



**中國核能科技集團有限公司**  
China Nuclear Energy Technology Corporation Limited  
Stock Code : 611

ENVIRONMENTAL, SOCIAL  
AND GOVERNANCE REPORT

2016





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## ABOUT CNETCL

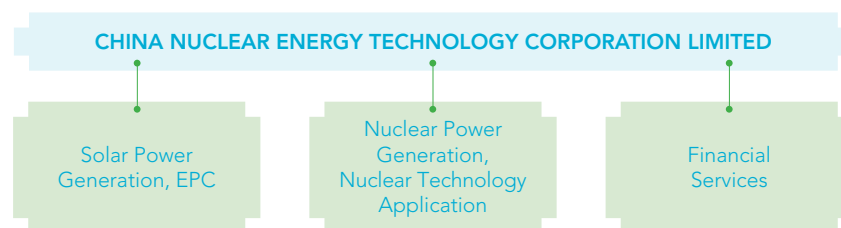
China Nuclear Energy Technology Corporation Limited (“CNETCL” or the “Group”) is a company with a diversified business structure. Its scope of business includes solar power generation, engineering, procurement and construction (EPC) and consultancy, financing, restaurant, hotel operation and property investment. In 2016, the Group disposed of its restaurant, hotel operation and property investment business to focus on the development of clean energy generation and financial service business. The Group also participated in China Nuclear Industry Maintenance Co., Ltd., which is engaged in construction works for all types of nuclear reactors, nuclear power plants and radiative chemical projects in China, as well as maintenance, technical consultancy and services for nuclear power plants and mechanical and electric equipment.

CNETCL develops new energy as its core business through active participation in photovoltaic generation and investment in and operation of solar power stations. The Group has taken part in compilation of national and industrial standards for photovoltaic generation in China and obtained more than 30 patented technological inventions. To date, the Group has built 35 photovoltaic power stations with total installed capacity of over 1,000MW, including a 40MW station constructed and operated by the Group, with projects in a dozen of provinces, municipalities and autonomous regions across China. With excellent design capabilities in photovoltaic generation, combined with sophisticated management and superior engineering capability, the Group has become a leading contractor in the field of new energy project construction. At the same time, it has taken a solid step towards the integration of construction and operation for solar power plants.

CNETCL makes full use of resources on the financial service platform to continuously expand and optimise financing channels guided by the idea of industry-finance integration, which not only provides working capital to its photovoltaic EPC business, but also enables the Group to shift its business model from pure construction contracting to the integration of “development, investment, construction, operation”. The Group will continue to focus on the financial leasing business in clean energy and energy conservation and environmental protection areas to leverage on the synergies between multiple financing models and its core business.

CNETCL is positioned as an offshore investment and financing and capital operation platform for China Nuclear Engineering & Construction Corporation to facilitate the development of group companies in the integration of industry and finance. The Group is committed to its business philosophy “integrity, dedication, agility, exploration, innovation and respect” and strives to become a leading international clean energy investment enterprise and service provider by developing the solar power generation, energy conservation and environmental protection areas.

## GROUP BUSINESS STRUCTURE





## ABOUT THIS REPORT

As the first Environmental, Social and Governance Report published by CNETCL, this Report discloses the Group's measures and performance on sustainable development issues in a transparent and open manner, allowing stakeholders to better understand the Group.

### REPORTING YEAR

All of the information in this Report reflects the performance of CNETCL in terms of environmental protection and social responsibility during the period from January to December 2016. In the future, the Group will continue to improve the transparency of information disclosure by regularly publishing the Environment, Social and Governance Report each year to the public.

### SCOPE

This Report focuses on the construction and operation of two major photovoltaic projects of CNETCL – the “Jiangsu GCL Haibin Pukou Xingdian 20MW Agro-PV Greenhouse Power Generation Project” (“Pukou Xingdian”) and the “Taizhou Herun 20MW+20M Photovoltaic Power Generation Project”(“Taizhou Herun”)¹, which represent the two key areas of the Group's new energy business respectively: EPC photovoltaic project and self-operated photovoltaic power station. After the Group refines its environmental, social and governance works and our data collection system becomes more mature, we will extend the scope of this Report to other projects, and even fully cover all the operations of the Group. This Report does not include disclosure of key environmental performance indicators. The Group will conduct carbon assessments next year to further refine and standardise the indicators for reporting.

### REPORTING STANDARDS

This Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “Guide”) issued by the Stock Exchange of Hong Kong Limited (the “Stock Exchange”). This Report provides a condense overview of CNETCL's environmental, social and governance performance. The information in this Report is derived from the Group's official documents and statistics, as well as the monitoring, management and operational information aggregated by member companies under the Company's relevant system. The last chapter of this Report contains a complete content index for quick reference. This Report has been prepared in both Chinese and English languages and has been uploaded to the Group's website at [www.cnetcl.com](http://www.cnetcl.com). If there are any inconsistencies or discrepancies between the Chinese and English versions, the Chinese version shall prevail.

### FEEDBACK

Our continued improvement depends on your valuable comments on the contents and form of this Report. If you have any question or suggestion, please send it to [info@cnetcl.com](mailto:info@cnetcl.com) via email to help us continue to improve our environmental, social and governance performance.



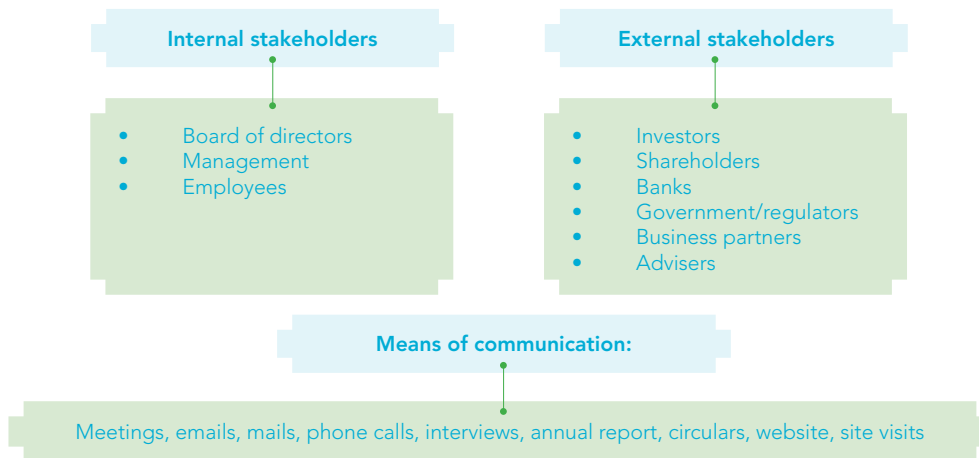
¹ Pukou Xingdian, an EPC project of the Group, will be operated by its owner Jiangsu GCL Haibin New Energy Technological Development Company Limited upon completion; and Taizhou Herun New Energy Company Limited, a subsidiary controlled indirectly by the Group, is responsible for operating the Taizhou Herun project.

## STAKEHOLDER COMMUNICATION

The Stock Exchange sets out four reporting principles in the Guide, including materiality, quantitative, balance and consistency, which underpin the preparation of an environmental, social and governance report. According to the Stock Exchange, stakeholder engagement is used to assess materiality. Communications with stakeholders allows a company to understand their views and identify significant environmental and social issues.

For CNETCL, the term stakeholder means the groups and individuals with significant influence on or affected by the Group's business. The Group's stakeholders not only include its employees, but also include its customers, business partners, investors, regulators and community groups of all kinds. Over the past year, we have communicated with key stakeholders through different channels. For the preparation of this Report, we engaged a professional consultant to conduct a materiality analysis in the form of management interview, and determined significant issues for reporting by reference to its opinions to develop the Group's approach to sustainable growth.

### MEANS OF COMMUNICATIONS WITH STAKEHOLDERS DURING THE REPORTING PERIOD



CNETCL's businesses affect different stakeholders, while these stakeholders also have different expectations on the Group. Going forward, the Group will maintain and expand its communications with stakeholders to solicit views from them more extensively through various methods, thus improving the materiality analysis. Meanwhile, the Group will consider more of the reporting principles of quantitative, balance and consistency to determine the content of the report and presentation of information in a way that can better meet the expectation of stakeholders.

## CHAIRMAN'S STATEMENT

**"If our achievements in the past relied on our commitment to providing products and services of the highest quality, then the key to future success is to meet the expectations of our community in pace with the times."**

Looking back at 2016, the signing of the Paris Agreement marks a new wave of low-carbon campaign. Expanding investments in renewable energy projects to accelerate the shift to low-carbon economy represents a clear international and national trend. As a clean energy investment company and service provider, the Group plays an important role in combating climate change issues.

Our mission is to develop clean energy and promote harmony between man and nature. We have the most professional team which focuses on technology research and development and design optimisation, with R&D targets set every year. Leveraging on our extensive experience in EPC general contract management, we have successfully obtained more than 30 patented technology inventions. Photovoltaic power generation is our current focus. We have established a rigorous internal control system, and properly manage the procurement process, construction processes, etc., to ensure that all projects are completed with high quality.

People are our most valuable asset and the key to our sustainable development. To ensure the safety of the work environment, we have introduced and strictly implement the "6S Site Management Approach" to improve site management and to provide adequate security for our staff.

If our achievements in the past relied on our commitment to providing products and services of the highest quality, then the key to future success is to meet the expectations of our community in pace with the times. We will uphold the core values "Responsibility First, Rigorous and Pragmatic, Pursuit of Excellence, Harmony and Win-win", and make good use of our advanced technology and abundant resources to develop solid relationship with the community, perform our corporate social responsibility more actively, and contribute to the society with clean and efficient green energy so as to become an international advanced clean energy investment enterprise and service provider.

**Ai Yilun**

*Chairman*

**China Nuclear Energy Technology  
Corporation Limited**

## ENVIRONMENTAL PROTECTION

### EMISSIONS

CNETCL complies with all relevant environmental laws and regulations in managing its emissions. The Group is committed to identifying and minimising emissions from its operations. The main emissions discharged by the Group are solid waste, dust and waste water.

Project companies of CNETCL have developed the Environmental and Safety Operation Procedures for managing, among others, waste recycling, clean-up and transport, dust control, sewage discharge and use and storage of hazardous chemicals. Project companies require their employees to minimize solid waste that has been generated, especially hazardous waste. The general manager assumes primary responsibility for environmental protection at the project company and is fully responsible for establishing and implementing its environmental accountability system, as well as ensuring that sufficient resources are provided to achieve environmental objectives. The project company's site project department is responsible for assessing the environmental factors and risks of the site and managing waste, dusts and sewage on site.

The waste generated by the project company includes recyclable waste, non-recyclable waste, hazardous waste and general household waste. General household waste is disposed of by the contractor, which is required to enhance the protection and management of transport vehicles to prevent waste leakage and transport it to designated rubbish dumps. The site project department arranges, sets and manages temporary dumps for solid waste, recycles and manages packages of equipment and materials, steel leftover and retired equipment, and monitors the amount of waste generated by contractors to keep the site clean. When the project company handles hazardous waste, it will be first classified and treated accordingly, stored and transported carefully, so as to prevent the leakage of hazardous waste. Waste depots are required to be rainproof, anti-leakage and preventive of flying dust, to reduce the risk of causing environmental pollution.

Dust emissions mainly come from the construction of photovoltaic power stations, which do not produce dusts in operation. During construction, the project company sprinkles regularly on site to reduce dust generation. It does not use non-clean fossil fuels such as coal and heavy oil in operation. Fume purification equipment has been installed in staff canteen with the Catering Industry Fume Emission Standard implemented to reduce air pollutant discharge.

Sewage from operation is recycled without discharge. After pre-treatment, sewage stored in septic tanks will be collected and used as fertilisers by farmers near the project company regularly, or used for planting within the project after being processed through its own sewage treatment system, compliance as a green water within the project.

During the reporting period, there was no non-compliance related to emissions for Pukou Xingdian and Taizhou Herun projects.

## ENVIRONMENTAL PROTECTION

### USE OF RESOURCES

In the daily operations of photovoltaic power stations owned by CNETCL, resources with the largest consumption are electricity and paper. All the electricity used by the project company is generated by the photovoltaic power station itself to make the most of renewable energy. For more efficient use of paper, the project company has developed the Office Supplies Management Measures to regulate the standard management process of office supplies from procurement, allocation and distribution. It reduced paper usage by about 500 sheets of A4 paper in the reporting year through management of office paper.

### THE ENVIRONMENT AND NATURAL RESOURCES

Other than the emissions and use of resources, daily operations of PV stations have no significant and direct impact on the environment and natural resources. Nonetheless, CNETCL recognises that any operation will affect the surrounding environment. The Group is committed to protecting the environment and ecosystem at and surrounding the construction site, complying with relevant environmental laws and regulations and reducing the impact of operation on the environment and natural resources in its operating activities, especially in the process project construction.



## ROBUST OPERATION

### SUPPLY CHAIN MANAGEMENT

In a globalized economy, outsourcing is a common practice for businesses. However, outsourcing does not mean that companies can evade responsibility or risk arising from poor environmental, social and governance performance. CNETCL understands that the Group should play its part in the entire life-cycle of service, and proper management of supply chain is the key to maintaining the brand's reputation, ensuring business sustainability and managing operating costs.

The main suppliers of photovoltaic power stations are construction subcontractors and equipment and material suppliers. The project company has established the Supplier Management Measures to formulate guidelines and processes for selecting, evaluating and managing suppliers, while defining the responsibilities of the relevant departments. In addition to factors such as price, quality, technical support and lead time, the project company also considers the environmental impact of the subcontractor on the environment and society. The project company will conduct on-site inspection of its construction subcontractors. In doing so, apart from examining their professional and management standards, the Group will incorporate their environmental protection and safety management performance into the evaluation.

### PRODUCT RESPONSIBILITY

In today's highly competitive market environment, customer requirements for products and services continue to increase. CNETCL recognises that customers' trust and support may only be won by creating the greatest value for them. The Group has been expanding its photovoltaic engineering, procurement and construction businesses with a focus on project design and construction quality.

CNETCL has developed the Monitoring and Measurement Control Procedures for Process, Products and Performance to monitor the Group's project design and construction quality. During the project design phase, the Group monitors the quality of the design according to the Design Consultation Process Control Procedures. For subsequent construction and product commissioning, quality is monitored pursuant to the project quality inspection plan. In addition to ensuring its products comply with laws and regulations and customer requirements, the Group also sets out environmental management objectives, targets and programs to manage important environmental factors.

CNETCL has also developed the Non-compliance Control Procedures to prevent and control any non-compliance of products with requirements for quality, environmental and occupational health and safety. The Group has set up an identification mechanism to classify non-compliance cases by degree and formulated corresponding handling guidelines for different aspects from design, procurement, construction to environmental management system and occupational health and safety management. The procedure also sets out the responsibilities of different functions for prevention and correction in ensuring product quality.

During the reporting period, there was no non-compliance related to product responsibility for Pukou Xingdian and Taizhou Herun projects.

## ROBUST OPERATION

### ANTI-CORRUPTION

CNETCL believes integrity is the foundation for a company to perform its social responsibility, and fundamental to its competitive strength and continued operation. The Group is committed to preventing corruption, bribery, extortion, fraud and money laundering.

CNETCL strictly complies with China's anti-corruption laws. The Group has set up an anti-fraud mechanism to define the focus and key parts of anti-fraud works, together the responsibilities of the relevant departments in anti-fraud work. The Whistle-blowing Policy has been formulated to standardise the reporting, investigation and handling of fraud cases. If any suspected illegal cases are found, the employee may report to the Chief Executive in writing, and the Group will make an internal investigation or referral to the legal department depending on the case.

During the reporting period, there was no corruption litigation against the Group or its employees for Pukou Xingdian and Taizhou Herun projects.

## EMPLOYEE CARE

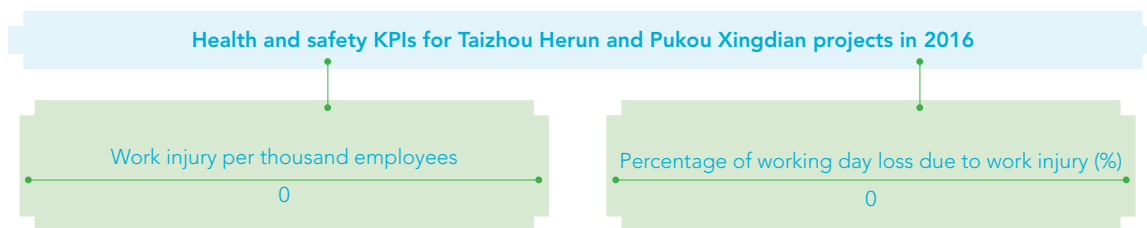
### HEALTH AND SAFETY

CNETCL considers that the operating efficiency of an enterprise is closely related to the health and safety of all employees. The Group is committed to creating a working environment where employees feel at home.

CNETCL abides by, and procures that its operation is in compliance with, the relevant laws and regulations of China on labour and occupational health and safety. The project company identifies and manages potential safety risks in accordance with the Environmental and Safety Operation Control Procedures. The site project department is responsible for monitoring the safety performance of the site, regular maintenance, repair, checks and tests of personal protective devices, production equipment and construction tools to ensure that they are safe and reliable, and managing the safety performance of construction contractors. The project management centre regularly supervises and inspects the occupational health and safety and compliance with laws and regulations across all project sites. If any irregularities are found, a rectification plan will be formulated and implemented under supervision.

For special types of works, CNETCL requires employees to wear appropriate personal protective devices, including helmets, safety boots and work suits. When working, they need to set up safety signs, security warning lines, or protection cover etc. in appropriate locations to prevent accidents. The Group requires all new hires to take health and safety training, and they must pass the training exam before getting to work. The Human Resources Department, together with the Internal Control Department, conducts safety training and examinations on a regular basis and makes records. Employees also need to take occupational health checks provided by the Group.

During the reporting period, there was no non-compliance related to health and safety for Pukou Xingdian and Taizhou Herun projects.



### EMPLOYMENT

CNETCL sees people as one of its most valuable assets. The Group believes every employee is entitled to respect and fair treatment. The Group has established a transparent employment system and issued various people management standards, including the Recruitment Management Standards, Compensation Management Standards, Attendance Management Standards, Personnel Changes Management Standards, and Benefits Management Standards, in order for employees to understand their rights and responsibilities, as well as the requirements of the Group on their behaviour and discipline.

CNETCL upholds the principle of equality and fairness, ensuring employees enjoy equal opportunities. The Group makes decisions regarding recruitment, promotion, compensation, and other aspects on the basis of employee capability, and strives to keep its compensation competitive in the market to retain key talents.

## EMPLOYEE CARE

CNETCL believes that good benefits can enhance its employees' sense of belonging. In addition to statutory benefits, the Group grants festive monetary gifts to employees, and provides lunch, accommodation, clothing, communication, housing and health check allowances to employees as applicable. The Group also organises various cultural and sports activities for its staff, enriching their spare time for work-life balance.

During the reporting period, there was no non-compliance related to employment practice, discrimination or harassment for Pukou Xingdian and Taizhou Herun projects.

## DEVELOPMENT AND TRAINING

CNETCL believes that people development is central to enabling an enterprise to grow and enhance corporate competitiveness.

CNETCL has developed the Employee Training Management Standards to set out the responsibilities, scope and methods of employee training management and establish an employee training system. The Human Resources Department is responsible for making the Group's employee training programs, preparing the annual training plan, assessing and reviewing training effectiveness. The Group's training can be classified as company-level training and department-level training. Company-level training is organised by the Human Resources Department for most of the Group's staff. Department-level training is organised by the respective department for professionals in the department. The Human Resources Department is responsible for establishing an in-house team of trainers, who are required to have a bachelor degree or above or professional qualification to ensure the quality of teaching. The Group also provides monthly allowance to encourage employees to participate in formal examinations organised by government departments, obtain certified professional qualifications related to its business, enhance their technical and managerial capability and unlock their potential.

Group Training System

By level	Company-level training		Department-level training	
By scope	Induction training	Managerial and technical training	Professional training	Other training
	Diplomatic education training	Practice qualification training	Skill training	

## EMPLOYEE CARE

### LABOUR STANDARDS

The International Labour Organization (ILO) is a specialized agency of the United Nations to enact labour standards in the form of international labour conventions and recommendations, thereby improving work and living standards around the world. China is a founding member and a permanent member of the ILO. In Hong Kong, there are currently 41 international labour conventions, which are applicable to working conditions, employment policies and other matters.



CNETCL fully recognises that child labour and forced labour violate fundamental human rights, the international labour convention and pose a threat to sustainable social and economic development. The Group is in strict compliance with the Labour Law of the People's Republic of China, prohibiting the use of child labour for any job. In the recruitment process, the Group will carry out actual age reviews, including checks on the applicant's identity documents, photos and household registration documents.

CNETCL will not impose any unfair limitation to the employment relationship between employees and the factory in any way, such as withholding of deposits, property or identification document. The Group strictly prohibits forced labour by way of violence, threats or deprivation of personal freedom. Subject to the laws, employees have the right to terminate their employment contract.

During the reporting period, there was no non-compliance related to child or forced labour for Pukou Xingdian and Taizhou Herun Projects.



## COMMUNITY INVESTMENT

CNETCL understands that a company should assume its responsibility for giving back to the community apart from creating the greatest value for shareholders. Most of the Group's photovoltaic power stations are located in remote areas, with limited opportunities to participate in community activities. However, the construction and operation of these photovoltaic power stations help create jobs in and boost the economy of local communities. During the reporting period, eleven employees of the Group in Hong Kong participated in the "UNICEF Charity Run 2016", raising donations totaling HKD5,720 to support HIV/AIDS prevention and treatment among children and families in developing countries. The Group does not have a Community Investment policy, but it will consider formulating relevant policies to incorporate social responsibility into its development approach and bring more benefits to the local community.

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<b>A1 Emissions</b>		
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<b>A2 Use of Resources</b>		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	7
<b>A3 The Environment and Natural Resources</b>		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	7
<b>B1 Employment</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	9
<b>B2 Health and Safety</b>		
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.	8
<b>B3 Development and Training</b>		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	10
<b>B4 Labour Standards</b>		
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Subject Areas	Content	Page index
<b>B5 Supply Chain Management</b>		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	7
<b>B6 Product Responsibility</b>		
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, selling and privacy matters relating to products and services provided and methods of redress.	7
<b>B7 Anti-corruption</b>		
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.	8
<b>B8 Community Investment</b>		
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.	11