same time understands Stakeholders' opinions and suggestions on the Group's sustainability. During the Year, the Group collected responses from 1,010 Stakeholders via online questionnaires. Through substantive assessment and analysis, the Group understands that Stakeholders are very concerned about issues in the area of "Employment and Labour Practices", of which "improvement of the employment management system" is the most concerned issue by Stakeholders, which is the same as the previous year. In addition, issues such as "waste disposal" and "customer health and safety" are also issues of concern to Stakeholders. The Group promises that it will, as always, attach importance to the opinions and suggestions of different Stakeholders in order to improve the quality of the Group's sustainability.

During the Year, the Group continued to create long-term benefits for its Stakeholders. In terms of employee management, the Group respects employees and attaches importance to gender equality, by providing employees with a competitive salary and welfare system, striving to create a healthy and good working environment. In addition, in terms of employee safety management, the Group continued to carry out safety inspections and rectification of hidden dangers, provided safety training and drills, and ensured the safety of employees through systems and inspections. In terms of epidemic prevention, the Group pays close attention to its development trend and strictly follows the local government's epidemic prevention instructions. It strives to protect the health of employees, and actively adopts different epidemic prevention measures for employees to reduce the chance of infection. Furthermore, in terms of community investment, the Group actively serves the needs of the communities where the projects operate. It continuously invests resources in poverty alleviation, education, environmental protection and other public welfare activities, and organises employee volunteer teams to encourage employees to participate in public welfare activities to join the society and co-create prosperity.

Looking forward, the Group will continue to actively participate in public welfare services, striving to protect the environment and giving back to the society. By using its own influence to cooperate with operating partners and Stakeholders to continue on the journey of sustainability, it will jointly build a clean, beautiful and a prosperous home.

### **Li Fujing**

*Chief Executive Officer*

**Capital Environment Holdings Limited**

March 2022, Beijing

# Board Statement

## GOVERNANCE RESPONSIBILITY

CEHL places great emphasis to sustainability issues and its performance. The Board has full responsibility for the Group's sustainability strategy and reporting. Looking ahead, in order to strengthen the direct participation of the Board in sustainability issues, the Group will establish a Sustainability Working Group, which will be assisting in the formulation, supervision and review of the Group's sustainability work. The Board will review the effectiveness of the Group's sustainability strategies and policies, as well as the progress of relevant measures, and revise relevant policies in a timely manner to match the Group's business development.

The Group attaches great importance to the opinions of Stakeholders. During the Year, based on the results of communication with Stakeholders, the Board confirmed material sustainability issues, covering various areas such as employment and labour practices, environmental management, and operating practices, and made these issues the focus of sustainability reporting. Through different chapters of this Report, CEHL describes its work progress and future plans in various areas this Year. In the coming year, the Group will continue to actively communicate with Stakeholders to ensure its understanding towards their needs and expectations.

## SUSTAINABILITY RISKS AND OPPORTUNITIES

Sustainability issues are changing rapidly. The Board is aware that the importance of managing sustainability risks and seizing opportunities. The Board understands that it has the responsibility to assess and manage sustainability-related risks. The Group promises to respond positively to sustainability-related issues, strengthen risk management, and incorporate sustainability considerations into its risk management system and operating strategies.

The Sixth Assessment Report of the Intergovernmental Panel on Climate Change indicates climate change as a "Code red for humanity", with global temperatures likely to rise by 2.2oC by the end of the century, potentially leading to an irreversible state. This means that climate change will severely impact businesses activities and people's lives. The Board understands that CEHL must proactively addresses the risks posed by climate change and make early deployments to address the financial risks that climate change may bring in the future. The Group has formulated relevant contingency plan policies and is formulating a climate change policy to set the direction of risk management at the Group level. Looking forward, the Group will carry out the work on climate-related financial risks and opportunities response plans, and analyse the risks and opportunities posed by climate change to the Group's project operations in accordance with the recommendations of the Task Force on Climate-Related Financial Disclosures ("TCFD").

## SUSTAINABILITY GOALS

During the Year, the Group reviewed its existing environmental management measures and data and set directional environmental targets. The Group undertakes to regularly review the effectiveness of the targets and gradually establish quantitative environmental targets so that Stakeholders can more accurately understand the progress of its environmental management work. The Group will continue to seize sustainability opportunities, properly manage sustainability risks, gradually set sustainable development goals, and leverage its own advantages to create long-term benefits for various Stakeholders, including investors, employees, partners, local communities, etc.

Looking ahead, the Group is committed to improving its sustainability work, and will set and identify the prioritised United Nations Sustainable Development Goals ("UNSDGs") in the future, and gradually establish a sustainable business strategy for CEHL.

# About CEHL

CEHL, part of Beijing Capital Group Company Limited<sup>5</sup>, is a provider of integrated waste management and environmental infrastructure services, listed on the main board of the Stock Exchange in 2006, principally engaged in the provision of waste treatment technologies and services businesses, especially waste conversion energy projects. The Group, through its subsidiaries, is also engaged in the recycling and disposal of municipal solid waste. CEHL’s business covers more than 20 major provinces and cities and the surrounding areas in China, and has established a national network of vertically integrated local waste systems in New Zealand.

The Group is committed to becoming a leader in environmental sustainability, participating in the future sustainable development of the country, and building long-term investment value for Stakeholders including the Company’s shareholders, business partners, customers and employees. The Group is dedicated to promoting innovation and technology, taking technological innovation as an important part of corporate development and focusing on green and smart development, so as to enhance its core competitiveness, promote continuous business upgrades, and become a leading integrated ecological and environmental service provider in China.

CEHL follows a set of shared values:

Passion	Sustainable Development	Technological Advancements	Teamwork
We pledge to provide our very best for our clients and contribute to the future of China’s waste treatment industry.	We believe the development of a company should be in harmony with the economy, society and the environment as a whole.	We value technological advancements and thus we are committed to research and development. We also work closely with top international equipment and technology providers, ensuring our leadership position in know-how and quality services.	We establish solid partnerships with international renowned environmental management companies, creating synergy as we search for the most appropriate comprehensive environmental treatment solutions for plants operated by our own or by our clients.

<sup>5</sup> Beijing Capital Group Company Limited is a state-owned group company affiliated to the Beijing State-owned Assets Supervision and Administration Commission

## About CEHL

### HONOURS AND RECOGNITION

No.	Award	Awarding Organisation
1	Top 100 Enterprises of IE Expo China 2021	IE Expo China
2	Top 50 Chinese Environmental Enterprises	Organising Committee of China Ecological Environment Industry Summit Forum
3	Top 10 Influential Enterprises of Solid Waste in 2021	E20 Environment Platform, China's Solid Waste Network
4	Leading Enterprise in the Site Restoration Segment in 2021—Beijing Capital Environment Technology Co., Ltd (北京首創環境科技有限公司)	E20 Environment Platform, China's Solid Waste Network
5	National High-Tech Enterprise — Beijing Capital Environment Technology Co., Ltd (北京首創環境科技有限公司)	Beijing Municipal Science & Technology Commission Bureau of Finance, State Taxation Administration
6	Beijing Municipal's "Specialised, Unique and New" Small and Medium-Sized Enterprise — Beijing Capital Environment Technology Co., Ltd (北京首創環境科技有限公司)	Beijing Municipal Bureau of Economy and Information Technology
7	Beijing Municipal Intellectual Property Pilot Unit 2020–2022 — Beijing Capital Environment Technology Co., Ltd (北京首創環境科技有限公司)	Beijing Intellectual Property Office
8	Shunyi District, Beijing Municipal "Innovative and Entrepreneurial Nursery Enterprise" — Beijing Capital Environment Technology Co., Ltd (北京首創環境科技有限公司)	Shunyi District, Beijing Municipal Bureau of Economy and Information Technology
9	Beijing Municipal New Product (Service) Certificate — Landfill Treatment Solutions — Beijing Capital Environment Technology Co., Ltd (北京首創環境科技有限公司)	Beijing Municipal Science & Technology Commission Beijing Municipal Commission of Development and Reform Beijing Municipal Bureau of Economy and Information Technology Ministry of Housing and Urban-Rural Development Administration for Market Regulation Administration Committee of Zhongguancun Science Park
10	BOCHK Corporate Environmental Leadership Awards 2020 — Deyun Capital Environment Company Limited (都勻市首創環境科技有限公司)	Bank of China (Hong Kong), Federation of Hong Kong Industries
11	CarbonCare® ESG Label (Label Level: Level 2)	CarbonCare InnoLab

# Improving Sustainability Governance

A sound governance structure lays a solid foundation for corporate sustainability strategies. The Group has defined the responsibilities and authority of the Board and senior management of the Company (“Senior Management”) for the day-to-day operations. CEHL clarifies that the Board has full responsibility for its ESG matters, ensuring that sustainability considerations are incorporated into the business decision-making process from the top down. As the navigator of CEHL’s sustainability work and strategy, the Board is responsible for supervising CEHL’s sustainability process to ensure that the Group’s sustainability work can be effectively implemented. At the same time, the Board is also responsible for formulating the Group’s strategic direction, formulating business objectives and business development plans, monitoring the performance of the Senior Management, overseeing the Group’s policies, routine and annual performance and responsible for corporate governance.

Under the leadership of the Board, Senior Management is responsible for implementing the Group’s strategies and business objectives, assisting the Board in formulating and reviewing sustainability strategies and guidelines, and monitoring the Group’s sustainability performance. The Group has also delegated to the office of the Board (the “Board Office”) the responsibility for the implementation and execution of environmental and social performance, corporate social responsibility affairs and the management of daily external information disclosure, and to assist the Board in performing corporate governance. In order to ensure that members of the Board can have a deeper understanding of sustainability issues, the Board Office communicates with the Board regularly, and provides advice to the Board on legal and regulatory requirements and industry development. In addition, the Group has established a safety production committee (the “Safety Committee”) to be responsible for the management of health, environment and safety production, which is chaired by the Chief Executive Officer of the Company (the “CEO”), and other members of the Safety Committee are the Senior Management of the Group.

The Group understands that the diversity of Board members can bring different perspectives, assisting the Board to match the required skills according to the strategic direction of the Group. Therefore, the Group considers gender, skills, experience, professional knowledge, educational background, etc., when considering the composition of Board members to strengthen the effectiveness of the Board and achieve the Group’s strategic goals.

## SUSTAINABILITY RISK MANAGEMENT

CEHL is committed to building a robust risk management and internal control system. The Board is responsible for determining the nature and extent of risks that the Group is willing to accept when achieving its strategic objectives, and conducts regular reviews to ensure that the system is effective. At the same time, the Board will also supervise the management’s design, implementation and monitoring of risk management and internal control systems. The Board will take ultimate responsibility for the system.

The Group has a multi-level risk management structure. The Internal Audit Department and the Business Development Department are responsible for formulating the internal control system, conducting risk assessments and establishing a risk database, formulating risk-oriented internal audit work plans, and conducting independent Internal control monitoring and evaluation enables effective identification, assessment, mitigation, reporting, and monitoring of various major risks of the Group and its companies of the Reporting Projects, so as to more prudently formulate strategies and implement projects to achieve better business performance.

# Improving Sustainability Governance

The Group has established the “Management Methods of Internal Control” to provide guidance on risk identification and assessment to ensure that the developed internal control system meets the five elements of internal environment, risk assessment, control activities, information and communication and internal supervision. Details are as follows:



## Improving Sustainability Governance

The Group continues to make reference to the results of the ESG risks identified in 2019<sup>6</sup>, as one of the considerations of the Board and management in formulating its operational strategies. The identified industry ESG related risks are summarised in the table below.

Industrial Environmental Risk	Risk Description	Management Method
Environmental breaches and environmental responsibilities	The Group's daily operations generate noise, wastewater, emissions, other industrial wastes and hazardous wastes that need to be treated, recycled and discharged in accordance with the requirements of the environmental policies and regulations of the countries and regions in which they are located. Non-compliance may result in high fines, additional operating expenses for remediation, or disruption and termination of operations. Non-compliance may also create a negative corporate image for the Group and affect customer confidence in the Group. At the same time, further tightening of environmental regulations, such as the national's imposition of bans on specific waste types, will result in significant increases in compliance costs, even if the volume of such waste to be landfilled can be reduced.	The Group undertakes its environmental responsibilities and has formulated the "Environmental Management Measures" to regulate the environmental matters of various departments and companies of the Reporting Projects.
Immediate physical risks from climate change	Climate change has increased the frequency of extreme weather events such as typhoons and rainstorms. Extreme weather will cause damage to facilities and equipment or threaten the lives of employees, and in severe cases, business operations may have to be suspended or interrupted for restoration purposes, resulting in higher operating costs for the Group.	This Year, CEHL has carried out the work of formulating climate change policies, conducting research on mitigation, adaptation, resilience and disclosure of climate change risks and opportunities. Looking into the future, the Group will carry out the work on response plans for climate-related financial risks and opportunities, and analyze the risks and opportunities posed by climate change to the Group in accordance with the TCFD.
Long-term physical risks from climate change	Climate change will also cause sea level rise due to the melting of polar glaciers as temperatures continue to rise. Sea level rise poses a threat of flooding in coastal areas, causing damage to infrastructure, loss of corporate property and loss of existing investment. Prolonged high temperatures will also have a lasting impact on the working and living conditions of local employees, potentially reducing their work efficiency and posing a risk to their health.	
Market transformation and changes in consumer preferences	The challenges of climate change and the low-carbon transformation bring market risks, which are also accompanied by changes in the preferences of mass customers for existing products and services. If business operations do not follow the preferences and expectations of customers and the public, the chances of winning a project may be reduced, which may affect the Group's revenue and profitability in the long run.	
Increased energy costs	The market and regulatory transformation based on climate change will lead to higher energy prices. High energy prices will have a negative impact on energy-intensive industries or high energy consumption projects. Local governments have increasingly tightened environmental compliance requirements for traditional fossil fuel production capacity (including coal-fired power generation), which has increased the cost of production capacity, leading to price increases.	

<sup>6</sup> For the first time in 2019, CEHL commissioned CCA to identify and rank existing and potential ESG risks according to the environmental services industry and to provide a risk assessment report to the Board and management of the Company.

## Improving Sustainability Governance

Industrial Social Risk	Risk Description	Management Method
Occupational health and safety hazards	As an environmental and waste management service provider, daily operations involve potential work safety risks, such as dust, chemical spills, equipment failure, accidents due to structural damage to the landfill, traffic accidents while operating trucks, and fires due to natural hazards. The occurrence of such accidents would pose a threat to the lives of employees. At the same time, the Group will also need to incur additional expenses to repair the operating facilities and compensate the Group's employees and their families, and bear all daily expenses during the period of business suspension, resulting in a decrease in operating income.	The Group has formulated a series of safety management policies and measures, and provided occupational health and safety training and safety drills for employees. The Group will also conduct hazard identification and risk assessment activities when there are major changes in new projects or organisational structure, equipment updates, renovations or major changes in operating methods. In the future, the Group will continue to prioritise the safety and health of its employees and strive to achieve zero accidents.
Technology transformation and capabilities of research and development	Core technologies are the foundation of project design and operating models. The development and adoption of new technologies to replace traditional collection and disposal can enhance the resource efficiency of waste. If the Group fails to develop innovative technologies, or if its market competitors have developed and patented breakthrough technologies, this will limit the growth prospects and market position of the business.	The Group insists on leading the market with technology. Its subsidiaries have won a number of technical awards. Looking into the future, the Group will continue to increase investment in technology research and development in response to market demand, strive to protect the environment, turn waste into energy, and advocate a circular economy model.
Information network security and cyberattack	Improper use of data, information security breaches and lack of protection of information systems in the event of a cyber-attack can cause business operations to cease; or compromise customers' confidence in the Group by disclosing important confidential information or controlled personal data.	The Group is committed to protecting customers' privacy and personal information. It requires employees not to disclose any proprietary information of customers and partners, and also has a confidentiality system to regulate employees' query rights. During the Year, the Group did not receive any confirmed complaints of invasion of customer privacy and loss of customer information.
Business ethics and compliance (corruption) risks	Administrative regulations and statutory requirements regarding business ethics are in place in all regions. As a waste management and environmental services company, it is often necessary to work with local authorities to obtain public services. However, corruption in the supply chain or in the selection of service providers can lead to lawsuits, fines, penalties or trading bans, which can affect the Group's business development, lead to a tarnished image and, in serious cases, lead to the suspension of service projects and affect the livelihood of residents, ultimately resulting in the loss of the company's social licence to operate.	The Group has zero tolerance for corrupt behaviour, and has formulated a series of anti-corruption policies and regulations. It has established an internal accountability committee to review investigation reports and propose handling or punishment for employees suspected of committing corrupt behaviour. During the Year, a total of 63.51% of the employees of the Group participated in anti-corruption training, and the average time for employees to participate in anti-corruption training was 3.78 hours. In the coming year, the Group will continue to convey anti-corruption messages to employees to enhance their anti-corruption awareness.

## Improving Sustainability Governance

### SUSTAINABILITY OPPORTUNITIES

CEHL will seize the opportunities brought by sustainable development, develop new markets and business areas, and continue to pay attention to the needs of the public in the process of low-carbon transformation. It will vigorously develop new environmental protection skills and technologies, turn waste into energy, and continue to lead the way in the field.

#### Technical Transformation Work — Establish and Implement a Technical Transformation System

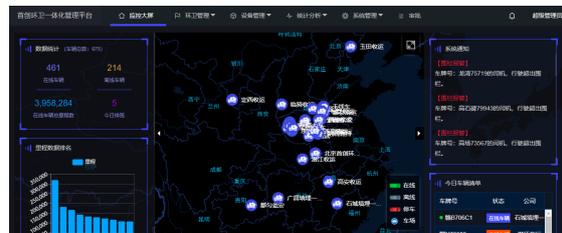
This Year, the Operation Management Department took the lead in formulating the technical transformation management system of the companies of the Reporting Projects, which effectively supported the implementation of the technical transformation of each operation project. A number of technical transformations have been implemented:

- The expansion and renovation of the capacity of the boilers at Solid Waste Incineration Power Generation Plant in Quanling, Nanchang, Jiangxi Province increased evaporation by over 20% and annual net profit increased by over RMB10 million.
- In terms of energy saving and consumption reduction, the technical transformation of magnetic levitation fan was implemented in each company of the Reporting Projects in this Year after the investigation and communication of various projects. The original roots blower with high energy consumption and high noise will be transformed into magnetic levitation fans. Comparatively, the magnetic levitation fan reduces energy consumption by more than 30%, reduces noise, and achieves benefits.



#### Smart Work — Development and Application of Smart Platform for Sanitation Integration Business

During the Year, the Group developed and applied a smart platform for its sanitation integration business, by using the data from the platform to reduce the use of resources (fuel consumption), etc. Through the GPS trajectory analysis of the integrated sanitation management platform combined with the analysis of average fuel consumption and the analysis of vehicle start and stop points, it can direct the best route and the most economical resource consumption for the actual operation of sanitation vehicles process, and stored in the system. Through the horizontal comparison of data and efficiency competition, it can reduce the overall resource consumption.



## Improving Sustainability Governance

### COMPLIANCE MANAGEMENT

The Group regards compliance management as the basis for maintaining its daily operations, and requires all departments and companies of the Reporting Projects to ensure operational compliance and compliance with the Group's policies. CEHL understands that its operations are regulated by the relevant laws and regulations of the location where the project is located. Violation of relevant laws and regulations will have an impact on the Group's operations and reputation. The Group has established clear procedures to deal with violations in the relevant areas. When notified of potential breaches, the Group will promptly investigate to ensure appropriate corrective actions are taken to address any misconduct.

The Group has formulated the "Management Measures for the Identification and Update of Safety, Health and Environmental Protection Laws, Regulations and Standards" to ensure the compliance of the laws, regulations, rules and standards related to safety production, occupational health and environmental protection involved in all aspects of production and operation activities. It states that the Reporting Projects should obtain information relevant to the laws, regulations, rules and standards through different channels, such as the websites of the state, local government agencies and industry associations, news media, industry newspapers, books, and databases. When the applicable safety, health and environmental laws, regulations, rules and standards are updated or revised, all departments and subordinate companies should update the previous safety, health and environmental laws, regulations and standards in a timely manner, and update the "List of Applicable Safety, Health and Environmental Laws, Rules, Regulations and Standards" in a timely manner. Safety production management personnel should timely publicise and train employees on applicable safety, health and environmental laws, regulations, rules and standards, improve employees' awareness, and regulate their behaviour.

The following table sets forth the laws, regulations and compliance status that CEHL has confirmed to have a significant impact on its operations:

Aspects	Relevant Laws and Regulations	Compliance Status
Emission	"Environmental Protection Law of the People's Republic of China" "The Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes"	The Group has not identified any cases of non-compliance in relation to emissions in the Reporting Projects during the Year.
Employment	"The Labour Law of the People's Republic of China" "The Labour Contract Law of the People's Republic of China"	During the Year, no cases of discrimination or non-compliance in relation to employment was found among the Reporting Projects of the Group.
Health and Safety	"The Production Safety Law of the People's Republic of China" "The Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases" "Regulation on Work-Related Injury Insurances of the People's Republic of China"	During the Year, no cases of non-compliance in relation to health and safety were found among the Reporting Projects of the Group. There were in total 6 cases of work-related injuries in the Reporting Projects. The Group has provided appropriate support and compensation to injured employees in accordance with relevant national and local laws and regulations
Labour Standards	"The Law of the People's Republic of China" on the Protection of Minors" "The Tentative Provisions on Payment of Wages"	The Group has not identified any cases of non-compliance in relation to labour standards in the Reporting Projects during the Year.
Product Responsibility	"Company Law of the People's Republic of China" "Standard for Pollution Control on Municipal Solid Waste Incineration"	The Group has not identified any cases of non-compliance in relation to product responsibility in the Reporting Projects during the Year.
Anti-Corruption	"Anti-Unfair Competition Law of the People's Republic of China" "Anti-Money Laundering Law of the People's Republic of China" "The Bidding Law of the People's Republic of China"	The Group did not receive any cases of corruption proceedings against the Group or its employees during the Year, and did not violate laws and regulations in relation to anti-corruption in the Reporting Projects.

# Responding to Stakeholders' Feedback

The Group understands that listening to Stakeholders' opinions can adjust its corporate strategies and operating policies in a timely manner. Based on their feedback, it helps the Group manage sustainability issues and seize sustainability opportunities. CEHL's Stakeholders include employees, directors, customers, business partners, investors, regulators and various types of community groups. Through various communication channels, the Group strives to meet the needs of its Stakeholders.

Stakeholder	Communication Channel
Employees	The Group maintains communication with various departments and employees through internal communication channels such as internal emails and regular business meetings. At the same time, the Group conducts performance evaluations on employees and encourages employees to express their ideas.
Suppliers	The Group maintains regular communication with suppliers to enhance their awareness of the environment and society.
Customers	The Group has established channels for collecting opinions and handling mechanisms to ensure that customers' opinions and complaints are properly handled.
Investors	The Group provides investors with relevant information about the Group and maintains communication through channels such as shareholder meetings, financial reports, announcements and circulars. At the same time, the Group's annual report will be published online.
Communities	The Group cares for the community in different ways, encouraging employees to participate in community volunteer activities, and contributing to the development of the community where projects are located. To understand the needs of local communities, the Group maintains communication with various community groups.

# Responding to Stakeholders' Feedback

## IDENTIFY MATERIAL ISSUES



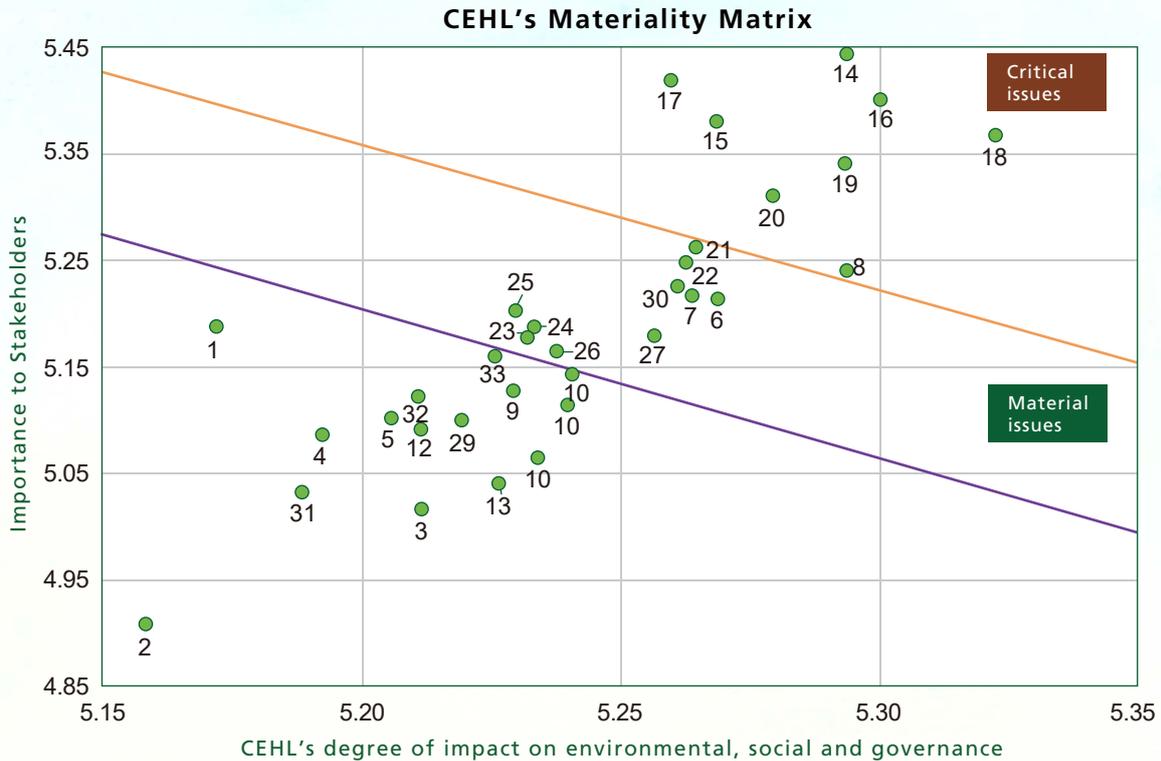
## Responding to Stakeholders' Feedback

### SUSTAINABILITY ISSUES

範疇	序號	議題	範疇	序號	議題	
Economy	1	Creating economic value for Stakeholders	Employment and Labour Practices	14	Improve the employment management system	
	2	Enhance transparency of tax management		15	Clarify labour relations	
	3	Research and development		16	Establishing a safe and healthy working environment	
	4	Managing sustainability risks		17	Provide training and development opportunities	
	5	Seizing sustainability opportunities		18	Strictly prohibit child labour or forced labour	
Environment	6	Greenhouse gas or air emissions		19	Respect for human rights	
	7	Water use and wastewater treatment		20	Protection of freedom of association and the right to collective bargaining	
	8	Waste disposal		21	Regulating security practices	
	9	Energy use and efficiency		Operating Practices	22	Customer health and safety
	10	Resource usage and efficiency			23	Responsible marketing communications
	11	Biodiversity			24	Quality management and after-sales service
	12	Addressing climate change risks and opportunities	25		Customer data and privacy	
	13	Environmental Information Disclosure	26		Protecting intellectual property	
27			Suppliers environmental and social assessment			
			28		Regulation of procurement practices	
			29	Prevention of anti-competitive behaviour		
			30	Anti-corruption		
			Community Investment	31	Community engagement, impact assessment and investment	
				32	Development of emergency preparedness system	
				33	Respect for the rights of indigenous people	

## Responding to Stakeholders' Feedback

### MATERIAL ISSUES



Material issue	Boundaries of Impacts on Stakeholders											Chapters in this Report addressing the impact
	Internal Stakeholder			External Stakeholder								
	Managers of Reporting Projects	Management of strategic functions	Other staff	Customers	Contractors	Partners	Suppliers	Government regulators	Banks	Media	NGOs	
8	Waste management	✓	✓				✓		✓	✓	✓	Fulfilling Environmental Responsibility & Compliance Management
6	Greenhouse gas or air emissions	✓	✓					✓		✓	✓	
7	Water resources usage and wastewater treatment	✓	✓				✓			✓	✓	
14	Improve the employment management system	✓	✓	✓				✓				Strengthening the Employment System & Compliance Management
16	Establish a safe and healthy working environment	✓	✓	✓		✓		✓		✓	✓	
18	Strictly prohibit child labour or forced labour	✓	✓	✓				✓		✓	✓	
17	Provide training and career opportunities	✓	✓	✓		✓	✓					

# Responding to Stakeholders' Feedback

Material issue	Boundaries of Impacts on Stakeholders											Chapters in this Report addressing the impact
	Internal Stakeholder			External Stakeholder								
	Managers of Reporting Projects	Management of strategic functions	Other staff	Customers	Contractors	Partners	Suppliers	Government regulators	Banks	Media	NGOs	
15 Clarify labour relations	✓	✓	✓					✓		✓	✓	Adhering to Business Standards & Compliance Management
19 Respect for human rights	✓	✓	✓					✓		✓	✓	
20 Protecting freedom of association and the right to collective bargaining	✓	✓	✓					✓		✓	✓	
21 Regulating security practices	✓	✓			✓							
22 Customer health and safety	✓	✓		✓	✓	✓	✓	✓		✓	✓	Adhering to Business Standards & Compliance Management
30 Anti-corruption	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	
27 Supplier environmental and social assessment	✓	✓		✓	✓	✓	✓	✓			✓	
25 Customer data and privacy	✓	✓		✓	✓	✓	✓		✓			
24 Quality management and after-sales service	✓	✓		✓	✓	✓	✓	✓		✓	✓	
23 Responsible marketing communications	✓	✓		✓	✓	✓	✓	✓		✓	✓	
26 Protect intellectual properties	✓	✓		✓	✓	✓	✓					

According to the results of the questionnaire survey, the Stakeholders of CEHL are very concerned about the issues of "Employment and Labour Practices", as most of the issues are identified as material issues, among which "Improve the employment management system" is the most concerned issue by the Stakeholders.

# Strengthening Employment System

Employees are the key driving force for the Group's development. The Group is committed to building a safe and ideal workplace for its employees, so that employees can feel satisfied at work and at the same time promote their health and well-being. The Group has also established a clear training and promotion mechanism to nurture the talents needed for the Group's development. Through regular performance appraisals, employees can continue to improve. At the same time, it provides competitive salaries to ensure employee benefits.

## **BUILDING AN IDEAL WORKPLACE**

The Group is committed to implementing the "people-oriented" concept. It continuously improves the employment system and provides employees with an equal and respectful working environment in order to unleash their talents. The Group has formulated a series of staff policies, including the "Employee Management Measures", "Recruitment and Hiring Measures", "Welfare and Subsidy Management Measures for Project Companies" and "Remuneration Management Measures", which set out the Group's arrangement on recruitment, dismissal, remuneration, promotion, leave, equal opportunities, anti-discrimination, other benefits and welfare.

## **REMUNERATION AND WELFARE**

The Group provides employees with a variety of remuneration and benefits in order to maintain the stability of the manpower structure. The Group is committed to providing its employees with competitive salaries and benefits, including annual salary, wage benefits, bonuses, free annual medical examinations, various paid holidays<sup>7</sup> and allowances<sup>8</sup>. Employee remuneration is based on factors such as seniority, rank, work experience, educational background and performance. Salary adjustments must also be determined based on the employee's job responsibilities, educational background and work experience, ability, potential and performance. The Group implements a working system of 40 hours a week and 8 hours a day, where Monday to Friday are working days. Each project can be adjusted according to its own operational needs.

## **RECRUITMENT, PROMOTION AND DISMISSAL**

The Group follows the principle of openness and fair competition in recruitment, and takes ability and suitability for the position as the criteria for recruitment and promotion, ensuring that the recruitment process is transparent and open. At the same time, the Group offers a variety of career development paths and encourages employees to strive to develop their talents and demonstrate their abilities through internal recruitment, transfer and promotion opportunities. In addition, the Human Resources Department is mainly responsible for the dismissal of the Group, and an exit interview should be organised.

## **EQUAL OPPORTUNITIES**

The Group strives to create a fair, open and respectful working environment for its employees. The Group's focus on equal opportunities, diversity and anti-discrimination is clearly expressed in a series of employee policies. In addition, the Group attaches great importance to equal opportunities for employees, and conducts screening and interviews in accordance with the principles of fairness, impartiality and openness in the recruitment and promotion of employees to ensure that job applicants or employees will not be judged by age, gender, race, religion, marital status, sexual orientation or disability. At the same time, the Group has zero tolerance for any form of discrimination. Any employee can file a complaint about discriminatory behaviour, and the Group will investigate and take further action as appropriate to ensure that all employees are treated equally and with respect.

<sup>7</sup> Paid leave includes work injury leave, marriage leave, maternity leave, breastfeeding leave, family planning leave and funeral leave.

<sup>8</sup> Subsidies include transportation allowance, communication allowance, meal allowance, high temperature allowance, etc.

## Strengthening Employment System

### DIVERSITY

A diverse workforce brings different skills, experiences and diverse ideas to the Group, injecting greater development potential into the Group. As an enterprise with operating sites in different provinces in China, the Reporting Projects of the Group are committed to employing employees of different backgrounds, such as employees of ethnic minorities, including Yi people, Hui people, Miao people, Tujia people, Mongol people, Zhuang people, Manchu people, Buyi people, Shui people, Dong people, Maonan people, Gelao people, as well as disabled employees, implementing the principle of employment diversity.

Looking ahead, the Group will continue to develop different diversity measures to enable employees to work in a pluralistic and inclusive environment and protect their basic rights.

### PROMOTING HEALTH AND WELL-BEING

Ensuring the safety and health of employees is the top priority of the Group. In order to effectively manage occupational safety and health, the Group has formulated the "Safety Management Method" and "Occupational Health Management Measures". They stipulate that the persons in charge of the Group and each company of the Reporting Projects should maintain health and safety, safety responsibilities and a series of safety and health measures of the Group. They should provide occupational health and safety training for employees. CEHL has also signed "the 2021 Safety Production Target Responsibility Letter" with each subordinate company of the Reporting Projects, which sets out the requirements for safety production work, fully implements the main responsibility of enterprise safety production, ensures safe production and proper operation, and sets safety goals. At the same time, companies of the Reporting Projects have established relevant assessment system in accordance with the "CEHL's Safety Production Rewards and Punishments Management Measures" to assess the implementation of the safety responsibility system at least twice a year.

According to the "Safety Management Method", the Safety Committee headed by the CEO is responsible for leading the safety production matters and enforcing the national laws and regulations relating to safety production. The Group also incorporates safety-related work into its operational objectives and regularly reviews and assesses the performance of safety work. In addition, the Group also allocates appropriate resources to improve the labour conditions of employees to enhance production safety and hygiene standards and reduce the risk of accidents. In the event of a major accident, the CEO will lead the Safety Committee and the companies of the Reporting Projects to initiate emergency rescue work, investigate and formulate preventive measures together with the relevant departments and project managers in order to reduce the recurrence of similar accidents. The person in charge of the safety department will also hold regular safety meetings to understand the safety situation of each project and address current and potential risks as early as possible.

The Group also regulates the companies of the Reporting Projects to formulate relevant safety operation procedures according to the operation, including the safe operation of waste collection and transfer vehicles, the operation of compressors in transfer stations, the operation of compressed waste trucks, the operation of vertical waste compressors, the operation of large transfer vehicles, and the operation of mobile compressors, safe operation of waste unloading platform, vehicle safety inspection operation, loading and unloading operation, road cleaning and cleaning safety operation, GPS monitoring and management and other procedures, so that employees can understand the operation steps and ensure employees work safely.

This Year, the companies of the Reporting Projects purchased a set of intelligent sanitation system that can monitor the operation of vehicles around the clock and ensure the safety of vehicles.

## Strengthening Employment System

### HAZARD IDENTIFICATION AND SAFETY HAZARD INVESTIGATION

The Group is committed to reducing potential risks and accidents in project operations and ensuring that the companies of the Reporting Projects regularly identify hazards and potential safety hazards. In case of new projects or major changes in organizational structure, equipment renewal, renovation or major changes in operation methods, as well as when there are clear requirements of national laws and regulations, the companies of the Reporting Projects will also conduct hazard source identification and risk evaluation activities again to ensure that the current and potential relevant risks can be identified. After completing the identification of hazards and risk assessment activities, the companies of the Reporting Projects will report to the safety departments and develop risk control measures.

### SECURITY ACCIDENT EMERGENCY PLAN

The Group has the responsibility to prepare its employees for emergencies. In order to standardise the Group's emergency management work, CEHL has formulated the "Comprehensive Emergency Response Plan" to improve the emergency response speed and coordination level of emergencies. It enhances the ability of employees to comprehensively handle emergencies, and prevents and controls secondary accidents and the occurrence of derivative disasters events to minimise casualties, property losses, environmental damage and social impacts. In the event of a serious accident at the project operation site that poses a major risk to employee safety, such as explosion, electric shock, poisoning or fire, the companies of the Reporting Projects will adopt an accident emergency plan, establish an accident emergency response command centre and notify the relevant departments of the Group. The command centre also has different functional teams, including: accident handling team, communication team, alert team, rescue team and material supply team, etc., to provide various assistance in the event of an accident.

In order to ensure that employees clearly understand the procedures to be followed in the event of an accident and handle emergencies quickly, the Group requires each company of the Reporting Projects to formulate contingency plans and conduct regular drills according to operational needs to reduce employee casualties and impact on project operations. Emergency drills can help improve personnel's ability to respond to emergencies, control and rescue capabilities, prevent accidents from expanding, and ensure that similar incidents in future work can be dealt with in a timely and effective manner, minimising the loss of various accidents. After the exercise, the companies of the Reporting Projects will also arrange a summary session so that employees can absorb experience and lessons, and further improve the content of the emergency response plan to ensure that in the event of a similar accident, more effective measures can be taken, and various emergency response work after the accident occurs. At the same time, the companies of the Reporting Projects inspect the resilience and technical level of production personnel and management personnel at all levels to deal with accidents, summarises experience and deficiencies, and then makes targeted improvements.

This Year, the companies of the Reporting Projects held a series of emergency drills, including but not limited to firefighting, emergency rescue, high wind emergency, power plant dormitory fire, electric shock emergency, spontaneous combustion fire of collection and transfer vehicles, leakage of hazardous chemicals, anti-terrorism and anti-riot and limited space emergency (prevention of poisoning, suffocation and other production safety accidents).

## Strengthening Employment System

### SAFETY TRAINING AND STAFF PHYSICAL EXAMINATION

The Group provides employees with regular safety and health training, including: three-level safety education, safety production month publicity and education, traffic accidents, the hazards of drunk driving, preventing vehicle frost, vehicle inspection problems and inspection methods, hazard identification, occupational disease knowledge education, typical accident education, comprehensive drill education, qualification certificate for main responsible persons and safety management personnel, certification training, etc. At the same time, the Group also arranged accident case studies to let employees understand different practices when accidents occur. The companies of the Reporting Projects also held regular safety meetings and arranged occupational disease physical examinations for employees to ensure that employees have a high degree of safety risk awareness and meet the requirements for safe work.

In order to increase the promotion of safety production, the leaders of the companies of the Reporting Projects not only communicated and implemented the spirit of safety culture at all levels at the production scheduling meeting, but also used the WeChat platform, safety warning signs and safety risk notification cards to carry out safety promotion and education.

#### Safety Knowledge Contest

In order to ensure a good production safety situation for the companies of the Reporting Projects and further improve the safety responsibility awareness and safety technology level of employees, the companies of the Reporting Projects launched a safety knowledge contest with the theme of "abiding by laws, being courteous, and traveling in a safe and civilised manner". Before the start of the competition, the employees watched CEHL's publicity documentary together. The companies of the Reporting Projects hoped that all participating teams would further enhance their safety risk awareness, responsibility awareness and legal awareness through the competition, so as to lay a solid foundation for the Company to achieve safe production and standardised operation throughout the year. The competition adopted three types of questions: individual must-answer questions, quick response questions, and risk questions. The atmosphere of the entire competition was lively.



This Year, a worker died of sudden cardiac arrest while working. The Group has formulated comprehensive contingency plans for emergencies to avoid the recurrence of similar incidents.

### CEHL'S RESPONSE TO COVID-19

The COVID-19 pandemic continues to affect the community. The Group pays close attention to its development trend and strictly follows the local government's epidemic prevention instructions. It is committed to protecting the health of its employees and actively adopts different epidemic prevention measures for employees, including: distributing masks, alcohol wipes, and protective clothing to employees, and allow off-site staff working from home, etc. At the same time, the Group also conducts disinfection work for entering and exiting vehicles at the operating sites and in the office to ensure that the health and safety risks of employees are minimised.

## Strengthening Employment System

### PHYSICAL AND MENTAL WELLBEING

The Group pays attention to the physical and mental health of its employees, and organises various recreational and sports activities, continuously improving the quality of the working environment. The Group provides activity rooms, gym, billiard rooms, and libraries for its employees, and organises different competitions, such as singing and recitation competitions.

#### Badminton Competition

In order to maintain the work-life balance and relieve the work pressure of employees, the integrated project of household waste collection and transfer in Suixian, Henan Province launched the badminton competition of the company's trade union to cultivate the spirit of unity, cooperation and tenacity which improved teamwork and strengthen the enterprise's cohesion.



### RESPECT FOR HUMAN RIGHTS

The Group values human rights, prohibits the use of child labour and forced labour. It has formulated the "Employee Management Measures", "Recruitment and Hiring Measures" and the labour rights protection system at the company level of the Reporting Projects.

To prevent accidental hiring of minors, the Human Resources Department verifies the age and other personal information of job applicants during the recruitment process. If a job applicant is found not to meet the statutory minimum working age qualifications, he or she will be disqualified from employment. In addition, the Group does not encourage employees to work overtime. If the working hours need to be extended due to the operation, the employees need to fill in the "Overtime Application Form" for approval by the head of the department, and the employees who have been approved for the extension of work will receive overtime wages as compensation.

### NURTURING DIVERSE TALENTS

The Group has established a comprehensive talent development system. The Human Resources Department of the Group coordinates the training management and plan the training needs of employees. The Group has formulated the "Education and Training Management Measures" and the "Backup Employee Management Measures", and promised to invest 1.5% to 2.5% of the total salary of employees in education and training activities every year, in order to create a high-quality and efficient learning enterprise team.

In order to further enhance the competitive advantage of talents, the Group has formulated the "Internal Lecturer Management Measures (Trial)" to build an internal lecturer team, integrating human resources and assisting the Human Resources Department to improve the internal training system. The policy stipulates the principle of selecting internal lecturers, and the responsibility of the Human Resources Department for writing and revising the relevant systems and implementation plans for internal lecturers, as well as the management of internal lecturers. The headquarter or company of the Reporting Projects is responsible for recommending employees who meet the standards of internal lecturers. Internal lecturer candidates will also receive relevant training and incentives.

## Strengthening Employment System

The Human Resources Department is responsible for training matters of the Group, which mainly includes arranging instructors and staff training, following up on training, liaising and disseminating training notices, and monitoring training fees. For each training, a project manager is responsible for follow-up and communication with the training related parties. The Group provides targeted training for employees at different career stages and professional needs, including training courses for new employees, skills enhancement training for current employees, and training on specific topics for individual positions, such as leadership management training. To ensure that the employees receive quality training opportunities, the Group also evaluates the training after it is completed and adds different topics and new technical knowledge to meet the needs of our employees and to respond to future development trends as soon as possible. The Group will regularly collect employees' opinions on the training satisfaction survey, and use this as the basis for the annual training plan to formulate various training programs to meet the training needs of employees.

The Group has established a job assessment policy and assessment system, where employees are required to undergo an annual job performance assessment. Relevant assessment performance will also serve as the basis for promotion.

The Group also provides a number of training courses for employees to learn, and organises various forms of internal and external training to enable employees to acquire new knowledge and skills. These include but not limited to induction training, financial system training, special training on enterprise labour and employment risk prevention and control, performance empowerment training, professional skills training. In addition, the Group also organises online training to allow employees of companies of the Reporting Projects to participate in video conferences initiated by relevant departments.

# Fulfilling Environmental Responsibility

CEHL promises to reduce the negative impacts of its operations on the environment, and has always adhered to the principle of “protection first, prevention oriented, integrated governance, public participation, and taking responsibility for damage”. It properly manages waste, resource use, greenhouse gas (“GHG”) emissions, as well as the environment and natural resources, practicing the concept of energy saving and emissions reduction. In accordance with relevant environmental protection laws and regulations, the Group has formulated the “Environmental Management Measures” based on the actual situation of the Company to regulate the environmental matters of various departments and the companies of the Reporting Projects. This includes the operation and management system of environmental protection facilities of relevant emissions, effective resource use, and environmental protection responsibility system, hazardous waste management system, monitoring data information disclosure system, hidden environmental risks screening and rectification system and other environmental protection management systems. At the same time, the Group is committed to reducing the adverse impacts on the environment through the research and development of various environmental protection technologies.

## REDUCING EMISSIONS Solid Waste Handling

As a waste treatment contractor, CEHL is committed to reducing the generation of waste. Therefore, the Group’s “Environmental Management Measures” require the companies of the Reporting Projects to implement source discharge classification and tiered management, and specify their related responsibilities and a series of waste treatment requirements, which include:

Establish rules and regulations such as job accountability system, operating procedures and environmental monitoring, and regularly arrange equipment maintenance

Require the companies of the Reporting Projects that generate hazardous waste to establish waste management plans and waste inventories in accordance with national regulations, and to hire qualified and government-certified hazardous waste recyclers for disposal

Establish waste disposal and emissions control files, implement a management system of waste generation declaration and registration, and apply for emissions permits based on legal requirements

During the Year, the total weight of hazardous waste generated by Reporting Projects was 1,271,046 tonnes, of which incineration projects accounted for 99% of the total weight of hazardous waste. Hazardous waste, including fly ash, slag and sludge, had been disposed of by incineration and landfills by chelation and solidification respectively. The total amount of non-hazardous waste generated was 151,262 tonnes, of which the waste collection and transfer projects accounted for more than 68% of the total weight of non-hazardous waste. Since each incineration project directly disposes non-hazardous waste by incineration, no non-hazardous waste was generated. Others of the Reporting Projects deal with non-hazardous waste in different ways, including handing over to third-party contractors for incineration. Compared with the previous year, this Year’s hazardous waste increased by 64%, due to the change of physical boundaries this Year, which increased from six waste incineration projects in 2020 to 11 projects this Year. This led to an increase in the hazardous waste generated by incineration projects. In addition, due to the fact that the non-hazardous waste in some waste collection and transfer projects has been changed from being transported to landfills to incinerators for treatment starting from this Year, the non-hazardous waste had been reduced by 56%, leading to a great reduction in non-hazardous waste. The Group will increase the utilisation of resources, control all aspects, and reduce the generation of hazardous and non-hazardous waste.

# Fulfilling Environmental Responsibility

Direction	Action Plan
Domestic Waste	<ul style="list-style-type: none"> <li>• All incineration projects are handled by direct incineration. For non-incineration projects, it will be handed over to waste disposal company for removal and disposal;</li> <li>• Hazardous waste generated during renovations shall be collected and transported by qualified contractors for disposal; and</li> <li>• Domestic waste generated from anaerobic treatment projects will be classified. The organic waste is treated anaerobically and other waste is handled by third-party contractors for incineration.</li> </ul>
Encourage Employees	<ul style="list-style-type: none"> <li>• Reduce the use of single-use items and encourage using recyclable items;</li> <li>• Encourage waste sorting in office and living areas</li> <li>• Separate storage and disposal of hazardous and non-hazardous waste from operations</li> </ul>

**Solid Waste Incineration Power Generation Plant in Quanling, Nanchang, Jiangxi Province Hosted Publicity Activities for World Environment Day — Waste Classification Publicity Work**

In order to cooperate with the theme of World Environment Day, the staff of CEHL cooperated with the staff of the Environmental Protection Bureau of Jinxian County to carry out the environmental protection popularisation publicity activity of “Beautiful China, I do with action” China Resources Vanguard Plaza (華潤萬家廣場) in Jinxian County. During the activity, the staff actively explained environmental protection related knowledge to the citizens, distributed publicity materials to them, and answered the relevant environmental protection problems they encountered in production and life. The staff of CEHL carried out a lot of publicity work. The atmosphere of the event was positive, where citizens participated actively and enthusiastically, and took the initiative to ask and understand, indicating that they had a deeper understanding of environmental protection. Dozens of people including citizens and county people’s congress representatives also visited Solid Waste Incineration Power Generation Plant in Quanling, Nanchang, Jiangxi Province to see the entire production process of waste incineration treatment. They also watched waste environmental protection promotional videos, and held exchange and discussion activities.

Through this activity, the enthusiasm of the general public to participate in environmental protection has been greatly stimulated. The public’s sense of responsibility for environmental protection has been continuously improved, promoting the construction of ecological civilisation effectively.



CEHL will significantly reduce the total amount of e-waste by 2060 by safely and responsibly reusing, recycling and managing the disposal of electronic equipment and electronic products in a legal, data-safe and environmentally friendly manner. At the same time, the Group aims to promote reuse and recycling, and explore ways to increase the recycling rate.

## Fulfilling Environmental Responsibility

### CARBON MANAGEMENT

During the Year, CEHL commissioned external consultant to conduct a carbon assessment to quantify the GHG emissions<sup>9</sup> (or “carbon emissions”) generated from the operation of Reporting Projects. The quantification process<sup>10</sup> and emission factors were carried out with reference to the “GB/T 32150–2015 General Principles for Accounting and Reporting of Greenhouse Gas Emissions from Industrial Enterprises”, ISO14064–1, the Greenhouse Gas Inventory Protocol, and other national and international technical guidelines.

During the operation of each Reporting Project, the direct GHG emissions mainly come from waste incineration (about 97% of Scope 1). Compared with 2020, total GHG emissions this Year increased by 34%. Among them, direct (Scope 1) GHG emissions increased by 38%, while energy indirect (Scope 2) GHG emissions and other indirect (Scope 3) GHG emissions decreased by 68% and 39% respectively. The increase in Scope 1 GHG emissions was mainly related to the increase in the amount of waste disposal. The reduction of Scope 2 GHG emissions is related to the stable electricity production and self-sufficiency of electricity in the incineration projects this Year. Scope 3 GHG emissions are also reduced due to the reduction in travel due to COVID-19. In addition, the power generated by the Group’s incineration projects was exported, and the export of power this Year is equivalent to avoiding the generation of approximately 551,024 tonnes of carbon dioxide emissions, an increase of 37% compared to the previous year.

In order to reduce the carbon emissions related to incineration, the Group’s incineration projects mainly adopt the following methods to reduce carbon emissions:

Direction	Action Plan
Reduce Incineration-related Carbon Emissions	<ul style="list-style-type: none"><li>• Control fire line to ensure no raw material;</li><li>• Reasonably distribute air to make the furnace combustion adequately;</li><li>• Lead the methane gas to be the furnace chamber combustion;</li><li>• Stabilise and fully process the aerobic section;</li><li>• Ignition burner technology to facilitate the full combustion of waste, to ensure that the furnace chamber temperature so that the harmful gases fully combustion;</li><li>• Pilot study of built-in ultra-filtration membrane technology, so that pollutants can effectively pass; and</li><li>• Optimise the control technologies and commands, adjust the operating conditions to ensure that flue gas and other emissions meet the standards.</li></ul>
Other	<ul style="list-style-type: none"><li>• Use the electricity generated by waste incineration in the plant area of the incineration project;</li><li>• Use induction energy-saving or LED energy-saving lamps; and</li><li>• Use environmentally friendly refrigerants.</li></ul>

<sup>9</sup> The assessment covers six types of GHG regulated by the “Kyoto Protoco”, including CO<sub>2</sub>, CH<sub>4</sub>, nitrogen oxide (N<sub>2</sub>O), perfluorocarbons (PFCs), and hydrofluorocarbons (HFCs), and sulphur hexafluoride (SF<sub>6</sub>); chlorofluorocarbons (HCFCs) is also covered.

<sup>10</sup> The quantification process adopts operational control methods to aggregate data.

## Fulfilling Environmental Responsibility

Scope	Emissions Source	Emissions (tonnes of CO2 equivalent)
Direct (Scope 1) GHG emissions	Stationary source fossil fuel combustion, mobile source fossil fuel combustion, waste incineration treatment, solid waste landfill treatment, leachate treatment and fugitive emissions <sup>11</sup>	814,337
GHG emissions from the combustion of biomass fuels <sup>12</sup>		1,017,793
Indirect energies (Scope 2) GHG emissions	Purchased Electricity	7,203
Other indirect (Scope 3) GHG emissions	Business Travel by Air	22
Total GHG emissions (Scope1 + 2 and 3)		821,562

Looking ahead, the Group will continue to evaluate, record and disclose its GHG emissions and other environmental data annually, and regularly review the performance of existing measures, study and formulate relevant emission policies, and provide guidance for future project operations.

In line with the Chinese government’s 2060 carbon neutrality goal, CEHL is planning to formulate a technology-driven carbon reduction action plan based on scientific reasoning, with emissions reduction as the priority. The Group aims to increase the proportion of renewable energy in its operations, while exploring the feasibility of setting quantitative targets by 2023 to reduce carbon emissions in its operations.

### AIR EMISSIONS MANAGEMENT

The Group always pays attention to its exhaust emissions, and monitors the operation of the system online. If problems are found, they will be reported, resolved and marked immediately to ensure the normal operation of pollution prevention and monitoring facilities, and to achieve emissions standards. As the Group’s waste incineration power generation project generates flue gas and other exhaust gases during the incineration process, including air pollutants such as nitrogen oxides, sulfur oxides and respirable suspended particles, the Group adopts stringent operating procedures during the incineration process to ensure the process of emitting air emissions complies with national emissions standards and relevant environmental laws and regulation, in order to reduce the impact on the nearby environment and the livelihood of residents.

At the Group’s waste-to-energy projects, flue gas emissions are monitored on a real-time basis to ensure compliance with emission standards. The companies of the Reporting Projects also conducts regular inspections and will arrange for repairs to be carried out as soon as possible if the monitoring system is found to be faulty, so that the system can be restored to normal as soon as possible.

Compared with 2020, the production of nitrogen oxides and sulfur oxides increased by 35% and 15% respectively, while the production of respirable suspended particles decreased by 56%. These are due to the change of the physical boundary this Year, increased from six waste incineration projects in 2020 to 11 projects this Year, resulting in a large increase in nitrogen oxides and sulfur oxides. In order to reduce the generation of air pollutants, the Group will continue to optimise and improve processes and equipment, and gradually reduce exhaust emissions on the basis of previous years.

<sup>11</sup> Fugitive emissions came from the discharge of refrigerants and fire extinguishing agents from refrigeration and fire-fighting equipment, including HCFC. Although such emissions are not covered by the Kyoto Protocol, this carbon assessment has included the relevant emissions to enable Stakeholders with more complete understanding of the GHG emissions of the Group’s Reporting Projects.

<sup>12</sup> Biomass included domestic waste incinerated in waste-to-energy projects, and biogas produced in landfills and anaerobic treatment projects.

## Fulfilling Environmental Responsibility

	Type	Emissions (kg)
Air Pollutants	Nitrogen oxides	2,769,190
	Sulphur oxides	711,638
	Respirable suspended particles	26,977 <sup>13</sup>

The companies of the Reporting Projects strengthen the trainings of safety propaganda and the education of emergency response and escape. The companies of the Reporting Projects will also supervise the operator to operate carefully, strictly control the process indicator and prevent equipment abnormalities and injuries caused by over-temperature and over-pressure.

### EFFLUENT MANAGEMENT

The Group's wastewater is mainly generated from the production wastewater of Reporting Projects' operation and the domestic wastewater of the office. The Group mainly adopts the following methods to treat wastewater:

Direction	Action Plan
Domestic Wastewater	<ul style="list-style-type: none"> <li>• Treated by sewage treatment stations, sewage conditioning ponds or other leachate treatment facilities set up in the plants;</li> <li>• Plant greening;</li> <li>• Discharge to a wastewater treatment plant for treatment; or</li> <li>• Discharged to the municipal pipeline.</li> </ul>
Part of the Filtered Wastewater	<ul style="list-style-type: none"> <li>• Plant greening</li> <li>• Road sprinkling; or</li> <li>• As recycled cooling water.</li> </ul>

### VALUING NATURAL RESOURCES

The Group adopts various measures to save resources and improve the efficiency of its resource use. At the same time, it is committed to changing the working habits of employees and reducing the consumption of energy, paper, water and other resources in project operation. Concurrently, each company of the Reporting Projects also regularly provides training on energy saving and environmental protection for employees to enhance their knowledge of energy saving equipment and environmental protection awareness.

<sup>13</sup> For the first time this year, the technical guidelines for the compilation of primary source emission inventories of atmospheric inhalable particulate matter were used to calculate the respirable suspended particles in the Nanchang Solid Waste Incineration Power Generation Plant, Jiangxi Province.

## Fulfilling Environmental Responsibility

### ENERGY

Each company of the Reporting Projects has specialised environmental information management personnel who are responsible for regularly collecting data on energy usage and development, and conducting statistical analysis. The relevant data will also be reported to the Group’s internal database. During the Year, the energy consumed by the Group’s Reporting Projects mainly included waste consumption, fuel for power generation, and fuel for machinery and vehicles. Compared with the previous year, energy consumption increased by 46%, mainly due to the change of the physical boundary this year, increased from six waste incineration projects in 2020 to 11 projects this Year, resulting in an increase in waste treatment volume. The Group will rationally use energy and increase the efficiency of energy use on the basis of ensuring normal operation, so as to achieve the purpose of energy saving.

Direction	Action Plan
Energy Saving	<ul style="list-style-type: none"> <li>• Enable computers in standby or hibernation mode. If the computer is not operated for a long time, the display screen will automatically turn off or enter the power saving mode;</li> <li>• Turn off computers (including monitors) after office hours;</li> <li>• Air conditioner temperature: the temperature of the air conditioner in summer shall not be lower than 26 degrees, and the temperature in winter shall not be higher than 20 degrees;</li> <li>• Replacing older, less efficient systems with energy efficient air conditioning systems;</li> <li>• Remind employees to turn off lights when they are not needed by posting signage to promote energy savings; and</li> <li>• Promote energy saving messages to employees through internal communications.</li> </ul>

Type	Use of energy		Consumption (MWh)
	Consumption (MWh)	Type	
Coke	0	Domestic waste (mineral carbon)	2,960,868
Gasoline	2,752	Domestic waste (Biocharcoal)	4,690,969
Diesel	68,968	Solar	—
Biodiesel	0	Purchased electricity	11,807
LPG	2	Produced electricity that was not yet consumed	0
Natural gas	5,332	Sold electricity <sup>14</sup>	(-903,170)
<b>Total energy consumption</b>			<b>6,837,526</b>

Going forward, the Group aims to create value for its Stakeholders while contributing to society through electrification, alternative fuels and advanced technologies to reduce vehicle emissions in operation, reduce fuel and maintenance costs.

<sup>14</sup> Sold electricity was generated from the Waste Incineration Projects included in this Report (a total of 11 projects).

## Fulfilling Environmental Responsibility

### WATER RESOURCES

In terms of water resources, all Reporting Projects are provided with water for production and domestic use by the municipal pipeline network, and some Reporting Projects use municipal reclaimed water. There is no problem in sourcing water (including water consumption and water quality) required for business operations. The total water consumption of each project this Year was 7,418,563 cubic meters, an increase of 114% compared to the previous year. This is due to the change of the physical boundary this Year, from six waste incineration projects in 2020 and increased to 11 projects this Year. The high-load operation of incinerators led to an increase in evaporation, resulting in an increase in the consumption of tap water.

The Group mainly adopts the following methods to save water:

Direction	Action Plan
Changing Employees' Behaviour	<ul style="list-style-type: none"><li>• Raise employees' awareness of water conservation by posting signage to promote water conservation</li></ul>
Leakage Checking	<ul style="list-style-type: none"><li>• Regularly check faucets and pipes for leakages and arrange for repairs if necessary</li></ul>
Changing and Improving Equipment	<ul style="list-style-type: none"><li>• Installation of sensor taps in restrooms</li><li>• Installation of rainwater reuse system in projects to reuse rainwater, such as toilet flushing system, car washing, plant watering, etc.</li><li>• Replace the central air-conditioning cooling tower with a water-saving cooling tower</li></ul>

Going forward, CEHL targets to significantly reduce its water use by 2060 or earlier. As a first step, the Group will formulate water efficiency plans and water saving measures, such as installing rainwater harvesting systems and water recycling systems at project sites to reduce use of water and reuse wastewater to reduce water consumption in projects. CEHL will also explore the feasibility of setting quantitative targets for water consumption by 2023.

### PROTECTING ENVIRONMENTAL AND NATURAL RESOURCES

The Group understands that its operating projects may have an impact on the nearby environment and natural resources, such as the risk of environmental damage and soil and water pollution caused by the leakage of hazardous chemicals. It has established a Safety Environment Department to supervise the protection of the surrounding environment and natural resources; to lead Reporting Projects to implement relevant policies, striving to reduce the adverse impacts on the environment by strengthening performance management and formulating different emergency plans. Each company of the Reporting Projects has also established corresponding environmental leading groups in accordance with the "Environmental Management Measures", responsible for implementing environmental protection measures, solving project-related environmental problems, and regularly providing environmental protection training to employees.

At the same time, each company of the Reporting Projects has also formulated different emergency plans, including immediate remedial measures, long-term follow-up measures and business improvement plans, in order to reduce immediate environmental pollution and prevent similar incidents from happening again in the future. Each company of the Reporting Projects has also established a timely and transparent reporting mechanism to ensure that local environmental protection organisations and government agencies are immediately contacted when an accident occurs to explain the accident situation and minimise the impact of the accident on surrounding areas and the environment.

### ADDRESSING CLIMATE CHANGE

CEHL understands the challenges brought by global climate change to its operations, and fully cooperates with the Chinese government's "3060" dual carbon vision goal. It actively explores how to improve its resilience to climate risks and reduce carbon emissions in the locations where it operates.

## Fulfilling Environmental Responsibility

The Group understands that physical and transition risks arising from climate change will have financial implications for its operations. Physical risks are mainly caused by extreme weather (such as intense precipitation, flooding) and changes in weather patterns (such as rising temperatures and heat waves), resulting in damage in project and threatening employees' safety. Transition risks refer to the risks arising from changes in policies, markets, and technological development when transitioning to a low-carbon economy. Both physical and transition risks may bring financial burdens (such as income, liabilities, cash flow, etc.) to CEHL, but at the same time, the Group can also seize the opportunities brought by climate change, by considering to explore new business areas, and enhance its climate mitigation, adaptation and resilience. This Year, CEHL has carried out the work of formulating climate change policy, conducting research on mitigation, adaptation, resilience and disclosure of climate change risks and opportunities.

In order to ensure safe and orderly development of various tasks of Reporting Projects, the Group has formulated the "Comprehensive Response Plan for Emergencies", "Notice on Doing a Good Job in Flood Control" and related emergency plan policies, so as to effectively and orderly prevent emergencies. The emergency response and rescue work for natural disasters include typhoons, flooding, and strong convective weather to avoid or minimise the losses caused by disasters, protect the safety of employees' lives and corporate property, and ensure the Company's safe production and maintain social stability.

Following the policy of "safety first, prevention first, and comprehensive management", the Group adheres to the principle of safeguarding people first, safeguarding plants second, and safeguarding equipment third to minimise losses caused by emergencies. The relevant Reporting Projects have also formulated major measures, including:

- Emergency Command Organisation and Responsibility**
  - Establish an emergency rescue working group; and
  - Develop the responsibilities of the emergency rescue working group.
- Prevention and Early Warning**
  - Collect typhoon, flooding season and severe convective weather forecast information;
  - Pay more attention to relevant meteorological information, including flood, rain, typhoon and ocean tide level information, mainly from local meteorological departments; and
  - Develop warning issuance procedures and warning actions and measures.
  - Develop information reporting timeframes, procedures and methods.
- Information Reporting**
- Emergency Response**
- Post-emergency Processing**
  - Appropriate response procedures should the incident expand.
  - Each functional department should conduct a comprehensive inspection of the jurisdiction and functions, and timely rectifies the equipment damaged in typhoons and rainstorms and the problems exposed;
  - All functional departments should take back and organise anti-typhoon materials and replenish used materials in a timely manner; and
  - The emergency leading group is responsible for carrying out accident investigation, identifying the cause of the accident and formulating preventive measures.
- Training and Drills**
  - All departments and stations should actively organise relevant emergency drills to improve their ability to handle emergencies.
- Emergency Support**
  - Based on the existing materials in the emergency material reserve, each department should organise emergency material custodians, check and implement the material reserves, and replenish stations with insufficient reserves in a timely manner to ensure sufficient material reserves.

Looking ahead, the Group will carry out the work on response plans for climate-related financial risks and opportunities, and analyse the risks and opportunities posed by climate change to the Group in accordance with the recommendations of the TCFD.

## Adhering to Business Standards

The Group understands that a successful business depends on quality service and building trust with Stakeholders to gain the trust of customers. The Group adheres to business ethics to ensure that the services it provides can create long-term benefits for its Stakeholders. The Group has formulated a series of policies and measures on product responsibility, anti-corruption and supply chain to provide responsible services to different Stakeholders in order to maintain the Group's reputation and relationships with customers.

### IMPROVE SERVICE QUALITY

#### Provide Safe Services

The Group strives to maintain customer relationships and improve their satisfaction, and is committed to providing high-quality, efficient and safe services. It has formulated the "Project Operation Management Measures" and a series of policies on product responsibility to regulate management and operational processes. The Group's operation management centre has also developed a production safety management system and is responsible for the implementation of production safety management. Each company of the Reporting Projects is also required to register safety engineers to supervise safety matters at the operation sites and provide safety training to the relevant management staff. Each company of the Reporting Projects will also regularly inspect the operating equipment to ensure its proper operation. In addition, the by-products generated from the operation of some of the Group's anaerobic treatment projects will be further sold.

Regarding customer complaints, the Group requires companies of the Reporting Projects to correct and reply within 48 hours. During the Year, CEHL received a total of one complaint about products or services. The relevant complaint had been followed up in a timely manner according to internal procedures was handled properly. The company of the Reporting Projects strengthens education and training for staff to prevent similar incidents from happening again.

#### Safeguarding Intellectual Property

Innovation and technology can promote the efficiency of project operation, and protection of intellectual property rights is an important element of the Group's innovation and technology development. Therefore, the Group promises to respect the intellectual property rights of any partner or other business, and to abide by the intellectual property confidentiality agreements and comply with all relevant national or local laws and regulations. In addition, the Group only allows the use of licensed software.

The Group insists on leading and creating the market with technology. Its subsidiary, Beijing Capital Environment Technology Co., Ltd. (北京首創環境科技有限公司) (known as Beijing Capital Environment Technology) has been awarded the "National High-Tech Enterprise" certification, Beijing Municipal's "Specialised, Unique and New" Small and Medium-Sized Enterprise, "Beijing Municipal Intellectual Property Pilot Unit 2020-2022", "Innovative and Entrepreneurial Nursery Enterprise" in Shunyi District, Beijing Municipal, and "Leading Enterprise in the Field Restoration Segment in 2021" and many other awards.

Beijing Capital Technology has more than 60 patent achievements and participated in the preparation of 2 group standards, and edited 3 enterprise standards for record. The Huainan old landfill treatment PPP project was listed as a science and technology project of the Anhui Provincial Department of Housing and Urban-Rural Development. The obsolete waste efficient screening technology and complete sets of equipment were selected into the "Catalogue of Major Environmental Protection Technology and Equipment Encouraged by the State (2020 Edition)". The "Solution for rapid (aerobic) stabilisation of domestic waste landfills" was recognised by Beijing Municipal as a new technology and new product.

#### Protecting Customers' Rights

The Group values the privacy of its customers and is committed to protecting the private information of all its partners and other related personnel. The Group also requires employees not to disclose any proprietary information of its customers and partners. It also has a confidentiality system in place to regulate employee access to ensure that information is not disclosed and to protect the personal interests of the customers. The transaction contracts signed by the Group and its partners are accompanied by confidentiality clauses. For larger transactions, we will sign a non-disclosure agreement separately to protect customer privacy. If staff are found to be in breach of the relevant regulations, the Group will take actions such as warning, dismissal or legal action. During the Year, the Group did not receive any confirmed complaints of invasion of customer privacy and loss of customer information.

## Adhering to Business Standards

### Ensuring Accurate Advertising Information

The Group has the “Brand Management System” and an “Information Disclosure Management System” to provide guidance to staff on the Group’s brand strategy, information disclosure and crisis public relations matters. Currently, the Board Office is responsible for the Group’s branding, information disclosure and public relations matters. At the same time, each company of the Reporting Projects also has a relevant management staff to follow up on the Group’s local brand image issues.

Due to the nature of our business, the Group has not yet established an internal policy on product labelling. Looking ahead, the Group will formulate relevant policies in accordance with its business development needs.

### ABIDE BY BUSINESS ETHICS

#### Formulating Anti-Corruption Policies and Related Measures

The Group does not tolerate any form of corruption, including bribery, extortion, fraud and money laundering, etc., and promotes honesty and honesty. The Group has formulated a series of anti-corruption policies and regulations, including the “Employee Responsibility and Penalty Management Measures”, the “Implementation Measures for Punishment and Prevention of Corruption of CEHL”, “Employees’ Integrity and Self-discipline Work Regulation of CEHL”, “Integrity Practice Commitment”, “Assist in Family’s Integrity Proposal”, “Integrity Notice”, to regulate the work process related to anti-corruption, and require all units to conscientiously implement the established policies. The Company has set up an Internal Accountability Committee to review investigation reports and propose handling or punishment for employees suspected of committing corrupt acts. The whole procedure includes clue collection, case filing, investigation, decision, appeal, execution and other sections. The chairman of the Internal Accountability Committee is the CEO, and its members include the heads of the Audit Department, the Financial and Accounting Department, the Legal Affairs Department, the Human Resources Department, and the Party Work Department and their leaders in charge.

#### Set Up Anti-Corruption Reporting Channels

The Group also establishes and publishes telephone, e-mail addresses and correspondence addresses dedicated to reporting such leads within the company system, and encourages all employees to report any corruption such as bribery, extortion, fraud and money laundering. The sources and channels of clues also include letters, visits, reports, audits, inspections, case investigations, handling of major accidents, financial inspections and other special inspections. The Group promises that all whistleblowers will be protected by the Group for their personal data to ensure that they will not be treated unfairly due to whistleblowing actions.

In response to the corruption report received, the Group will conduct preliminary analysis, screening and review of relevant clues within 10 working days. After review and analysis, if it is deemed necessary to file a case for investigation, it will be reported to the leader in charge, and then approved by the CEO to start the investigation procedure. For clues that are particularly serious or complex, the Company’s Audit Department and the responsible leadership will handle them in accordance with relevant regulations and procedures. Once the report is verified, it will be punished according to the established system. Those who violated will be transferred to judicial authorities, including being reported and criticised, transferred from the position, reduced in rank, dismissed, or even terminated from the labour relationship.

#### Communicate Anti-Corruption Messages to Employees

The Company has long been committed to conducting business under the legal framework of fair competition, anti-bribery and anti-corruption, placing corporate’s anti-bribery and anti-corruption obligations above commercial interests, ensuring that the Group’s business is fair, just and transparent. In order to strengthen the anti-corruption policy and communication, during the Year, a total of 63.51% of the Group’s employees participated in the anti-corruption training, and an average of 3.78 anti-corruption training hours.

## Adhering to Business Standards

### SUPPLY CHAIN MANAGEMENT

The Group regards each supplier as an important partner who provides professional services and products. Through the established “Tender Management Measures” and “Procurement Management System” etc., the Group provides guidelines for the selection of suppliers that meet its requirements to ensure that they comply with laws and regulations in the process of providing products and services. The Group authorises the Tender and Procurement Working Committee to be responsible for the Group’s procurement work, and a dedicated negotiation team to negotiate with suppliers in hiring suppliers that meet the Group’s requirements.

Aspect	Selection Criteria
Social	<ul style="list-style-type: none"> <li>• Business reputation;</li> <li>• Sound financial accounting system;</li> <li>• Professional technical skills;</li> <li>• Good record of paying taxes and social security funds in accordance with the law; and</li> <li>• Social compliance performance.</li> </ul>
Environment	<ul style="list-style-type: none"> <li>• Emissions handling practices;</li> <li>• Packaging material use; and</li> <li>• Environmental compliance performance.</li> </ul>

The Company has established a list of suppliers for centralized procurement and will continue to improve supplier management to implement more centralized procurement of consumables. We also requires the establishment of a supplier database and dynamic management when conditions are ripe, which mainly includes the following work:

For businesses involving bulk purchases, new suppliers must undergo qualification review	Establish a supplier dynamic management mechanism and regularly update the supplier directory	Gives priority to purchasing products and services within the scope of the existing supplier directory
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Besides, in order to ensure the safety of the Group’s various operating points, the Group employs qualified security personnel through independent third-party organisations to ensure that they complete relevant security training before they officially start their jobs.

Going forward, the Group will assess the environmental and social risks in its supply chain and formulate policies to manage related risks, including practices on how to identify environmental and social risks in each link of the supply chain, and relevant implementation and monitoring methods. At the same time, the Group will also formulate relevant procedures to promote the practice of using more environmentally friendly products and services when selecting suppliers.

# Caring for the Community

CEHL actively shoulders its corporate social responsibility, and is committed to connecting all walks of life through its resources and advantages, listening to the voice of the community, and delivering care to the operating communities. The Group's "Measures for External Donations and Sponsorships" indicates the position and direction of CEHL's investment in the community. The Group also encourages employees to participate in community volunteering activities to create value for the community and become a force for social progress, building an inclusive community.

The areas of contribution of the Group are mainly in:

- Poverty alleviation: help relief of disaster-stricken areas, targeted poverty alleviation areas, targeted assistance areas or socially disadvantaged groups;
- Public welfare funding for sustainability development issues such as science and education, culture, health, sports, environmental protection, energy conservation and emission reduction; and
- Other social welfare projects

During the year, the Group donated a total of RMB2.88 million for road repair, flood control and disaster relief, infrastructure construction, renovation of nursing homes, improvement of public health and environment, protection of the catchment area of the South-to-North Water Diversion Project, etc.

## Nanyang Capital Environment Technology Company Limited (南陽首創環境科技有限公司) – Donation of RMB2.75 million for Ecological Protection

In order to protect the water quality of the reservoir, continuously improve the ecological environment around the reservoir and upstream areas, and actively fulfil the social responsibility of state-owned enterprises, Nanyang Capital Environment Technology Company Limited donated RMB2.75 million to the Red Cross Society of Xixia County for flood control and disaster relief, improving the public health and environment, and promoting environmental protection and public welfare in Xixia County's water source areas in accordance with the Law of the People's Republic of China on Public Welfare Donations, Civil Code of the People's Republic of China and other relevant laws and regulations. The Group hopes to make efforts to promote the realisation of economic goals and increase the assistance and relief efforts to the rural ecological environment, which brings ecological and social benefits.



## Caring for the Community

### **Solid Waste Incineration Power Generation Plant in Quanling, Nanchang, Jiangxi Province – Public Access to Excellent Power Plants**

During the Year, the Solid Waste Incineration Power Generation Plant in Quanling, Nanchang, Jiangxi Province was awarded the title of “Excellent Power Plant Open to the Public” by the Polaris Cup. This honour was selected by Polaris, a well-known platform in the environmental protection industry, and represents the industry’s recognition and affirmation of the positive contribution of the Solid Waste Incineration Power Generation Plant in Quanling, Nanchang, Jiangxi Province to the public opening.

The Solid Waste Incineration Power Generation Plant in Quanling, Nanchang, Jiangxi Province, as a national publicity and education demonstration base for domestic waste treatment and resource utilisation and the first batch of waste incineration power plants in the country designated by the Ministry of Ecology and Environmental Protection to be open to the public, has attracted many government units, social organisations, and primary and secondary schools to visit and study. This Year, a total of 26 groups with more than 360 people visited, achieving good publicity and demonstration effect. This showed the good image of the first project as a state-owned enterprise to the participants and different Stakeholders of the society, demonstrated the advanced processing ability and processing level of the project, and strengthened the public’s knowledge of the waste incineration industry and the supervision of the process of cleaning and disposing of domestic waste. This activity has achieved significant social effects and produced a positive demonstration and driving role.



### **Solid Waste Incineration Power Generation Plant in Duyun, Guizhou Province – Voluntary Tree Planting and Weeding Activity**

The Group understands the importance of trees to the environment. The Solid Waste Incineration Power Generation Plant in Duyun, Guizhou Province supports the national policy and jointly implements the specific action of “Green water and green mountain are gold and silver mountain” and organised employees to carry out voluntary tree planting and weeding activities this Year.

The Company provides tools and materials for tree planting and weeding, and planted more than 300 osmanthus saplings in total. While greening the surrounding environment of the factory, everyone can establish a sense of “ecological civilisation”. In addition, in order to maintain a clean environment and protect the surrounding ecological environment, the volunteer team also carried out environmental sanitation and weeding activities near Michong Towng.

This activity was supported by all the company’s employees and nearby residents with a total of 60 employees participated and a total of 180 volunteering hours.



Caring for the Community

**Waste Incineration Power Project in Huizhou, Guangdong Province – Donation of RMB100,000 to revitalise the countryside**

In 2017, the Waste Incineration Power Project in Huizhou, Guangdong Province was located in Luzhou Town, Huicheng District. The town is located in a remote area with inconvenient transportation, weak economic foundation and relatively lagging development. Thanks to the full support and cooperation of the local government and the surrounding villages and towns, the Project has been able to operate safely and stably from the preliminary site selection, engineering construction to operation.

Therefore, with the theme of “Reinforcing the Achievements of Poverty Alleviation and Helping Rural Revitalisation”, the Waste Incineration Power Project in Huizhou, Guangdong Province donated RMB100,000 to the surrounding villages of the Luzhou Project, revitalising infrastructure construction, supporting the rural economy, and establishing a harmonious relationship for the creation of a favourable external environment for the long-term stable operation of the project.



Looking forward, the Group will continue to support the development of the communities where the projects are located, and devote itself to a variety of charitable activities. At the same time, it will maintain close communication with the local communities to effectively respond to their needs and contribute to the local communities.

## Appendix: KPIs Summary

### ENVIRONMENTAL PERFORMANCE

Air emissions and type	Year 2021	Year 2020	Year 2019	Unit
Nitrogen oxides	2,769,190	2,049,072	838,017	kilogram
Sulphur oxides	711,638	616,538	287,736	kilogram
Respirable suspended particulates <sup>15</sup>	26,977	61,350	182,159	kilogram

GHG emissions	Year 2021	Year 2020	Year 2019	Unit
Scope 1	814,337	588,493	365,698	tonnes of CO2-e
Scope 2	7,203	22,473	24,076	tonnes of CO2-e
Scope 3	22	36	40	tonnes of CO2-e
Total GHG emissions (Scope 1,2 and 3)	821,562	611,002	389,814	tonnes of CO2-e
GHG intensity (Scope 1,2 and 3)	0.37	0.42	0.44	tonnes of CO2-e/RMB1,000 of revenue

Hazardous waste	Year 2021	Year 2020	Year 2019	Unit
Total amount of hazardous waste	1,271,046	775,386	416,099 <sup>16</sup>	tonnes
Hazardous waste intensity (by revenue)	0.57	0.56	0.47	tonnes/RMB1,000 of revenue

Non-hazardous waste	Year 2021	Year 2020	Year 2019	Unit
Total amount of non-hazardous waste	151,262	340,581	105,896 <sup>17</sup>	tonnes
Non-hazardous waste intensity (by revenue)	0.07	0.25	0.14	tonnes/RMB1,000 of revenue

<sup>15</sup> For the first time this year, the technical guidelines for the compilation of primary source emission inventories of atmospheric inhalable particulate matter were used to calculate the respirable suspended particles in the Solid Waste Incineration Power Generation Plant in Quanling, Nanchang, Jiangxi Province.

<sup>16</sup> The total hazardous waste estimate does not include the amount generated by Rural Solid Waste Collection Project in Qixian, Henan Province. The Group will continue to enhance its capabilities of data collection and accounting, and further improve its disclosure in the coming year.

<sup>17</sup> The total non-hazardous waste estimate does not include the amount generated by Rural Solid Waste Collection Project in Qixian, Henan Province, Solid Waste Collection and Transfer Project in Linyi County, Shanxi Province, Road Cleaning Project Environmental Health Service Centre in Chaoyang District, Beijing, Waste Collection and Transfer Project in Qianjiang City, Hubei Province, Solid Waste Collection and Transfer Project in Xihua County, Zhoukou City, Henan Province, Solid Waste Collection and Transfer Integration Project in Lushan County, Henan Province and Kitchen Waste Anaerobic Treatment Project in Yangzhou City, Jiangsu Province. The Group will continue to enhance its capabilities of data collection and accounting, and further improve its disclosure in the coming year.

## Appendix: KPIs Summary

Total energy consumption	Year 2021	Year 2020	Year 2019	Unit
Total energy consumption	6,837,526	4,690,092	2,008,391	MWh
Energy intensity (by revenue)	3.06	3.25	2.25	MWh/RMB1,000 of revenue

Total water consumption	Year 2021	Year 2020	Year 2019	Unit
Total water consumption	7,418,563	3,470,886	1,957,571	Cubic metres
Water intensity (by revenue)	3.32	2.60	2.19	Cubic metres/RMB1,000 of revenue

**Use of packaging materials**      The operations of the Reporting Projects did not involve consumption of packaging materials

## Appendix: KPIs Summary

### SOCIAL PERFORMANCE

Employment Statistics			Central China	South China	East China	Southwest China	Northeast China	Total
Number of employees	Total by project location		790	113	749	89	369	2,110
	Gender	Male	679	99	594	70	255	1,697
		Female	111	14	155	19	114	413
	Age	Below 30	143	47	154	22	29	395
		30-50	545	60	464	67	224	1,360
		Over 50	102	6	131	0	116	355
	Employment category	Senior managerial level	20	2	29	2	4	57
		Managerial level	50	6	48	5	20	129
		General staff	720	105	672	82	345	1,924
	Employment type	Full-time	790	113	743	89	369	2,104
Part-time		0	0	6	0	0	6	
New hire ratio <sup>18</sup>	Gender	Male	12.81%	11.11%	16.84%	11.43%	22.75%	15.56%
		Female	15.32%	21.43%	16.77%	10.53%	71.05%	31.23%
	Age	Below 30	18.18%	21.28%	32.47%	13.64%	51.72%	27.59%
		30-50	11.74%	6.67%	13.79%	10.45%	13.39%	12.43%
		Over 50	13.73%	0	9.16%	0	81.03%	33.80%
Turnover rate <sup>19</sup>	Gender	Male	10.31%	13.13%	18.18%	12.86%	24.31%	15.44%
		Female	7.21%	0	10.32%	15.79%	30.70%	15.01%
	Age	Below 30	16.78%	17.02%	27.27%	13.64%	10.34%	20.25%
		30-50	8.44%	8.33%	15.09%	13.43%	12.95%	11.69%
		Over 50	7.84%	0	9.16%	0	56.03%	23.94%
Number and percentage of employees from vulnerable groups	Ethnic minority <sup>20</sup>		23 (2.91%)	3 (2.65%)	3 (0.40%)	56 (62.92%)	7 (1.90%)	92 (4.36%)
	Person with disability		5 (0.63%)	0	6 (0.80%)	0	1 (0.27%)	12 (0.57%)
Workers <sup>21</sup>			329	83	1,771	47	719	2,949

<sup>18</sup> New hire rate is calculated by dividing the number of new hires in a category by the total number of employees in that category in the year.

<sup>19</sup> Employee turnover rate is calculated by dividing the total number of employees who left the company voluntarily or due to dismissal or retirement by the total number of employees in the year.

<sup>20</sup> In the People's Republic of China, ethnic minorities refer to the 55 statutory ethnicities other than the main ethnic group of Han Chinese, such as Miao people, Buyi people.

<sup>21</sup> In addition to directly employed persons, laborers whose work or workplace is controlled by CEHL, such as janitorial staff, security staff, property staff, and equipment inspectors.

## Appendix: KPIs Summary

Health and Safety Statistics		Central China	South China	East China	Southwest China	Northeast China	Total
Work-related injuries	Male	2	0	4	0	0	6
	Female	0	0	0	0	0	0
Work-related fatalities <sup>22</sup>	Male	0	0	0	0	0	0
	Female	0	0	1	0	0	1
Employees infected with occupational diseases	Male	0	0	0	0	0	0
	Female	0	0	0	0	0	0
Number of employees performing high risk duties <sup>23</sup>		146	0	13	69	89	317
Lost days due to work-related injuries or occupational diseases	Male	369	0	70	0	0	439
	Female	0	0	0	0	0	0

Training Statistics			Central China	South China	East China	Southwest China	Northeast China	Total
Training rate <sup>24</sup>	Gender	Male	85.95%	87.61%	77.83%	78.65%	72.88%	80.44%
		Female	14.05%	12.39%	22.17%	21.35%	27.12%	19.56%
	Employment category	Senior managerial level	2.78%	1.77%	4.78%	2.25%	1.18%	3.04%
		Managerial level	5.57%	5.31%	6.96%	5.62%	5.19%	5.94%
		General staff	91.65%	92.92%	88.26%	92.13%	93.63%	91.03%
Average training hours <sup>25</sup>	Gender	Male	36.19	1,094.06	8.68	8.0	12.82	30.27
		Female	26.60	288.0	13.18	8.0	15.70	26.50
	Employment category	Senior managerial level	30.71	168.0	15.45	8.0	36.0	28.43
		Managerial level	29.33	168.0	15.79	8.0	23.80	29.06
		General staff	35.34	200.0	8.89	8.0	12.86	29.60
Percentage of employees receiving regular performance and career development reviews <sup>26</sup>	Gender	Male	99.41%	100%	100%	100%	94.90%	99.0%
		Female	100%	100%	100%	100%	44.74%	84.75%
	Employment category	Senior managerial level	90%	100%	100%	100%	100%	96.49%
		Managerial level	98%	100%	100%	100%	100%	99.22%
		General staff	99.86%	100%	100%	100%	77.97%	96.0%

<sup>22</sup> There was no work-related fatalities in 2019 and 2020. Since the reporting scope for this year has changed, the number and rate of work-related fatalities in each of the past three years (including the reporting year) will be reported in the coming year.

<sup>23</sup> Refers to special vehicle operators, flammable and explosive area production operators, boiler specialists, steam turbine specialists, chemical water specialists, thermal control specialists, electrical specialists, boiler master and assistant operators, electrical master operators, steam turbine master operators, inspectors, garbage crane master operators, chemical water watchers, leachate processing operators, drivers and other types of work.

<sup>24</sup> Training ratio is calculated by dividing the number of employees trained in one category by the total number of trained employees.

<sup>25</sup> Average training hours is calculated by dividing the total hours of training received in a category by the number of employees in that category.

<sup>26</sup> The percentage of employees under review is calculated by dividing the number of employees under review in one category by the total number of employees in that category.

## Appendix: KPIs Summary

Supply Chain Management Statistics	Central China	South China	East China	Southwest China	Northeast China	Total
Suppliers located in China mainland	412	70	422	26	135	1,075
Suppliers located in Asia(not including Hong Kong and China mainland)	0	0	142	0	0	142
Percentage of suppliers implementing relevant practices	75.73%	100%	84.75%	100%	46.67%	80.20%

Operation and Product Responsibility Statistics		Central China	South China	East China	Southwest China	Northeast China	Total
Non-compliance in relation to health and safety of products and services	Total number of incidents	0	0	0	0	0	0
	Percentage of product recall	0	0	0	0	0	0
Number of complaints about products and services	Total number of incidents	1	0	0	0	0	1
Substantiated complaints about breaches of customer privacy or losses of customer data	Total number of incidents	0	0	0	0	0	0
Litigations regarding anti-competitive behaviour, anti-trust, and monopoly practices	Total number of incidents	0	0	0	0	0	0

Anti-corruption Statistics	Central China	South China	East China	Southwest China	Northeast China	Total
Confirmed incidents of corruption	0	0	0	0	0	0
Percentage of staff participating in anti-corruption training	61.01%	100%	50.20%	/	100%	63.51%
Average time spent in anti-corruption training	5.37	9.56	0.92	/	5.29	3.78

Community Investment Statistics		Central China	South China	East China	Southwest China	Northeast China	
Total donation amount	RMB	2,760,000	100,000	/	4,985	15,000	2,879,985
Volunteering	Participation	5	20	/	60	/	85
Volunteering hours	Hours	6	100	/	180	/	286

## Appendix: ESG Guide and GRI Standards Content Index

GRI Standards	ESG Guide	Contents in the ESG Guide or GRI Standards	Page
<b>Environmental Topics</b>			
<b>A1 Emissions</b>			
GRI 103-1 GRI 103-2 GRI 103-3 GRI 305 GRI 306	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	20, 32
GRI 305-7	A1.1	The types of emissions and respective emissions data.	36, 46
GRI 305-1 GRI 305-2 GRI 305-3 GRI 305-4 GRI 305-5	A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions and, where appropriate, intensity.	35, 46
GRI 306-2	A1.3	Total hazardous waste produced and, where appropriate, intensity.	32, 46
GRI 306-2	A1.4	Total non-hazardous waste produced and, where appropriate, intensity.	32, 46
GRI 103-2	A1.5	Description of emissions target(s) set and steps taken to achieve them.	34-35
GRI 103-2 GRI 306-2	A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	32-33
<b>A2 Use of Resources</b>			
GRI 103-2 GRI 301 GRI 302 GRI 303	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	32
GRI 302-1 GRI 302-3	A2.1	Direct and/or indirect energy consumption by type in total and intensity.	37, 47
GRI 303-5	A2.2	Water consumption in total and intensity.	38, 47
GRI 103-2	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	37
GRI 103-2	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	38
GRI 301-1	A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced.	N/A

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<b>Environmental Topics</b>			
<b>A3 The Environment and Natural Resources</b>			
GRI 103-2 GRI 103-3	General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	32
—	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	38
<b>A4 Climate Change</b>			
GRI 103-2 GRI 103-3	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	38-39
—	A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	39
<b>Social Topics</b>			
<b>B1 Employment</b>			
GRI 103-1 GRI 103-2 GRI 103-3 GRI 401-2 GRI 405 GRI 406	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	20, 26-27
GRI 102-7 GRI 102-8 GRI 405-1b	B1.1 (new Amendment)	Total workforce by gender, employment type, age group and location.  Percentage of employees per employee category in each of the following diversity categories: i. Gender; ii. Age group: under 30 years old, 30-50 years old, over 50 years old; iii. Other indicators of diversity where relevant (such as minority or vulnerable groups).	48  48
GRI 401-1b	B1.2	Employee turnover rate by gender, age group and geographical region.	48
GRI 401-1a	—	Total number and rate of new employee hires during the reporting period, by age group, gender and region.	48
GRI 406-1	—	Incidents of discrimination and corrective actions taken	26

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<b>B2 Health and Safety</b>			
GRI 103-1 GRI 103-2 GRI 103-3 GRI 403	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	20, 27
GRI 403-4	—	Where formal joint management-worker health and safety committees exist, a description of their responsibilities. (Partial)	15, 27
GRI 403-5	—	A description of any occupational health and safety training provided to workers, including generic training as well as training on specific work-related hazards, hazardous activities, or hazardous situations.	29
GRI 403-6a	—	An explanation of how the organization facilitates workers' access to non-occupational medical and healthcare services, and the scope of access provided.	29
GRI 403-9	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	49
GRI 403-9	B2.2	Lost days due to work injury.	49
GRI 103-2	B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	27-30
<b>B3 Development and Training</b>			
GRI 103-1 GRI 103-2 GRI 103-3 GRI 404	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	30-31
—	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	49
GRI 404-1	B3.2	The average training hours completed per employee by gender and employee category.	49
<b>B4 Labour Standards</b>			
GRI 103-1 GRI 103-2 GRI 103-3 GRI 408 GRI 409	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	20, 30
GRI 103-2 GRI 408-1c	B4.1	Description of measures to review employment practices to avoid child and forced labour.	30
GRI 103-2 GRI 409-1b	B4.2	Description of steps taken to eliminate such practices when discovered.	30

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<b>Social Topics</b>			
<b>B5 Supply Chain Management</b>			
GRI 103-1 GRI 103-2 GRI 308 GRI 414	General Disclosure	Policies on managing environmental and social risks of the supply chain.	42
—	B5.1	Number of suppliers by geographical region.	50
GRI 103-2	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	42
GRI 103-2	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	42
GRI 103-2	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	42
<b>B6 Product Responsibility</b>			
GRI 103-1 GRI 103-2 GRI 103-3 GRI 206 GRI 416 GRI 418	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	20, 40-41
—	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	50
—	B6.2	Number of products and service related complaints received and how they are dealt with.	50
—	B6.3	Description of practices relating to observing and protecting intellectual property rights.	40
—	B6.4	Description of quality assurance process and recall procedures.	40
GRI 103-2	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	40
GRI 418-1	—	Substantiated complaints concerning breaches of customer privacy and losses of customer data.	50
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<b>Social Topics</b>			
<b>B7 Anti-corruption</b>			
GRI 103-1 GRI 103-2 GRI 103-3 GRI 205	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	20, 41
GRI 205-3	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	50
GRI 102-17 GRI 103-2	B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	41
GRI 205-2e	B7.3 (new Amendment)	Description of anti-corruption training provided to directors and staff.	41, 50
<b>B8 Community Investment</b>			
GRI 103-1 GRI 103-2 GRI 203 GRI 413	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	43
GRI 203-1	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	43
—	B8.2	Resources contributed (e.g. money or time) to the focus area.	50
GRI 413-1	—	Operations with local community engagement, impact assessments, and development programs.	43-45
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GRI201-2	—	Financial implications and other risks and opportunities due to climate change.	17-18



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