



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

2020

SUSTAINABILITY
REPORT



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About CEHL

Capital Environment Holdings Limited (“CEHL” or the “Company”) (Stock Code: 3989) and its subsidiaries (collectively as the “Group”) are leading providers of integrated waste treatment solutions and environmental protection infrastructure construction services in China and New Zealand, held by Beijing Capital Group Company Limited (“Beijing Capital Group”)¹. Currently, the Group’s business covers more than 20 major provinces and cities and the surrounding areas in China, and has established a national network of vertically integrated local waste systems in New Zealand.

The Group is committed to developing into a technology-driven and investment-driven large-scale environmental protection enterprise, adhering to the spirit of craftsmanship and focusing on the waste-to-energy project, urban-rural sanitation integration projects, organic waste anaerobic projects and other technological research and development and technical collaboration. The Group is actively pursuing the “Ecology+” strategy, making technological innovation an important driving force in the corporate development, striving to enhance the innovation capabilities, leading efficient, green and smart development, and striving to become a leading integrated eco-environmental service provider in the area of solid waste in China.

About this Report

The Group is pleased to publish the fourth Sustainability Report (the “Report”) to present the Group’s latest policies, initiatives and performance in detail in sustainability and to address stakeholders’ concerns about the Group’s sustainability development. Available in both Chinese and English, the Report has been uploaded to the websites of the Stock Exchange of Hong Kong Limited (“SEHK”) and the Company www.cehl.com.hk.



Yutian County Integrated Waste Project



Ma’anshan Dismantling Plant

REPORTING BOUNDARY

The Report covers the Group’s sustainability development performance between January 2020 and December 2020 (the “Year”). The boundary of the Report mainly covers 27 projects (referred to hereafter as the “Reporting Projects”) that were in full operation during the Year, including waste-to-energy, landfill, waste storage, waste cleaning and waste appliances dismantling, etc.

Taking into consideration the access and ownership of data, the Report has not yet covered the joint ventures of which the Group holds non-controlling interests and overseas projects (in New Zealand). The projects that have been included in investment reserve but not yet in full operations are also excluded². In the future, the Group will continuously improve the internal data collection system to further expand the scope of disclosure if possible.



Hangzhou Anaerobic Treatment Project



Nanchang Quanling Power Plant

¹ Beijing Capital Group is a state-owned group company supervised by the Stated-owned Assets Supervision and Administration Commission of Beijing.

² During the year, the Group’s projects in reserve in mainland China reached a total of 71 projects (including 25 waste-to-energy projects, 7 landfill projects, 7 anaerobic treatment projects, 18 waste cleaning, collection, storage and transfer projects, 10 hazardous waste treatment projects, 2 waste appliances dismantling projects and 2 biomass power generation projects)

About this Report

Project name	Project Abbreviation	Project companies	Business nature	Region
Nanchang Solid Waste Incineration Power Generation Plant, Jiangxi Province	Nanchang Quanling Power Plant	Nanchang Capital Environment Energy Co., Ltd.	Waste-to-energy	East China
Gao'an Solid Waste Incineration Power Generation Plant, Jiangxi Province	Gao'an Power Plant	Gaoan Eacon Renewable Resources for Thermal Power Generation Company Limited		
Ruijin Solid Waste Incineration Power Generation Plant Project, Jiangxi Province	Ruijin Power Plant	Ruijin Capital Environmental Energy Co., Ltd.		
Guangchang County Township Waste Integrated Processing Project, Jiangxi Province	Guangchang Processing Project	Guangchang Capital Environment Co., Ltd.	Waste collection, storage, transfer and landfill	
Shicheng County Township Integrated Processing Project, Jiangxi Province	Shicheng Processing Project	Shicheng Capital Environment Limited		
Gao'an County Waste Collection and Transfer Project	Gao'an Waste Collection and Transfer Project	Gaoan Capital Environmental Sanitation Co., Ltd.		
Huainan Informal Domestic Waste Heaps Treatment Project, Anhui Province	Huainan Non-Conforming Landfill Project	Huainan Capital Environmental Recovery Engineering Co., Ltd.		
Ma'anshan Household Appliances Dismantling and Recycling Project, Anhui Province	Ma'anshan Dismantling Plant	Anhui Capital Environmental Technology Company Limited	Recycling and disassembly of waste electrical and electronic equipment	
Yangzhou Kitchen Waste Anaerobic Treatment Project, Jiangsu Province ³	Yangzhou Anaerobic Treatment Project ⁴	Yangzhou Capital Environmental Energy Investment Limited	Anaerobic treatment	
Hangzhou Xiaoshan Kitchen Waste Anaerobic Treatment Project, Zhejiang Province	Hangzhou Anaerobic Treatment Project	Zhejiang Zhuoshang Environmental Energy Company Limited		
Ningbo Capital Environment Kitchen Waste Anaerobic Treatment Project, Zhejiang Province	Ningbo Anaerobic Treatment Project	Ningbo Capital Environment Kitchen Waste Treatment Company Limited		
Yangzhou Hazardous Waste Treatment Project, Jiangsu Province	Yangzhou Hazardous Waste Treatment Project	Yangzhou Capital Solid Environment Technology Limited	Hazardous waste treatment	

About this Report

Project name	Project Abbreviation	Project companies	Business nature	Region
Suixian Domestic Waste-to-energy projects, Henan Province	Suixian power generation project	Suixian Capital Environmental Energy Limited	Waste-to-energy	Central China
Nanyang Landfill Project, Henan Province	Nanyang Landfill Project	Nanyang Capital Environment Technology Company Limited	Landfill	
Xihua County Solid Waste Collection and Transfer Project in Zhoukou City, Henan Province	Xihua Collection and Transfer Project	Xihua Capital Environment Sanitation Limited	Waste collection, storage and transfer	
Suixian Township Solid Waste Collection and Transfer Project, Henan Province	Suixian Collection and Transfer Project	Suixian Capital Environmental Sanitation Limited		
Lushan County Waste Collection and Transportation Integration Project, Henan Province	Lushan Collection and Transfer Project	Lushan Capital Environment Energy Company Limited		
Qixian Rural Solid Waste Collection Project, Henan Province	Qixian Collection and Transfer Project	Qixian Capital Environmental Energy Company Limited		
Zhengyang County Townership Solid Waste Collection and Transfer Project, Henan Province	Zhengyang Collection and Transfer Project	Zhengyang Capital Environmental Energy Company Limited		
Qianjiang Waste Collection and Transfer Project, Hubei Province	Qianjiang Collection and Transfer Project	Qianjiang Capital Bolang Green Energy Limited		
Suiping County Urban and Rural Sanitation Integration Project, Henan Province	Suiping Sanitation Project	Suiping Capital Environmental Sanitation Company Limited	Cleaning	
Duyun Solid Waste Incineration Power Generation Plant, Guizhou Province	Duyun Power Plant	Duyun Capital Environment Company Limited	Waste-to-energy ⁵	Southwest China
Beijing Chaoyang District Road Cleaning Project (Second Section) Environmental Health Service Center	Chaoyang Cleaning Project	Beijing Capital Environmental Sanitation Company Limited	Cleaning	North China
Beijing Yanqing District Xiao Zhangjiakou Comprehensive Waste Treatment Engineering PPP Project	Yanqing Project	Beijing Capital Environment Engineering Co., Ltd.	Waste collection, storage and transfer	
Yutian County Solid Waste Collection and Transfer Integration Project, Tangshan City, Hebei Province	Yutian County Integrated Waste Project	Yutian Capital Environmental Energy Co., Ltd, Environmental Health Branch		
Linyi Solid Waste Collection and Transfer Project, Shanxi Province	Linyi Collection and Transfer Project	Linyi Capital Environmental Hygiene Limited		
Huizhou Waste Incineration Power Project, Guangdong Province	Huizhou Power Project	Huizhou Guanghui Energy Company Limited	Waste-to-energy	South China

³ Referred to as Yangzhou Kitchen Waste Collection, Transfer and Processing BOT Project, Jiangsu Province in 2018 Report.

⁴ Referred to as Yangzhou Kitchen Waste Project in 2018 Report.

⁵ Operations also include collection, storage and transfer of waste.

About this Report

Compared with the 2019 Sustainability Report, 7 new operating projects have been added in this report and are highlighted in the above table. At the same time, 5 projects of the Group are under planning for upgrading or discontinuation of operation and are therefore not included in the Report. These projects are: Shangrao City Domestic Waste Sanitary Landfill, Jiangxi Province; Weng'an Domestic Waste Landfill, Guizhou Province; Huai'an Waste Vehicles and Household Appliances Dismantling and Recycling Project, Jiangsu Province; Yingde Laohuyan Domestic Waste Innocuous Treatment Landfill Site, Guangdong Province and Huludao Domestic Waste Sanitary Landfill Site, Liaoning Province.



Xihua Collection and Transfer Project



Qixian Collection and Transfer Project

REPORTING STANDARDS

The report is prepared in accordance with the Environmental, Social and Governance ("ESG") Reporting Guide (the "ESG Guide") under Appendix 27 of the Rules Governing the Listing of Securities on the SEHK and has been prepared on the basis of the four reporting principles set out therein, namely materiality, quantitative, balance and consistency.

Reporting principles	Definition	Application in the preparation of the report
Materiality	The Report should reflect areas where the Group's economic, environmental, social and governance impacts are significant or materially affect stakeholders' assessments and decisions about the Group.	Through stakeholder engagement activities such as online survey and focus group, the Group identified economic, environmental, social and governance issues that are of greater importance to stakeholders and have a great impact on the Group's business. A total of 16 material issues were screened by stakeholders during the Year, of which 8 were the top issues. Please refer to the "Stakeholder Engagement" section for the process of materiality assessment.
Quantitative	Key performance indicators ("KPIs") need to be measurable, with comparative data where appropriate.	Quantitative information is recorded and estimated in this Report and compared with previous performance where applicable. To ensure the accuracy of the environmental KPIs, the Group has commissioned a professional external consultant to conduct a carbon assessment in accordance with national and international standards such as General Guideline of Accounting and Reporting Greenhouse Gas ("GHG") Emissions — Industrial Enterprises, ISO 14064-1, GHG Protocol and various applicable technical guidelines. Quantitative information on the social KPIs in this Report is obtained from the statistical records of the relevant departments and project companies of the Group.

About this Report

Reporting principles	Definition	Application in the preparation of the report
Balance	The Report should provide an unbiased picture of ESG performance of the Year, avoiding selective or omitted reporting.	The Group reports on its ESG results for the Year in an unbiased manner, as well as the difficulties it faced and the solutions to them.
Consistency	ESG reporting, including statistical disclosure, should be prepared in a consistent manner so that KPIs can be compared and stakeholders can understand corporate's performance.	Where practicable, the Group uses consistent statistical methods to allow meaningful comparisons of ESG data in the future. Where there are any changes that may affect comparisons with previous reports, the Group has included a note in the corresponding chapter of this report. Details of the ESG performance data for the year and comparisons with previous years' environmental performance are set out in the "Appendix: KPIs Summary" chapter.

To provide holistic insights to the Group's sustainability performance, the Group continues to refer to the GRI Standards published by Global Reporting Initiative⁶ ("GRI"), and has introduced several topic-specific disclosures to the reporting of certain material issues. A full index of contents is included in the last chapter of this Report to facilitate readers to read this Report in accordance with the GRI Guidelines. Going forward, the Group will consider further enhancements to the data collection system and reporting against the core options of the GRI Standard in order to improve the level of disclosure in the Report.

DATA COLLECTION

Information quoted in this report is sourced from the official internal documents, statistical report and management and operational information collected by the Group in accordance with its systems. The Group also continues to commission sustainability consultant Carbon Care Asia Limited ("CCA") to conduct the carbon assessment during the year, to record, calculate and quantify environmental KPIs information. The Report was confirmed and approved by the Board of Directors of CEHL (the "Board") on 22 March 2021.

OPINIONS AND FEEDBACK

The views of different stakeholders will help the Group to build a more robust sustainability governance and strategy in the future. If you have any questions or suggestions on the content or format of this Report, please contact the Department of Company Secretarial through the following channels:

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 Telephone: (852) 2526 3438
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⁶ With reference to GRI 103: Management Approach, as well as selected topic-specific disclosures in GRI Standards, including GRI 302: Energy, GRI 303: Water and Effluents, GRI 305: Emissions, GRI 306: Effluents and Waste, GRI 401: Employment, GRI 403: Occupational Health and Safety, GRI 404: Training and Education, GRI 405: Diversity and Equal Opportunity, GRI 406: Non-discrimination, GRI 408: Child Labour, GRI 409: Forced or Compulsory Labour.

Chairman's Message



Mr. CAO Guoxian
Chairman

Chairman's Message

With the concept of sustainability development gradually becoming a part of the development strategy of modern enterprises, CEHL, as a leading enterprise in the solid waste industry in China, has always insisted on fulfilling its commitment to sustainability development by continuously improving its technology and management capabilities.

At present, due to the complex international situation and the impact of the COVID-19, China has developed a large domestic circular economy, forming two-way domestic and international economic and commercial circle, actively promoting economic reform and adjusting the structure, comprehensively promoting the national policy for the development of new green economy and environmental protection industry, making a new driving force for China's economic development. At the 13th National People's Congress, the national Premier pointed out in the Government's Work Report that it is necessary to improve the effectiveness of ecological and environmental management, highlight the legal, scientific and precise treatment of pollution, deepen the fight against atmospheric pollution in key areas, strengthen the construction of sewage and waste disposal facilities, develop the energy-saving and environmental industries, implement major projects for ecosystem protection and restoration, and promote the development of the Ecological Civilization.

The year 2020 is also the launch year of the 14th Five-Year Plan. In 2020, China published the "Second National Pollution Source Census Announcement", the results of which showed that although China has made significant achievements in the development of ecological civilisation in the past decade, there are still some difficult issues to be resolved. In this context, the Group has been actively dovetailing with national strategies, keeping a close eye on the pulse of industry development and focusing on value creation. In accordance with the Group's overall mindset of "seeking development through optimisation", the working principle of "improving the quality and efficiency of incremental projects and tapping the potential of existing projects" and the important measures of "double promotion and double protection", the Group has been comprehensively promoting its environmental operation work.

In addition, in terms of technology enhancement, the Group has established Beijing Capital Environment Technology Co., Ltd. as the Group's technology innovation platform to actively promote the construction of a technology innovation system and the implementation of research projects. A number of technological developments have been initiated to improve the quality and efficiency of waste incineration, the results of which will significantly contribute to improving the technical level of the Group's domestic waste incineration operations. In addition, the Group's research and development project on technologies and equipment for the treatment and resource utilisation of hazardous waste is progressing smoothly. The subject can effectively realise the recycling of valuable precious metals and enhance the harmless treatment and resource utilisation of hazardous wastes. Up to this year, the technological innovation platform has applied for 40 patents, including 13 invention patents and 2 software publications; 63 patents have been granted, including 61 utility models, 1 software publication and 1 appearance patent.

In the future, the Group will continue to closely follow the national policy and, with the support of Beijing Capital Group, contribute to the sustainability development of society and the progress of the environmental protection industry.

Cao Guoxian

Chairman

Capital Environment Holdings Limited

March 2021, Beijing

Executive Preface



Li Fujing
Chief Executive Officer

Executive Preface

The Group has always adhered to the values of “sustainability development” and “technology enhancement” and is committed to contributing to the growth of the environmental protection industry in China. The Group believes that as the country and the public attach more importance to the development of the environmental protection industry, the industry will have even greater development prospects in the future.

In addition to the continued focus on environmental protection, the Group also places great emphasis on other areas of sustainability development. In the first half of 2020, the Group experienced a major public health emergency with rapid spread, extensive infection and difficult prevention since the foundation of the People’s Republic of China. During the period of COVID-19, the Group actively coordinated the prevention and control of the COVID-19 with the production and operation of the Group, focusing on strengthening the regulation of production and operation and implementing measures related to safety production. In addition, all staff members of the Group worked together and cooperated with each other to provide important ensurance for the prevention and control of the COVID-19 and stable operation. In the future, the Group will continue to stabilise production and protect the safety of its employees based on the normalised prevention and control of the COVID-19.

In addition, the Group attaches great importance to communication with stakeholders and considers it an important way to understand the views and suggestions of different stakeholders on Group’s sustainability development. This year, the Group collected responses from 802 stakeholders through an online survey. The analysis showed that stakeholders of CEHL were very concerned about issues in the area of “employment and labour practices”, with almost all issues being material, among which “improving the employment management system” being the most material issue for stakeholders. Issues such as “greenhouse gas or emissions” and “customer data and privacy” were also of high concern to stakeholders. Apart from the online survey, the Group also commissioned a third-party sustainability consultant to conduct three focus groups with 57 staff members from the Group’s 6 operating sites to understand the expectations of internal staff on various material issues, such as the use of new energy rubbish collection vehicles, expanding the audience of public open days and improving the promotion mechanism. The Group is committed to continue to value the views and suggestions from different stakeholders in order to enhance the quality of the Group’s sustainability development.

Looking ahead, against the backdrop of the huge demand for the green industry in China’s economic and social development and the Chinese government’s strong support for this industry, and with the full support of Beijing Capital Group, the Group will insist on grasping all the good opportunities in its future development under the strategy of the “Ecology+”, accelerating the construction of the system at all levels around the core capacity building, and continuously optimizing the system and process. The Group will continue to optimise its systems and processes, and work with the five-in-one strategy of “technology, investment, construction, operation and consultation “to build an integrated environmental protection enterprise driven by professionalism, cross-sector knowledge, resource integration and intelligent operation, and build up a light-asset, ecological development capability and play a role in the circular economy. In other areas of sustainability development, the Group will continue to leverage its strengths as a state-owned enterprise and actively integrate into the country’s sustainability development strategy.

Li Fujing

Chief Executive Officer

Capital Environment Holdings Limited

March 2021, Beijing

Sustainability Governance Structure

The Board recognises that a high standard of corporate governance is key to the success of the Group. The Group is committed to maintaining high standards and practices of corporate governance. The Board is primarily responsible for setting the strategic direction of the Group, establishing business objectives and business development plans, monitoring the performance of senior management and being responsible for corporate governance. Both the Board and senior management have defined responsibilities and authority for the formulation of Group policies and day-to-day operations. Under the leadership of the Board, senior management is responsible for the execution of the Group’s strategies and business objectives.

In order to achieve sustainability and balanced business development, the Group considers diversity in determining the composition of the Board to enhance the effectiveness of the Board in achieving the Group’s strategic objectives. At the same time, the Board has an office responsible for the day-to-day disclosure of information and management of corporate social responsibility matters to assist the Board in fulfilling its corporate governance role.

The Board is ultimately responsible for the matters of sustainability of CEHL. The Board is responsible for overseeing the Group’s policies, practices and annual 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 management. To ensure that Board members have a better understanding of sustainability issues, the Board Office communicates with the Board from time to time to advise the Board on legal and regulatory requirements and industry developments. In addition, the Group has established a production safety committee (the “Safety Committee”) to be responsible for the management of safety production, which is chaired by the Chief Executive Officer of the Company (the “Chief Executive Officer”), and other members of the Safety Committee are senior management of the Group.

In the future, the Board plans to further deepen the sustainability governance framework, including the inclusion of the Board Office as a bridge to coordinate and communicate with various departments on sustainability development issues, including labour compliance, operational research and development, reduction of emissions to the environment and support to local community. It will also ensure that the Board is engaged and connected on sustainability issues to achieve effective sustainability governance from the top down.

ECONOMIC PERFORMANCE

CEHL’s economic performance during the year in mainland China
Processed 5,192,900 tonnes of solid waste
Producing 684 million kilowatt-hours of on-grid energy
Dismantled 2.8492 million pieces of electrical appliances and equipment and recorded a revenue of RMB445 million
Total investment of RMB17.9 billion in projects in reserve
Obtained government subsidiaries of RMB55 million

Sustainability Governance Structure

ENVIRONMENTAL LEADERSHIP

As a provider of integrated waste treatment solutions and environmental infrastructure services, the Group is committed to the principles of “protection first, prevention oriented, integrated governance, public participation, and taking responsibility for damage” to reduce the negative impact on the environment by establishing an environmental protection mechanism and practising clean development. The Company and its project companies are committed to complying with the environmental laws and regulations of the country and region where they are located, achieving “zero accidents, zero harms, and zero pollution”. The Group has established the Environmental Management Measures and delegated the role of coordinating environmental management matters to the Safety Committee, which leads the implementation of environmental management policies and measures across departments, with the main responsibilities for:

- coordinating the Group’s environmental compliance;
- analysing and studying the environmental management;
- putting forward rectification requirements for major problems and potential hazards;
- formulating long-term plans on energy efficiency, environmental protection and clean production;
- formulating and reviewing environmental management system;
- monitoring and inspecting on implementation; and
- handling investigation, analysis and remediation in case of major environmental accidents, and formulating and recommending preventive measures.

The Group has established an “Executive Leadership Accountability System” for the implementation of environmental management, under which the Chief Executive Officer is fully responsible for the environmental management of the Group, and the persons in charge of each departments and project companies are also responsible for the environmental management of their units, so that the environmental management of each unit is duly monitored. At the same time, the Group has also put in place the “Environmental Protection Target Accountability System”, which defines the responsibilities and performance indicators of each department for environmental protection targets, and is subject to regular inspection and assessment.

In view of the increasing frequency of extreme weather events, the Group is aware of the different risks and impacts of climate change on corporate working capital and demand for products and services. The Group is in the process of formulating a “Climate Change Policy”, which will be reviewed by the Board and will implement various actions and measures to address climate change to its project companies in the coming year in order to enhance their resilience to climate change.

SOCIAL PRACTICES

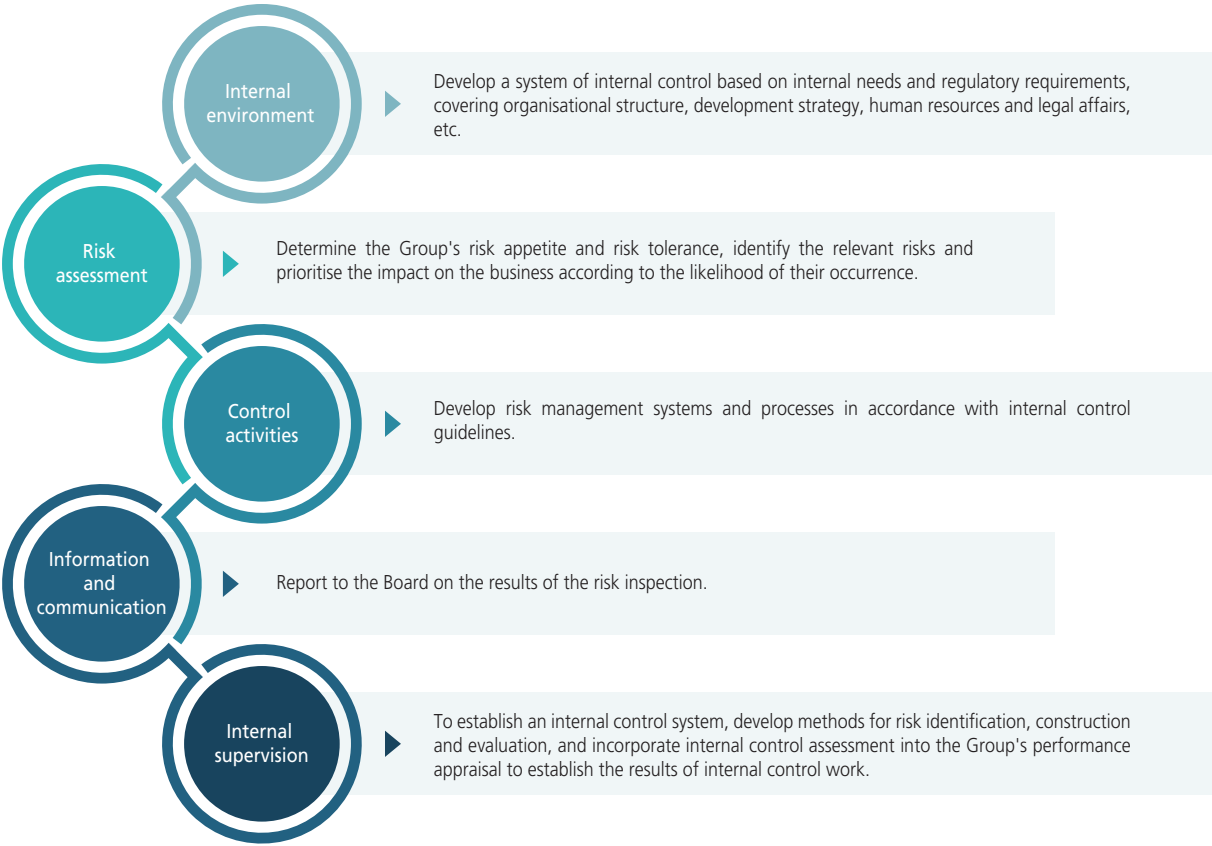
The Group attaches importance to the physical and mental well-being of its employees and promotes responsible operation. It has formulated various management guidelines on issues such as labour rights, occupational health and safety, product service responsibilities and supply chain management, including: the “Employee Management Measures”, the “Occupational Health Management Measures”, the “Remuneration Management System”, the “Education and Training Management Measures” and the “Procurement Management Measures”, etc., with the aim of providing guidance to each departments and project companies. The Safety Committee is also responsible for the Group’s social governance matters, including the formulation of the safety production system and the coordination of the safety production matters of various departments and project companies. To ensure that the day-to-day operations of the projects meet the requirements and objectives of social performance management, the responsible persons of each project companies are required to sign an annual Target Responsibility Declaration to fulfil their commitment to the occupational health and safety of their employees.

Sustainability Governance Structure

ESG RISK MANAGEMENT

The Board is ultimately responsible for the risk management and internal control systems and reviews them regularly to ensure that it is working effectively. At the same time, the Board is responsible for determining the nature and degree of risks that the Company is willing to accept when achieving strategic objectives, ensuring that the Company establishes and maintains an appropriate and effective risk management and internal control system, and supervising the management's design, implementation and monitoring of risk management and internal control system. The Group's Internal Audit Department and Corporate Management Department are responsible for developing internal control systems, conducting risk assessment and establishing risk databases, and developing risk-based internal audit work plans, and conducting independent internal control monitoring and evaluation.

The Group has established the Internal Control Management System 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:



Sustainability Governance Structure

The Group continues to make reference to the results of the ESG risks identified in 2019⁷ as one of the considerations of the Board and management in formulating its operational strategies. The identified industry ESG related risks are summarised in the table below.

Industrial Environmental Risks	Risk Description
Environmental breaches and environmental responsibilities	The Group’s daily operations generate noise, wastewater, emissions, other industrial wastes and hazardous wastes that need to be treated, recycled and discharged in accordance with the requirements of the environmental policies and regulations of the countries and regions in which they are located. Non-compliance may result in high fines, additional operating expenses for remediation, or disruption and termination of operations. Non-compliance may also create a negative corporate image for the Group and affect customer confidence in the Group. At the same time, further tightening of environmental regulations, such as the national’s imposition of bans on specific waste types, will result in significant increases in compliance costs, even if the volume of such waste to be landfilled can be reduced.
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.
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.

⁷ For the first time in the previous year (2019), CEHL commissioned CCA to identify and rank existing and potential ESG risks according to the environmental services industry and to provide a risk assessment report to the Board and management of the Company.

Sustainability Governance Structure

Sectoral Social Risks	Risk Description
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.
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.
Information network security and cyberattack	Improper use of data, information security breaches and lack of protection of information systems in the event of a cyber-attack can cause business operations to cease; or compromise customers' confidence in the Group by disclosing important confidential information or controlled personal data.
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.

SUSTAINABILITY OPPORTUNITIES

Under the trend of continuous technological advancement and social transformation, the industry not only faces different environmental and social risks, but also new opportunities in the process of treating risk. In particular, the market transformation has led the industry and project investment towards new technology services of waste-to-energy and circular economy, which helps the industry to develop new markets and business areas. At the same time, the market continues to focus on sustainability-related businesses and products, and the development of new technologies helps to attract investors to provide capital for the Group to develop pilot projects and keep the Group's business at the forefront of the industry.

Sustainability Governance Structure

Site Restoration Technology

During the year, CEHL continued to develop its light asset business — site restoration technology and equipment iterations. The second generation of aged waste screening technology has been upgraded on the basis of the first generation, optimizing and upgrading key equipment such as feeding, screening, wind sorting and iron removal, improving screening efficiency, processing capacity and treatment effect by resolving the interference between various substances, thus realising the reduction and resource recovery of aged waste.

The technology and equipment have been successfully applied to a number of projects such as the non-conforming waste dumping site in Huairou, Beijing, of which the total volume of waste in the Huairou project is about 220,000 square meters, with a production line design capacity of 100t/h. The official production will start in May 2020 and will be completed by the end of January 2021. The whole set of equipment has a high degree of automation and can realize the following functions.

- One-button start-stop, screening accuracy achieved to 20mm, screening time ≤ 2 min;
- Achievement of waste reduction rate $\geq 95\%$, resourcefulness $\geq 75\%$; and
- High reliability and stability, with actual capacity ≥ 100 t/h and failure-free rate $\geq 95\%$.

According to the relevant treatment index, the technology and equipment have reached the advanced level in the industry and therefore have been successfully selected in the “Catalogue of Major Environmental Protection Technology and Equipment Encouraged for Development by the State (2020 Edition)”.

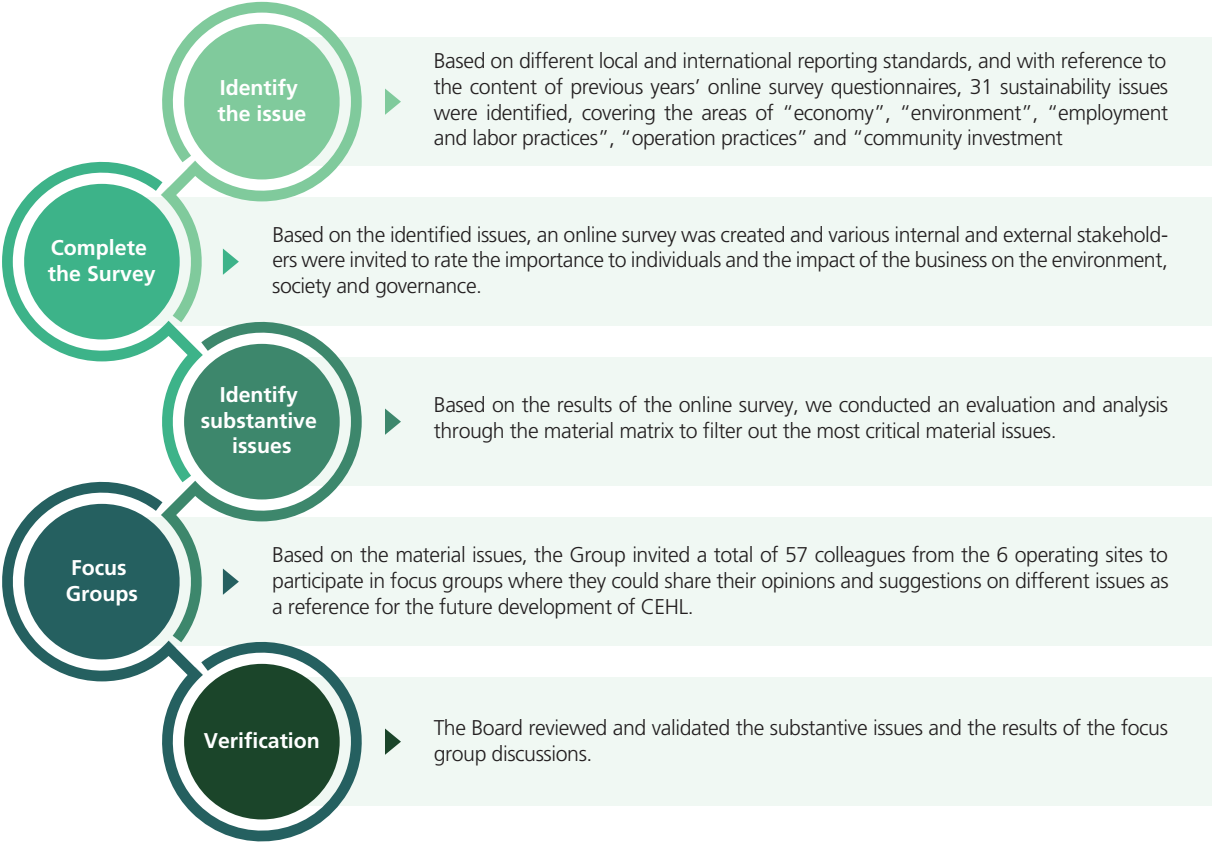
The site restoration business is a light-asset business that CEHL will focus on in the future. Therefore, the Group will continue to increase its technological innovation and equipment development, continuously improve its technological innovation capability, enhance its core competitiveness, and promote the Group’s transformation from an investment-oriented enterprise to a technology-oriented enterprise to provide strong impetus to achieve high-quality development.

Stakeholder Engagement

Stakeholder input helps the Group to understand their thoughts and expectations on sustainability development issues to drive the Group’s business development and create sustainability value. The Group identifies key internal and external stakeholders, including the Board, management, employees, shareholders and investors, customers, business partners and contractors, government and regulatory authorities, non-governmental organizations, suppliers, banks, media, academic institutions, industry associations, and local communities, based on two principles: groups and individuals who have a significant impact on the Group’s business or who are affected by the business.

During the Year, the Group continued to engage some key stakeholders in stakeholder communication activities, including online questionnaires and focus groups, and commissioned a professional sustainability consultancy firm, CCA, to conduct a substantive evaluation and analysis based on the results of the communication activities, which provided an evidence base for the Group’s sustainability strategy and governance framework.

The flow of the Group’s stakeholder communication activities is as follows.



Stakeholder Engagement

IDENTIFIED ISSUES

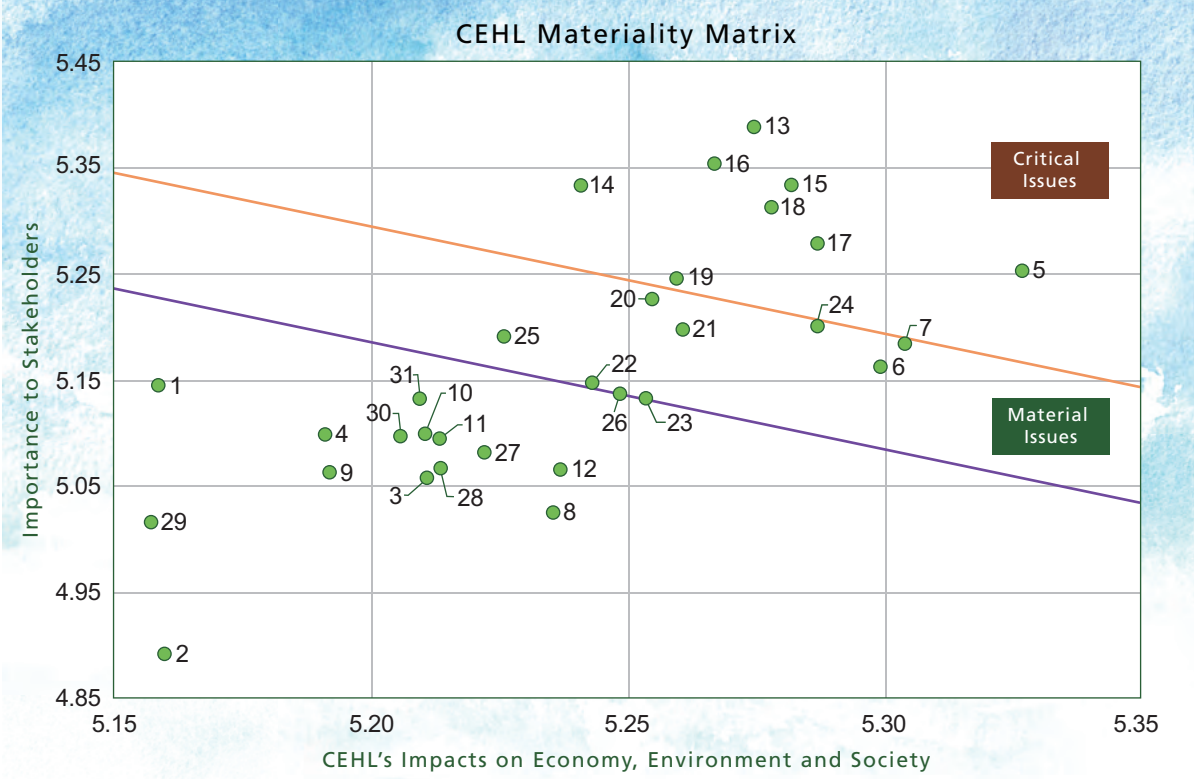
Area	Code	Issue	Area	Code	Issue	
Economic	1	Creating Economic Value for Stakeholders	Employment and Labour Practice	13	Improve the employment management system	
	2	Enhance the transparency of tax management		14	Clarify labor relations	
	3	Research and development		15	Establishing a safe and healthy working environment	
	4	Managing Sustainability Risks		16	Provide training and development opportunities	
Environment	5	Greenhouse gas or exhaust emissions		17	Strictly prohibit child labor or forced labour	
	6	Water Use and Wastewater Treatment		18	Respect for Human Rights	
	7	Waste Disposal		19	Protection of freedom of association and the right to collective bargaining	
	8	Energy use and efficiency		20	Regulating Security Practices	
	9	Resource Usage and efficiency		Operating practices	21	Customer Health and Safety
	10	Biodiversity			22	Responsible Marketing Communications
	11	Addressing Climate Change Risks and Opportunities	23		Quality management and after-sales service	
	12	Environmental Information Disclosure	24		Customer Data and Privacy	
		25	Protecting Intellectual Property			
		26	Supplier Environment and Social Assessment			
		27	Regulation of procurement practices			
		28	Prevention of anti-competitive behaviour			
		Community investment	29	Community Engagement, Impact Assessment and Investment		
			30	Development of emergency preparedness system		
			31	Respect for the rights of indigenous people		

STAKEHOLDER SURVEY

A total of 802 internal and external stakeholders participated in this year's online survey. Approximately 83.7% of the responses came from internal staff of the Group, while the remaining stakeholders are external stakeholders such as suppliers, customers and government/regulatory authorities, etc.

Stakeholder Engagement

Based on the results of the survey, CCA has identified a total of 16 material issues in a matrix, of which 8 from the top 25% will be ranked as top issues and the rest as important issues. The Group will disclose different issues according to their importance. The material matrix is as follows:



Details of all material issues are as follows (by area and in descending order of importance):

Area	Code	Issue
Environment	5	Greenhouse gas or exhaust emissions: This includes managing greenhouse gas emissions and emissions of air pollutants such as nitrogen oxides (NOx), sulfur oxides (SOx), and other pollutants as defined by national laws and regulations. For example, respirable suspended particulates from waste incineration.
	7	Waste disposal: including the management of hazardous waste (such as slag, fly ash and waste activated carbon from hazardous waste incineration) and non-hazardous waste (such as domestic waste and food waste).
	6	Water use and wastewater treatment: This includes managing the way of water taken, consumed and reused, and the impact it has. The Group also discharge wastewater in accordance with industry and national standards.

Stakeholder Engagement

Area	Code	Issue
Employment and Labor Practices	13	Improve the employment management system: including the regulation of compensation, working hours, rest time, leave, benefits, retirement protection and parental leave, etc. At the same time, to establish a diverse work environment (such as providing work opportunities for disadvantaged groups), and to provide equal opportunities for all employees and eliminate discrimination (such as eliminating harassment, unwelcome comments or behaviours).
	16	Provide training and development opportunities: including staff promotion, personal development reviews and retirement planning. Retired employees are also provided with continuing employability training.
	15	Establishing a safe and healthy working environment: This includes establishing an occupational health and safety management system, implementing processes for hazard identification, risk assessment and incident investigation, and conducting occupational health and safety training to prevent occupational hazards and promote the health and well-being of employees. For example, providing appropriate personal protective equipment, establishing health and safety committees, and organizing physical and mental health workshops.
	18	Respect for human rights: This includes conducting human rights assessments, providing human rights training to employees, and establishing policies and contractual terms related to human rights.
	14	Clarify labor relations: Include measures to ensure employees' rights to consult and negotiate. For example, establish channels and procedures to communicate with employees about major operational changes.
	17	Strictly prohibited Child labor or forced labor: This includes the prevention of child labor and forced labor. For example, checking employee IDs and threatening employees with overtime through termination or other means (such as withholding their IDs or requiring mandatory deposits) are prohibited.
	19	Protection of freedom of association and the right to collective bargaining: This includes ensuring freedom of association and the right to collective bargaining (including the initiation of due diligence) for employees (including operating sites and suppliers).
	20	Regulated Security Practices: Hire security personnel who have received formal training.

Stakeholder Engagement

Area	Code	Issue
Operating Practices	24	Customer Data and Privacy: Includes measures to prevent loss of customer data and privacy policies.
	21	Customer Health and Safety: This includes identifying the impact of products and services on customer health and safety, and developing measures to ensure customer health and safety.
	25	Protection of intellectual property rights: This includes respecting and protecting the intellectual property rights of any third party.
	22	Responsible marketing communication: This includes providing customers with adequate and accurate information about products and services, including their positive and negative economic, environmental and social impacts. For example, how to use and dispose of products safely, and the origin of their raw materials.
	23	Quality management and after-sales service: This includes the development of policies, measures or programs to ensure the quality of products and services. Examples include quality control processes, complaint handling and product recall procedures.

According to the results of the survey, the stakeholders of CEHL are very concerned about the issues of “employment and labor practices”, and most of the issues are identified as material issues, among which “improving the employment management system” is the most concerning issue.

FOCUS GROUP

Based on the results of the material analysis, CCA conducted three focus groups with 57 colleagues from six project companies of CEHL, including Lushan Capital Environment Energy Company Limited, Suixian Capital Environmental Sanitation Limited, Zhejiang Zhuoshang Environmental Energy Company Limited, Ningbo Capital Environment Kitchen Waste Treatment Company Limited, Huizhou Guanghui Energy Company Limited and Duyun Capital Environment Company Limited. They further discussed and communicated with each other on four material focus areas, and learned about the opinions and suggestions of different employees of CEHL on the future sustainability development of the Company. These four areas include: 1) greenhouse gas emissions and waste management; 2) safe and healthy working environment and training and development; 3) protection of customer privacy and intellectual property rights; and 4) community emergency preparedness and social benefit assessment. During the focus groups, all stakeholders actively participated and spoke up, and the consultant summarized the staff’s opinions and suggestions in different focus group sessions, and disclosed them in the “Continuous Improvement” section of each chapter. The Group will strive to establish a diversified, transparent, honest and accurate communication channel to lay an important foundation for the development of future sustainability development strategies.

Stakeholder Engagement

BOUNDARIES OF IMPACTS OF MATERIAL ISSUES

The identified material issues not only matter to the Group's operations, but also have different degrees of impact on the internal and external stakeholders⁸ of the Group. The following table sets out the stakeholder boundaries affected by the different material issues and the corresponding chapters of the Group's relevant descriptions.

Material issues		Boundaries of Impacts on Stakeholders											Chapters in this report addressing the impact
		Internal stakeholders			External stakeholders								
		Managers of reporting projects	Management of strategic functions	Other staff	Customers	Contractors	Partners	Suppliers	Government regulators	Banks	Media	NGOs	
5	Greenhouse gas or exhaust emissions	✓	✓						✓		✓	✓	Promoting Green Production and Appendix: Compliance Performance
7	Waste management	✓	✓						✓		✓	✓	
6	Water resources usage and wastewater treatment	✓	✓						✓		✓	✓	
13	Improve the employment management system	✓	✓	✓					✓				Giving Priority to People and Appendix: Compliance Performance
16	Provide training and career opportunities	✓	✓	✓			✓	✓					
15	Establish a safe and healthy working environment	✓	✓	✓			✓	✓	✓		✓	✓	
18	Respect for human rights	✓	✓	✓					✓		✓	✓	
14	Clarify labour relations	✓	✓	✓					✓		✓	✓	
17	Strictly prohibit child labour or forced labour	✓	✓	✓					✓		✓	✓	
19	Protecting freedom of association and the right to collective bargaining	✓	✓	✓					✓		✓	✓	
20	Regulating Security Practices	✓	✓				✓						Pursuing Excellence in Services and Appendix: Compliance Performance
24	Customer data and privacy	✓	✓		✓	✓	✓	✓		✓			
21	Customer health and safety	✓	✓		✓	✓	✓	✓	✓		✓	✓	
25	Protect intellectual properties	✓	✓		✓	✓	✓	✓					
22	Responsible marketing communications	✓	✓		✓	✓	✓	✓	✓		✓	✓	
23	Quality management and after-sales service	✓	✓		✓	✓	✓	✓	✓		✓	✓	

⁸ The internal boundary of impact of the Group was consistent with that of the reporting boundary. The external boundary of impact covered the key external stakeholders identified during the year.

Adhere to Green Development

CEHL has always adhered to the principles of “protection first, prevention oriented, integrated governance, public participation, and taking responsibility for damage”, implementing the ideologies of energy saving and emission reduction in waste discharges, resources usage, as well as environmental and natural resources management. Meanwhile, the Group aims to minimize the negative effects on the environment by developing a variety of environmental technologies. The Group has established the Environmental Management Measures in light of regulating environmental issues under each department and project companies.

REDUCING EMISSIONS Air Emission Management

The operation of the Group’s projects involves the generation of electricity, which generates flue gas and other emissions during the incineration process, including air pollutants from biomass combustion and waste incineration such as nitrogen oxides, sulphur oxides and respirable suspended particulates. Therefore, the Group adopt stringent operating procedures during the incineration process to ensure the process of emitting air emission complies with national emission 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 project companies 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.

During this Year, 2,049,072 kg of nitrogen oxides, 616,538 kg of sulphur oxides and 61,350 kg of respirable suspended particles were generated from reporting projects. Compared to 2019, the production of nitrogen oxides and sulphur oxides increased by 145% and 114% respectively, while the production of RSP decreased by 66%. The significant increase in nitrogen oxides and sulphur oxides is associated with the increase in waste incineration treatment. In order to reduce the generation of air pollutants, the Group will continue to optimise and improve its processes and equipment to gradually reduce emissions based on previous years.

	Category	Emissions Volumes (kg)
Air Pollutants	Nitrogen Oxides	2,049,072
	Sulphur oxides	616,538
	Respirable suspended particles	61,350

Carbon Management

During the Year, CEHL commissioned CCA to conduct a carbon assessment to quantify the GHG emissions⁹ (or “carbon emissions”) generated from the operation of reporting projects. The quantification process¹⁰ 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.

⁹ 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); in addition, chlorofluorocarbons (HCFCs) and trifluorobromomethane (Halon 1301) are also covered.
¹⁰ The quantification process adopts operational control methods to aggregate data.

Adhere to Green Development

In the operations of Reporting Projects, direct greenhouse gases emission mostly come from waste incineration (approximately 79% of Scope 1), followed by landfill gas released from landfill sites (approximately 12% of Scope 1). Energy indirect GHG emissions come from purchased electricity, while other indirect GHG emissions come from commercial flight. Compared to 2019, total GHG emissions increased by 57% in the Year. Of this, direct (Scope 1) GHG emissions increased by 61%, while energy indirect (Scope 2) GHG emissions and other indirect (Scope 3) GHG emissions decreased by 7% and 10% respectively. The increase in Scope 1 GHG emissions is mainly related to the increase in waste disposal. The decrease in Scope 2 GHG emissions is related to the stable electricity production and self-sufficiency of the electricity. Scope 3 GHG emissions also decreased due to a reduction in travel as a result of the COVID-19. In addition, the produced electricity of Group's incineration projects (Nanchang Quanling Power Plant, Duyun Power Plant, Gao'an Power Plant, Suixian Power Generation Project, Ruijin Power Plant and Huizhou Power Project) is exported, which is equivalent to approximately 400,946 tonnes of avoided carbon dioxides. This represents an increase of 169% compared to the previous year.

In order to reduce carbon emission caused by incineration, a range of carbon reduction measures have been implemented at various incineration projects, which includes: 1) Control fire line to ensure no raw material; 2) reasonably distribute air to make the furnace combustion adequately; 3) lead the methane gas to be the furnace chamber combustion; 4) stabilize and fully process the aerobic section; 5) ignition burner technology to facilitate the full combustion of waste, to ensure that the furnace chamber temperature so that the harmful gases fully combustion; 6) pilot study of built-in ultra-filtration membrane technology, so that pollutants can effectively pass; and 7) optimize the control technologies and commands, adjust the operating conditions to ensure that flue gas and other emissions meet the standards.

Scope	Emission Resources	Emission Volumes (metric tons of CO ₂ equivalent)
Direct (Scope 1) greenhouse gas emissions	Stationary source fossil fuel combustion, mobile source fossil fuel combustion, waste incineration treatment, solid waste landfill treatment, leachate treatment and fugitive emissions ¹¹	588,493
Greenhouse gas emissions from the combustion of biomass fuels¹²		770,929
Indirect energies (Scope 2) GHG emissions	Purchased Electricity	22,473
Other indirect (Scope 3) GHG emissions	Business Travel by Air	36
Total GHG emissions (Scope 1, 2 and 3)		611,002

To take more effective measures to reduce GHG emissions from its operating projects, the Group will continue to assess, record and disclose its GHG emissions and other environmental data on an annual basis, and regularly review the performance of existing measures and study the development of relevant emission policies to guide the operation of projects in the future.

¹¹ 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.

¹² Biomass included biodiesel used in vehicles, domestic waste incinerated in waste-to-energy projects, and biogas produced in landfills and anaerobic treatment projects.

Adhere to Green Development

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 project companies 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 project companies 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; and
- 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 775,386 metric tons, of which incineration projects (Nanchang Quanling Power Plant, Duyun Power Plant, Gao'an Power Plant, Suixian Power Generation Project, Ruijin Power Plant and Huizhou Power Project) accounted for 99% of the total weight of hazardous waste. Hazardous wastes, including fly ash, slag and sludge, were treated by incineration and landfills by chelation and solidification, respectively. The total volume of non-hazardous waste generated was 340,581 metric tons, of which collection and transportation projects accounted for more than 80% of the total weight of non-hazardous waste. No non-hazardous waste was generated because each incineration project treated non-hazardous waste directly by incineration. Other projects treated non-hazardous waste in different ways, including handing over to third-party contractors for incineration. Hazardous waste and non-hazardous waste increased by 86% and 222% respectively compared to the previous year, which is related to the increase in the amount of waste handled during the year. The Group will increase the utilization of resources and control all aspects to reduce the generation of hazardous and non-hazardous waste.

In addition, other items will be treated, recycled or reused in different ways according to the nature of the projects business. These include: the metal dismantling products of the waste appliances dismantling projects will be sold to external parties for treatment; the waste tires and parts replaced by waste collection, storage and transfer projects will be directly handed over to repairers for treatment; and the domestic waste generated from the anaerobic treatment project will be handed over to a third-party contractor for incineration.

Effluent management

The Group's wastewater is mainly generated from the production wastewater of reporting projects' operation and the domestic wastewater of the office. All production wastewater is treated in sewage treatment stations, sewage conditioning ponds or other leachate treatment facilities set up in the plants, and part of the filtered wastewater will be used for plant greening, road sprinkling or as recycled cooling water. The domestic wastewater is discharged to the wastewater treatment plant for treatment and used for plant greening or discharged to the municipal pipeline.

Adhere to Green Development

ENERGY SAVING AND CONSUMPTION REDUCTION

The Group attaches importance to resource management and strives to adopt various measures to achieve resource conservation and improve resource efficiency. At the same time, each project companies also provides regular training to its staff to enhance their knowledge of energy-saving equipment and environmental awareness.

Energy

Each project companies has a dedicated special environmental information management personnel who is responsible for collecting data on energy use and development on a regular basis and conducting statistical analyses, which are also reported to the Group's internal database.

During the Year, the energy consumed by the Group's reporting projects mainly included waste consumption, fuel used for power generation, operations of machinery and vehicles. The 134% increase in energy consumption compared to the previous year is related to the increase in the amount of waste disposal. The Group will rationalize the use of energy to ensure normal operation and increase the efficiency of energy use in order to achieve energy conservation.

Use of energy			
Type	Consumption (MWh)	Type	Consumption (MWh)
Coke	0	Domestic waste (mineral carbon)	1,736,594
Gasoline	2,145	Domestic waste (Biocharcoal)	3,511,854
Diesel	56,844	Solar	0
Biodiesel	81	Purchased electricity	36,835
LPG	111	Produced electricity that was not yet consumed	0
Natural gas	2,809	Sold electricity ¹³	(-657,181)
Total energy consumption		4,690,092	

Water Resources

In terms of water consumption, there is no problem in obtaining suitable water sources for each Reporting Projects, which are provided by the municipal network for production and domestic use, with some projects using municipal reclaimed water. The total water consumption of each project for the year was 3,470,886 cubic meters, an increase of 77% compared to the previous year. The increase in water consumption was due to an increase in evaporation from the high load incinerator operation, which resulted in an increase in tap water usage.

The Group will continue to enhance its water conservation technologies and implement different measures to recycle water resources. At the same time, the Group will also provide various training programs for our staff to enhance their awareness of water conservation.

¹³ Sold electricity was generated from waste in Nanchang Quanling Power Plant, Duyun Power Plant, Gao'an Power Plant, Suixian Power Generation Project, Ruijin Power Plant and Huizhou Power Project.

Adhere to Green Development

THE ENVIRONMENT AND NATURAL RESOURCES

The Group is always concerned about the impact of project operations on the surrounding environment and natural resources, and is committed to reducing the adverse impact on the environment by enhancing performance management and developing different contingency plans.

The Group has established Safety Committee to oversee the protection of the surrounding environment and natural resources, and to lead various departments and project companies in implementing relevant policies. At the same time, each project companies has set up an environmental leadership team in accordance with the Environmental Management Measures, which is responsible for implementing environmental protection measures, resolving project-related environmental issues and providing regular environmental protection training to staff.

At the same time, to address the risk of environmental damage and soil and water pollution caused by hazardous chemical spills, each project companies have formulated different emergency response plans, including immediate remedial measures, long-term follow-up measures and business improvement plans to reduce immediate environmental pollution and prevent the recurrence of similar incidents in the future. In the event of an incident, the project companies will contact local environmental protection organizations and government departments to explain the incident and ensure that the impact on the surrounding area and the environment is minimized.

It is worth mentioning that this year, Beijing Cleaning Project was awarded the “Advanced Unit of National Voluntary Tree Planting” by Beijing Municipal People’s Government and Capital Greening Committee in recognition of the outstanding performance in voluntary tree planting activities. In the past three years of operation, Beijing Cleaning Project has been seriously implementing the national greening policy, and at the same time actively participating in community greening promotion and organizing staff to participate in voluntary tree planting activities on a regular basis.



Adhere to Green Development

CONTINUOUS IMPROVEMENT: ENVIRONMENTAL MANAGEMENT

During the Year, the Group also received various comments and suggestions on environmental issues through online surveys and focus groups. Looking ahead, the Group will consider the recommendations and incorporate them into its operational policies as appropriate. At the same time, the Group will continue to communicate with various stakeholders to understand their expectations and ideas on environmental issues to help improve the Group's environmental performance.

Stakeholder comments and suggestions

- "Strengthen the work related to biomass collection for power generation and centralize the collection of biomass waste";
- "The carbon dioxide generated from the operation of power boilers can be further collected and purified for reuse, and the boilers can be transformed into low-NOx burners";
- "Further utilization of residual digestate, of which digestate can be used as organic fertilizer and solid residue can be used to raise worms";
- "In terms of incineration flue gas emissions, it is recommended that wet scrubber towers and SCR systems be added, and that high quality bags be used and maintained regularly";
- "Further recovery of methane from landfill for secondary use";
- "Further increase the greenery of the plant";
- "Use new energy garbage collection vehicles to reduce vehicle emissions";
- "Further reduce the use of automobiles and encourage employees to use public transportation";
- "Enhance training for employees on environmental protection awareness and strict requirements on the accuracy of daily equipment operation"; and
- "We hope that the Group headquarters will support and organize professional staff to upgrade the equipment".

Protecting Employee Rights

The Group understands that corporate development depends on the joint efforts and contributions of its employees. The Group is committed to providing a safe working environment and a sound human resources management system to promote the health and well-being of its employees.

TALENT ACQUISITION

The Group believes that a sound employment system helps to attract talents and stabilize the morale of the staff team to assist the Group's continuous development. Therefore, the Group has established a series of staff policies, including the "Employee Management Measures", the "Recruitment and Hiring Measures", the "Welfare and Subsidy Management Measures for Project Companies" and the "Remuneration Management Measures", which set out the Group's arrangements for recruitment, dismissal, remuneration, promotion, leave, equal opportunities, anti-discrimination, other benefits and welfare.

The Group is committed to providing competitive remuneration and benefits to its employees, including annual salary, wage benefits, bonuses, free annual medical examinations, paid holidays¹⁴ and allowances¹⁵. In addition, the Group values equal opportunities for employees and conducts screening and interviewing in accordance with the principles of fairness, impartiality and openness in the recruitment and promotion of employees to ensure that job applicants or employees are not unfairly treated on the basis of personal factors such as age, gender, race, religion, marital status, sexual orientation or disability. At the same time, the Group takes a zero-tolerance approach to any form of discrimination. Any employee may lodge a complaint about discrimination and the Group will investigate and take further action as appropriate.

A diverse workforce is also a core corporate value of the Group. As a company with operations in different provinces in China, the Group's project companies strive to employ employees from different backgrounds, with over 94% of the employees coming from the counties where the projects are located. At the same time, the Group also employs ethnic minority and disabled employees as part of its employee team. 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 basic rights in accordance with national and regional policies such as Notice of the State Council on the Circulars of the "13th Five-Year Plan" for Promoting the Development of Ethnic Regions and Minorities for Promoting the Development of Ethnic Regions and Ethnic Minorities".

NURTURING TALENTS

In order to improve the Group's talent pool, the Group regularly provides different training opportunities for its employees to enhance their ability to cope with different challenges and to assist the Company's sustainability development in the long run. The Group has established the "Education and Training Management Measures" and "Backup Employee Management Measures", and has committed to investing 1.5% to 2.5% of the total salary of the employees for education and training activities every year.

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. 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.

¹⁴ Paid leave includes work injury leave, marriage leave, maternity leave, breastfeeding leave, family planning leave and funeral leave.

¹⁵ Subsidies include transportation allowance, communication allowance, meal allowance, high temperature allowance, etc.

Protecting Employee Rights



This Year, in order to test the work skills of the employees and the results of their daily training, the Group held the first final competition of the “Craftsman Cup” at the Duyun Power Project. The competition was divided into two parts: theoretical knowledge examination and practical operation, including electrical skills competition, dismantling of used computers, forklift driving skills demonstration, emergency disposal of incineration power generation main control accidents, and collection and transportation vehicle demonstration. A total of 12 teams and 46 competitors from the Group’s various project companies participated in the competition.



The Group will take this skills competition as a new opportunity to mobilize the initiative and enthusiasm of all workers to learn knowledge, technology and business by means of innovative skills training, technical competitions and technical tackling, and focus on cultivating skilled, complex and knowledgeable technical personnel.



Protecting Employee Rights

HEALTH AND SAFETY

The Group is fully aware that maintaining a safe working environment is one of the material issues in the Group's operation and the Group is fully responsible for the health and safety of its employees. Currently, the Group has established the "Safety Management Method" and the "Occupational Health Management Measures", which set out the responsibilities of the responsible persons of the Group and each project companies in maintaining health and safety and a series of safety and health measures of the Group.

According to the "Safety Management Regulations", the Safety Committee headed by the Chief Executive Officer 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 labor conditions of employees to enhance production safety and hygiene standards and reduce the risk of accidents. In the event of a major accident, the Chief Executive Officer will lead the Safety Committee and the project companies to initiate emergency rescue work, investigate and formulate preventive measures together with the relevant departments and project managers in order to reduce the recurrence of similar accidents. The person in charge of the safety department will also hold regular safety meetings to understand the safety situation of each project and address current and potential risks as early as possible.

HAZARD IDENTIFICATION AND SAFETY HAZARD INVESTIGATION

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

SAFETY ACCIDENT EMERGENCY PLAN

In the event of a serious incident that poses a significant risk to employee safety, such as explosion, electric shock, poisoning or fire, the project companies will adopt an emergency response plan, set up an incident response command centre and notify the relevant departments of the Group. Under the command centre, there are different functional groups, including: incident handling group, communication group, alert group, rescue group and material supply group, etc., to provide various assistance in case of incidents. Each project companies can also formulate its own contingency plan and conduct regular emergency drills as necessary so that it can deal with unexpected incidents promptly and reduce the casualties of its staff and the impact on project operations.

Protecting Employee Rights

SAFETY TRAINING AND STAFF PHYSICAL EXAMINATION

To foster a corporate safety and health culture, the Group's project companies also arrange various safety training and seminars, as well as health activities for their staff, including office safety education, production safety month promotion, fire safety training and occupational health training. The project companies also hold regular safety meetings and arrange occupational health checks for the staff to ensure that they have a high level of awareness of safety risks and are physically fit to work safely.

To enhance the safety awareness of the staff, the Group organised emergency rescue education and training activities during the year. Professionals were invited to introduce in detail how to escape and save themselves in case of the above-mentioned emergencies from the perspectives of firefighting, earthquake and flood safety education, and demonstrations were conducted on site. Through this activity, the Group hopes to enhance the general knowledge and personal safety awareness of our staff on urban safety and emergency disasters.

In addition to some staff representatives participating on site, more than 300 employees watched the event via live online streaming.



THE RESPONSE OF THE COVID-19 FROM CEHL

In the face of the COVID-19, the Group has taken various preventive measures for the employees, including issuing masks, alcohol wipes and protective clothing to its employees. At the same time, the Group also disinfected the vehicles entering and leaving the operation sites and the offices to ensure the health and safety risks of the employees are minimized.

Protecting Employee Rights

LABOUR RIGHTS

The Group prohibits the employment of child labor and any form of forced labor. The Group has established the "Employee Management Measures", "Recruitment and Hiring System" and labor rights protection system at the project companies level.

	Management Measures	Policies
Prohibiting child labour	<ul style="list-style-type: none"> The Human Resources Department is responsible for reviewing the basic information of each candidate. If it is found that a candidate does not meet the age of employment, the candidate should immediately be disqualified. 	Recruitment and Hiring System
Eliminating forced labour	<ul style="list-style-type: none"> The Group does not encourage employees to work overtime. If the employee needs to extend working hours given practical circumstances, he/she should fill out the Overtime Application Form and file it to the department head for approval. Eligible employees will receive overtime pay. 	Employee Management System

CONTINUOUS IMPROVEMENT: EMPLOYMENT MANAGEMENT

The Group also received various comments and suggestions on employment issues through online questionnaire and focus group activities during the year. Looking ahead, the Group will consider the suggestions and incorporate them into its operational policies as appropriate. At the same time, the Group will continue to maintain communication with various stakeholders to understand their expectations and ideas on employment issues to help enhance the Group's employment performance.

Stakeholder comments and suggestions
<ul style="list-style-type: none"> "Integrate employee performance with regular evaluations to optimize employee career development paths"; "Improve the promotion mechanism to provide more staff with opportunities and platforms to develop their talents"; "Further increase the types of employee group activities and funding budget, select the types of activities that employees are interested in and invite their families to participate in when appropriate to enhance employee cohesion and centripetal force"; "The Group can continue to try the work from home mode in the future to adjust the working hours and work pattern of employees"; "Increase the number of medical check-ups for employees to help them understand their physical conditions"; "Provide a humane working environment, including the construction of a fitness center and activity lounge"; "Suggest that the company can organize professional psychological counseling and more group activities to relieve employees' psychological stress"; "Further analyze the health reports of employees and make recommendations on their health status"; "Invite project safety experts to visit project companies to provide guidance and organize safety production and safety training"; "Establishing a safety mailbox where employees can anonymously raise concerns with their safety supervisor and expect a response from the supervisor in a timely manner"; "Provide more training opportunities for employees to further enhance their professional skills and advance to different types of jobs"; "Provide cross-departmental training to increase employees' skills in different areas"; "Enhance continuous and regular training programs for all positions to strengthen the systemic nature of employee training"; and "Improve the post-training assessment mechanism to understand employees' opinions and suggestions on training contents, and formulate different training plans according to the needs of different positions".

Creating Multiple Values

The Group is committed to operating its business with a high level of ethical business standards in order to maintain the Group's reputation and protect the long-term interests of its shareholders. Currently, the Group has developed 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 relationship with its customers.

IMPROVING SERVICE QUALITY

Providing safe services

As a provider of integrated waste treatment solutions and environmental infrastructure services, the Group is committed to providing quality, efficient and safe services. The Group has established the Project Operation Management Measures and a series of policies on product liability to regulate the management operation process.

The Group's operation management centre has developed a production safety management system and is responsible for the implementation of production safety management. Each project companies also requires registered safety engineers to supervise safety matters at the operation sites and to provide safety training to the relevant management staff. Each project companies will also regularly inspect the operation equipment to ensure its proper operation.

In addition, the electronic dismantled products and by-products generated from the operation of some of the Group's dismantling and anaerobic treatment projects will be further sold. If the quality of the electronic dismantled products and 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.

Intellectual property

The Group is committed to developing new technologies to enhance the efficiency of its operations and is committed to respecting the intellectual property rights of any partner or other business and to abide by intellectual property confidentiality agreements and comply with all relevant national or local laws and regulations. During the year, the Group has applied for patents for 40 new technologies and processes developed by the Group.

Customer privacy

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 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. If staff are found to be in breach of the relevant regulations, the Group will take such actions as warning, dismissal or legal action.

Advertising

The Group has the Brand Management System and an Information Disclosure Management System to provide guidance to staff on the Group's brand strategy, information disclosure and crisis public relations matters. Currently, the Board Office is responsible for the Group's branding, information disclosure and public relations matters. At the same time, each project companies 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 labeling. Looking ahead, the Group will formulate relevant policies in accordance with its business development needs.

Creating Multiple Values

ANTI-CORRUPTION

The Group upholds the highest standards of corporate integrity and business ethics and adopts a zero-tolerance attitude towards bribery, extortion, fraud and money laundering. The Group has put in place the “Employee Responsibility and Penalty Management Measures” to prohibit any form of corruption within the Group.

If an employee is found and proven to have violated the Group’s internal regulations, the employee will be reported and criticized, transferred from the position, reduced in rank, dismissed, or even terminated from the labor relationship. Those who violate the law will be directly transferred to the judicial authorities for handling.

The Company has long been committed to conducting its business under a legal framework of fair competition, anti-bribery and anti-corruption, placing corporate anti-bribery and anti-corruption obligations above business interests and ensuring fairness, equity and transparency in the Group’s business. During the Year, 57.34% of the Group’s employees participated in anti-corruption training.

MANAGING SUPPLY CHAIN

The Group places emphasis on responsible procurement and the management of environmental and social risks in the supply chain. The Group has established systems such as the Tender Management Measures and the Procurement Management Measures to provide guidelines for the selection of suppliers that meet the Group’s requirements. The Group delegates the responsibility for the Group’s procurement work to the Tender and Procurement Working Committee and a dedicated negotiation team to negotiate with suppliers to engage suppliers that meet the Group’s requirements.

Dimensions	Selection Criteria
Social	<ul style="list-style-type: none">• Business Reputation;• Professional technical skills; and• Social Compliance Performance.
Environment	<ul style="list-style-type: none">• Emissions Handling Practices;• Packaging material use; and• Environmental Compliance Performance.

With regard to the employment of security guards, in order to protect the security of the Group’s operating sites, the Group employs qualified security guards through independent third-party organizations. At the same time, they are required to complete relevant security training before they officially start working.

CONTINUOUS IMPROVEMENT: PRODUCT RESPONSIBILITY MANAGEMENT

During the Year, the Group also received various comments and suggestions on product responsibility issues through online surveys and focus groups. Looking ahead, the Group will consider the suggestions and incorporate them into its operational policies as appropriate. At the same time, the Group will continue to communicate with various stakeholders to understand their expectations and ideas on product responsibility issues to help enhance the Group’s product responsibility performance.

Creating Multiple Values

Stakeholder comments and suggestions

- "Hire a person to keep the information to ensure that all information is not leaked";
- "Strengthen the construction and supervision of the confidentiality system";
- "Suggest the company to organize employees to study the relevant laws and regulations and improve their legal knowledge";
- "We hope to further improve the automation of production equipment and reduce the breakdown rate of equipment, so as to protect the operational efficiency and employee safety"; and
- "Try to apply informationization and systemization in the fields of file, inventory and human resources, such as setting up an online data entry system to change the traditional inefficient manual entry and improve work efficiency".

Developing with the Community

The Group strives to be a socially responsible company. The Group actively participates in local community activities and construction to create shared value. As such, the Group has established the Measures for External Donations and Sponsorships, which explains the Group's position and direction of community investment. 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.

In order to further implement the work plan of the central government to eliminate poverty and fulfil social responsibility, the fourth party branch of the Group launched a party day activity in Huairou Town this Year with the theme of "Party Building and Cohesion, Helping Poverty with love".

Accompanied by the local government, the staff of the Group went into the families of the people in difficulties, and understood in detail the conditions of their family members, the sources of living, children's education and income levels, and donated living materials such as rice, flour, oil and masks to them. Afterwards, the local government officials also introduced the work arrangements for the treatment of garbage dumps and exchanged views on the construction of the project.



During the epidemic period, the Group was very concerned about the epidemic situation in Hubei Province and actively fulfilled its social responsibility as a state-owned enterprise in the city. In accordance with the plan, the Party Committee of the Group made a special study on repaying the people of Shiyang and took the initiative to donate a total of RMB1.5 million to Shiyang City, the location of Danjiangkou Dam and the core water source area of the South-to-North Water Diversion Project. At the same time, the Group also called on party members and staff to make donations for the people of Shiyang, with more than 2,100 staff members raising RMB236,000.



Developing with the Community

CONTINUOUS IMPROVEMENT: COMMUNITY INVESTMENT MANAGEMENT

During the Year, the Group also received various comments and suggestions on community investment issues through online surveys and focus groups. The Group will consider the recommendations and incorporate them into its operational policies as appropriate in the future. At the same time, the Group will continue to communicate with various stakeholders to understand their expectations and ideas on community investment issues to help enhance the Group’s community investment performance.

Stakeholder comments and suggestions
<ul style="list-style-type: none">• “To further share the knowledge of waste separation to the public and to promote and popularise waste separation”;• “Public open days for environmental facilities should be held to attract schools and children as much as possible to help them develop environmental awareness from a young age”;• “Establish a mechanism for emergency response around the enterprise and expand communication with external parties”;• “Further promote the establishment of community emergency response teams to enhance communication with surrounding residents and communities”;• “Increase investment in education and poverty alleviation in the surrounding villages and public infrastructure construction”;• “Adding volunteer activities in the community”;• “Collaborate with local party organizations to organize different community activities”.



Appendix: Compliance Performance

OVERVIEW OF COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

Aspects	Relevant Laws and Regulations	Compliance Status
Emission	<p>“Environmental Protection Law of the People’s Republic of China”</p> <p>“The Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes”</p> <p>“The Regulation on the Administration of the Recovery and Disposal of Waste Electrical and Electronic Products”</p>	<p>The Group has not identified any cases of non-compliance in relation to emissions in the reporting projects during the Year.</p> <p>Regarding the violation of environmental laws and regulations that occurred in the Ningbo Anaerobic Treatment Project and the Weng’an Landfill last year, relevant penalties and rectifications have been completed.</p>
Employment	<p>“The Labour Law of the People’s Republic of China”</p> <p>“The Labour Contract Law of the People’s Republic of China”</p>	<p>During the year, no cases of discrimination or non-compliance in relation to employment was found among the reporting projects of the Group.</p>
Health and Safety	<p>“The 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>	<p>During the year, no cases of non-compliance in relation to health and safety were found among the reporting projects of the Group. There were in total 9 cases of work-related injuries in the reporting projects. The Group has provided appropriate support and compensation to injured employees in accordance with relevant national and local laws and regulations.</p>
Labour Standards	<p>“The Law of the People’s Republic of China on the Protection of Minors”</p> <p>“Payment of Wages Tentative Provisions”</p>	<p>The Group has not identified any cases of non-compliance in relation to labour standards in the reporting projects during the Year.</p>
Product Responsibility	<p>“Company Law of the People’s Republic of China”</p> <p>“Standard for Pollution Control on Municipal Solid Waste Incineration”</p>	<p>The Group has not identified any cases of non-compliance in relation to product responsibility in the reporting projects during the Year.</p>
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>“The Bidding Law of the People’s Republic of China”</p>	<p>The Group’s reporting projects did not receive any cases of corruption proceedings against the Group or its employees during the Year, and did not violate laws and regulations in relation to anti-corruption.</p>

Appendix: CEHL Green Bond Report

As of 31 December of this year, all of the allocated net raised funds had been invested in the Group's existing or newly launched environmental projects in the solid waste sector, all of which were eligible green projects within the Beijing Capital Group's Green Bond Framework. The Company's green bond funding allocation is detailed in the table below (in descending order of allocation amount).

CEHL GREEN BOND CAPITAL ALLOCATION STATEMENT (AS OF 31 DECEMBER 2020)

Project Number	Companies managing the project	Amount allocated (RMB)	Within the boundary of the report
Project 1	Xinxiang Capital Solid Environmental Energy Limited	223,511,195.00	
Project 2	Suixian Capital Environmental Energy Limited	218,830,919.00	✓
Project 3	Nanyang Capital Environment Technology Company Limited	150,250,000.00	✓
Project 4	Nanchang Capital Environment Energy Co., Ltd.	110,000,000.00	✓
Project 5	Shangrao Fengshun Solid Waste Treatment Co., Ltd.	101,741,100.00	
Project 6	Lushan Capital Environment Energy Company Limited	89,160,000.00	✓
Project 7	Yingde Laohuyan Solid Waste Treatment Co., Ltd.	82,258,150.00	
Project 8	Shenzhou Capital Environmental Energy Co., Ltd.	80,688,400.00	
Project 9	Yutian Capital Environmental Energy Co., Ltd.	77,800,000.00	
Project 10	Xihua Capital Environment Resources Limited	59,830,000.00	
Project 11	Tanghe Capital Environmental Energy Co., Ltd.	57,000,000.00	
Project 12	Qianjiang Capital Bolang Green Energy Limited	56,290,000.00	✓
Project 13	Qixian Capital Biomass Energy Co., Ltd.	54,000,000.00	
Project 14	Renqiu Capital Environmental Treatment Co., Ltd.	52,912,035.00	
Project 15	Duchang Capital Environmental Energy Co., Ltd.	48,800,000.00	
Project 16	Zhengyang Capital Environmental Energy Company Limited	45,600,000.00	✓
Project 17	Yongji Huaxinda Clean Energy Co., Ltd.	45,000,000.00	
Project 18	Qixian Capital Environmental Energy Company Limited	44,000,000.00	✓
Project 19	Lushan Capital Biomass Energy Co., Ltd.	39,000,000.00	
Project 20	Huainan Capital Environment Recovery Engineering Company Limited	37,555,000.00	✓
Project 21	Ruijin Capital Environmental Energy Company Co., Ltd.	35,000,000.00	✓

Appendix: CEHL Green Bond Report

Project Number	Companies managing the project	Amount allocated (RMB)	Within the boundary of the report
Project 22	Zibo Capital Solid Environment Technology Limited	32,000,000.00	
Project 23	Huojia Capital Environmental Treatment Co., Ltd.	15,335,000.00	
Project 24	Xiangxi Autonomous Prefecture Capital Environmental Co., Ltd	14,000,000.00	
Project 25	Suixian Capital Environmental Sanitation Limited	14,000,000.00	✓
Project 26	Anhui Capital Environmental Technology Company Limited	13,000,000.00	✓
Project 27	Huludao Kangte Jincheng Environment Management Company Limited	12,000,000.00	
Project 28	Guangchang Capital Environment Co., Ltd.	10,000,000.00	✓
Project 29	Duyun Kelin Environment Company Limited	10,000,000.00	
Project 30	Duyun Capital Environment Company Limited	10,000,000.00	✓
Project 31	Jinzhong Capital Environment Resources Limited	8,500,000.00	
Project 32	Hebei Xiongan Pioneer Environmental Governance Limited	7,350,000.00	
Project 33	Gaoan Capital Environmental Sanitation Co., Ltd.	7,200,000.00	✓
Project 34	Dingxi Capital Solid Environment Energy Co., Ltd.	6,880,000.00	
Project 35	Duyun Capital Environmental Sanitation Services Limited	6,500,000.00	
Project 36	Nongan Capital Environmental Energy Co., Ltd.	5,500,000.00	
Project 37	Beijing Capital Shunzheng Environmental Energy Technology Co., Ltd.	5,100,000.00	
Project 38	Puer Capital Environmental Energy Co., Ltd.	5,000,000.00	
Project 39	Suiping Capital Environmental Sanitation Company Limited	4,000,000.00	✓
Project 40	Linyi Capital Environmental Hygiene Limited	3,000,000.00	✓
Project 41	Luoyang Capital Solid Environment Services Co., Ltd	2,400,000.00	
Project 42	Xihua Capital Environment Sanitation Limited	2,000,000.00	✓
Project 43	Suichuan Capital Environmental Energy Co., Ltd.	1,180,000.00	
	Total	1,904,171,799.00	

Appendix: KPIs Summary

ENVIRONMENTAL PERFORMANCE

Air emissions and type	Year 2020	Year 2019	Year 2018	Unit
Nitrogen oxides	2,049,072	838,017	862,378	kilogram
Sulphur oxides	616,538	287,736	280,978	kilogram
Respirable suspended particulates	61,350	182,159	49,164	kilogram
GHG emissions		Year 2019	Year 2018	Unit
Scope 1	588,493	365,698	568,881	tonnes of CO ₂ -e
Scope 2	22,473	24,076	10,579	tonnes of CO ₂ -e
Scope 3	36	40	53	tonnes of CO ₂ -e
Total GHG emissions (Scope 1, 2 and 3)	611,002	389,814	579,513	tonnes of CO ₂ -e
GHG intensity (Scope 1, 2 and 3)	0.42	0.44	0.83	tonnes of CO ₂ -e/ RMB1,000 of revenue
Hazardous waste		Year 2019	Year 2018	Unit
Total amount of hazardous waste¹⁶	775,386	416,099 ¹⁷	154,649	tonnes
Hazardous waste intensity (by revenue)	0.56	0.47	0.22	tonnes/ RMB1,000 of revenue
Non-hazardous waste		Year 2019	Year 2018	Unit
Total amount of non-hazardous waste¹⁸	340,581	105,896 ¹⁹	212,490	tonnes
Non-hazardous waste intensity (by revenue)	0.25	0.14	0.42	tonnes/ RMB1,000 of revenue
Total energy consumption		Year 2019	Year 2018	Unit
Total energy consumption	4,690,092	2,008,391	1,403,339	MWh equivalent
Energy intensity (by revenue)	3.25	2.25	3.10	MWh equivalent/ RMB1,000 of revenue
Total water consumption		Year 2019	Year 2018	Unit
Total water consumption²⁰	3,470,886	1,957,571	1,278,494	Cubic metre
Water intensity (by revenue)	2.60	2.19	1.91	Cubic metre/ RMB1,000 of revenue
Use of packaging materials	The operations of the reporting projects did not involve consumption of packaging materials			

¹⁶ The estimate of the total amount of hazardous waste does not include the data from Linyi Collection and Transfer Project, Zhengyang Collection and Transfer Project, Guangchang Processing Project and Gao'an Waste Collection and Transfer Project. The Group will continue to enhance its data collection and statistical capability and further improve the disclosure in the coming year.

¹⁷ The total hazardous waste estimate does not include the amount generated by Qixian Collection and Transfer Project. The Group will continue to enhance its capabilities of data collection and accounting, and further improve its disclosure in the coming year.

¹⁸ The total non-hazardous waste estimate does not include the amount generated by Yangzhou Hazardous Waste Treatment Project, Gao'an Waste Collection and Transfer Project and Nanyang Landfill Project. The Group will continue to enhance its capabilities of data collection and accounting, and further improve its disclosure in the coming year.

¹⁹ The total non-hazardous waste estimate does not include the amount generated by Qixian Collection and Transfer Project, Linyi Collection and Transfer Project, Chaoyang Cleaning Project, Qianjiang Collection and Transfer Project, Xihua Collection and Transfer Project, Lushan Collection and Transfer Project, and Yangzhou Hazardous Waste Treatment Project. The Group will continue to enhance its capabilities of data collection and accounting, and further improve its disclosure in the coming year.

²⁰ The total water consumption does not include the amount generated by Xihua Collection and Transfer Project, Qixian Collection and Transfer Project, Gao'an Waste Collection and Transfer Project, Yutian County Integrated Waste Project, Suiping Sanitation Project and Huainan Non-Conforming Landfill Project. The Group will continue to enhance its capabilities of data collection and accounting, and further improve its disclosure in the coming year.

Appendix: KPIs Summary

SOCIAL PERFORMANCE

Employment Statistics			Central China	South China	East China	Southwest China	Northeast China	Total
Number of employees and percentage of employees in each category	Total by project location		564	113	909	93	276	1,955
	Gender	Male	511	102	706	73	174	1,566
		Female	53	11	203	20	102	389
	Age	Below 30	72	50	212	26	15	375
		30–50	424	56	489	65	139	1,173
		Over 50	68	7	208	2	122	407
	Employment category	Senior managerial level	10	2	31	3	6	52
		Managerial level	27	7	75	5	14	128
		General staff	527	104	803	85	256	1,775
	Employment type	Full-time	564	113	898	93	276	1,944
Part-time		0	0	11	0	0	11	
New hires ratio ²¹	Gender	Male	5.87%	15.69%	12.75%	6.85%	11.49%	9.26%
		Female	5.66%	54.55%	9.36%	15%	15.69%	14.65%
	Age	Below 30	5.56%	30%	13.68%	15.38%	40%	15.47%
		30–50	6.84%	8.93%	11.66%	6.15%	5.76%	8.78%
		Over 50	0	28.57%	11.06%	0	18.03%	11.55%
Turnover rate ²²	Gender	Male	6.85%	17.65%	14.16%	8.22%	27.01%	13.15%
		Female	5.66%	9.09%	10.34%	10%	36.27%	16.45%
	Age	Below 30	9.72%	14%	13.21%	15.38%	13.33%	12.80%
		30–50	5.90%	14.29%	11.45%	6.15%	13.67%	9.55%
		Over 50	8.82%	57.14%	17.79%	0	51.64%	27.03%
Number and percentage of employees from vulnerable groups	Ethnic minority ²³	17 (3.01%)	6 (5.31%)	5 (0.55%)	54 (58.06%)	6 (2.71%)	88 (4.50%)	
	Person with disability	4 (0.71%)	0	6 (0.66%)	0	2 (0.72%)	12 (0.61%)	
Workers ²⁴			105	86	2,032	43	127	2,393

²¹ New hire rate is calculated by dividing the number of new hires in a category by the total workforce of that category in the year.

²² The 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.

²³ 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 Minorities, Buyi Minorities.

²⁴ In addition to directly employed persons, laborers whose work or workplace is controlled by CEHL, such as janitorial staff, security staff, property staff, and equipment inspectors.

Appendix: KPIs Summary

Health and Safety Statistics		Central China	South China	East China	Southwest China	Northeast China	Total
Work-related injuries	Male	2	0	3	0	0	5
	Female	0	0	4	0	0	4
Work-related fatalities	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 ²⁵		162	0	10	67	39	278
Lost days due to work-related injuries or occupational diseases	Male	150	0	53	0	0	203
	Female	0	0	119	0	0	119

Training Statistics			Central China	South China	East China	Southwest China	Northeast China	Total
Training rate ²⁶	Gender	Male	92.82%	90.09%	75.33%	78.49%	63.04%	79.94%
		Female	7.18%	9.91%	24.67%	21.51%	36.96%	20.06%
	Employment category	Senior managerial level	1.89%	1.80%	4.41%	3.22%	2.18%	3.02%
		Managerial level	4.73%	4.50%	10.13%	5.38%	5.07%	6.98%
		General staff	93.38%	93.70%	85.46%	91.40%	92.75%	90%
Average training hours ²⁷	Gender	Male	40.25	23.69	16.08	8	15.83	24.06
		Female	32.98	18.18	24.57	8	10.23	20.92
	Employment category	Senior managerial level	42.70	10	28.32	8	23.67	28.67
		Managerial level	46.96	14.29	21.87	8	21.79	26.20
		General staff	39.13	24	17.22	8	13.09	23.08
Percentage of employees receiving regular performance and career development reviews ²⁸	Gender	Male	88.65%	100%	88.24%	100%	100%	91.00%
		Female	35.85%	100%	98.52%	100%	100%	90.49%
	Employment category	Senior managerial level	80%	100%	93.55%	100%	100%	92.31%
		Managerial level	77.78%	100%	100%	100%	100%	95.31%
		General staff	84.06%	100%	89.54%	100%	100%	90.54%

²⁵ Refers to special vehicle operators, flammable and explosive area production operators and drivers and other types of work.

²⁶ Training ratio is calculated by dividing the number of employees trained in one category by the total number of employees in this category.

²⁷ Average training hours is calculated by dividing the total hours of training received by a category over the number of employees of the category

²⁸ 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 this category

Appendix: KPIs Summary

Supply Chain Management Statistics		Central China	South China	East China	Southwest China	Northeast China	Total
Suppliers located in China mainland		143	67	398	26	121	755
Percentage of suppliers implementing relevant practices		68.53%	100%	62.06%	100%	48.76%	65.83%

Operation and Product Responsibility Statistics		Central China	South China	East China	Southwest China	Northeast China	Total
Non-compliance in relation to health and safety of products and services	Total number of incidents	0	0	0	0	0	0
	Percentage of product recall	0	0	0	0	0	0
Number of complaints about products and services	Total number of incidents	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	Northeast China	Total
Confirmed incidents of corruption		0	0	0	0	0	0
Percentage of staff participating in anti-corruption training		50%	100%	36.96%	100%	100%	57.34%
Average time spent in anti-corruption training		3.13	7.36	2.24	2	2.86	2.90

Community Investment Statistics		Central China	South China	East China	Southwest China	Northeast China	Total
Total donation amount	RMB	9,686.31	/	15,100	4,300	/	29,086.31
Volunteering	Participation	/	/	337	62	45	444
Volunteering hours	Hours	/	/	92	195	90	377

Appendix: ESG Guide and GRI Standards Content Index

GRI Standards	ESG Guide	Contents in the ESG Guide or GRI Standards	Page/Remarks
Environmental Topics			
A1 Emissions			
GRI 103-1	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	23, 39
GRI 103-2			
GRI 103-3			
GRI 305			
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GRI 305-7			
GRI 305-1	A1.1	The types of emissions and respective emissions data.	23, 42
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GRI 103-2	A1.5	Description of measures to mitigate emissions and results achieved.	23-24
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A2 Use of Resources			
GRI 103-2	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	23
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GRI 302-1			
GRI 302-3	A2.1	Direct and/or indirect energy consumption by type and intensity	26, 42
GRI 303-5	A2.2	Water consumption in total and intensity	26, 42
GRI 103-2	A2.3	Description of energy use efficiency initiatives and results achieved.	26
GRI 103-2	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	26
GRI 301-1	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	N/A

Appendix: ESG Guide and GRI Standards Content Index

GRI Standards	ESG Guide	Contents in the ESG Guide or GRI Standards	Page/Remarks
A3 The Environment and Natural Resources			
GRI 103-2 GRI 103-3 —	General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	23
—	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	27
Social Topics			
B1 Employment			
GRI 103-1 GRI 103-2 GRI 103-3 GRI 401-2 GRI 405 GRI 406	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	29, 39
GRI 102-7 GRI 102-8 GRI 405-1b	B1.1 (new Amendment)	Total workforce by gender, employment type, age group and location. Percentage of employees per employee category in each of the following diversity categories: i. Gender; ii. Age group: under 30 years old, 30-50 years old, over 50 years old; iii. Other indicators of diversity where relevant (such as minority or vulnerable groups).	43
GRI 401-1b	B1.2	Employee turnover rate by gender, age group and geographical region.	43
GRI 401-1a	—	Total number and rate of new employee hires during the reporting period, by age group, gender and region.	43
GRI 406-1	—	Incidents of discrimination and corrective actions taken	29
B2 Health and Safety			
GRI 103-1 GRI 103-2 GRI 103-3 GRI 403	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	31, 39

Appendix: ESG Guide and GRI Standards Content Index

GRI Standards	ESG Guide	Contents in the ESG Guide or GRI Standards	Page/Remarks
GRI 403-4	—	Where formal joint management-worker health and safety committees exist, a description of their responsibilities	11, 31
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.	32
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.	32
GRI 403-9	B2.1	Number and rate of work-related fatalities.	44
GRI 403-9	B2.2	Lost days due to work injury	44
GRI 103-2	B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	31–32
B3 Development and Training			
GRI 103-1	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	29
GRI 103-2			
GRI 103-3			
GRI 404			
—	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	44
GRI 404-1	B3.2	The average training hours completed per employee by gender and employee category.	44
B4 Labour Standards			
GRI 103-1	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	33, 39
GRI 103-2			
GRI 103-3			
GRI 408			
GRI 409			
GRI 103-2	B4.1	Description of measures to review employment practices to avoid child and forced labour	33
GRI 408-1c	B4.2	Description of steps taken to eliminate such practices when discovered.	33
GRI 103-2			
GRI 409-1b			

Appendix: ESG Guide and GRI Standards Content Index

GRI Standards	ESG Guide	Contents in the ESG Guide or GRI Standards	Page/Remarks
	B5 Supply Chain Management		
GRI 103-2 GRI 308 GRI 414 —	General Disclosure	Policies on managing environmental and social risks of the supply chain.	35
—	B5.1	Number of suppliers by geographical region.	45
GRI 103-2	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	35
	B6 Product Responsibility		
GRI 103-1 GRI 103-2 GRI 103-3 GRI 206 GRI 416 GRI 418 — — — — GRI 103-2 GRI 418-1 GRI 206-1	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	34, 39
—	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	45
—	B6.2	Number of products and service related complaints received and how they are dealt with.	45
—	B6.3	Description of practices relating to observing and protecting intellectual property rights	34
—	B6.4	Description of quality assurance process and recall procedures	34
GRI 103-2	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	34
GRI 418-1	—	Substantiated complaints concerning breaches of customer privacy and losses of customer data	45
GRI 206-1	—	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	45

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GRI Standards	ESG Guide	Contents in the ESG Guide or GRI Standards	Page/Remarks
	B7 Anti-corruption		
GRI 103-1	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	35, 39
GRI 103-2			
GRI 103-3			
GRI 205			
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	45
GRI 102-17			
GRI 103-2	B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	35
GRI 205-2e	B7.3 (new Amendment)	Description of anti-corruption training provided to directors and staff.	35, 45
	B8 Community Investment		
GRI 103-1	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	37
GRI 103-2			
GRI 203			
GRI 413			
GRI 203-1	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	37
—	B8.2	Resources contributed (e.g. money or time) to the focus area.	45
GRI 413-1	—	Operations with local community engagement, impact assessments, and development programs.	37
	Economic Topics		
GRI201-2	—	Financial implications and other risks and opportunities due to climate change	14
GRI201-4	—	Financial assistance received from government	11



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