



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



2022

SUSTAINABILITY REPORT

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Sustainability Performance 2022

Company Achievement

Processed 6.6942 million tonnes of solid waste

Produced 1.945 billion kilowatt-hours of on-grid energy

Total investment of RMB18.612 billion in projects in reserve

Environment

Greenhouse gas emissions intensity (Scope 1, 2 and 3) 0.72 tonnes of CO ₂ -e/RMB1,000 of revenue	Hazardous waste intensity 1.14 tonnes/RMB1,000 of revenue	Non-hazardous waste intensity 0.12 tonnes/RMB1,000 of revenue	Energy intensity 5.52 MWh/RMB1,000 of revenue	Water intensity 3.85 cubic metres/RMB1,000 of revenue
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Employees

Work-related injury rate per 1,000 workers 0 person	Percentage of employees receiving regular performance and career development reviews 96.68%	Total training hours 50,945.5 hours	Percentage of employees trained 87.44%
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Community Investment

A total donation of RMB660,000

A total of 480 volunteering hours

About this Report

This report is the seventh Sustainability Report (the “Report”) of Capital Environment Holdings Limited (“CEHL” or the “Company”) (stock code: HK03989) and together with its subsidiaries (the “Group” or “we”). In order to demonstrate the sustainability process and vision of CEHL to stakeholders, this Report details the policies, measures and performance 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 for reference at any time.

REPORTING BOUNDARY

This Report mainly covers the Group’s sustainability performance between January 2022 and December 2022 (the “Year”). As the Group seizes the opportunity of strategic integration, we are focusing on high-efficiency and eco-friendly projects for operational optimization. The scope of this Report (including the scope of environmental and social KPIs) covers 32 operating projects (referred to hereafter as the “Reporting Projects”) of CEHL in Mainland China that have been completed and put into production in or before 2022. Project types mainly include: 1) sanitation integration, 2) waste-to-energy, and 3) anaerobic treatment of organic waste, but do not include joint venture projects or projects located overseas.

Taking the access and ownership of data into consideration, 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 excluded¹. In the 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	Solid Waste Collection and Transfer Integration Project in Yutian County, Tangshan City, Hebei Province	North China	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

¹ As of 31 December 2022, the Group’s heavy asset projects in reserve reached a total of 65 projects (including 27 waste-to-energy projects, 5 landfill projects, 6 anaerobic treatment projects, 17 waste collection projects, 7 hazardous waste treatment projects, 1 waste appliance dismantling project and 2 biomass power generation projects) in the domestic market. The Group’s light asset projects in reserve reached a total of 25, including 14 sanitation business projects and 11 site restoration business projects.

About this Report

Project Type/ Process Type	Project Name	Region	Processing Capacity (tonnes/day)
	Township Solid Waste Collection and Transfer Project in Zhengyang County, Henan Province		400
	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 ²	Southwest China	670
	Waste Incineration Power Generation Project in Yutian County, Tangshan City, Hebei Province	North China	600
	Waste Incineration Power Generation Project in Qixian, Henan Province*	Central China	800
	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		1,000
	Waste Incineration Power Generation Project in Xihua County, Zhoukou City, Henan Province		600
	Waste Incineration Power Generation Project in Zhengyang County, Henan Province		600
	Domestic Waste-to-energy Project in Suixian, Henan Province		600
	Waste Incineration Power Generation Project in Xinxiang City, Henan Province*		1,000
	Venous Industry Park Project in Lushan County, Henan Province (Waste Incineration Power Generation Project) *		600

² Operations also include collection, storage and transfer of waste.

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 Project in Duchang County, Jiujiang City, Jiangxi Province*		800
	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 ³	East China	200
	Kitchen Waste Anaerobic Treatment Project in Xiaoshan, Hangzhou, Zhejiang Province		400
	Kitchen Waste Anaerobic Treatment Project in Hongmiaoling, Fuzhou City, Fujian Province*		400
	Capital Environment Kitchen Waste Anaerobic Treatment Project in Ningbo City, Zhejiang Province		400

* Newly included projects in this Report

Compared with the 2021 Sustainability Report, five 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 Main Board Listing Rules of SEHK. In addition, in order to enhance the level of report disclosure, this Report also refers to the GRI Standards 2021 ("new GRI Standards") issued by the Global Reporting Initiative ("GRI"). 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.

³ Referred to as Yangzhou Kitchen Waste Project in 2018 Sustainability Report.

About this Report

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

Materiality and stakeholder inclusiveness	Through communication with 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”).
Sustainability context	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.
Completeness	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.
Quantitative	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.
Accuracy	The Group rigorously maintains the accuracy of the information presented in the Report for Stakeholders to assess the Group’s performance and indicators.
Balance	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.
Clarity	This Report presents relevant ESG information to Stakeholders in an understandable and accessible format.

About this Report

Consistency and comparability

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".

Verifiability

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.

Timeliness

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 more comprehensive disclosure against the GRI Standards in order to improve the level of disclosure in the 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 20 March 2023.

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 Company'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

Chairman's Message



Mr. CAO Guoxian
Chairman

Chairman's Message

In 2022, as the COVID-19 pandemic continued, the global economy and society continued to endure massive impacts. Despite these challenges, CEHL, as a leading enterprise in the domestic solid waste industry in PRC, always puts the concept of sustainability first, constantly explores new ways of development, and makes essential contributions to the coordinated development of the economy, environment and society.

Following the national 14th Five-Year Plan for strategic development, China's ecological civilization construction in 2022 shifted its strategic focus towards carbon reduction. The Chinese Government has continued to step up its efforts to promote green and low-carbon development, greenhouse gas ("GHG") emissions control, air quality improvement and water ecology enhancement to accelerate the transition toward green economy. At the same time, along with the continuous strengthening of ecological environment protection and governance, the market space for China's environmental protection industry has expanded and created more development opportunities. As an industry leader, CEHL responded positively to the national call through deepening its engagement in the environmental protection field and providing high-quality environmental and waste management services to support China's green economy transition and ecological civilization, and the creation of a beautiful China.

Adhering to the corporate mission of "Jointly building a happy homeland that is clean, beautiful and prosperous", the Group is striving for the vision of "a trusted leader in environmental sustainability". We commit to promoting innovation and development of science and technology and stick to the path of steering market by virtue of technology and expanding market presence by leveraging technology. Also, we push forward with technology research and development, commercialization of technology, and innovation in mechanisms and explore solutions to the "pain points" of the industry so as to provide new momentum, incubate new businesses and nurture new growth areas. At the same time, the Group attaches great importance to talent training and establishes a comprehensive talent development system, which continuously injects new impetus into the development of the solid waste industry.

Looking forward, CEHL will continue upholding the concept of sustainable development, continuously enhance its technology and management levels, improve environmental benefits and innovation technology, and those as the core to further strengthen the cooperation with the community, Stakeholders and partners. CEHL will contribute to promote resource conservation, environmentally friendliness, and economic efficiency for sustainable development.

Cao Guoxian

Chairman

Capital Environment Holdings Limited

March 2023, Beijing

Executive Preface



Mr. LI Fujing
Chief Executive Officer

Executive Preface

The ecological environment is the foundation of human and economic development, and efficient and sustainable social development also benefits from the resources provided by the environment. Adhering to the concept that “Lucid waters and lush mountains are invaluable assets”, China is committed to pushing forward carbon neutrality and carbon peak and actively responds to the challenges posed by the climate change crisis. Continuing to improve the ecological environment and promote green and low-carbon development is one of the critical topics in the 2022 Government Work Report. As the leader of domestic solid waste industry, CEHL follows the national commitment to ecological protection by staying committed to low-carbon transformation, and shouldering the responsibility of maintaining the ecological environment.

CEHL focuses on communication with Stakeholders, listens to the expectations and needs towards CEHL from all sectors and Stakeholders' opinions and suggestions on the Group's sustainability planning. During the Year, the Group collected 900 responses from internal and external Stakeholders via an online questionnaire. Through the identification and assessment of material issues, the Group understands that Stakeholders focus on the area of “Employment and Labour Practices”, of which “Labour Practices and Staff Welfare” is the most concerned issue. In addition, issues such as “Occupational Health and Safety” and “Human Rights” are also issues of concern to Stakeholders.

The Group firmly believes that our employees are important driving forces behind our leadership in the solid waste industry. We are committed to providing a favourable working environment and various career development opportunities and safeguarding the interests of all employees. The Group also continues to optimize the safety management system and take comprehensive and effective management measures to protect employees' physical and mental health and safety. In addition, CEHL regards community investment as an essential part of the sustainable development of enterprises and invests resources in poverty alleviation, education and environmental protection to promote the joint development of CEHL and the community.

In the future, CEHL will continuously strive to promote ecological and environmental protection and sustainable development. The Group will make full utilization of our influence and resources to work with our operating partners and Stakeholders to fulfil the environmental and social responsibilities and jointly build a clean and sustainable homeland.

Li Fujing

Chief Executive Officer

Capital Environment Holdings Limited

March 2023, Beijing

Board Statement

GOVERNANCE RESPONSIBILITY

CEHL attaches great importance to sustainable development issues and its performance. The Board has full responsibility for the Group's sustainability strategy and reporting. To strengthen governance on sustainable development, CEHL plans to establish a Sustainability Committee which is responsible for monitoring, reviewing and recommending improvements on environmental, social, governance ("ESG") and sustainable development related policies, frameworks and management guidelines as well as reporting regularly to the Board on the achievement of the ESG objectives in 2023. In the future, the Board will continue reviewing the effectiveness of the Group's sustainability strategy and policies and the progress of relevant measures, and will revise relevant policies in a timely manner to coordinate the Group's business development.

The Group values the views of Stakeholders. During this Year, considering the outcome of Stakeholder communication, the Board confirmed that material sustainability issues covering employment and labour practices, environmental management and business practices would be the focus of the sustainability report. Through different chapters of this Report, CEHL describes its work progress and future plans in various areas during this Year. In the coming year, the Group will continue to actively communicate with Stakeholders to ensure our understanding towards their needs and expectations.

SUSTAINABILITY RISKS AND OPPORTUNITIES

Sustainability issues are changing rapidly. The Board is aware of 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.

According to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change, global temperatures are likely to rise by 2.2 degrees Celsius by the end of the century, potentially leading to an irreversible state. This means that climate change will severely impact business activities and people's lives. The Board understands that CEHL must proactively address 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 Policy on Climate Change 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

The Group has responded proactively to the Chinese government's vision of carbon peak and neutrality by setting a long-term target for carbon neutrality by 2050 to help limit global temperature rise to within 1.5 degrees Celsius above pre-industrial levels and implement measures for achieving the carbon emission reduction target by 2030. In addition, the Group continues to review its existing environmental management practices and data, and will 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 ("Beijing Capital Group")⁴, is a provider of integrated waste management and environmental infrastructure services, listed on the main board of the SEHK in 2006, principally engaged in the provision of waste treatment technologies and services, especially waste-to-energy projects. The Group, through its subsidiaries, is also engaged in the recycling and disposal of domestic solid waste. CEHL's business covers more than 20 major provinces and cities and the surrounding areas in China.

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 shareholders, business partners, customers and employees of the Company. 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 professional and systematic waste treatment services 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 ourselves or our clients.

⁴ Beijing Capital Group is a state-owned group company under the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality.

About CEHL

HONOURS AND RECOGNITION

No.	Award	Awarding Organisation
1	Top 50 Chinese Environmental Enterprises	China Environment Chamber of Commerce
2	Top 10 Influential Enterprises of Solid Waste in 2022	E20 Environment Platform China's Solid Waste Network
3	Beijing Enterprise Technology Centre	Beijing Municipal Bureau of Economy and Information Technology
4	Beijing Municipal Intellectual Property Pilot Unit	Beijing Municipal Intellectual Property Office
5	Leading Enterprise in the Site Restoration Segment	E20 Environment Platform
6	SMEs Growth and Progress Award – Ruijin Capital Environmental Energy Co., Ltd. (瑞金首創環保能源有限公司)	Ruijin Municipal Party Committee and Municipal Government
7	Excellent Public Opening Power Plant Award – Solid Waste Incineration Power Generation Plant in Quanling, Nanchang, Jiangxi Province	BeijiXing HuanBao, a well-known environmental protection industry platform
8	Zhongguancun High-tech Enterprise – Beijing Capital Environment Technology Co., Ltd. (北京首創環境科技有限公司)	Haidian District People's Government of Beijing Municipality
9	Zhumadian May Day Labour Award 2022 – Zhengyang Capital Environmental Energy Co., Ltd. (正陽首創環保能源有限公司)	Zhumadian Municipal Committee and Municipal Government, Zhengyang County Committee and County Government
10	Science and Technology Achievement Certificate – Waste Incineration Power Generation Project in Xinxiang City, Henan Province	Department of Science and Technology in Henan Province
11	Nanchang Advanced Collective Environmental Sanitation – Solid Waste Incineration Power Generation Plant in Quanling, Nanchang, Jiangxi Province	Nanchang City Environment Administration
12	Environmental Health Work Advanced Unit in 2022 – Waste Incineration Power Project in Huizhou City, Guangdong Province	Huizhou City Sanitation Affairs Center
13	National Intellectual Property Advantageous Enterprise in 2022 – Beijing Capital Environmental Technology Co., Ltd. (北京首創環境科技有限公司)	China National Intellectual Property Administration
14	Winning Unit of Nanyang City "Ankang Cup" Competition – 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	Nanyang Federation of Trade Unions, Nanyang Emergency Management Bureau, Nanyang Health and Sports Commission
15	Selected as a case study of the Public-Private Partnership (PPP) Demonstration Projects compiled by the PPP Centre of the Ministry of Finance – Capital Environment Kitchen Waste Anaerobic Treatment Project in Ningbo City, Zhejiang Province	PPP Centre of the Ministry of Finance

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 setting 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 from time to time 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 Chairman and the Chief Executive Officer of the Company (the "CEO"), and other members of the Safety Committee are 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 so as to enable effective identification, assessment, mitigation, reporting, and monitoring of various major risks of the Group and its companies of the Reporting Projects and to more prudently formulate strategies and implement projects with 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 Board has reviewed and confirmed the applicability of the results of the ESG risks identified in 2019, which have been considered by the Board and management in developing its operational strategies. The material 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 ban 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.	CEHL has developed the "Climate Change Policy", specifying 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.	

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 health and safety 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 cyber-attack	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 60.13% of the employees of the Group participated in anti-corruption training, and the average time for employees to participate in anti-corruption training was 2.23 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

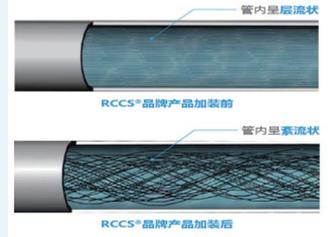
SUSTAINABILITY OPPORTUNITIES

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

During 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:

- Domestic Waste-to-energy Project in Suixian, Henan Province has upgraded the boiler denitrification system and adopted internationally advanced technology and equipment, achieving a high degree of automation of waste gas treatment through the computer control system. As a result, exhaust gas from incineration emits after going through flue gas purification treatment of “in-furnace SNCR (Selective Non-Catalytic Reduction) denitrification + semi-dry + dry + activated carbon adsorption + cloth bag dust removal”, thus reaching emission standard and achieving flue gas emission indicators that are comprehensively superior to the national environmental protection standards.
- Waste Incineration Power Generation Project in Xinxiang City, Henan Province completed the installation of RCCS (Real-time online Condenser Cleaning & enhance heat transfer System). After implementation, the terminal temperature difference of condenser can be reduced by 3-7°C, and the steam consumption of the turbine can be reduced by 0.2kg/kWh, significantly improving the power generation efficiency of the turbine.



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. Any violation of relevant laws and regulations will affect 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 that the rules and standards related to safety production, occupational health and environmental protection in all aspects of production and operation activities are in compliance with relevant national safety, health and environmental regulations. It states that the companies of 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, 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 "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.

Improving Sustainability Governance

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	<p>“Environmental Protection Law of the People’s Republic of China”</p> <p>“Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes”</p>	The Group has not identified any cases of non-compliance in relation to emissions in the Reporting Projects during the Year.
Employment	<p>“Labour Law of the People’s Republic of China”</p> <p>“Labour Contract Law of the People’s Republic of China”</p>	During the Year, no cases of discrimination or non-compliance in relation to employment were found among the Reporting Projects of the Group.
Health and Safety	<p>“Production Safety Law of the People’s Republic of China”</p> <p>“The Law of the People’s Republic of China on the Prevention and Treatment of Occupational Diseases”</p> <p>“Regulation on Work-Related Injury Insurances”</p>	During the Year, no cases of non-compliance in relation to health and safety were found among the Reporting Projects of the Group. Zero case of work-related injuries in the Reporting Projects was identified.
Labour Standards	<p>“Law of the People’s Republic of China” on the Protection of Minors”</p> <p>“Payment of Wages Tentative Provisions”</p>	The Group has not identified any cases of non-compliance in relation to labour standards during the Year.
Product Responsibility	<p>“Company Law of the People’s Republic of China”</p> <p>“Standard for Pollution Control on Municipal Solid Waste Incineration”</p>	The Group has not identified any cases of non-compliance in relation to product responsibility during the Year.
Anti-Corruption	<p>“Anti-Unfair Competition Law of the People’s Republic of China”</p> <p>“Anti-Money Laundering Law of the People’s Republic of China”</p> <p>“Bidding Law of the People’s Republic of China”</p>	The Group did not receive any cases of corruption proceedings against the corporation or its employees during the Year, and did not violate laws and regulations in relation to anti-corruption.

Responding to Stakeholders' Feedback

STAKEHOLDER ENGAGEMENT AND COMMUNICATION

The Group understands that by listening to Stakeholders' opinions it can adjust its corporate strategies and operating policies in a timely manner and better manage its 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, encourages employees to participate in community volunteer activities, and contributes 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.

IDENTIFYING MATERIAL ISSUES

1 Update of the list of sustainability issues
According to different local and international reporting standards, and with reference to the content of the online questionnaires in previous years, assisted CEHL to identify 33 sustainability issues most closely related to its business and impact, covering "Economy", "Environment", "Employment and Labour Practices", "Operating Practices", and "Community Investment".

2 Collection of Stakeholders' opinions
Through the online questionnaire, the Group invited internal and external Stakeholders to rate the 33 identified sustainability issues. The scoring criteria included the degree of importance to Stakeholders and CEHL's degree of environmental and social impact. The Group collected a total of 900 valid responses.

3 Identification of material issues
Based on the results and analysis of the online questionnaire, the Group identified 18 material issues. In addition, the Group also invited Stakeholders to identify areas where the Group can make positive contributions, and take this into consideration for the Group's future strategic development direction for sustainability.

4 Verification
The materiality matrix and analysis results are reviewed and validated by the Board.

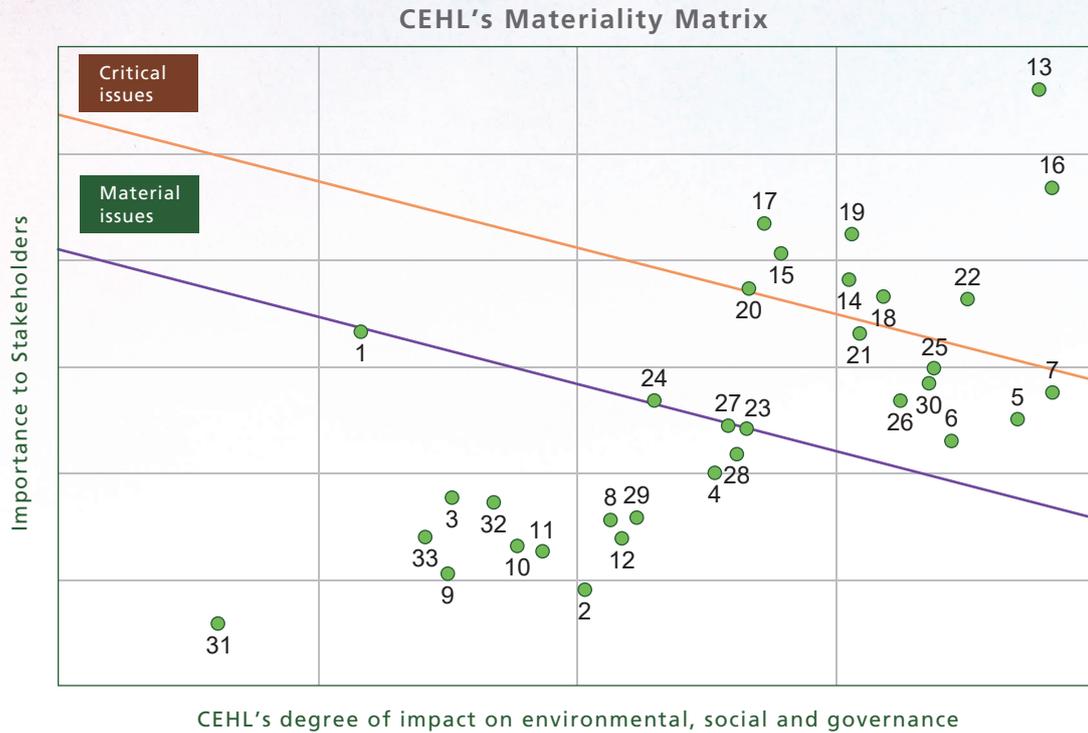
Responding to Stakeholders' Feedback

SUSTAINABILITY ISSUES

Economy	1)	Creating economic value for Stakeholders	Employment and Labour Practices	13)	Labour practices and staff welfare	
	2)	Research and development		14)	Diversity and equal opportunities	
	3)	Sustainability risk management		15)	Labour relations	
	4)	Sustainability opportunities		16)	Occupational health and safety	
Environment	5)	Air emissions management	Operating Practices	17)	Training and development opportunities	
	6)	Water use and wastewater treatment		18)	Strictly prohibiting child labour or forced labour	
	7)	Waste disposal		19)	Human rights	
	8)	Energy use and efficiency		20)	Protecting freedom of association and the right to collective bargaining	
	9)	Resource usage and efficiency		21)	Regulating security practices	
	10)	Biodiversity			22)	Customer health and safety
	11)	GHG management and climate change response			23)	Responsible marketing communications
	12)	Environmental education		24)	Quality management and after-sales service	
Community Investment			Community Investment	25)	Customer data and privacy	
				26)	Protecting intellectual property	
				27)	Suppliers environmental and social assessment	
				28)	Responsible procurement practices	
				29)	Anti-competitive behaviour	
			30)	Anti-corruption		
			31)	Community engagement, impact assessment and investment		
			32)	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 responding to the issue
	Internal Stakeholder			External Stakeholder								
	Managers of reporting projects	Management of strategic functions	Other staff	Customers	Contractors	Partners	Suppliers	Government regulators	Banks	Media	NGOs	
7 Waste management	✓	✓			✓			✓		✓	✓	Fulfilling Environmental Responsibility & Improving Sustainability Governance
5 Air emissions management	✓	✓					✓		✓	✓		
6 Water use and wastewater treatment	✓	✓			✓		✓		✓	✓		
13 Labour practices and staff welfare	✓	✓	✓					✓		✓	Strengthening Employment System & Improving Sustainability Governance	
14 Diversity and equal opportunities	✓	✓	✓					✓		✓		
16 Occupational health and safety	✓	✓	✓		✓	✓		✓		✓		
18 Strictly prohibiting child labour or forced labour	✓	✓	✓					✓		✓		
17 Training and development opportunities	✓	✓	✓		✓	✓						
15 Labour relations	✓	✓	✓					✓		✓		
19 Human rights	✓	✓	✓					✓		✓	Adhering to Business Standards & Improving Sustainability Governance	
20 Protecting freedom of association and the right to collective bargaining	✓	✓	✓					✓		✓		
21 Regulating security practices	✓	✓			✓							
22 Customer health and safety	✓	✓		✓	✓	✓	✓	✓		✓		
30 Anti-corruption	✓	✓	✓	✓	✓	✓	✓	✓		✓		
25 Customer data and privacy	✓	✓		✓	✓	✓	✓		✓	✓		
24 Quality management and after-sales service	✓	✓		✓	✓	✓	✓	✓		✓		
23 Responsible marketing communications	✓	✓		✓	✓	✓	✓	✓		✓		
26 Protecting intellectual properties	✓	✓		✓	✓	✓	✓					

According to the results of the questionnaire, the Stakeholders of CEHL are very concerned about the issues in the area of "Employment and Labour Practices". Most of the issues are identified as material issues, among which "Labour Practices and Staff Welfare" 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 an equal and respectful working environment to unleash their talents. The Group has formulated a series of staff policies, including "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 holidays⁵ and allowances⁶. 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, with Monday through Friday being working days. Each project can adjust it 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. The Group 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 employee policies. In addition, the Group attaches great importance to equal opportunities for employees. It conducts screening and interviews following the principles of fairness, impartiality and openness in recruiting and promoting 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.

⁵ Paid leave includes work injury leave, marriage leave, maternity leave, breastfeeding leave, family planning leave and funeral leave.

⁶ Subsidies include transportation allowance, communication allowance, meal allowance, high temperature allowance, etc.

Strengthening Employment System

DIVERSITY

A diverse workforce brings different skills, experiences and various ideas to the Group, injecting tremendous development potential into the Group. As an enterprise with operating sites in multiple provinces in China, the companies of the Reporting Projects of the Group are committed to employing employees of different backgrounds, such as employees of ethnic minorities (including those of Yi, Hui, Miao, Tujia, Mongol, Zhuang, Man, Buyi, Shui, Dong, Maonan and Gelao ethnic group). Looking ahead, the Group will continue to develop different diversity measures to enable them to work in a pluralistic and inclusive environment and protect their fundamental rights.

PROMOTING HEALTH AND WELL-BEING

Ensuring employees' health and safety is the Group's top priority. Therefore, the Group has formulated the "Safety Management Method" and "Occupational Health Management Measures" to manage occupational health and safety effects. 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 health and safety measures for the Group. In addition, they should provide occupational health and safety training for employees. CEHL has also signed the "2022 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 primary 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 systems by 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 product safety and hygiene standards and reduce the risk of accidents. In a major accident, the CEO will lead the Safety Committee and the companies of the Reporting Projects to initiate emergency rescue work and investigate and formulate preventive measures with the relevant departments and project managers 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 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 process 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.

Strengthening Employment System

HAZARD IDENTIFICATION AND SAFETY HAZARD INVESTIGATION

The Group is committed to reducing potential risks and accidents in project operation, ensuring the companies of the Reporting Projects regularly conduct hazard source identification and safety hazard screening. Furthermore, in the event of significant changes in the new project or organizational structure, equipment renewal, renovation or major changes in operation methods, as well as precise requirements of national laws and regulations, the company of the Reporting Projects will also carry out hazard source identification and risk assessment activities again to ensure that the current and potential related risks can be identified. After completing hazard source identification and risk assessment activities, the company of the Reporting Projects will report to the Safety Committee and relevant functional departments and formulate risk control measures.

SECURITY ACCIDENT EMERGENCY PLAN

The Group has the responsibility to prepare its employees for emergencies. 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 handle emergencies comprehensively, prevents and controls secondary accidents and derivative disaster 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 company 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 an accident handling team, communication team, alert team, rescue team and material supply team, to assist in the event of an accident.

To ensure that employees clearly understand the procedures to be followed in 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. In addition, 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 promptly and effectively, 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, summarise experience and deficiencies, and then make targeted improvements.

During 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

Racing against Time to Repair Faulty Equipment of Solid Waste Incineration Power Generation Plant in Quanling, Nanchang, Jiangxi Province

On 17 May 2022, the project company's No. 2 furnace suddenly experienced unexpected abnormality during operation. The biotechnology department of the project quickly started the emergency plan, stopped the stove as an immediate first step, and arranged relevant technical personnel to conduct an all-round inspection of the equipment to promptly troubleshoot and find out the cause of the failure. Subsequently, the technical personnel, given the cause of the loss, immediately developed maintenance programs and specific work plans. Relevant technical personnel worked diligently at their respective positions every day and eliminate the malfunction in the shortest possible time. To ensure the continuous and stable operation of the equipment, the maintenance personnel not only completed urgent repairs but also completed other maintenance works, including a comprehensive investigation and inspection of the components in the No. 2 furnace that appeared normal.



SAFETY TRAINING AND STAFF PHYSICAL EXAMINATION

The Group provides employees with regular health and safety 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 company 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.

Strengthening Employment System

Safety Production Month in 2022

During the "Safety Production Month" of this Year, the companies of the Reporting Projects carried out a series of safety education activities with novel contents and various forms, with extensive participation of employees. These activities included multiple forms of emergency drills and safety knowledge learning and training. For example, nearly 40 employees of Capital Environment Kitchen Waste Anaerobic Treatment PPP Project in Ningbo City, Zhejiang Province carried out an emergency drill in confined space and emergency training on "three people, three belts, oil drum fire fighting".

In addition, more than 30 employees of Qianjiang Solid Waste Incineration Power Generation Project Company successfully passed the cardiopulmonary resuscitation test and were awarded the "Emergency Rescue Work Certificate" by the Red Cross.



Strengthening Employment System

RESPONSE TO COVID-19

During the outbreak of the COVID-19 epidemic in 2022, the Group paid close attention to its development trend and strictly follows the local government's epidemic prevention instructions. It was 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, employees of various companies of the Reporting Projects also made every possible effort to stay in their roles and minimize the impact of the epidemic on the economy and people's livelihoods.

Persisting In Both Epidemic Prevention and Control and Ensuring Stable Production and Supply

In mid-November 2022, Ningbo experienced another wave of COVID-19 cases. Following the instructions from the Municipal Prevention and Control Office and the Municipal Urban Management Bureau, Capital Environment Kitchen Waste Anaerobic Treatment PPP Project in Ningbo City, Zhejiang Province immediately organized an emergency meeting and implemented the pre-lockdown deployment work upon receiving the closure order. Under the meeting plan, all functional departments carried out their respective duties, including checking production and epidemic prevention materials, integrating accommodation areas and distributing camp beds. During the epidemic, all employees remained at their posts, balancing pandemic prevention and control while maintaining stable production and supply. They worked hard to ensure safe, smooth and orderly operation of municipal services.



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.

Basketball Fellowship Tournament Event

In order to enrich the leisure and recreational life of employees of companies of the Reporting Projects, Solid Waste Incineration Power Generation Plant in Gao'an City, Jiangxi Province jointly launched a basketball tournament with Gao'an City Administration. The fellowship tournament not only inspires employees' enthusiasm and confidence in sports, but also enhances their friendship, cultivates team spirit and enhances corporate cohesion.



RESPECT FOR HUMAN RIGHTS

The Group values human rights and supports international human rights conventions, charters and principles, including the International Human Rights Law, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, and the United Nations Guiding Principles on Business and Human Rights. We prohibit the use of child labour and forced labour. We have formulated the "Employee Management Measures", "Recruitment and Hiring Measures" and the labour rights protection system at the project company level.

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 Company signs written labor contracts with employees, specifying working hours, work breaks and leaves, labor protection, and occupational hazard protection in accordance with the law and in a legal, fair and voluntary manner. 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.

Strengthening Employment System

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. Each 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.

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 Stakeholders. 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.

Strengthening Employment System

During the Year, the Group continued to professionalize its talents team and further improved the construction of the talents position system. It utilized various platforms such as the Chuangyun Book Court and the Capital Environment Podium to conduct talent training, holding 15 live broadcasts on professional training, and offering more than 240 courses. In addition, the Group improved the incentive and constraint mechanism to stimulate the vitality of the organization in a continuous manner.

Improving Team Skills through “Mentoring”

Since June 2022, Waste Incineration Power Generation Project in Xihua County, Zhoukou City, Henan Province has selected 18 people to form 9 pairs of mentors and apprentices, which has kicked off the training activity of “Mentoring”. Through the pair learning of mentors and apprentices, their job skills were improved, and the professional and technical backbone played a role in “transmission, help, guide and teach”, promoting the capacity building of the operation team. Through the training activities of “Mentoring”, the operation personnel has improved their theoretical knowledge and practical operation skills.



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, 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 1,974,120 tonnes, of which incineration projects accounted for over 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 199,634 tonnes, of which the waste collection and transfer projects accounted for more than 51% of the total weight of non-hazardous waste. 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 55%, due to the change of physical boundaries this Year, which increased from 11 waste incineration projects in 2022 to 15 projects this Year. This led to an increase in the hazardous waste generated by incineration projects. Similarly, due to the change of physical boundaries this Year, the non-hazardous waste increased by 32% compared with previous year. The Group will increase the utilization of resources, control all aspects, and reduce the generation of hazardous and non-hazardous waste.

Fulfilling Environmental Responsibility

Direction	Action Plan
Regulation of waste disposal	<ul style="list-style-type: none"> 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 ; Hazardous waste generated during renovations shall be collected and transported by qualified contractors for disposal; and 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.
Encourage employees to reduce waste at source	<ul style="list-style-type: none"> Reduce the use of single-use items and encourage using recyclable items; Encourage waste sorting in office and living areas; and Separate storage and disposal of hazardous and non-hazardous waste from operations.

Launching the “Taking the Lead in Garbage Classification” Themed Publicity Campaign

Since the implementation of the revised Beijing Municipal Regulations on the Management of Municipal Solid Waste, CEHL has been actively carrying out its responsibilities as a state-owned enterprise and has launched waste separation promotional and implementation activities in accordance with the deployment of the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality and the Beijing Capital Group. We made full use of the Company's resources and turned the large electronic screen in the front office into a publicity window to launch a comprehensive garbage classification campaign. To promote the classification of domestic garbage scientifically, an excellent scientific video on garbage classification was selected to demonstrate the classification methods of domestic garbage, the types of domestic waste included in different types of garbage, and the final disposal methods for different kinds of waste.

Organizing Public Education Activities

In 2022, the project company in Huizhou organized a public education event for the Huizhou's “Where Does the Garbage Go” incineration terminal. Through various forms such as publicity videos, immersive visits, interaction and exchanges, the event promoted garbage classification and allowed participants to experience the entire process of garbage classification and treatment.



Fulfilling Environmental Responsibility

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.

CARBON MANAGEMENT

During the Year, CEHL commissioned external consultant to conduct a carbon assessment to quantify the GHG emissions⁷ (or “Carbon Emissions”) generated from the operation of Reporting Projects. The quantification process⁸ 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 98% of Scope 1). Compared with 2021, total GHG emissions this Year increased by 52%. Among them, direct (Scope 1) GHG emissions, energy indirect (Scope 2) GHG emissions and other indirect (Scope 3) GHG emissions increased by 52%, 31% and 12% respectively. The increase in Scope 1 GHG emissions was mainly related to the increase in the amount of waste disposal. The increase of Scope 2 GHG emissions and Scope 3 GHG emissions are due to change of physical boundaries this Year. 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 803,603 tonnes of carbon dioxide emissions, an increase of 46% compared to the previous year.

⁷ The assessment covers six types of GHG regulated by the “Kyoto Protocol”, including CO₂, CH₄, nitrogen oxide (N₂O), perfluorocarbons (PFCs), and hydrofluorocarbons (HFCs), and Sulphur hexafluoride (SF₆); chlorofluorocarbons (HCFCs) is also covered.

⁸ The quantification process adopts operational control methods to aggregate data.

Fulfilling Environmental Responsibility

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

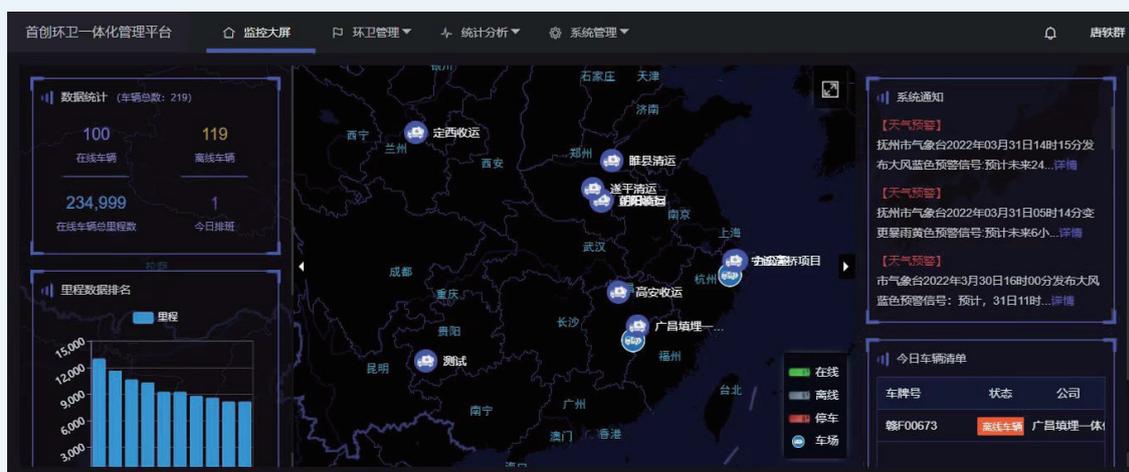
Direction	Action Plan
Reduce Incineration-related Carbon Emissions	<ul style="list-style-type: none"> • Control fire line to ensure no raw material; • Reasonably distribute air to make the furnace combustion adequately; • Lead the methane gas to be the furnace chamber combustion; • Stabilize and fully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

Fulfilling Environmental Responsibility

Scope	Emissions Source	Emissions (tonnes of CO ₂ 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 ⁹	1,235,054
GHG emissions from the combustion of biomass fuels ¹⁰		1,630,844
Energy indirect (Scope 2) GHG emissions	Purchased Electricity	9,401
Other indirect (Scope 3) GHG emissions	Business Travel by Air	24
Total GHG emissions (Scope 1, 2, and 3)		1,246,276

Promoting Cost Reduction and Efficiency, Energy Saving and Emission Reduction through Scientific and Technological Means

In 2022, 55% of the environmental sanitation projects under CEHL have been equipped with its self-developed “CEHL Sanitation Integrated Control Platform”. This platform enables real-time control of people, vehicles, materials and matters throughout the entire process, promoting the development of various management indicators and improving the management level steadily.



⁹ 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.

¹⁰ Biomass included domestic waste incinerated in waste-to-energy projects, and biogas produced in landfills and anaerobic treatment projects.

Fulfilling Environmental Responsibility

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 target, CEHL has set a long-term target for carbon neutrality by 2050 to help limit global temperature rise to within 1.5 degrees Celsius above pre-industrial levels and implemented measures for achieving the carbon emission reduction target by 2030. The Group will incorporate “Dual-Carbon” into the Group’s overall business development strategy, actively develop carbon emission reduction projects within the Group and develop carbon asset-related businesses. Meanwhile, we will implement technology reserves for energy saving and carbon reduction projects, and conduct multiple discussions and exchanges with educational institutions, as well as engineering and equipment manufacturers in the industry to jointly move towards low carbon transformation.

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, sulphur 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 2021, the production of nitrogen oxides, sulphur oxides and respirable suspended particles increased by 43%, 42% and 51% respectively. These are due to the change of the physical boundary this Year, increased from 11 waste incineration projects in 2021 to 15 projects this Year, resulting in a large increase in nitrogen oxides, sulphur oxides and respirable suspended particles. In order to reduce the generation of air pollutants, the Group will continue to optimize and improve processes and equipment, and gradually reduce exhaust emissions on the basis of previous years.

	Type	Emissions (kg)
Air Pollutants	Nitrogen oxides	3,972,439
	Sulphur oxides	1,008,590
	Respirable suspended particles	40,687

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.

Fulfilling Environmental Responsibility

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

Industrial Cold End Intelligent Operation and Maintenance System (CIMS)

Due to poor and unstable water quality, the water used for Waste Incineration Power Generation Project in Zhengyang County, Henan Province was causing a decline in economic efficiency. In July 2022, the project completed the overall renovation and debugging of the CIMS (Industrial Cold end Intelligent operation and Maintenance System). By adopting the three-stage deep water treatment technology, the problem of high hardness of the makeup water was solved at source, which not only greatly improved the water quality, but also significantly reduced the amount of dosing, makeup water and discharge. After the completion of the renovation, the turbine power generation increased by 3% compared with the same period last year, and the circulating water discharge volume decreased from 200 tonnes/day to 80 tonnes/day, which can save RMB300,000 per year in circulating water pharmaceutical costs.



Fulfilling Environmental Responsibility

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.

Energy

Each company of the Reporting Projects has specialized 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 11%, mainly due to the change of the physical boundary this Year; increased from 11 waste incineration projects in 2021 to 15 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">• 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;• Turn off computers (including monitors) after office hours;• 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;• Replacing older, less efficient systems with energy efficient air conditioning systems;• Remind employees to turn off lights when they are not needed by posting signage to promote energy savings; and• Promote energy saving messages to employees through internal communications.

Fulfilling Environmental Responsibility

Use of energy

Type	Consumption (MWh)	Type	Consumption (MWh)
Coke	0	Domestic waste (mineral carbon)	4,004,724
Gasoline	3,604	Domestic waste (biocharcoal)	6,866,083
Diesel	81,750	Solar	0
Biodiesel	0	Purchased electricity	16,484
LPG	6	Produced electricity that was not yet consumed	0
Natural Gas	9,918	Sold electricity ¹¹	(-1,409,087)
Total Energy Consumption			9,573,481

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

Heating and Steam Supply Renovation

With the recent sharp increase in the price of natural gas, the production costs of steam-using enterprises in the region are rising. The local government is eager to promote the implementation of centralized steam supply projects to optimize the business environment. Waste Incineration Power Generation Project in Xinxiang City, Henan Province completed the renovation of the external steam supply in December 2022, which is expected to supply steam of at least 30 tonnes/hour initially and up to 60 tonnes/hour. The project will likely realize a centralized steam supply, improve the total energy utilization rate and provide steam to the municipal steam pipeline to meet the needs of heat users in the gathering area.

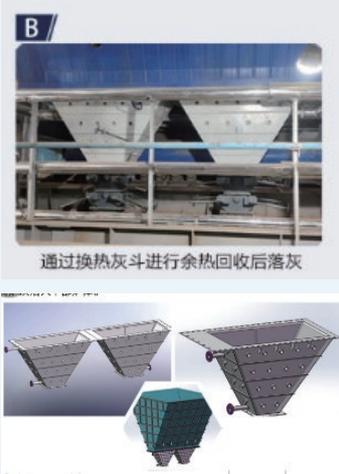


¹¹ Sold electricity was generated from the Waste Incineration Projects included in this Report (a total of 15 projects).

Fulfilling Environmental Responsibility

Water-Cooled Spiral Upgraded to Heat Recovery Ash Hopper

In July 2022, Waste Incineration Power Generation Project in Yutian County, Tangshan City, Hebei Province renovated the ash disposal system of boilers #2 and #3 by converting the original spiral ash disposal device into a powerless heat recovery ash hopper. The spiral ash conveying method was used in the second and third flues. The spiral ash conveying method is easy to jam during the boiler operation, which is difficult to be handled after an accident and can lead to an accidental shutdown in severe cases. After the project transformed the spiral ash conveyor into a heat recovery ash hopper, the original spiral motor was removed to reduce the fault jamming and recover the heat of ash discharge for reuse. The heat recovery capacity is 300,000 kJ/hour, which can save 48,000 kWh/year and reduce the equipment failure rate and the number of accidental furnace shutdowns. Waste Incineration Power Generation Project in Xinxiang City, Henan Province also completed similar technical upgrade in November 2022.



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 Reporting Projects this Year was 6,689,104 cubic meters, a decrease of 10% compared to the previous year. As some of the project's waste compressing stations switched to well water, and some of that water usage data not being able to be captured, resulting in a reduction in water consumption.

The Group mainly adopts the following methods to save water :

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

Fulfilling Environmental Responsibility

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.

Zero Liquid Discharge Technology Improvement for Cooling Water Circulation

The technology has been put into operation in the Solid Waste Incineration Power Generation Plant in Gao'an City, Jiangxi Province since 2022, enabling the recycled water to fully meet the zero waste water discharge as required by the EIA's report and approval. Dynamic adjustment of the replenishment water of the power plant and comparative analysis of the tap water consumption shows that the tap water consumption in 2022 is reduced by 110,000 tonnes compared with that in 2021.



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 organizations and government agencies are immediately contacted when an accident occurs to explain the accident situation and minimize the impact of the accident on surrounding areas and the environment.

Fulfilling Environmental Responsibility

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.

The Group recognizes 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 exploring new business areas, and enhance its climate mitigation, adaptation and resilience. CEHL has formulated "Policy on Climate Change" which sets out measures 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 minimize 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.

Fulfilling Environmental Responsibility

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 minimize losses caused by emergencies. The relevant Reporting Projects have also formulated major measures, including:

Emergency Command Organization and Responsibility	<ul style="list-style-type: none"> • Establish an emergency rescue working group; and • Develop the responsibilities of the emergency rescue working group.
Prevention and Early Warning	<ul style="list-style-type: none"> • 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.
Information Reporting	<ul style="list-style-type: none"> • Develop information reporting timeframes, procedures and methods.
Emergency Response	<ul style="list-style-type: none"> • Appropriate response procedures should the incident expand.
Post-emergency Processing	<ul style="list-style-type: none"> • 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 organize 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	<ul style="list-style-type: none"> • All departments and stations should actively organize relevant emergency drills to improve their ability to handle emergencies.
Emergency Support	<ul style="list-style-type: none"> • Based on the existing materials in the emergency material reserve, each department should organize emergency material custodians, check and implement the material reserves, and replenish stations with insufficient reserves in a timely manner to ensure sufficient material reserves.

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.

IMPROVING SERVICE QUALITY

Providing Safe Service

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 center 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. If the quality of the by-products does not meet the customers' requirements, the Group will study the adjustment of the production conditions to gradually improve the quality of the products.

During the Year, CEHL did not receive any complaint about products or services. In case of any relevant complaint, it will be followed up in a timely manner according to internal procedures and handled properly. Also, the companies of the Reporting Projects strengthen 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 promoted the development of a management system for technological innovation and the management of research subjects, sticking to the path of steering market by virtue of technology and expanding market presence by leveraging technology. During the year, the Group drew up the "'14th Five-Year Plan' on Technological Innovation for the Solid Waste Division", and cooperated with Capital Eco Group to complete the establishment of an IPD-based R&D system, and participated in a national key program under the "14th Five-Year Plan" – "Key Technologies and Equipment for Circular Economy". Beijing Capital Environment Technology Co., Ltd. (北京首創環境科技有限公司) ("Beijing Capital Technology"), a subsidiary of the Group, was accredited as an enterprise with intellectual property advantages at national level and an corporate technology center of Beijing. Beijing Capital Technology has developed eight technological products, obtained a new technology and new product certification in Beijing and two certificates of technological achievements at provincial/ministerial level as well as a third prize for scientific and technological progress from the China Association of Urban Environmental Sanitation, and registered eight new invention patents, bringing its total patents to 208. In addition, Beijing Capital Technology entered into a technical service contract for organic waste with Chengdu CSET Co., Ltd. (成都中科能源環保有限公司), marking its first technical service contract with an external party.

Adhering to Business Standards

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.

Ensuring Accurate Advertising Information

The Group has the "Brand Management System" and "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.

ABIDING BY BUSINESS ETHICS

Anti-Corruption Policies

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.

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.

Adhering to Business Standards

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 criticized, transferred from the position, reduced in rank, dismissed, or even terminated from the labour relationship.

Anti-Corruption Training

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 60.13% of the Group's employees participated in the anti-corruption training, and an average of 2.23 anti-corruption training hours.

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 authorizes 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. The Group has set clear requirements for the social and environmental performance of its suppliers and choose to use environmentally friendly products and services wherever possible.

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

Adhering to Business Standards

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	Give 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 organizations 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.

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 RMB660,000 for road repair, flood control and disaster relief, infrastructure construction, renovation of nursing homes, improvement of public health and environment, support environmental protection work related to the Beijing Winter Olympics, etc.

Maintaining Good Environment to Support the Beijing Winter Olympics

During the 2022 Beijing Winter Olympic Games, at the request of the higher authorities, CEHL quickly deployed staff and equipment to Yanqing to support the emergency work of snow and ice shoveling in the Olympic-related areas. We completed the clearing of all 16 roads in the responsible area, with a total operating distance of 150 kilometers, fully demonstrating the effectiveness of CEHL. In addition to snow removal in Yanqing, the sanitation team also completed ice and snow removal on 397 streets with 4.68 million square meters of road area in the Dongcheng and Chaoyang districts.



Love Donation in Jinxian County

The "Nanchang CEHL Love Donation in Jinxian County" donation ceremony was held on 18 October, 2022. The donation amounted to RMB310,000, which was used primarily for the construction of collective gravestones and pipeline improvement work in Pengzong Village, Jiaqiao Town, as well as for the construction of an eco-friendly and attractive Liangdong Village, Quanling Town. Through this donation, the Group has contributed to the revitalization of the local village. In the future, the Group will continue to focus on "Factory-Community Cooperation" and keep promoting the partnership and development to a higher level.



Caring for the Community

Environmental Knowledge Promotion Activities

CEHL is committed to promoting environmental awareness and creating a positive social atmosphere for ecological conservation by providing access to environmental facilities to the public and organizing related events. Through these efforts, we aim to guide the public to visit and experience environmental enterprises and infrastructures, ultimately enhancing public awareness of environmental protection. In spring 2022, more than 30 elementary school students and volunteers visited the Solid Waste Incineration Power Generation Plant Project in Ruijin City, Jiangxi Province to learn about waste incineration disposal capacity, power generation process, pollution control technology and other related aspects.



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 2022	Year 2021	Year 2020	Unit
Nitrogen oxides	3,972,439	2,769,190	2,049,072	Kilogram
Sulphur oxides	1,008,590	711,638	616,538	Kilogram
Respirable suspended particulates	40,687	26,977	61,350	Kilogram
GHG Emissions	Year 2022	Year 2021	Year 2020	Unit
Scope 1	1,235,054	814,337	588,493	Tonnes of CO ₂ -e
Scope 2	9,401	7,203	22,473	Tonnes of CO ₂ -e
Scope 3	24	22	36	Tonnes of CO ₂ -e
Total GHG emissions (Scope 1, 2 and 3)	1,246,276	821,562	611,002	Tonnes of CO ₂ -e
GHG intensity (Scope 1, 2 and 3)	0.72	0.37	0.42	Tonnes of CO ₂ -e/RMB1,000 of revenue
Hazardous Waste	Year 2022	Year 2021	Year 2020	Unit
Total amount of hazardous waste	1,974,120	1,271,046	775,386	Tonnes
Hazardous waste intensity (by revenue)	1.14	0.57	0.56	Tonnes/RMB1,000 of revenue
Non-hazardous Waste	Year 2022	Year 2021	Year 2020	Unit
Total amount of non-hazardous waste	199,634	151,262	340,581	Tonnes
Non-hazardous waste intensity (by revenue)	0.12	0.07	0.25	Tonnes/RMB1,000 of revenue
Total Energy Consumption	Year 2022	Year 2021	Year 2020	Unit
Total energy consumption	9,573,481	6,837,526	4,690,092	MWh
Energy Intensity (by revenue)	5.52	3.06	3.25	MWh/RMB1,000 of revenue
Total Water Consumption	Year 2022	Year 2021	Year 2020	Unit
Total water consumption ¹²	6,689,104	7,418,563	3,470,886	Cubic metres
Water intensity (by revenue)	3.85	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			

¹² The total water consumption includes production and domestic water provided by the municipal pipeline network and municipal reclaimed water.

Appendix : KPIs Summary

SOCIAL PERFORMANCE

Employment Statistics			Central China	South China	East China	Southwest China	North China	Total
Number of Employees	Total by project location		1,089	105	923	92	171	2,380
	Gender	Male	927	92	730	73	148	1,970
		Female	162	13	193	19	23	410
	Age	Below 30	221	34	213	23	18	509
		30 – 50	741	64	524	68	138	1,535
		Over 50	127	7	186	1	15	336
	Employment Category	Senior managerial level	27	4	38	2	2	73
		Managerial level	66	5	60	5	7	143
		General staff	996	96	825	85	162	2,164
	Employment Type	Full-time	1,088	105	914	92	171	2,370
Part-time		1	0	9	0	0	10	
New Hire Ratio ¹³	Gender	Male	9.82%	4.35%	17.40%	4.11%	8.11%	12.03%
		Female	9.88%	23.08%	12.44%	0.00%	8.70%	10.98%
	Age	Below 30	15.84%	5.88%	27.70%	13.04%	16.67%	20.04%
		30 – 50	9.45%	6.25%	15.46%	0.00%	7.25%	10.75%
Over 50		1.57%	14.29%	5.91%	0.00%	6.67%	4.46%	
Turnover Rate ¹⁴	Gender	Male	12.51%	16.30%	13.42%	1.37%	5.41%	12.08%
		Female	6.79%	38.46%	9.33%	0.00%	4.35%	8.54%
	Age	Below 30	12.67%	26.47%	11.74%	0.00%	5.56%	12.38%
		30 – 50	12.55%	15.63%	12.40%	1.47%	5.07%	11.47%
Over 50		4.72%	14.29%	13.98%	0.00%	6.67%	10.12%	
Number and percentage of employees from vulnerable groups	Ethnic minority ¹⁵		23 (2.11%)	3 (2.86%)	3 (0.33%)	55 (59.78%)	5 (2.92%)	89 (3.74%)
	Person with disability		3 (0.28%)	0 (0.00%)	6 (0.65%)	0 (0.00%)	0 (0.00%)	9 (0.38%)
Workers ¹⁶			993	42	1,673	50	20	2,778

¹³ 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.

¹⁴ 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.

¹⁵ 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.

¹⁶ In addition to directly employed persons, labour 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	North China	Total
Work-related injuries	Male	0	0	0	0	0	0
	Female	0	0	0	0	0	0
Work-related fatalities ¹⁷	Male	0	0	0	0	0	0
	Female	0	0	0	0	0	0
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 ¹⁸		74	0	13	69	42	198
Lost days due to work-related injuries or occupational diseases	Male	0	0	0	0	0	0
	Female	0	0	0	0	0	0

¹⁷ There was one work-related fatality in the 2021 reporting year, with a mortality rate of 0.047%, and there were no work-related fatalities in the 2020 reporting year.

¹⁸ 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.

Appendix : KPIs Summary

Training Statistics			Central China	South China	East China	Southwest China	North China	Total
Training rate ¹⁹	Gender	Male	83.86%	87.62%	78.66%	79.35%	86.55%	82.17%
		Female	16.14%	12.38%	21.34%	20.65%	13.45%	17.83%
	Employment Category	Senior managerial level	2.73%	3.81%	4.08%	2.17%	1.17%	3.12%
		Managerial level	6.29%	4.76%	6.72%	5.43%	4.09%	6.15%
		General staff	90.99%	91.43%	89.20%	92.39%	94.74%	90.73%
	Average training hours ²⁰	Gender	Male	32.87	36.00	6.52	8.00	16.66
Female			34.47	36.00	11.10	8.00	43.89	22.82
Employment category		Senior managerial level	39.74	36.00	12.68	8.00	18.00	23.99
		Managerial level	47.53	36.00	12.48	8.00	18.57	29.62
		General staff	31.97	36.00	6.88	8.00	20.42	20.78
Percentage of employees receiving regular performance and career development reviews ²¹		Gender	Male	99.24%	100.00%	92.33%	100.00%	100.00%
	Female		97.53%	100.00%	93.78%	100.00%	100.00%	96.10%
	Employment Category	Senior managerial level	88.89%	100.00%	92.11%	100.00%	100.00%	91.78%
		Managerial level	93.94%	100.00%	90.00%	100.00%	100.00%	93.01%
		General staff	99.60%	100.00%	92.85%	100.00%	100.00%	97.09%

¹⁹ Training ratio is calculated by dividing the number of employees trained in one category by the total number of trained employees.

²⁰ Average training hours is calculated by dividing the total hours of training received in a category by the number of employees in that category.

²¹ 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	North China	Total
Suppliers located in Mainland China		360	70	589	30	42	1,091
Suppliers located in Asia (not including Hong Kong, and Mainland China)		28	0	110	0	0	138
Percentage of suppliers implementing relevant practices		95.36%	100.00%	84.12%	100.00%	92.86%	89.26%

Operation and Product Responsibility Statistics		Central China	South China	East China	Southwest China	North China	Total
Non-compliance in relation to health and safety 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	0	0	0	0	0	0
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	North China	Total
Confirmed incidents of corruption		0	0	0	0	0	0
Percentage of staff participating in anti-corruption training		55.92%	100.00%	49.30%	98.91%	100.00%	60.13%
Average time spent in anti-corruption training		2.44	10.08	0.89	2.00	3.45	2.23

Community Investment Statistics		Central China	South China	East China	Southwest China	North China	Total
Total donation amount	RMB	50,000	300,000	310,000	0	0	660,000
Volunteering	Participation	100	0	0	60	0	160
Volunteering hours	Hours	0	0	0	180	0	180

Appendix : ESG Guide and GRI Standards

GRI Standards	ESG Guide	Content in the ESG Guide or GRI Standards	Page
Environmental Topics			
A1 Emissions			
GRI 3-3 GRI 305 GRI 307	General Disclosures	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.	20-21, 34
GRI 305-1 GRI 305-2 GRI 305-3 GRI 305-6 GRI 305-7	A1.1	The types of emissions and respective emissions data.	39, 53
GRI 305-1 GRI 305-2 GRI 305-4	A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions and, where appropriate, intensity.	38, 53
GRI 306-3	A1.3	Total hazardous waste produced and, where appropriate, intensity.	34, 53
GRI 306-3	A1.4	Total non-hazardous waste produced and, where appropriate, intensity	34, 53
GRI 3-3 GRI 305-5	A1.5	Description of emissions target(s) set and steps taken to achieve them	36, 39
GRI 3-3 GRI 306-4 GRI 306-5	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	34-35
A2 Use of Resources			
GRI 3-3 GRI 301 GRI 302 GRI 303	General Disclosures	Policies on the efficient use of resources, including energy, water and other raw materials.	34
GRI 302-1 GRI 302-3	A2.1	Direct and/or indirect energy consumption by type in total and intensity.	41, 53
GRI 303-5	A2.2	Water consumption in total and intensity.	43, 53
GRI 3-3 GRI 302-4 GRI 302-5	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	42
GRI 3-3 GRI 303	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	43
GRI 301-1	A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced.	N/A

Appendix : ESG Guide and GRI Standards

GRI Standards	ESG Guide	Content in the ESG Guide or GRI Standards	Page
Environmental Topics			
A3 The Environment and Natural Resources			
GRI 3-3	General Disclosures	Policies on minimising the issuer's significant impact on the environment and natural resources.	34
GRI 3-3 GRI 303 GRI 304 GRI 306	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	44
A4 Climate Change			
GRI 3-3	General Disclosures	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	45
GRI 201-2	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.	46
Social Topics			
B1 Employment			
GRI 3-3 GRI 401-2 GRI 405 GRI 406	General Disclosures	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, antidiscrimination, and other benefits and welfare.	20-21, 25-26
GRI 2-6 GRI 2-7	B1.1	Total workforce by gender, employment type (full-time, part-time), age group and location.	54
GRI 405-1b		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).	54
GRI 401-1b	B1.2	Employee turnover rate by gender, age group and geographical region.	54
GRI 401-1a	–	Total number and rate of new employee hires during the reporting period, by age group, gender and region.	54
GRI 406-1	–	Incidents of discrimination and corrective actions taken	25

Appendix : ESG Guide and GRI Standards

GRI Standards	ESG Guide	Content in the ESG Guide or GRI Standards	Page
Environmental Topics			
B2 Health and Safety			
GRI 3-3 GRI 403	General Disclosures	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.	20-21, 26
GRI 403-4	–	Where formal joint management–worker health and safety committees exist, a description of their responsibilities. (Partial)	15, 26
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.	28-30
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.	28-30
GRI 403-9	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	55
GRI 403-9	B2.2	Lost days due to work injury.	55
GRI 3-3	B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	28-31
B3 Development and Training			
GRI 3-3 GRI 404	General Disclosures	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	32
–	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	56
GRI 404-1	B3.2	The average training hours completed per employee by gender and employee category	56
B4 Labour Standards			
GRI 3-3 GRI 408 GRI 409	General Disclosures	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.	20-21, 31
GRI 3-3 GRI 408-1c	B4.1	Description of measures to review employment practices to avoid child and forced labour.	31
GRI 3-3 GRI 409-1b	B4.2	Description of steps taken to eliminate such practices when discovered.	31

Appendix : ESG Guide and GRI Standards

GRI Standards	ESG Guide	Content in the ESG Guide or GRI Standards	Page
Environmental Topics			
B5 Supply Chain Management			
GRI 3-3 GRI 308 GRI 414	General Disclosures	Policies on managing environmental and social risks of the supply chain.	49
GRI 2-6	B5.1	Number of suppliers by geographical region.	57
GRI 3-3	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	49-50
GRI 3-3	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	49-50
GRI 3-3	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	49-50
B6 Product Responsibility			
GRI 3-3 GRI 206 GRI 416 GRI 417 GRI 418	General Disclosures	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.	20-21, 47-48
–	B6.1	Percentage of total products sold or shipped subject to recalls for health and safety reasons.	57
GRI 2-29 GRI 3-3 GRI 418	B6.2	Number of products and service related complaints received and how they are dealt with.	57
–	B6.3	Description of practices relating to observing and protecting intellectual property rights	47
–	B6.4	Description of quality assurance process and recall procedures.	47
GRI 3-3	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	48
GRI 418-1	–	Substantiated complaints concerning breaches of customer privacy and losses of customer data.	57
GRI 206-1	–	Legal actions for anti-competitive behaviour, antitrust, and monopoly practices.	57

Appendix : ESG Guide and GRI Standards

GRI Standards	ESG Guide	Content in the ESG Guide or GRI Standards	Page
Environmental Topics			
B7 Anti-corruption			
GRI 2-27 GRI 3-3 GRI 205-3	General Disclosures	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.	20-21, 48
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.	57
GRI 2-26 GRI 3-3 GRI 205	B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	48-49
GRI 205-2	B7.3	Description of anti-corruption training provided to directors and staff.	49, 57
B8 Community Investment			
GRI 3-3 GRI 413	General Disclosures	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.	51
GRI 203-1	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	51
GRI 201-1	B8.2	Resources contributed (e.g. money or time) to the focus area.	57
GRI 413-1	–	Operations with local community engagement, impact assessments, and development programs.	51-52
Economic Topics			
GRI 3-3 GRI201	–	Management approach disclosures on economic performance	25
GRI201-2	–	Financial implications and other risks and opportunities due to climate change.	17-18