



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

2023

SUSTAINABILITY REPORT

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Sustainability Performance 2023

Company Achievement

Processed 9.9727 million tonnes of solid waste

Produced 2.28 billion kilowatt-hours of on-grid energy

Total investment of RMB20.22 billion in projects in reserve

Environment

Greenhouse gas emissions intensity (Scope 1, 2 and 3) 0.77 tonnes of CO ₂ -e/RMB1,000 of revenue	Hazardous waste intensity 0.64 tonnes/RMB1,000 of revenue	Non-hazardous waste intensity 0.08 tonnes/RMB1,000 of revenue	Energy intensity 5.59 MWh/RMB1,000 of revenue	Water intensity 3.42 cubic metres/RMB1,000 of revenue
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Employees

Work-related injury rate per 1,000 workers 0 person	Percentage of employees receiving regular performance and career development reviews 75.94%	Total training hours 32,345 hours	Percentage of employees trained 86.66%
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Community Investment

A total donation of RMB2.41382 million	A total of 80 volunteering hours
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About this Report

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

This Report is available in Chinese and English, and has been uploaded to the website of The Stock Exchange of Hong Kong Limited (“SEHK”) and the Company’s website at www.cehl.com.hk for reference at any time.

REPORTING BOUNDARY

This Report mainly covers the Group’s sustainability performance between January 2023 and December 2023 (the “Year”). The scope of this Report (including the scope of environmental and social KPIs) covers 32 operating projects (referred to hereafter as the “Reporting Projects”) of CEHL in Mainland China that have been completed and put into production in or before 2023. Project types mainly include: 1) cleaning, collection and transportation and management projects, 2) waste-to-energy, 3) anaerobic treatment of organic waste, and 4) biomass power generation projects but do not include joint venture projects.

Taking the access and ownership of data into consideration, the Report has not yet covered the joint ventures of which the Group holds non-controlling interests. The projects that have been included in investment reserve but not yet in full operations are also excluded¹. In the future, the Group will continuously improve its internal data collection system to further expand the scope of disclosure if possible. Compared with the 2022 Sustainability Report, five new operating projects are added to the reporting scope of this Report, which have been highlighted in the table below:

Project/ Process Type	Project Name	Region	Processing Capacity (tonnes/day)
Cleaning, collection and transportation and management projects	The Integrated Project of Rural Solid Waste Treatment Facilities in Guangchang County, Fuzhou City, Jiangxi Province	East China	320
	The Integrated Comprehensive Processing Project of Rural Waste in Shicheng County, Jiangxi Province		504
	The Waste collection and transportation project in Gao’an County, Jiangxi Province		450

¹ As of 31 December 2023, in terms of project reserves, the Group’s projects in reserve reached a total of 68 projects (including 29 waste-to-energy projects, 5 landfill projects, 6 organic waste treatment projects, 18 cleaning, collection and transportation and management projects, 7 hazardous waste treatment projects, 1 waste appliance dismantling project and 2 biomass power generation projects) in the domestic market. The Group’s light asset projects in reserve reached a total of 44, including 23 sanitation business projects and 21 site restoration business projects.

About this Report

Project/ Process Type	Project Name	Region	Processing Capacity (tonnes/day)
	The Waste collection and transportation project in Qianjiang City, Hubei Province	Central China	200
	The Integrated Project of Rural-Urban Waste Collection and Transfer in Xichuan, Xixia and Neixiang Counties in the South-to-North Water Diversion Catchment Area, Henan Province		724
	Solid Waste Collection and Transfer Integration Project in Suixian Township, Henan Province		400
	Solid Waste Collection and Transfer Project in Xihua County, Zhoukou City, Henan Province		350
	Urban and Rural Sanitation Integration Project in Suiping County, Henan Province		300
Biomass power generation projects	Qixian Biomass Power Heating Project, Kaifeng City, Henan Province*	Central China	800
	Lushan County Biomass Electricity and Heat Cogeneration Project, Pingdingshan City, Henan Province*		800
Waste-to-Energy	Waste Incineration Power Project in Huizhou City, Guangdong Province	South China	1,600
	Solid Waste Incineration Power Generation Plant in Duyun City, Guizhou Province ²	Southwest China	670
	Waste Incineration Power Generation Project in Yutian County, Tangshan City, Hebei Province	North China	600
	Shenzhou Domestic Waste Incineration Power Generation PPP Project, Hebei Province *		800
	Yongji Domestic Waste Incineration Power Generation Project, Shanxi Province *		600
	Waste Incineration Power Generation Project in Qixian, Henan Province	Central China	800

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

About this Report

Project/ Process Type	Project Name	Region	Processing Capacity (tonnes/day)
	Rural-Urban Solid Waste Incineration Power Generation Project in Xichuan, Xixia and Neixiang Counties in the South-to-North Water Diversion Catchment Area, Henan Province		1,000
	Venous Industry Park Project in Lushan County, Henan Province (Waste Incineration Power Generation Project)		600
	Domestic Waste-to-energy Project in Suixian, Henan Province		600
	Waste Incineration Power Generation Project in Xihua County, Zhoukou City, Henan Province		600
	Waste Incineration Power Generation Project in Zhengyang County, Henan Province		600
	Zhumadian City Household Waste Incineration Project, Henan Province *		1,800
	Waste Incineration Power Generation Project in Xinxiang City, Henan Province		1,000
	Solid Waste Incineration Power Generation BOT Project in Qianjiang City, Wubei Province		600
	Solid Waste Incineration Power Generation Plant in Quanling, Nanchang, Jiangxi Province	East China	1,200
	Solid Waste Incineration Power Generation Plant in Gao'an City, Jiangxi Province		600
	Solid Waste Incineration Power Generation Plant Project in Ruijin City, Jiangxi Province		400

About this Report

Project/ Process Type	Project Name	Region	Processing Capacity (tonnes/day)
	Solid Waste Incineration Power Generation Project in Duchang County, Jiujiang City, Jiangxi Province		800
Anaerobic Treatment	Kitchen Waste Anaerobic Treatment Project in Yangzhou, Jiangsu Province	East China	200
	Kitchen Waste Anaerobic Treatment Project in Xiaoshan, Hangzhou, Zhejiang Province		400
	Capital Environment Kitchen Waste Anaerobic Treatment PPP Project in Ningbo City, Zhejiang Province		400
	Kitchen Waste Anaerobic Treatment Project in Hongmiaoling, Fuzhou City, Fujian Province		400

* Newly included projects in this Report during the Year

REPORTING STANDARDS

This Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (“ESG Guide”) under Appendix C2 of the Main Board Listing Rules of SEHK. In addition, in order to enhance the level of report disclosure, this Report also refers to the GRI Standards 2021 (“new GRI Standards”) issued by the Global Reporting Initiative (“GRI”). The appendix of the last chapter of this Report has a full index of ESG Guide and GRI Standards to show each of the guidelines used, so that readers can quickly search according to the GRI Standards.

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

Materiality and stakeholder inclusiveness

Through communication with Stakeholders of the Company (“Stakeholders”), the Group listens and identifies issues that are important to Stakeholders. By conducting an online questionnaire, the Group invites Stakeholders to assist in identifying issues that are material to the Group’s economic, environmental, social and governance issues, which are reviewed and confirmed by members of the board of directors of the Company (the “Board”).

About this Report

Sustainability context

This Report evaluates performance against broader sustainability considerations and goals, and where possible, considers its long-term strategies, risks, opportunities and goals when discussing sustainability issues.

Completeness

This Report covers topics that were material to Stakeholders during the Year and enables them to assess the performance of the Group during the reporting period.

Quantitative

Quantitative information is recorded and estimated in this Report and, where practicable, compared with past performance. To ensure the accuracy of key environmental performance indicators, the Group has commissioned professional external consultant to conduct carbon assessments in accordance with relevant national and international standards. The quantitative data of key social performance indicators in this Report came from the statistical records of relevant departments of the Group and companies of the Reporting Projects.

Accuracy

The Group rigorously maintains the accuracy of the information presented in the Report for Stakeholders to assess the Group's performance and indicators.

Balance

The Group reports on the environmental, social and governance achievements of the Year, as well as the difficulties and solutions it has faced, in an accurate, objective and balanced manner.

Clarity

This Report presents relevant ESG information to Stakeholders in an understandable and accessible format.

Consistency and comparability

Where practicable, the Group uses consistent statistical methods so that data can be meaningfully compared in the future. If there are any changes that may affect the comparison with previous reports, the Group has added a note to the corresponding content of this Report. This Year's environmental and social performance data and comparison with previous years' environmental performance are detailed in the section "Appendix: KPIs Summary".

About this Report

Verifiability

The information cited in this Report comes from the Group's official internal documents, statistical reports, as well as its management and operation information collected in accordance with the Group's systems, and the information is presented clearly without any misleading intent.

Timeliness

The Group reports on its ESG performance on a regular basis and clearly displays the period stated so that Stakeholders can obtain relevant information in a timely manner and make informed decisions.

Going forward, the Group will consider further enhancements to the data collection system and conduct more comprehensive disclosure in order to improve the level of disclosure in the Report.

REPORT CONTENT APPROVAL

The Board assumes full responsibility for the contents of this Report and ensures the integrity and reliability of the contents presented. The information quoted in this Report came from the Group's official internal documents and statistical reports. This Report was reviewed and approved by the Board on 22 March 2024.

OPINIONS AND FEEDBACK

Stakeholders' opinions and suggestions will help the Group formulate future sustainability strategies and more robust sustainability governance.

If you have any questions or suggestions, you are welcome to contact the Company's Department of Company Secretarial through the following channels:

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Telephone: (852) 2526 3438 Fax: (852) 2816 0008

Email: esg@cehl.hk

Chairman's Message



Mr. LI Fujing
Chairman



Chairman's Message

To control the global temperature rise within 1.5 degrees Celsius remains a clear objective pursued jointly by global leaders and the business community at the 28th Conference of the Parties to the United Nations Framework Convention on Climate Change ("COP28"). To align with the common commitment to carbon reduction at the global and national levels, we continue to explore and capitalise on the opportunities of low-carbon transformation. By dedicated to breakthroughs in core technologies and the transformation of scientific and technological achievements, we strive for technological iteration, refined management practices, and effective integration of innovative outcomes into production and social progress. By enhancing resource utilisation and promoting high-quality industrial development, we demonstrate our commitment to technological innovation and environmental protection.

The year 2023 marks the beginning of fully implementing the spirit of the 20th National Congress of the Communist Party of China. The Report to the 20th National Congress of the Communist Party of China emphasised that high-quality development is the primary task of building a modern socialist country in an all-round way, and is a fundamental requirement for Chinese modernisation. General Secretary Xi Jinping has emphasised "ecological environment protection" on two occasions. The first occasion emphasised that "We have acted on the idea that lucid waters and lush mountains are invaluable assets. We have persisted with a holistic and systematic approach to conserving and improving mountain, water, forest, farmland, grassland, and desert ecosystems", which establishes the position of ecological environment protection in the decade of transformation and proposes the concept of systematic governance. The second occasion emphasised that "we will make further efforts to keep our skies blue, waters clear, and lands clean" and that "the environmental infrastructure will be upgraded", which provides a clear direction for the future development of the ecological environment industry.

The environmental protection industry is currently experiencing an increasing economic orientation towards growth. Enterprises need to focus on high-quality supply, deeply explore demand, and provide users with more cost-effective, high-quality and specialised comprehensive environmental services. In terms of operations, stability and continuous improvement should be pursued through professional comprehensive service capabilities. Faced with a complex macro environment and industry upgrades, we must actively leverage the advantages of our Group, which covers the entire industry chain, promotes synergy among multiple businesses, and encompasses the entire process of urban waste management. By maintaining resilience, recognising the current situation, understanding patterns, and taking proactive actions, we can strengthen our internal capabilities.

Chairman's Message

In 2023, the Group adhered to the “14th Five-Year Plan” strategy and “Eco+2025” strategic iteration initiated by Beijing Capital Eco-Environment Protection Group Co., Ltd. (“Capital Eco Group”), the controlling shareholder of the Group. With the working principle of “improving quality and increasing quantity”, and guided by “integration, development, and elevation”, our core strategies revolve around “tackling challenges, improving quality, innovating and increasing output”. We ensure “organisational optimisation, talent development, information technology construction and safety management”, with a focus on development, promoting the improvement of quality and the layout of our business segments. We aim to create a diversified value driver of “investment + capabilities + services”, and realise the combination of light and heavy assets, enabling CEHL to cover various system governance needs in “water, solid waste, gas and energy”, and achieve balanced growth.

CEHL has always insisted on promoting market innovation, product and technology innovation and management innovation. Taking customer needs as the starting point, it continuously explores the extension of industrial value chain. By iteratively upgrading our technical equipment and implementing refined management and control models, we apply technological achievements to practical production and social development, thereby promoting the high-quality development of the environmental protection industry.

In terms of the industrial chain, we have developed and implemented various products including fly ash utilisation, slag utilisation, heating/steam supply, and mobile energy storage, to further improve energy efficiency. During the Year, the Company implemented the heat supply project in Qixian once again, which provided abundant clean energy for surrounding industrial enterprises. Meanwhile, the heat generated within the plant was transported through a pipeline network to thousands of households in Qixian, which completely improved the living environment of urban residents in winter. CO₂ was reduced by 186,000 tonnes, equivalent to the ecological compensation of planting 1.5 million trees throughout the year.

In terms of the energy chain, the Company further unleashing energy-saving and carbon-reducing potentials. The Company has implemented the Pu'er photovoltaic project, which is equipped with monocrystalline silicon photovoltaic modules with a direct-current installed capacity of 836.19 kWh. It is expected to increase the power generation of Pu'er incineration power plant by 1,200,800 kWh per year. In the future, the Company will give full play to the demonstration role of this project in the field of energy utilisation, further increase the construction of renewable energy projects and develop renewable energy.

Chairman's Message

We are consistently committed to deepening our presence in the field of land remediation and ecological restoration. We have established a comprehensive governance system of “two-step diagnosis, three core technologies and five governance measures”, tailored to provide optimal solutions for land remediation and mining ecological restoration projects, adhering to a “one project, one strategy” approach. During the Year, the Company actively engaged in the restoration and protection of the ecological systems in projects located in Tengchong City, Changzhi City, Binchuan County of Dali, and Maanshan Mining Area in Wugang City. Through these initiatives, we have accumulated valuable experience and case studies, aiming to make substantial contributions to the long-lasting and stable ecological balance of the natural environment.

We firmly believe that there is an inseparable connection between the implementation of sustainable business practices and the pursuit of long-term value creation. In the future, we will continue to expand our environmental protection business portfolio, upholding sustainable strategies, commitments and measures. We will implement effective waste management and ecological restoration strategies, wholeheartedly supporting the communities we serve and accelerating the pace of green transformation.

On behalf of the Group, I would like to express profound gratitude to all stakeholders who have steadfastly supported us. We will persist unwaveringly, guided by our vision and mission, continuously striving to contribute our efforts to shaping a greener and more sustainable tomorrow.

Li Fujing

Chairman

Capital Environment Holdings Limited

22 March 2024, Beijing

Executive Preface



Mr. LI Qingsong
Chief Executive Officer

Executive Preface

We have steadily advanced our journey towards green development and implemented comprehensive and diversified sustainability strategies and policies, which have resulted in breakthroughs and achievements in the field of sustainable practices. This not only demonstrates our strong commitment to environmental protection, but also reflects our active efforts and continuous progress in promoting social responsibility.

EFFICIENT GOVERNANCE STRUCTURE AND SYSTEM

To ensure consistent principles and practices across the Group, we have developed a comprehensive sustainability strategy framework covering core areas including but not limited to business operations, employee well-being, environmental protection, community engagement and supply chain management. The Group is committed to becoming a leader in these key areas, not only promoting its own sustainable progress, but also actively influencing our partners and the communities in which we operate to move towards a greener and more sustainable future together. The Sustainability Committee of the Board ensures that relevant policies and systems are in place and provides oversight and guidance to local teams. During the Year, in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (“TCFD”), we further enhanced the transparency of climate change information and responded to climate change challenges more effectively.

INNOVATION PROMOTING LOW-CARBON TRANSFORMATION OF BUSINESS PORTFOLIOS

In terms of innovation, the Group actively participated in the special Open Competition Mechanism Projects (揭榜掛帥項目). A total of 10 projects were successfully selected to the initial list, among which 6 projects passed the defense and being officially listed. At the same time, the Group actively engaged in deepening and enhancing the action for the reform of state-owned enterprises. Beijing Capital Environment Technology Co., Ltd (北京首創環境科技有限公司), a subsidiary of the Group, was enrolled in the list of “Scientific Reform Enterprises”, positioning it as a “pioneer” in state-owned enterprise reform with higher standards. Our first incineration project in Xinxiang has achieved an AAA project rating, and our incineration operation services have obtained “Special Grade” certification at the headquarters level, with five incineration projects receiving “Grade I” certification. Beijing Capital Environment Technology has successfully upgraded three construction qualifications, which is expected to further expand the scope of business and enhance market competitiveness. The Group has widely applied for high-profile awards such as Beijing New Technology and New Product Award and Science and Technology Progress Awards in Shanghai and Henan Province, which further enhanced the brand image and technical strength and gained recognition from external parties.

By iteratively upgrading our technical equipment and implementing refined management and control models, we apply technological achievements to practical production and social development, thereby promoting the high-quality development of the environmental protection industry. By using scientific and technological innovation to address environmental issues, we provide robust guarantees for environmental improvement. In our energy-saving and carbon-reduction segment, we consolidate our traditional consulting business while leveraging our professional expertise to actively expand our business boundaries, explore new customers, and venture into new areas such as carbon asset development to achieve transformation.

Executive Preface

PROTECTING THE RIGHTS AND INTERESTS OF EMPLOYEES AND ASSUMING SOCIAL RESPONSIBILITIES

We are committed to guiding our business practices through our core values of integrity and pursuit of excellence, aiming to safeguard the well-being of all stakeholders. In order to achieve this goal, we not only actively fulfill our social responsibility as a state-owned enterprise, but also establish in-depth cooperative relations with local governments and a wide range of communities. Through a series of volunteer service activities and material donations, we take practical action to support vulnerable groups.

We deeply value the contributions and dedication of our employees, recognising that talent is our most valuable resource. We implement a comprehensive talent strategy, continuously shaping new dynamics and new advantages for development. The Group adheres to the driving force of capital, talents and culture, and is committed to creating a healthy and enjoyable working environment for employees, enabling them to work with high efficiency. Meanwhile, the Group continuously explores the human resources management model, establishes a competitive remuneration mechanism, and provides employees with competitive remuneration packages. During the Year, the Group continued to professionalize its talents team and further improved the construction of the talents position system. It utilized various platforms such as the Chuangyun Book Court and the Capital Environment Podium to conduct talent training. In addition, the Group improved the incentive and constraint mechanism to stimulate the vitality of the organization in a continuous manner.

Looking ahead, “stability” serves as our main theme, while “progress” remains our overarching direction. The Group will focus on the overall objective of “innovation and breakthrough based on improved operational efficiency” and implement the annual work strategy of “in-depth tackling, comprehensive quality improvement, creating new growth and system upgrade”. In the incineration segment, we will actively promote model innovation and develop solutions. In the site restoration segment, we will leverage policy trends to explore new business areas such as saline-alkali land and tailings storage facilities. In the energy-saving and dual-carbon segment, we will leverage our professional expertise to actively expand our business boundaries, exploring opportunities in carbon asset development, low-carbon enterprises, demonstration parks, low-carbon product certification, carbon neutrality certification, green certificate issuance and trading and other dual-carbon businesses. In 2024, amidst both uncertainty and certainty in the market environment, I would like to express my deep appreciation to our colleagues, and sincere gratitude to all our stakeholders for their trust and support. With great enthusiasm, I look forward to joining hands with everyone and embarking on this promising journey towards environmental protection, contributing our efforts for a better Earth.

Li Qingsong

Chief Executive Officer

Capital Environment Holdings Limited

22 March 2024, Beijing

Board Statement

GOVERNANCE RESPONSIBILITY

The Board is responsible for overseeing the Group's environmental, social and governance ("ESG") issues, as well as the ESG management approach and strategy, including assessing, prioritising and managing ESG issues. In addition, to strengthen governance on sustainable development, CEHL plans to establish a Sustainability Committee which is responsible for the development and implementation of corporate social responsibility and sustainability measures, including reviewing relevant policies and practices, evaluating and making recommendations on matters related to the Group's sustainability risks, supervising relevant management and providing advice to the Board, and reporting to the Board on its decisions and recommendations.

The Sustainability Committee has the following responsibilities, powers and functions

- To make recommendations to the Board on the Company's ESG and sustainability goals, strategies, priorities, measures and goals;
- To oversee and review the Company's ESG and sustainability policies, practices, frameworks and management approaches, and to make recommendations to the Board for improvement;
- To assess ESG and sustainability-related risks, make recommendations on the Company's current risk management and internal control framework when necessary, and report relevant risks and issues to the Board;
- To regularly review the Company's performance on ESG and sustainability-related targets and report to the Board;
- To review and advise the Board on the Company's public communications, disclosure and publication (including sustainability reports) in respect of the Company's ESG and sustainability performance.

The Sustainability Committee shall consist of at least one Director, who may be either an executive Director or an independent non-executive Director, and the chairman shall be appointed by the Board from time to time. Other members may include the secretary to the Board, the company secretary, the director of the office of the Board and the deputy director of the office of the Board, as well as selected officers from the business departments of the Company and the Group.

Board Statement

BOARD DIVERSITY

We believe that board diversity can enhance our decision-making capabilities, and can effectively assist the Board in integrating sustainability concepts into daily operations, and ultimately enhance the overall benefits of shareholder value. Therefore, we have formulated the “Board Diversity Policy”. We promise that we take gender, skills, experience, professional knowledge, educational background, etc. into account, when considering the composition of Board members to strengthen the effectiveness of the Board and achieve the Group’s strategic goals.

SUSTAINABILITY RISKS AND OPPORTUNITIES

The Group proactively manages sustainability risks within its sphere of influence, and the Board assumes the overall responsibility for the Group’s sustainability risk management and internal control systems. The Group also promises to respond positively to sustainability-related issues and strengthen risk management. In addition, we will incorporate sustainability considerations into our risk management system and operating strategies to cope with the rapidly changing sustainability risks.

The Board understands that CEHL must proactively address the risks posed by climate change and make early deployments to address the financial risks that climate change may bring in the future. The Group has formulated relevant contingency plan policies and Policy on Climate Change to manage the impact of climate change on the Group. The policy, covering the Group’s governance direction on climate change and countermeasures for climate change mitigation, adaptation, resilience and disclosure, applies to all business operations of the Group. In the future, we will carry out the work on climate-related financial risks and opportunities response plans, and analyse the risks and opportunities posed by climate change to the Group’s project operations in accordance with the recommendations of the Task Force on Climate-Related Financial Disclosures (“TCFD”) to cope with the impact of climate change.

SUSTAINABILITY GOALS

With China’s vision to achieve carbon neutrality by 2060 and a series of energy saving and carbon reduction targets proposed in the “14th Five-Year Plan”, The Group has responded proactively to the Chinese government’s vision of carbon peak and neutrality. By setting a long-term target for carbon neutrality by 2050, CEHL will help limit global temperature rise to within 1.5 degrees Celsius above pre-industrial levels and implement measures for achieving the carbon emission reduction target by 2030. The Group will continue to review its existing environmental management practices and data to achieve our environmental targets and will have the Board review progress against the targets.

In the future, we will strive to improve our sustainability work, and set and identify the prioritised United Nations Sustainable Development Goals (“UNSDGs”), and gradually establish a sustainable business strategy for CEHL.

About CEHL

COMPANY PROFILE

CEHL, part of Beijing Capital Eco-Environment Protection Group Co., Ltd. (“Capital Eco Group”), is a provider of integrated waste management and environmental infrastructure services, listed on the main board of the SEHK in 2006, principally engaged in the provision of waste treatment technologies and services, especially waste-to-energy projects. The Group, through its subsidiaries, is also engaged in urban-rural sanitation business and ecological environment restoration services.

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

CEHL follows a set of shared values:

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

About CEHL

HONOURS AND RECOGNITION

No.	Award	Awarding Organisation
1	Grade AAA Household Waste Incineration Plant	China Urban Environmental Hygiene Association
2	Environmental Hygiene Service Certification	Zhongcheng Huanhuan Certification Center (Beijing) Co., Ltd.
3	Construction Enterprise Qualification Certificate	Beijing Municipal Commission of Housing and Urban-Rural Buildings
4	Top 20 Enterprises in Comprehensive Strength of China's Household Waste Incineration Industry	China Urban Environmental Hygiene Association
5	Municipal Waste Incineration Plant Operation Service Capability Certificate	China Urban Environmental Hygiene Association
6	Polaris Cup-Innovative Power Plant Development	Co-hosted by Polaris Environmental Protection, Polaris Electricity and Polaris Recruitment
7	Advanced Unit of Ecological Governance in Shenzhou in 2022	Shenzhou Municipal Government
8	Implementation of Work Safety in Shenzhou in 2022 Advanced Unit for Physical Responsibility	Shenzhou Municipal Government
9	Water-saving Enterprise in Ningbo	Economy and Information Technology Bureau of Ningbo, Ningbo Water Resources Bureau

Sustainability Governance

GOVERNANCE STRUCTURE

A sound governance structure provides a solid foundation for corporate sustainability strategies. The Group has established a dedicated Sustainability Committee under the Board and clearly defined the responsibilities and authority of the committee and senior management of the Company for the day-to-day operations. CEHL emphasises that the Board holds absolute responsibility for its ESG matters, ensuring that sustainability principles are incorporated into the business decision-making process from the top down.

In March 2023, the Group drafted the “Capital Environment Holdings Limited’s Proposal on the Establishment of a Sustainable Development Committee, and plans to establish a Sustainability Committee within the Board”. The Sustainability Committee is responsible for making recommendations to the Board on the Company’s ESG and sustainability goals, strategies, priorities, measures and goals; overseeing and reviewing the Company’s ESG and sustainability policies, practices, frameworks and management approaches, and to make recommendations to the Board for improvement; supervising different tasks such as internal and external materiality assessments (including communication with stakeholders and the process of identifying, evaluating and managing the Company’s ESG and sustainability issues); reviewing and reporting to the Board on sustainability risks and opportunities; assessing ESG and sustainability-related risks, make recommendations on the Company’s current risk management and internal control framework when necessary, and report relevant risks and issues to the Board; regularly reviewing the Company’s performance on ESG and sustainability-related targets and report to the Board; and reviewing and advising the Board on the Company’s public communications, disclosure and publication (including sustainability reports) in respect of the Company’s ESG and sustainability performance.

Under the leadership of the Board, a number of business departments, functional departments and city-based companies in the solid waste division of the Company are responsible for implementing our sustainability strategies and measures, such as the environmental sanitation industry department, site restoration department, engineering management department, carbon asset management department and other business departments, Nanchang city-based company, Zhumadian city-based company, Nanyang city-based company and other city-based companies, as well as human resources department, legal and compliance department and other functional departments. They engage with stakeholders through various means, evaluate and respond to ESG-related risks and requirements, and regularly report the progress and results to the Sustainability Committee, continuously optimising ESG management based on feedback.

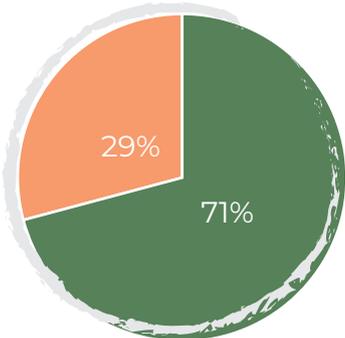
In addition, due to the importance of production safety in the industry in which the Group operates, the Group has established a safety production committee (the “Safety Committee”) to be responsible for the management of health, environment and safety production, which is chaired by the chief executive officer of the Company (the “CEO”), and other members of the Safety Committee are senior management of the Group.

Sustainability Governance

BOARD AND MANAGEMENT DIVERSITY

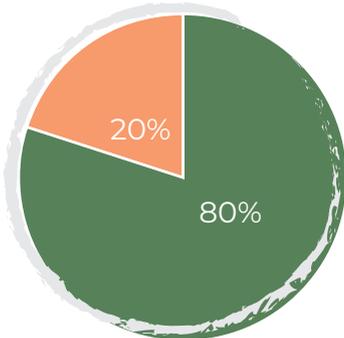
The Group fully recognises that the diversity of Board members can bring a wide range of perspectives and unique insights, thereby enhancing the Board's decision-making capabilities to better align with the Group's strategic needs and development goals. We have formulated the "Board Diversity Policy" that comprehensively considering factors such as gender, skills, experience, professional knowledge and educational background when constructing the Board, aiming to create a diversified Board that improves overall effectiveness and ensure that the Group can achieve its long-term strategic vision. The Company currently has 7 Directors, with five male and two female members, representing 29% female representation. The members of the Board come from various fields such as law, economics and engineering, with experience in various industries at home and abroad. The senior management of the Company comprises 5 individuals, including 4 males and 1 female, with females accounting for 20%.

Gender Ratio of Board Members



● Female Directors ● Male Directors

Gender Ratio of Senior Management



● Female senior management personnel ● Male senior management personnel

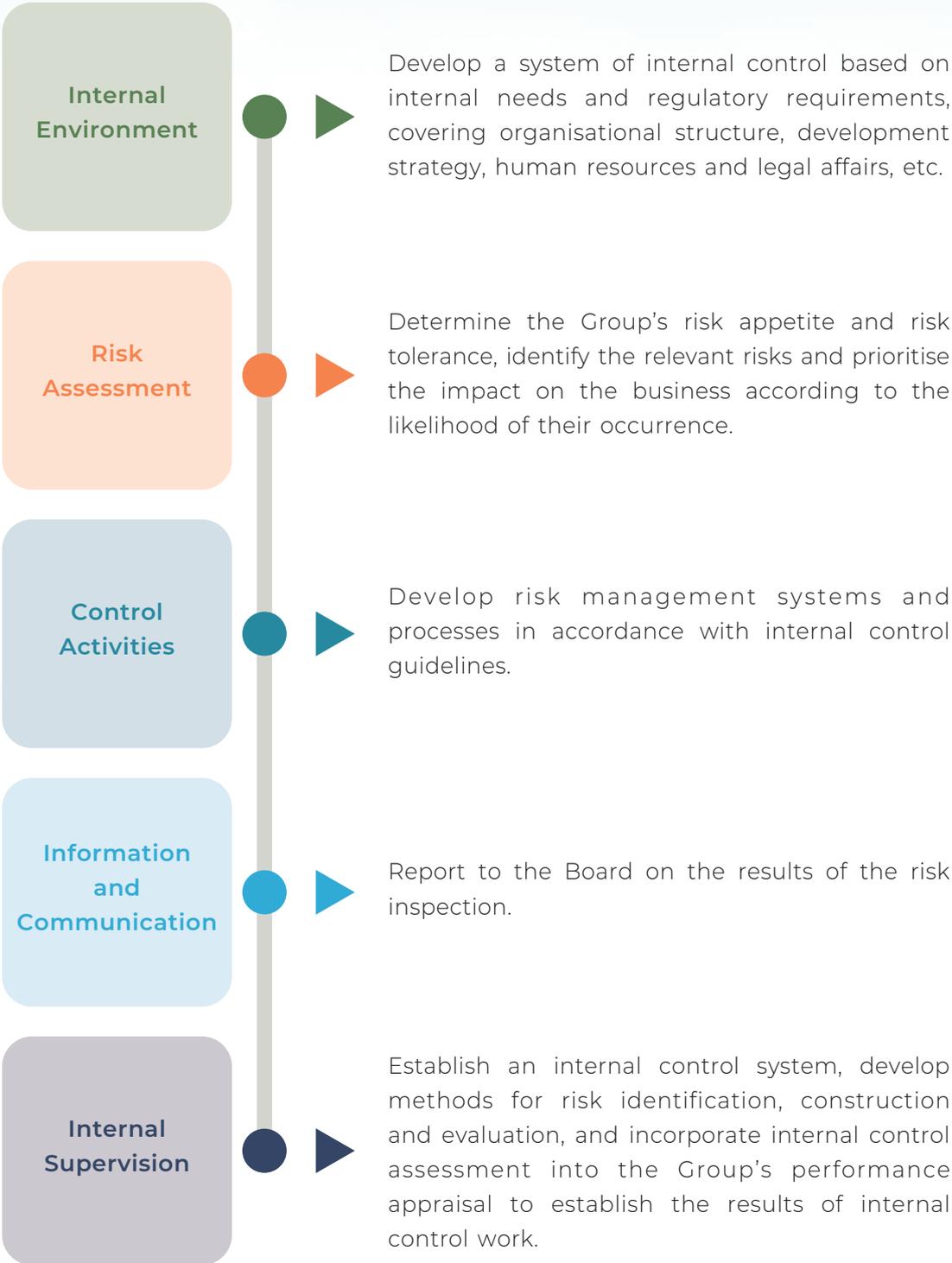
SUSTAINABILITY RISK MANAGEMENT

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

The Group has a multi-level risk management structure. The Business Development Department are responsible for formulating and implementing the internal control system, conducting risk assessments and establishing a risk database, formulating risk-oriented internal audit work plans. In addition, they are responsible for conducting independent internal control monitoring and evaluation to enable effective identification, assessment, mitigation, reporting, and monitoring of various major risks of the Group and its companies of the Reporting Projects. Through this comprehensive risk management process, we are able to formulate strategies and implement projects more prudently, thereby achieving better business performance.

Sustainability Governance

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



Sustainability Governance

The Board has reviewed and confirmed the applicability of the results of the ESG risks identified in 2019, which have been considered by the Board and management in developing its operational strategies. The material ESG-related risks are summarised in the table below:

Industrial Environmental Risk	Risk Description	Management Method
Environmental breaches and environmental responsibilities	The Group’s daily operations generate noise, wastewater, emissions, other industrial wastes and hazardous wastes that need to be treated, recycled and discharged in accordance with the requirements of the environmental policies and regulations of the countries and regions in which they are located. Non-compliance may result in high fines, additional operating expenses for remediation, or disruption and termination of operations. Non-compliance may also create a negative corporate image for the Group and affect customer confidence in the Group. At the same time, further tightening of environmental regulations, such as the national ban on specific waste types, will result in significant increases in compliance costs, even if the volume of such waste to be landfilled can be reduced.	The Group undertakes its environmental responsibilities and has formulated the “Environmental Management Measures” to regulate the environmental matters of various departments and companies of the Reporting Projects.
Immediate physical risks from climate change	Climate change has increased the frequency of extreme weather events such as typhoons and rainstorms. Extreme weather will cause damage to facilities and equipment or threaten the lives of employees, and in severe cases, business operations may have to be suspended or interrupted for restoration purposes, resulting in higher operating costs for the Group.	CEHL has developed the “Climate Change Policy”, specifying mitigation, adaptation, resilience and disclosure of climate change risks and opportunities. Looking into the future, the Group will carry out the work on response plans for climate-related financial risks and opportunities, and analyze the risks and opportunities posed by climate change to the Group in accordance with the TCFD.
Long-term physical risks from climate change	Climate change will also cause sea level rise due to the melting of polar glaciers as temperatures continue to rise. Sea level rise poses a threat of flooding in coastal areas, causing damage to infrastructure, loss of corporate property and loss of existing investment. Prolonged high temperatures will also have a lasting impact on the working and living conditions of local employees, potentially reducing their work efficiency and posing a risk to their health.	

Sustainability Governance

Industrial Environmental Risk	Risk Description	Management Method
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.	
Occupational health and safety hazards	As an environmental and waste management service provider, daily operations involve potential work safety risks, such as dust, chemical spills, equipment failure, accidents due to structural damage to the landfill, traffic accidents while operating trucks, and fires due to natural hazards. The occurrence of such accidents would pose a threat to the lives of employees. At the same time, the Group will also need to incur additional expenses to repair the operating facilities and compensate the Group's employees and their families, and bear all daily expenses during the period of business suspension, resulting in a decrease in operating income.	The Group has formulated a series of safety management policies and measures, and provided occupational health and safety training and safety drills for employees. The Group will also conduct hazard identification and risk assessment activities when there are major changes in new projects or organisational structure, equipment updates, renovations or major changes in operating methods. In the future, the Group will continue to prioritise the health and safety of its employees and strive to achieve zero accidents.

Sustainability Governance

Industrial Environmental Risk	Risk Description	Management Method
Technology transformation and capabilities of research and development	Core technologies are the foundation of project design and operating models. The development and adoption of new technologies to replace traditional collection and disposal can enhance the resource efficiency of waste. If the Group fails to develop innovative technologies, or if its market competitors have developed and patented breakthrough technologies, this will limit the growth prospects and market position of the business.	The Group insists on leading the market with technology. Its subsidiaries have won a number of technical awards. Looking into the future, the Group will continue to increase investment in technology research and development in response to market demand, strive to protect the environment, turn waste into energy, and advocate a circular economy model.
Information network security and cyber-attack	Improper use of data, information security breaches and lack of protection of information systems in the event of a cyber-attack can cause business operations to cease; or compromise customers' confidence in the Group by disclosing important confidential information or controlled personal data.	The Group is committed to protecting customers' privacy and personal information. It requires employees not to disclose any proprietary information of customers and partners, and also has a confidentiality system to regulate employees' query rights. During the Year, the Group did not receive any confirmed complaints of invasion of customer privacy and loss of customer information.

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Industrial Environmental Risk	Risk Description	Management Method
Business ethics and compliance (corruption) risks	Administrative regulations and statutory requirements regarding business ethics are in place in all regions. As a waste management and environmental services company, it is often necessary to work with local authorities to obtain public services. However, corruption in the supply chain or in the selection of service providers can lead to lawsuits, fines, penalties or trading bans, which can affect the Group's business development, lead to a tarnished image and, in serious cases, lead to the suspension of service projects and affect the livelihood of residents, ultimately resulting in the loss of the company's social licence to operate.	The Group has zero tolerance for corrupt behaviour, and has formulated a series of anti-corruption policies and regulations. It has established an internal accountability committee to review investigation reports and propose handling or punishment for employees suspected of committing corrupt behaviour. During the Year, a total of 59.46% of the employees of the Group participated in anti-corruption training, and the average time for employees to participate in anti-corruption training was 3.05 hours. In the coming year, the Group will continue to convey anti-corruption messages to employees to enhance their anti-corruption awareness.

SUSTAINABILITY OPPORTUNITIES

CEHL is committed to capturing potential opportunities brought by sustainable development and proactively exploring new markets and business areas. On the journey of low-carbon transformation, we continuously focus on social needs, invest resources in the research and development of environmental protection skills and technologies. Our dedication lies in converting waste resources into energy and expanding the scope of business in the sustainable field. We strive to create a one-stop solution for green recycling of urban solid waste, implementing the whole-process management approach for waste, including “sorting, collection, storage, transportation, disposal and utilisation”. By doing so, we realize the integrated services of solid waste such as urban and rural environmental sanitation, domestic waste waste-to-energy, anaerobic treatment of organic waste and site restoration, further consolidating our leading position in the industry.

Sustainability Governance

Integrated urban and rural sanitation services

- Recycled glass
- Recycled plastic
- Recycled metal



During the Year, we implemented more advanced and effective environmental solutions, while actively exploring and grasping cutting-edge opportunities brought by sustainable development. More efficient solutions have reduced operating costs, improved production efficiency, and presented new market opportunities, enhancing our competitiveness. Through innovation and technological progress, we have achieved business upgrades, enhanced our brand image and market position, and promoted the development of green economy.

Sustainability Governance

Solution for full-volume discharge (reuse) of leachate

The solution for full-volume discharge (reuse) of leachate has been implemented in multiple projects, including the expansion project of Nanchang Quanling Domestic Waste Incineration Power Plant, the Duchang Solid Waste Incineration Power Generation Plant and the Xiao Zhangjiakou Integrated Waste Treatment Project in Yanqing District, Beijing. Through the proprietary high-efficiency anaerobic reactor with controlled scaling, the softening ultrafiltration membrane system and the HDH concentrated liquid evaporation system, the solution solves the problem of anaerobic system scaling and pipeline blockage in leachate treatment, the low recovery rate of the membrane system, the large amount of concentrated liquid cannot be fully consumed, and the difficulty and high cost of landfill concentrated liquid treatment.

The high-efficiency anaerobic reactor achieves a COD removal rate of more than 90%, and controls the anaerobic effluent sludge concentration below 2g/L. Through the optimized design, the maintenance time for anaerobic tank body is extended, and the RO water quality is improved by reducing the electrical conductivity, resulting in increased recovery rates and operational stability of the RO system. In addition, this solution offers advantages such as strong anti-scaling and corrosion resistance, wide operating temperature range and simple operation. It is suitable for different energy sources and has relatively lower investment and operation costs.

Solution for anaerobic treatment of food waste

The STRABAG anaerobic technology-based system solution has been applied in various domestic kitchen waste and food waste treatment projects, including Yangzhou kitchen waste centralized collection, transportation and treatment project, Hangzhou kitchen waste comprehensive utilization generation fuel project, and Fuzhou kitchen waste treatment project, in the kitchen waste treatment process.

This solution solves a series of problems existing in the current wet and dry anaerobic treatment process, overcoming challenges such as wear and maintenance difficulties of traditional wet anaerobic fermentation tanks' agitators, and uneven mixing leading to sediment and scum accumulation. It ensures the smooth operation of anaerobic tanks, and improves the business level of our kitchen waste treatment services.

Sustainability Governance

COMPLIANCE MANAGEMENT

The Group regards compliance management as a core pillar of its operations and strictly requires all departments and project companies to adhere to the Group’s policies, ensuring comprehensive compliance in business activities. CEHL is well aware that its business activities are required to comply with the relevant laws, rules and regulations of the regions where it operates, and understands that any violation of such laws and regulations may have a negative impact on the Group’s operations and reputation. To this end, we have established a set of clear procedures to deal with potential violations, ensuring that we can investigation can be initiated immediately once a notification of violations is received, and appropriate corrective actions can be taken to address any misconduct, so as to maintain the operational integrity and reputation of the Group.

In order to ensure full compliance with relevant national regulations regarding safety, health, and environmental measures in the Group’s production and operations processes, the Group has formulated the “Management Measures for the Identification and Update of Safety, Health and Environmental Protection Laws, Regulations and Standards”. The Management Measures provides in detail that the rules and standards related to safety production, occupational health and environmental protection must comply with relevant national safety, health and environmental regulations. It explicitly requires the companies of the Reporting Projects to regularly collect and update applicable laws, regulations, rules and standards through various channels, including the websites of the state, local government agencies, industry associations, news media, professional journals, books, and databases. When the applicable laws, regulations, rules and standards are updated or revised, all relevant departments and subordinate companies should update the “List of Applicable Safety, Health and Environmental Laws, Rules, Regulations and Standards” in a timely manner to ensure the timeliness of information. At the same time, safety production management personnel are responsible for timely publicising and training employees on the latest content of safety, health and environmental laws, regulations, rules and standards, aiming to improve employees’ awareness, and guide them in performing their duties in a compliant manner, so as to ensure the compliance of corporate behaviour.

Sustainability Governance

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

Aspects	Relevant Laws and Regulations	Compliance Status
Emission	<p>“Environmental Protection Law of the People’s Republic of China”</p> <p>“Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes”</p>	The Group has not identified any cases of non-compliance in relation to emissions in the Reporting Projects during the Year.
Employment	<p>“Labour Law of the People’s Republic of China”</p> <p>“Labour Contract Law of the People’s Republic of China”</p>	During the Year, no cases of discrimination or non-compliance in relation to employment were found among the Reporting Projects of the Group.
Health and Safety	<p>“Work Safety Law of the People’s Republic of China”</p> <p>“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>“Occupational Health and Safety Management Systems – Requirements with Guidance for Use” (GB/T 45001-2020)</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.</p> <p>No case of work-related injuries in the Reporting Projects was identified.</p>
Labour Standards	<p>“Law of the People’s Republic of China on the Protection of Minors”</p> <p>“Labour Law of the People’s Republic of China”</p> <p>“Payment of Wages Tentative Provisions”</p> <p>“Provisions on the Prohibition of Using Child Labour”</p>	The Group has not identified any cases of non-compliance in relation to labour standards during the Year.

Sustainability Governance

Aspects	Relevant Laws and Regulations	Compliance Status
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 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 did not receive any cases of corruption proceedings against the corporation or its employees during the Year, and did not violate laws and regulations in relation to anti-corruption.</p>

Stakeholder Engagement and Communication

RESPONDING TO STAKEHOLDERS' NEEDS

We understand the importance of stakeholder support in achieving sustainable development for the Company. The Group attaches great importance to the opinions of various stakeholders and communicates with different stakeholders through different channels to adjust corporate strategies and operating policies in a timely manner. We always adhere to the spirit of communication and integration, fostering interactions with internal and external stakeholders through diverse communication channels, including employees, Directors, customers, business partners, investors, regulators and various types of community groups.

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

Stakeholder Engagement and Communication

MATERIALITY ASSESSMENT

As there was no significant change in the Group's business during the Reporting Period, we have reviewed the previous materiality assessment results, combined with the actual business development, and assessed 33 material issues identified in 2022, which were confirmed by the Board as material issues in 2023. These issues will be highlighted in this report. The following shows the then materiality assessment process:



Identification of key stakeholders and update of the list of sustainability issues

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



Collection of Stakeholders' opinions

Through the online questionnaire, the Group invited internal and external Stakeholders to rate the 33 identified sustainability issues from the Group's perspective and their own perspective, and ranked the economic, environmental and social sustainable development issues according to their importance. The scoring criteria included the degree of importance to Stakeholders and CEHL's degree of environmental and social impact. The Group collected a total of 900 valid responses.



Identification of material issues

Based on the results and analysis of the online questionnaire, the Group identified 18 material issues in economic, environmental and social aspects. The Group also invited Stakeholders to identify areas where the Group can make positive contributions, and provide relevant opinions for our reference.



Review and identification of material issues by the Board

The materiality matrix and analysis results are reviewed and validated by the Board to ensure that the results are in line with the Group's sustainable development strategy.

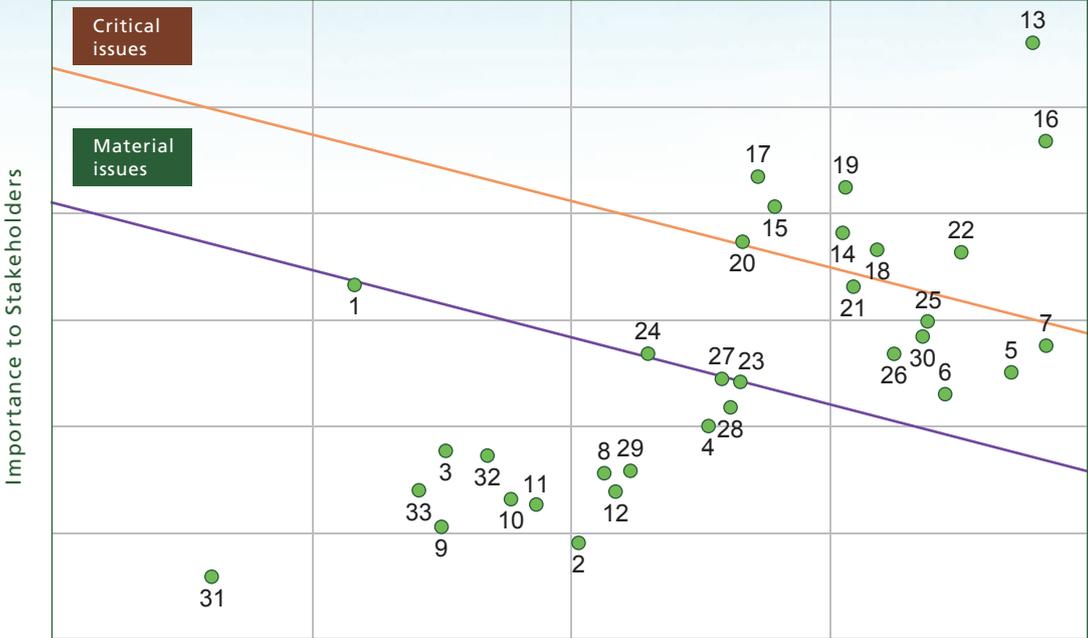
Stakeholder Engagement and Communication

SUSTAINABILITY ISSUES

Economy	1)	Creating economic value for Stakeholders	Employment and Labour Practices	13)	Labour practices and staff welfare	
	2)	Research and development		14)	Diversity and equal opportunities	
	3)	Sustainability risk management		15)	Labour relations	
	4)	Sustainability opportunities		16)	Occupational health and safety	
Environment	5)	Air emissions management		17)	Training and development opportunities	
	6)	Water use and wastewater treatment		18)	Strictly prohibiting child labour or forced labour	
	7)	Waste disposal		19)	Human rights	
	8)	Energy use and efficiency		20)	Protecting freedom of association and the right to collective bargaining	
	9)	Resource usage and efficiency		21)	Regulating security practices	
	10)	Biodiversity		Operating Practices	22)	Customer health and safety
	11)	GHG management and climate change response			23)	Responsible marketing communications
	12)	Environmental education			24)	Quality management and after-sales service
		25)			Customer data and privacy	
		26)			Protecting intellectual property	
		27)			Suppliers environmental and social assessment	
		28)		Responsible procurement practices		
		29)		Anti-competitive behaviour		
		30)	Anti-corruption			
		Community Investment	31)	Community engagement, impact assessment and investment		
			32)	Emergency preparedness system		
			33)	Respect for the rights of indigenous people		

MATERIAL ISSUES

CEHL’s Materiality Matrix



CEHL’s degree of impact on environmental, social and governance

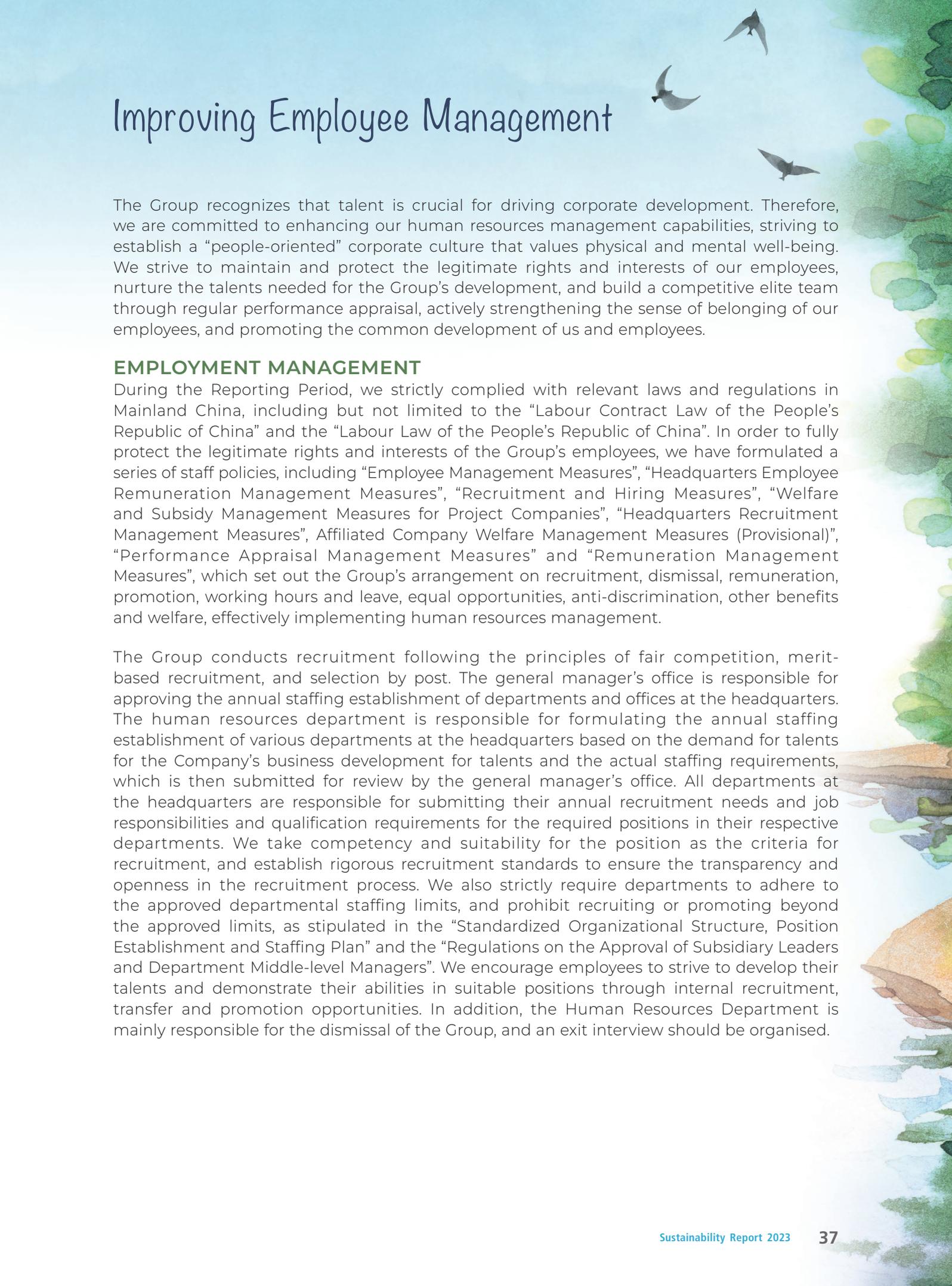
Stakeholder Engagement and Communication

According to the results of the questionnaire at that time, the Stakeholders of CEHL are very concerned about the issues in the area of “Employment and Labour Practices”. Most of the issues are identified as material issues, among which “Labour Practices and Staff Welfare” is the most concerned issue by the Stakeholders.

Material issue	Boundaries of impacts on Stakeholders										Chapters responding to the issue	
	Internal Stakeholder			External Stakeholder								
	Managers of reporting projects	Management of strategic functions	Other staff	Customers	Contractors	Partners	Suppliers	Government regulators	Banks	Media		NGOs
7	Waste management	✓	✓					✓		✓	✓	Green and Low-carbon Operation & Sustainability Governance
5	Air emissions management	✓	✓					✓		✓	✓	
6	Water use and wastewater treatment	✓	✓					✓		✓	✓	
13	Labour practices and staff welfare	✓	✓	✓				✓		✓	✓	Improving Employee Management, Paying Attention to Employee Health, Promoting Employee Development and Sustainability Governance
14	Diversity and equal opportunities	✓	✓	✓				✓				
16	Occupational health and safety	✓	✓	✓		✓		✓		✓	✓	
18	Strictly prohibiting child labour or forced labour	✓	✓	✓				✓		✓	✓	
17	Training and development opportunities	✓	✓	✓		✓						
15	Labour relations	✓	✓	✓				✓		✓	✓	
19	Human rights	✓	✓	✓				✓		✓	✓	
20	Protecting freedom of association and the right to collective bargaining	✓	✓	✓				✓		✓	✓	
21	Regulating security practices	✓	✓				✓					Adhering to Compliant Operation & Sustainability Governance
22	Customer health and safety	✓	✓		✓	✓	✓	✓		✓	✓	
30	Anti-corruption	✓	✓	✓	✓	✓	✓	✓		✓	✓	
25	Customer data and privacy	✓	✓		✓	✓	✓		✓			
24	Quality management and after-sales service	✓	✓		✓	✓	✓	✓		✓	✓	
23	Responsible marketing communications	✓	✓		✓	✓	✓	✓		✓	✓	
26	Protecting intellectual properties	✓	✓		✓	✓	✓					

We will make detailed disclosure of the above material issues in the subsequent sections of this report to specifically respond to the concerns of stakeholders.

Improving Employee Management



The Group recognizes that talent is crucial for driving corporate development. Therefore, we are committed to enhancing our human resources management capabilities, striving to establish a “people-oriented” corporate culture that values physical and mental well-being. We strive to maintain and protect the legitimate rights and interests of our employees, nurture the talents needed for the Group’s development, and build a competitive elite team through regular performance appraisal, actively strengthening the sense of belonging of our employees, and promoting the common development of us and employees.

EMPLOYMENT MANAGEMENT

During the Reporting Period, we strictly complied with relevant laws and regulations in Mainland China, including but not limited to the “Labour Contract Law of the People’s Republic of China” and the “Labour Law of the People’s Republic of China”. In order to fully protect the legitimate rights and interests of the Group’s employees, we have formulated a series of staff policies, including “Employee Management Measures”, “Headquarters Employee Remuneration Management Measures”, “Recruitment and Hiring Measures”, “Welfare and Subsidy Management Measures for Project Companies”, “Headquarters Recruitment Management Measures”, “Affiliated Company Welfare Management Measures (Provisional)”, “Performance Appraisal Management Measures” and “Remuneration Management Measures”, which set out the Group’s arrangement on recruitment, dismissal, remuneration, promotion, working hours and leave, equal opportunities, anti-discrimination, other benefits and welfare, effectively implementing human resources management.

The Group conducts recruitment following the principles of fair competition, merit-based recruitment, and selection by post. The general manager’s office is responsible for approving the annual staffing establishment of departments and offices at the headquarters. The human resources department is responsible for formulating the annual staffing establishment of various departments at the headquarters based on the demand for talents for the Company’s business development for talents and the actual staffing requirements, which is then submitted for review by the general manager’s office. All departments at the headquarters are responsible for submitting their annual recruitment needs and job responsibilities and qualification requirements for the required positions in their respective departments. We take competency and suitability for the position as the criteria for recruitment, and establish rigorous recruitment standards to ensure the transparency and openness in the recruitment process. We also strictly require departments to adhere to the approved departmental staffing limits, and prohibit recruiting or promoting beyond the approved limits, as stipulated in the “Standardized Organizational Structure, Position Establishment and Staffing Plan” and the “Regulations on the Approval of Subsidiary Leaders and Department Middle-level Managers”. We encourage employees to strive to develop their talents and demonstrate their abilities in suitable positions through internal recruitment, transfer and promotion opportunities. In addition, the Human Resources Department is mainly responsible for the dismissal of the Group, and an exit interview should be organised.

Improving Employee Management

The Group has established a performance appraisal policy and system. We have formulated the “Performance Appraisal Management Measures”, which requires all departments/offices, city-based companies and project companies to undergo annual performance appraisal to promote overall performance improvement and strategy realization. Performance appraisal process includes departmental performance appraisal, department head performance appraisal and departmental employee performance appraisal. The performance appraisal results include performance scores and performance level. Performance scores are the basis for determination of the performance level and payment of the performance-based salary, while performance levels serve as the main basis for job rank adjustments based on the performance appraisal results. After the appraisal is completed, the Business Development Department and the Human Resources Department will report the main assessment results to the general manager’s office for confirmation, and department heads will provide specific appraisal results and the performance appraisals of major achievements to the appraised persons through performance interviews.

LEAVES AND BENEFITS

The Group has formulated the “Headquarters Employee Remuneration Management Measures”, which stipulates the basic principles, remuneration system and remuneration standards of the Group’s remuneration distribution, with an aim to strengthen the Group’s internal risk control and provide reasonable compensation and incentives for employees’ efforts. Remuneration adjustments are made based on the overall compensation level of the Company, the annual appraisal results of employees and the changes in employee job ranks.

In addition to a welfare system based on “five insurances and one fund” in strict compliance with national regulations, the Group is committed to providing its employees with competitive salaries and benefits, including annual salary, wage benefits, bonuses, free annual medical examinations, meal arrangements, supplemental medical insurance, various paid holidays (including sick leave, annual leave, work injury leave, marriage leave, maternity leave, breastfeeding leave, paternity leave for male employees, family planning leave, childcare leave and funeral leave) and allowances (including transportation allowance, communication allowance, meal allowance, high temperature allowance, heating allowance etc.).

Improving Employee Management

EQUAL OPPORTUNITY AND DIVERSITY

The Group promotes equal opportunities, diversity and anti-discrimination, and strictly complies with the requirements of the “Labour Law of the People’s Republic of China” and other laws and regulations to provide equal treatment to employees of all ethnicities, races, genders, religious beliefs, and cultural backgrounds. The companies of the Reporting Projects of the Group are committed to employing employees of different backgrounds, such as employees of ethnic minorities (including those of Yi, Hui, Miao, Tujia, Mongol, Zhuang, Man, Buyi, Shui, Dong, Maonan and Gelao ethnic group) Looking ahead, the Group will continue to develop different diversity measures to enable them to work in a pluralistic and inclusive environment and protect their fundamental rights.

The Group stipulates that it shall conduct screening and interviews following the principles of fairness, impartiality and openness in recruiting and promoting employees to ensure that job applicants or employees will not be judged by age, gender, race, religion, marital status, sexual orientation or disability. Looking ahead, the Group will continue to develop different diversity measures to enable them to work in a pluralistic and inclusive environment and protect their fundamental rights. We adopt a zero-tolerance attitude towards any form of discrimination. Any employee can file a complaint about discriminatory behaviour, and the Group will investigate and take further action as appropriate to ensure the establishment of a respectful work environment and provide good working conditions and environment for all employees.

WORKING HOURS AND HUMAN RIGHTS PROTECTION

We regard human rights as one of the core values of the Group and respect international human rights conventions, charters and principles, including the International Human Rights Law, the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work, the United Nations Guiding Principles on Business and Human Rights, and the “Provisions on Prohibition of Child Labour”. We prohibit the use of child labour and forced labour. To prevent accidental hiring of minors, the Human Resources Department verifies the age and other personal information of job applicants during the recruitment process. If a job applicant is found not to meet the statutory minimum working age qualifications, he or she will be disqualified from employment. During the Reporting Period, we did not identify any cases of child labour and forced labour.

The Group strictly stipulates that employees sign written labour contracts based on the principles of legality, fairness and equality. The contracts specify a 40-hour workweek and an 8-hour workday. Monday to Friday are designated as working days. The Company may adjust the working hours of employees based on operational conditions or work requirements. However, we do not encourage employees to work overtime. If overtime work is necessary due to work requirements, it must be negotiated with the employee and documented on the “Overtime Approval Form” for approval before it is considered as overtime work.

Caring for Employees' Health

We regard our employees as our most valuable assets and make every effort to protect the health and safety of employees. In order to effectively manage occupational safety and health, the Group strictly abides by the “Work Safety Law of the People’s Republic of China” and the “Occupational Health and Safety Management Systems – Requirements with Guidance for Use” (GB/T 45001-2020), and formulates the “Safety Management Method” and “Occupational Health Management Measures”, which stipulate the occupational health management of the Group and each company of the Reporting Projects, aiming to prevent, control and eliminate occupational disease hazards, prevent and control occupational diseases, and safeguard the health of our employees.

EMPLOYEE HEALTH AND SAFETY

Each company of the Reporting Projects shall, in accordance with the provisions of the “Regulations on Surveillance and Administration of Occupational Health at Workplaces”, promptly and accurately report hazardous projects to the local health administrative department where it is located and undergo supervision. Additionally, they should carry out regular maintenance, overhaul, repair and regular testing of the occupational disease protection equipment and emergency rescue facilities to ensure their proper functioning.

The Group has established a safety management system, with the Safety Committee, headed by the CEO, responsible for leading the safety production matters and enforcing the national laws and regulations relating to safety production. In the event of general accidents causing injuries or fatalities, the CEO leads the Safety Committee and the companies of the Reporting Projects to initiate emergency rescue work and investigate and formulate preventive measures with the relevant departments and project managers to reduce the recurrence of similar accidents. The person in charge of the safety department will also hold regular safety meetings to understand the safety situation of each project and address current and potential risks as early as possible. During the Reporting Period, the Safety Committee of the Group held four meetings, and we communicated the key points of the 2023 safety production work for CEHL at the beginning of the year.

In addition, the Safety Committee emphasized the importance of employees understanding the Company’s work safety situation and cultivating a strong sense of responsibility for work safety at meetings. Employees are encouraged to enhance their political awareness, optimize the safety system, and shoulder their primary responsibilities. The Safety Committee also emphasizes the need for employees to have a high sense of political responsibility, implement safety production measures effectively, focus on key positions, improve their ability to fulfill safety obligations, and adhere to the basic policy of “safety first prevention-oriented and comprehensive management”. We aim to further strengthen the headquarters’ supervision of the safety production work of companies of the Reporting Projects, enhance safety production oversight and management, conduct routine hazard identification and control, and enhance emergency response capabilities, so as to maintain a stable and favorable safety production environment within the Company.

Caring for Employees' Health



CEHL 2023 Second Safety Committee Meeting

The Group has also formulated relevant safety operation procedures for companies of the Reporting Projects, including the safe operation of waste collection and transfer vehicles, the process of compressors in transfer stations, the operation of compressed waste trucks, the operation of vertical waste compressors, the operation of large transfer vehicles, and the operation of mobile compressors, safe operation of waste unloading platform, vehicle safety inspection operation, loading and unloading operation, road cleaning and cleaning safety operation, GPS monitoring and management and other procedures, so that employees are familiar with the operation steps and reduce the chances of injuries. We have also formulated the “Management Measures for the Identification and Update of Safety, Health and Environmental Protection Laws, Regulations and Standards” to ensure that our production and operation activities are in compliance with relevant laws, regulations, rules and standards related to safety production, occupational health, and environmental protection. The headquarters conducts annual supervision and inspection on the implementation of safety and health-related laws, regulations and standards. Any non-compliance with laws and regulations is promptly addressed and rectified, and the identification and updating of safety laws and regulations are included as important aspects of safety assessments.

Caring for Employees' Health

SAFETY HAZARD INVESTIGATION

To ensure that each company of the Reporting Projects conducts regular hazard source identification and safety hazard investigation, the Group has formulated the "Administrative Measures for the Investigation, Control and Management of Production Safety Hazards". It stipulates that the investigation of hazards should be carried out in conjunction with routine inspections, with the aim of reducing risks of occupational hazards and natural disaster accidents for employees in the work process, mainly including the following six categories:

Routine investigation	The production safety management personnel and other employees shall conduct regular production safety inspections based on their job responsibilities, promptly identify hazardous conditions in infrastructure and technical equipment, and ensure the implementation of safety production responsibilities and compliance with labor discipline.
Regular inspections	Led by the main person in charge, regular comprehensive inspections of safety hazards are organized involving safety production management personnel, technical professionals, and other relevant personnel.
Special investigations	Each subsidiary shall carry out special inspections in a timely manner based on industry requirements, as well as the arrangement for specific actions and production characteristics related to safety production within the Groups.
Seasonal inspections	Each subsidiary should carry out seasonal inspections of safety hazards based on the characteristics of different seasons, such as focusing on preventing wind-related hazards and freezing collapse in spring.
Inspections during special periods	Each subsidiary should conduct inspections of safety hazards in infrastructure, process systems, technical equipment, emergency reserves, and other aspects prior to major natural disasters, extreme weather conditions, major holidays, and significant events.
Accident analogy inspections	When accidents occur within the project or in related production and business projects, timely inspections of analogous hazards should be conducted.

Caring for Employees' Health

Based on the hazards and difficulty of rectification, we categorize accident hazards into general accident hazards and major accident hazards. General accident hazards refer to hazards with relatively minor consequences and easy rectification, which can be promptly addressed upon identification. Major accident hazards, on the other hand, pose greater consequences and present more challenges in terms of rectification. For the general accident hazards identified during inspections, the department heads of the respective projects should immediately organize their elimination and strengthen the source management. As for major accident hazards, the main person in charge of subsidiaries shall organize the formulation and implementation of the accident hazard governance plan, which should include the objectives and tasks of governance, the institutions and personnel responsible for governance, and the methods and measures taken.

The Group requires the headquarters and subsidiaries to establish an assessment system for the investigation and management of accident hazards, and conduct assessment and evaluation on the investigation and management of accident hazards. Those who actively discover, eliminate and report accident hazards shall be commended and rewarded, and those who deliberately conceal accident hazards or demonstrate inadequate performance in investigation and management of accident hazards should face appropriate disciplinary measures in accordance with relevant regulations.

During the Reporting Period, the person in charge of the Solid Waste Division conducted 18 safety hazard inspections on fire-fighting equipment, equipment and facilities, confined space operations, labour protective supplies and hazardous chemicals, and required relevant subsidiaries to make rectifications.

SECURITY ACCIDENT EMERGENCY PLAN

To standardise the Group's emergency management work, we have formulated the "Emergency Management Measures" in accordance with the "Work Safety Law of the People's Republic of China", the "Emergency Response Law of the People's Republic of China", the "Regulations on Emergency Response to Work Safety Accidents" and the "Measures for the Administration of Contingency Plans for Work Safety Incidents (Order No. 2 of the Ministry of Emergency Management)" to establish unified emergency management standards, improve emergency response capabilities, and minimize the impact and loss caused by emergencies.

Caring for Employees' Health

The Group has set up an emergency management leading group, headed by the director of the Safety Committee as the group leader, with the safety director as the deputy group leader and the main persons in charge of each department as members, and is responsible for emergency management within the business scope according to the division of responsibilities. The responsibilities of the emergency management leading group include:

- Implementing relevant national emergency management guidelines, policies, laws and regulations, and ensuring compliance with relevant emergency management requirements of superior competent departments;
- Fulfilling the Company's responsibilities as the main body for emergency management, and establishing a robust emergency management system of CEHL;
- Making major decisions, deployments, and budget allocations related to emergency management;
- Command the emergency response work of Capital Environment for major and above emergencies. Directing the emergency response to significant and major incidents within CEHL.

In the event of an unexpected incident, the company of the Reporting Projects where the incident occurs shall set up an on-site emergency command department. The overall command is undertaken by the person in charge of the company of the Reporting Projects, who receives guidance from the superior emergency command organization. The on-site emergency command department is responsible for organizing on-site emergency rescue operations, disseminating information, and cooperating with the local government and relevant departments. The on-site emergency command department consists of several teams, including emergency rescue, medical and health, safety and security, which are responsible for specific tasks in the emergency response process.

For the reporting, investigation and handling of production safety accidents, we have also formulated the "Management Measures for the Reporting, Investigation and Handling of Production Safety Accidents". When an accident occurs at a production site, the on-site personnel shall immediately report to their department head, who, in turn, shall promptly report to the main person in charge of the company of the Reporting Projects. In addition to reporting to the local government's work safety supervision and administration department and the relevant departments responsible for work safety supervision and administration as required, the main person in charge shall immediately report to the higher level. After an accident occurs, the on-site personnel and the main person in charge of the company of the Reporting Projects should immediately activate the corresponding emergency plan of the accident, take effective measures, organize rescue operations, prevent the escalation of the accident, and minimize casualties and property losses. The Safety Committee of the Group will directly organize the accident investigation based on the severity of the accident, and authorize or delegate relevant departments to form an accident investigation team to conduct an investigation.

Caring for Employees' Health

SAFETY TRAINING

Through providing employees with accident drills and safety training, we aim to enhance their ability to respond to accidents and ensure they possess the necessary emergency knowledge. The Group requires each subsidiary to formulate an annual emergency drill plan and clarify the format, content and schedule of the drill. Comprehensive emergency plan or special emergency plan drills should be organized at least once a year, and on-site response plan drills are organized at least once every six months in the form of tabletop exercises and practical exercises, with a focus on practical scenarios. Evaluation personnel, either hired or designated, form assessment teams to evaluate the preparation, organization, implementation, and effectiveness of the drills through methods such as photography, video recording, and written records. After the emergency drill, the safety management personnel shall promptly organize debriefings with key participants and evaluators. The assessment team provide feedback on the execution of the drills, achievement of objectives, performance of participating teams and individuals, applicability of the drill plans and equipment, and major issues identified during the drills.

Provided safety training courses

During the Reporting Period, we provided safety training courses to our employees with the theme of "Whose Safety Matters? How to Enhance Employee Safety Awareness". The training covered an introduction to the shadow benefits, the statistics on the Group's production safety accidents in recent years and the statistics on traffic accidents, the Gomes Safety Rules (葛麥斯安全法則) and the cultivation of safety awareness.



Caring for Employees' Health

Held Training Course on Safety Guidance for Confined Space Operations

Due to the presence of numerous confined spaces at various project sites of each company of the Reporting Projects, where confined space operations are frequently conducted, there are inherent unlimited risks associated with these operations. To strengthen the safety management for confined space operations in each company of the Reporting Projects and reduce the safety risks of confined space operations in each company of the Reporting Projects, the Human Resources Department organizes and the Operations Management Department delivers training sessions on this topic.

The training content includes case studies of confined space accidents, basic safety knowledge, major safety risks, safety protection equipment and facilities, safety management measures, risk prevention and control, investigation of major accident hazards and emergency rescue.

The online training session garnered a total of 307 views and received 199 comments. As the first professional live course initiated by the Human Resources Department in the new year, it serves as a wake-up call for companies of the Reporting Projects, raising their safety awareness and clarifying the safety operation standards.



Caring for Employees' Health

Carried out Safety Production Month activities

During the Reporting Period, multiple companies of the Reporting Projects within the Group carried out safety production month activities, including launching the safety month event ceremony, posting posters, slogans and display boards on site, and making safety commitments and signature activities.



During the Year, each company of the Reporting Projects held a series of emergency drills, including fire-fighting evacuation drills, electric shock drills, vehicle accident drills, boiler explosion, flood prevention and control drills, confined space drills, comprehensive large-scale drills, lifting and collapse accidents drills, container explosion and sulfuric acid leakage accidents drills, and biomass material field emergency drills.

Caring for Employees' Health

Conducted fire drill

During the Reporting Period, multiple companies of the Reporting Projects of the Group conducted a number of comprehensive fire emergency drills to further strengthen employees' awareness of fire safety, improve their emergency rescue and self-rescue capabilities, and familiarize all employees with alarm procedures, firefighting techniques, first aid and evacuation methods.

Through these drills, the fire-fighting skills of all employees have been effectively improved, and they have become more familiar with the process of emergency response and their respective responsibilities, which has played a positive role in improving the Company's overall emergency response capabilities and achieved the expected results.



WELL-BEING

The Group also arranges annual physical examinations for employees to ensure that they have regular updates on their physical well-being and maintain good health. We also organize different recreational activities, catering to the needs of employees in all aspects. The Group provides employees with activity rooms, fitness gyms, table tennis rooms, library reading rooms, etc., and hosts different competitions and events, such as the Union Members' Assembly and singing and recitation contests, to reduce employees' work pressure and enhance cohesion.

Caring for Employees' Health

The “Enjoy Tangyuan, Celebrate Lantern Festival” activity

To promote traditional Chinese cultural heritage and create a vibrant cultural atmosphere during festivals, Hangzhou Kitchen Waste Treatment Project Company, a project company of the Group, organized and carried out the activity of “Enjoy Tangyuan, Celebrate Lantern Festival” in the staff canteen to deliver festive blessings to everyone. Each bowl of tangyuan (glutinous rice balls) carried heartfelt wishes. Eating sweet tangyuan during the Lantern Festival symbolizes a smooth and harmonious year, full of reunions. This activity has garnered the support and praise of employees. They expressed their joy in gathering together and celebrating the festival, which helped alleviate homesickness, strengthen relationships among colleagues, and experience the harmonious and friendly atmosphere within the Company family.

Fun Games on May Day

In celebration of the “May Day” International Labour Day, Suixian Incineration Project Company, a project company of the Group, organized Fun Games on May Day to further enrich the leisure cultural life of employees, enhance team cohesion and centripetal force, promote teamwork spirit, and foster a positive and healthy working atmosphere.

Adhering to the sports spirit of “friendship first and competition second”, the competition included five events, namely three-legged race, cup water relay, cup stacking, bottle grabbing and basketball. The participants exhibited passion, high spirits, and seamless coordination, showcasing remarkable performances in each competition. Every thrilling moment in the competition fully demonstrated the employees' spirit of unity, progress and enthusiasm. Through this competition, they exemplified the sportsmanship, built genuine friendships through challenges, and not only enriched their leisure cultural life but also enhanced their sense of unity and collective pride.



Caring for Employees' Health

The 2023 Fall Games

In order to ensure the “sustainable and north-bound delivery of clean water in one channel (一渠清水持續北送)”, Nanyang Capital Environment (南陽首創環境) and Nanyang Capital Water Services (南陽首創水務), the project companies of the Group, have been fulfilling their missions and responsibilities as state-owned enterprises since the commencement of the projects. They have actively carried out thematic education, focusing on party-worker collaboration, and fully leveraged the effectiveness of grassroots trade unions. Seizing the opportunity presented by the 2023 Fall Games, the two companies engaged in deep collaboration and mutual learning, embodying the spirit of consensus, unity promotion, and strength consolidation. The event showcased the employees' close collaboration and unity, strengthening the spirit of cooperation and progress within CEHL Group's grassroots units. It also facilitated learning and exchange among cadres, inspiring them to pursue excellence and strive for first-class performance. This endeavor ignites new dynamism, consolidates new strengths, and showcases new achievements as we accelerate the high-quality development of our Company in the new journey.



Promoting Employee Development



We understand that the growth of our employees is the driving force for the long-term development of the Company's business. By providing opportunities for skill development and training, we aim to enhance the capabilities of our employees and maintain our competitiveness. The Group has formulated the "Education and Training Management Measures (Interim)" and the "Backup Employee Management Measures" and promised to invest 1.5% to 2.5% of the total salary of employees in education and training activities every year.

PROVIDE SKILLS DEVELOPMENT AND TRAINING OPPORTUNITIES

We have formulated the "Headquarters Position System Management Measures" to improve the career development path for employees, optimize the talent development mechanism, and create a more scientific and dynamic talent evaluation, selection and appointment, mobility, training and development, incentive and guarantee mechanism, so as to stimulate organizational vitality, improve talent efficiency, and support business development. The general manager's office is responsible for decision-making related to job position management, while the Human Resources Department prepares and revises the position management measures and related implementation rules, and formulates the implementation plan for rank adjustment, which will be submitted to the general manager's office for review.

To further integrate the Company's talent resources, promote knowledge accumulation, sharing and dissemination, and establish a learning organization to enhance the Company's competitive advantage in talent, the Group has formulated the "Internal Lecturer Management Measures (Trial)" to build an internal lecturer team. The Human Resources Department is responsible for writing and revising the relevant systems and implementation plans for internal lecturers, as well as the daily management of internal lecturers. Internal lecturers are responsible for course development and design of course-related materials, such as auxiliary materials, cases, courseware, etc., and make regular improvements. The selection methods of internal lecturers include recommendation and self-recommendation, and the selection conditions require employees at the manager level or above of the headquarters; Employees at the deputy general manager level or above of subsidiaries; or front-line business backbones of subsidiaries. We provide teaching allowance and course development allowance to internal lecturers and conduct annual qualification review.

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. We provide targeted training for employees, including training courses for new employees, skills enhancement training for current employees, and job and technical training on specific topics for individual positions, such as leadership management training. We also encourage in-service employees to participate in training and career-related professional examinations at their own expense during spare time. After the training is completed, employees are required to register their relevant certificates with the Human Resources Department. Employees attending training arranged by CEHL will continue to enjoy their existing benefits and attendance management during the training period.

Promoting Employee Development

To ensure that the employees receive quality training opportunities, the Group also evaluates the training after it is completed and adds different topics and new technical knowledge to meet the needs of our employees and to respond to future development trends as soon as possible. The Group will regularly collect employees' opinions on the training satisfaction survey, and use this as the basis for the annual training plan to formulate various training programs to meet the training needs of employees.

We provide skills development and training opportunities for our employees, and organise various forms of internal and external training to enable employees to acquire new knowledge and skills. These include but not limited to induction training, financial system training, special training on enterprise labour and employment risk prevention and control, performance empowerment training, professional skills training.

The “Eagle Nest” Value Leader Training Camp

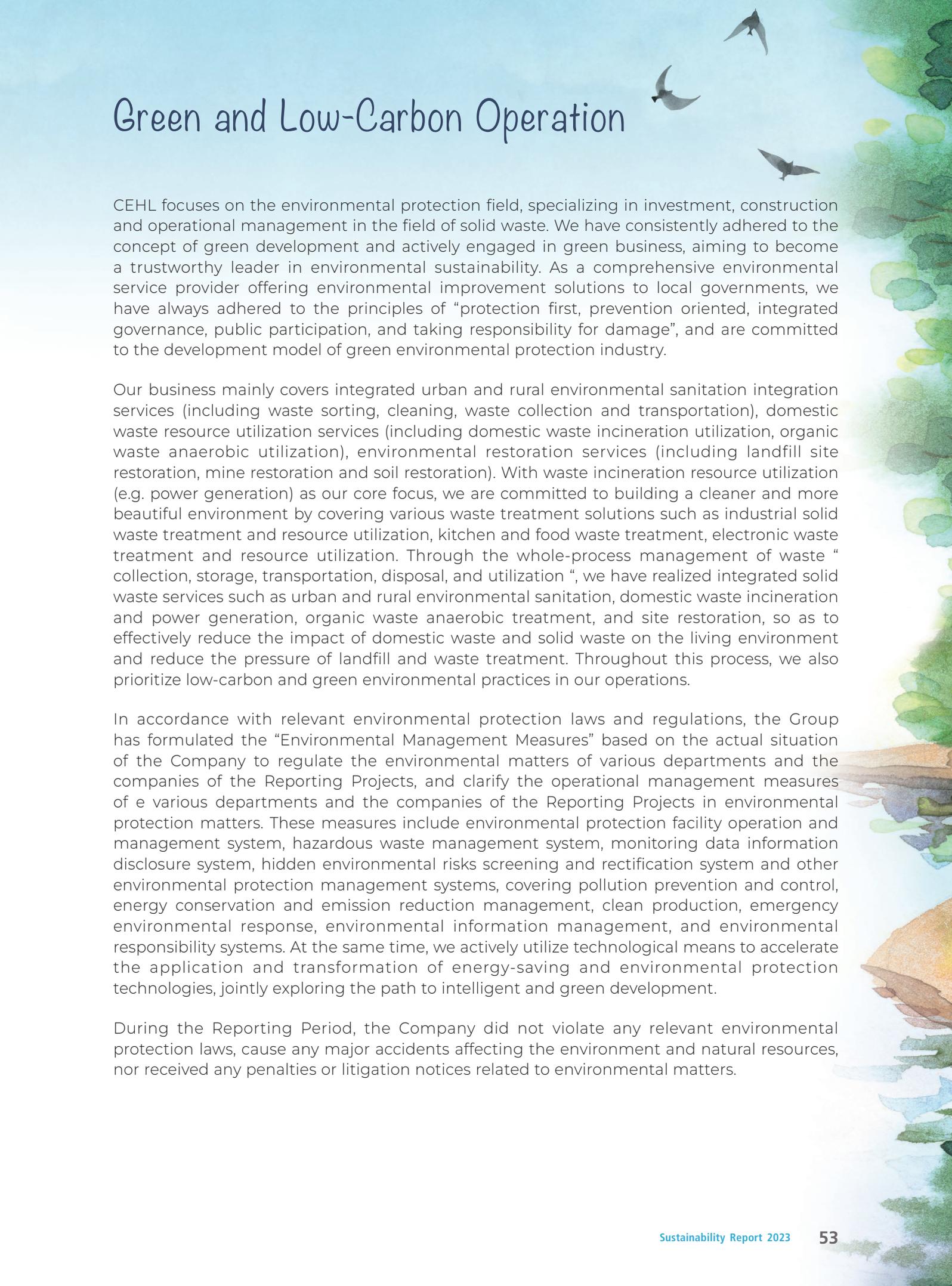
To further strengthen the cultivation of reserve talents for key positions in various companies of the Reporting Projects, we held the first “Eagle’s Nest” value leader training camp during the Reporting Period, which was divided into three stages, with the theme of “Rising Phoenix, Soaring Eagle (雛鳳清聲 鷹擊長空)”, and 20 value leaders from ten incineration power generation and biomass project companies in Henan participated.

During the training, experts from the operation management department and the production director of the companies of the Reporting Projects delivered specialized lectures on common problems in production and operation, and engaged in discussions and seminars with the participants. The course content was well-structured, logically organized, practical, and focused on achieving tangible results. It had strong relevance and applicability to the participants' work.

This training camp effectively cultivated excellent reserve talents for each project, achieving the objectives of enriching participants' business knowledge and improving their professional skills. The expected outcomes were fully realized and delivered upon.



Green and Low-Carbon Operation

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CEHL focuses on the environmental protection field, specializing in investment, construction and operational management in the field of solid waste. We have consistently adhered to the concept of green development and actively engaged in green business, aiming to become a trustworthy leader in environmental sustainability. As a comprehensive environmental service provider offering environmental improvement solutions to local governments, we have always adhered to the principles of “protection first, prevention oriented, integrated governance, public participation, and taking responsibility for damage”, and are committed to the development model of green environmental protection industry.

Our business mainly covers integrated urban and rural environmental sanitation integration services (including waste sorting, cleaning, waste collection and transportation), domestic waste resource utilization services (including domestic waste incineration utilization, organic waste anaerobic utilization), environmental restoration services (including landfill site restoration, mine restoration and soil restoration). With waste incineration resource utilization (e.g. power generation) as our core focus, we are committed to building a cleaner and more beautiful environment by covering various waste treatment solutions such as industrial solid waste treatment and resource utilization, kitchen and food waste treatment, electronic waste treatment and resource utilization. Through the whole-process management of waste “collection, storage, transportation, disposal, and utilization”, we have realized integrated solid waste services such as urban and rural environmental sanitation, domestic waste incineration and power generation, organic waste anaerobic treatment, and site restoration, so as to effectively reduce the impact of domestic waste and solid waste on the living environment and reduce the pressure of landfill and waste treatment. Throughout this process, we also prioritize low-carbon and green environmental practices in our operations.

In accordance with relevant environmental protection laws and regulations, the Group has formulated the “Environmental Management Measures” based on the actual situation of the Company to regulate the environmental matters of various departments and the companies of the Reporting Projects, and clarify the operational management measures of the various departments and the companies of the Reporting Projects in environmental protection matters. These measures include environmental protection facility operation and management system, hazardous waste management system, monitoring data information disclosure system, hidden environmental risks screening and rectification system and other environmental protection management systems, covering pollution prevention and control, energy conservation and emission reduction management, clean production, emergency environmental response, environmental information management, and environmental responsibility systems. At the same time, we actively utilize technological means to accelerate the application and transformation of energy-saving and environmental protection technologies, jointly exploring the path to intelligent and green development.

During the Reporting Period, the Company did not violate any relevant environmental protection laws, cause any major accidents affecting the environment and natural resources, nor received any penalties or litigation notices related to environmental matters.

Green and Low-Carbon Operation

EMISSIONS MANAGEMENT

Solid Waste Handling

As an environmental services provider specializing in the field of solid waste, CEHL assumes social responsibilities and contributes to waste comprehensive treatment and resource reuse. The Group's "Environmental Management Measures" require the companies of the Reporting Projects to implement source discharge classification and tiered management, and specify their related responsibilities and a series of waste treatment requirements. We establish rules and regulations such as job accountability system, operating procedures and environmental monitoring, and regularly arrange equipment maintenance. We require the companies of the Reporting Projects that generate hazardous waste to establish waste management plans and waste inventories in accordance with national regulations, and to hire qualified and government certified hazardous waste recyclers for disposal. At the same time, we 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:



Emission Permit for Gao'an City Domestic Waste Incineration Power Generation Project, Yichun City, Jiangxi Province

During the Reporting Period, the total weight of hazardous waste generated by Reporting Projects was 1,469,256 tonnes, of which incineration projects accounted for over 98% of the total weight of hazardous waste. Hazardous waste generated by Reporting Projects, including fly ash, slag and sludge, among which the bottom ash is the inert residue discharged from the incinerator, which constitutes more than 80% of the hazardous waste generated by the Reporting Projects. Hazardous wastes such as fly ash, bottom ash and sludge had been disposed of by incineration and landfills by chelation and solidification respectively.

The total amount of non-hazardous waste generated by Reporting Projects was 192,499 tonnes, the Reporting Projects deal with non-hazardous waste in different ways, including handing over to third-party contractors for incineration.

Green and Low-Carbon Operation

Compared with the previous year, hazardous waste decreased by 26% and non-hazardous waste decreased by 4% for the Year. Our investments and attention to waste incineration projects have yielded positive results. We will continue to optimize waste management in the incineration process, to achieve the goal of green and low-carbon operations more effectively. We emphasize waste reduction and resource recycling and will continue to control waste generation in every aspect, strengthen resource recycling, and minimize the generation of hazardous and non-hazardous waste.

Action Direction	Practice
Regulation of waste disposal	<ul style="list-style-type: none"> All incineration projects are handled by direct incineration. For non-incineration projects, it will be handed over to waste disposal company for removal and disposal ; Hazardous waste generated during renovations shall be collected and transported by qualified contractors for disposal; and Domestic waste generated from anaerobic treatment projects will be classified. The organic waste is treated anaerobically and other waste is handled by third-party contractors for incineration.

In particular, the Gaoan Incineration Power Generation Project has signed the “Waste Mineral Oil Disposal Contract” and the “Waste Fabric Bags Disposal Contract” to dispose of flammable, toxic and corrosive waste mineral oil. Zhumadian Municipal Solid Waste Harmless Comprehensive Treatment and Recycling Project has also signed a hazardous waste entrusted disposal contract, entrusting a qualified third party to dispose of waste mineral oil, test waste liquid, and experimental pharmaceutical packaging. Both Qi County Domestic Waste Incineration Power Generation Project and Qi County Biomass Straw Incineration Power Generation Project hand over the hazardous waste to qualified third parties through hazardous waste collection service contracts.

The Hangzhou Kitchen Food Waste Treatment Project follows the “Regulations on Waste Disposal” to collect and classify all waste and scrap within the project site, classifies and places them at designated points, and disposes them in a unified and centralized manner. The requirements include solidification of all solid waste, bagging of all household waste, drum packaging of all liquid waste (chemicals, oils, etc.), and centralized storage and disposal of all waste and scrap according to regulations. Solidified waste will undergo centralized water filtration and solid-state dehydration before being treated as domestic waste, while municipal solid waste will be transported and landfilled by the municipal government.

Green and Low-Carbon Operation

At the same time, we pay attention to the publicity and dissemination of the concept of waste management, and hope to join hands with our employees to reduce waste at the source:

Action Direction	Practice
Encourage employees to reduce waste at source	<ul style="list-style-type: none"> Reduce the use of single-use items and encourage using recyclable items; Encourage waste sorting in office and living areas; and Separate storage and disposal of hazardous and non-hazardous waste from operations.

“Practicing Waste Classification and Advocating a New Trend of Civilization – Special Promotion Activity on Domestic Waste and Resource Recycling at Kaolao Central School, Yongji City



In recent years, the Company has carried out 7 waste classification lectures in schools, governments and villages, with more than 2,000 participants. Through the publicity of waste classification, it can help the public establish the awareness of waste classification, realize the important significance of waste classification, let more public actively participate in waste classification, fostering a positive atmosphere for the entire society to excel in waste management and collectively build a clean, beautiful, and prosperous community, thereby preserving the city's environment.

Green and Low-Carbon Operation



CEHL's business also involves electronic waste treatment and resource utilisation. We significantly reduce the total amount of e-waste by 2060 by safely and responsibly reusing, recycling and managing the disposal of electronic equipment and electronic products in a legal, data-safe and environmentally friendly manner. We actively explore ways to increase the recycling rate, integrate the recycling process with environmental concepts, and strengthen waste recycling concepts and management mechanisms.

Carbon Management

During the Year, the Group actively engaged in carbon management efforts and further clarified the business path for carbon emission reduction. In line with the development requirements of "carbon peak and carbon neutrality", we have explored and developed action plans based on the " Action Plan for State-Owned Enterprises in Beijing to Achieve Carbon Peak " issued by the Beijing SASAC. CEHL has successfully completed the preparation of the action plan of the Group and its 8 secondary units, laying the foundation for further promoting the innovative development, green development and high-quality development of the Company.

We continuously evaluate and record annual environmental-related data, and regularly disclose greenhouse gas emissions and other environmental indicators. Through the CEHL Sanitation Integrated Control Platform, we manage environmental sanitation cleaning and transportation, collection and transportation projects, and realize real-time supervision and monitoring of operating vehicles and site stations. Through the data, we regularly evaluate the performance of current measures to provide guidance for future project operations. We are committed to building a long-term environmental management system and moving towards a low-carbon and green future.

Green and Low-Carbon Operation



In response to the national important policies such as “Carbon Neutrality and Carbon Peak”, CEHL has commissioned external consultant to conduct an annual carbon assessment to quantify the GHG emissions³ (also known as “Carbon Emissions”) generated from the operation of Reporting Projects. The quantification process⁴ and emission factors were carried out with reference to the “GB/T 32150-2015 General Principles for Accounting and Reporting of Greenhouse Gas Emissions from Industrial Enterprises”, ISO14064-1, the Greenhouse Gas Inventory Protocol, and other national and international technical guidelines.

During the operation of each Reporting Project, the direct GHG emissions mainly come from waste incineration. Compared with 2022, total GHG emissions this Year increased by 42%. Among them, direct (Scope 1) GHG emissions, energy indirect (Scope 2) GHG emissions increased by 42%, 49% respectively. The increase in Scope 1 GHG emissions was mainly due to the increase of incineration projects this Year, resulting in an increase in waste treatment volume. The increase of Scope 2 GHG emissions is due to change of physical boundaries this Year.

³ The assessment covers six types of GHG regulated by the “Kyoto Protocol”, including CO₂, CH₄, nitrogen oxide (N₂O), perfluorocarbons (PFCs), and hydrofluorocarbons (HFCs), and Sulphur hexafluoride (SF₆); chlorofluorocarbons (HCFCs) is also covered.

⁴ The quantification process adopts operational control methods to aggregate data.

Green and Low-Carbon Operation

In addition, the power generated by the Group’s incineration projects was exported, and the export of power of 2,126,514 MWh this Year is equivalent to avoiding the generation of approximately 1,212,751 tonnes of carbon dioxide emissions, an increase of 51% compared to the previous year. This is also one of the important ways to offset the carbon footprint as an environmental service provider.

Scope	Emissions Source	Emissions (tonnes of CO ₂ equivalent)
Direct (Scope 1) GHG emissions	Stationary source fossil fuel combustion, mobile source fossil fuel combustion, waste incineration treatment, solid waste landfill treatment, leachate treatment and fugitive emissions ⁵	1,753,532
GHG emissions from the combustion of biomass fuels ⁶		1,438,736
Energy indirect (Scope 2) GHG emissions	Purchased Electricity	14,049
Other indirect (Scope 3) GHG emissions	Business Travel by Air	48
Total GHG emissions (Scope 1, 2, and 3)		1,767,629

The carbon emissions related to incineration shall be properly managed and treated, and the Group’s incineration projects mainly adopt the following methods to reduce carbon emissions:

- Control fire line to ensure no raw material;
- Reasonably distribute air to make the furnace combustion adequately;
- Lead the methane gas to be the furnace chamber combustion;
- Stabilize and fully process the aerobic section;
- Ignition burner technology to facilitate the full combustion of waste, to ensure that the furnace chamber temperature so that the harmful gases fully combustion;

⁵ 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.

⁶ Biomass included domestic waste incinerated in waste-to-energy projects, and biogas produced in landfills and anaerobic treatment projects.

Green and Low-Carbon Operation

- Pilot study of built-in ultra-filtration membrane technology, so that pollutants can effectively pass; and
- Optimize the control technologies and commands, adjust the operating conditions to ensure that flue gas and other emissions meet the standards.

During the Reporting Period, Xinxiang Incineration Project was rated as an AAA-level domestic waste incineration plant, marking that the project has reached a leading level in domestic harmless waste treatment. The Xinxiang Incineration Project is the Company's first power plant to receive this honor. It not only serves as a remarkable environmental landmark but also exemplifies the combination of technology and environmental protection. Currently, there are nearly a thousand waste-to-energy plants in China, and only more than 70 incineration plants have passed the AAA rating. We will continue to improve the operational service capabilities of incineration projects, making sustainable contributions to the sustainable development of the environmental sanitation service industry:

At the beginning of the construction, the Xinxiang Incineration Project was committed to becoming a livelihood project with the largest treatment scale, the highest construction standards and the most comprehensive functions per single line. In order to achieve this goal, the project has been carefully planned and implemented in all aspects such as planning, design and construction, and is equipped with 2 sets of 750 tonnes/day mechanical grate furnaces and 1 set of 35 MW steam turbine generator set. The environmental emission standards are better than the national standards and the EU 2010 standards, and can achieve the reduction, recycling and harmless treatment of 1,500 tonnes of domestic waste per day, with an annual power generation of 220,000,000 kWh.

The implementation of the Xinxiang Incineration Project not only improved the environmental quality of Xinxiang City, but also provided a cleaner and safer living environment for local residents. At the same time, the successful operation of the project has also set a model for the waste treatment industry in Xinxiang City and even the whole country, promoting the innovation and development of waste treatment technology.



The page features a decorative background on the right side with watercolor-style illustrations of green foliage and three birds flying in a light blue sky. The main text is set against a light green background with a dark green brushstroke-like border at the bottom of each text block.

Green and Low-Carbon Operation

CEHL is committed to achieving the Chinese government's goal of carbon neutrality by 2060. We have incorporated "Dual-Carbon" into our overall business development strategy, focusing on promoting the construction of internal carbon reduction projects. We actively explore carbon asset-related businesses and implement energy-saving and carbon reduction technology reserves. We also engage in frequent discussions and exchanges with educational institutions, as well as engineering and equipment suppliers in the industry, exploring the path of low-carbon transformation. We have set a long-term target for carbon neutrality by 2050 to help limit global temperature rise to within 1.5 degrees Celsius above pre-industrial levels and implemented measures for achieving the carbon emission reduction target by 2030. We deeply explored the green and low-carbon development path of the industry, and seized the opportunity to move towards the dual-carbon goal.

Green opportunities: CEHL released the first national standard for clean production in the domestic waste incineration industry

As a leading drafting organization, CEHL has completed the preparation of the local standard "Clean Production Evaluation Index System – Domestic Waste Incineration Industry (DB11/T2164-2023)", which was officially released and implemented after passing the review of the Beijing Municipal Development and Reform Commission and the Beijing Municipal Administration for Market Regulation.

Green opportunities: CEHL successfully registered the Group's first waste incineration VCS project during the Year

The Carbon Asset Management Department of Group actively studied the VCS policy of the international voluntary emission reduction mechanism and closely followed the re-activation of the national greenhouse gas voluntary emission reduction (CCER) mechanism, actively exploring the feasibility of carbon asset development of emission reduction projects within the Company, such as waste incineration projects and food/kitchen waste anaerobic projects. In August 2023, Xinxiang Waste Incineration Power Generation Project was successfully registered as a VCS project. The project creatively solved a series of argumentation problems such as the project benchmark, and became the first batch of VCS projects successfully registered in the international waste incineration industry after being approved by VERRA, an international organization.

Green and Low-Carbon Operation

Green opportunities: Actively expanding external carbon offset projects

Relying on various business units, cities-based companies or companies of the Reporting Projects, we adopt a strategy of deepening our presence in cities and collaborate to expand external forestry carbon offset projects. We have successfully signed a consultancy project for afforestation carbon offsets in Nan'an City. Based on the latest CCER afforestation carbon offset methodology, we have completed the design document preparation for the afforestation pilot project in Nan'an City.

Air Emissions Management

We pay close attention to air emissions. We use a real-time online monitoring system to monitor project operations, ensuring the smooth operation of pollution control facilities and maintaining the monitoring system in good condition. We strictly control various emission indicators to achieve up-to-standard emissions. If problems are found, they will be reported, marked and resolved immediately. Zhumadian Municipal Solid Waste Harmless Comprehensive Treatment and Recycling Project has adopted an online flue gas monitoring system to continuously monitor flue gas emissions.

The Group's waste incineration power generation project generates flue gas and other exhaust gases during the incineration process, including air pollutants such as nitrogen oxides, sulphur oxides and respirable suspended particles. These projects monitor flue gas emissions in real-time in their operations to ensure that the exhaust gas meets the standards. The companies of the Reporting Projects also conduct regular inspections. If any faults are found in the monitoring system, the companies of the Reporting Projects arrange for repairs by relevant personnel to restore normal monitoring as soon as possible. The projects adopt stringent operating procedures during the incineration process to ensure the process of emitting air emissions complies with national emissions standards and relevant environmental laws and regulation, in order to reduce the impact on the nearby environment and the livelihood of residents.

During the Reporting Period, the air pollutants generated by us are as follows. In order to reduce the generation of air pollutants, the Group will continue to optimize and improve processes and equipment, and gradually reduce exhaust emissions on the basis of previous years.

Green and Low-Carbon Operation

	Type	Emissions (kg)
Air Pollutants	Nitrogen oxides	2,611,260
	Sulphur oxides	612,422
	Respirable suspended particles	64,690

At the same time, companies of the Reporting Projects prioritize employee safety and emergency education and training, disseminating safety knowledge and emergency response capabilities through training. We attach great importance to the skills training and management of operators, and shall achieve the goal of strictly controlling various process parameters and preventing the harm caused by abnormal abnormal temperature, excess pressure and other abnormalities, so as to fully ensure the safety of equipment and personnel.

Effluent Management

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

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

Green and Low-Carbon Operation

Quality and Efficiency Improvement Plan for Leachate Unit of Sewage System of Ningbo Kitchen Waste Project

The total designed kitchen waste treatment capacity of the Ningbo Kitchen Waste Treatment Plant is 800t/d, with the current first-phase treatment capacity at 400t/d. The maximum on-site treatment capacity has been increased to 500t/d. Due to the constraints in sewage treatment and the volume of waste transported externally, long-term stable high-load production cannot be achieved. Through process adjustment and transformation, anaerobic tanks are gradually switched for the treatment of high concentration of kitchen waste leachate and high-COD concentration effluent from the PCRO separation, extending the hydraulic retention time to enhance system stability and efficiency. The transformation has improved the capacity of kitchen water receiving and the operating conditions of AO. It has also improved the anaerobic sludge situation, increased the retention time, and improved the removal efficiency. The dosage of carbon source has been significantly reduced, and the unit sludge production from wastewater has decreased, among other improvements.

VALUING NATURAL RESOURCES

The Group values the use of natural resources. We have implemented multiple measures to improve the efficiency of resource utilization and reduce the consumption of energy, water, paper and other resources during project operations. We guide our employees to adopt a green work philosophy, and provide regular energy-saving and environmental protection training to enhance their awareness and ability to use energy-saving equipment. We are committed to creating a culture of energy conservation and emission reduction that involves all staff members.

Green and Low-Carbon Operation

Use of Energy

The Group attaches great importance to improving energy efficiency and saving energy. We are committed to protecting the environment while continuously striving to improve our resource utilization and efficiency. Each company of the Reporting Projects has specialized environmental information management personnel who are responsible for regularly collecting data on energy usage and development, and conducting statistical analysis. The relevant data will also be reported to the Group's internal database.

During the Year, the energy consumed by the Group's Reporting Projects mainly included waste consumption, fuel for power generation, and fuel for machinery and vehicles. Compared with the previous year, energy consumption increased by 33%, mainly due to the change of the physical boundary this Year, increased from 15 waste incineration projects in 2022 to 18 projects this Year, resulting in an increase in waste treatment volume. During the Reporting Period, the energy consumption of each company of the Reporting Projects is as follows:

Use of energy	
Type	Consumption (MWh)
Coke	0
Gasoline	4,564
Diesel	65,243
Biodiesel	0
LPG	29
Natural Gas	8,517
Domestic waste ⁷	14,781,988
Solar	0
Purchased electricity	24,634
Produced electricity that was not yet consumed	0
Sold electricity ⁸	(-2,126,514)
Total Energy Consumption	12,758,461

⁷ The calculation method for this year refers to the "IPCC Guidelines", and the relevant parameters refer to relevant research on urban domestic waste in China.

⁸ Sold electricity was generated from the Waste-to-Energy Projects and Biomass power generation projects included in this Report (a total of 20 projects).

Green and Low-Carbon Operation

The Group expects to increase the efficiency of energy use on the basis of ensuring normal operation, so as to continuously move towards the goal of energy conservation. We have implemented various energy-saving practices across the Reporting Projects, including:

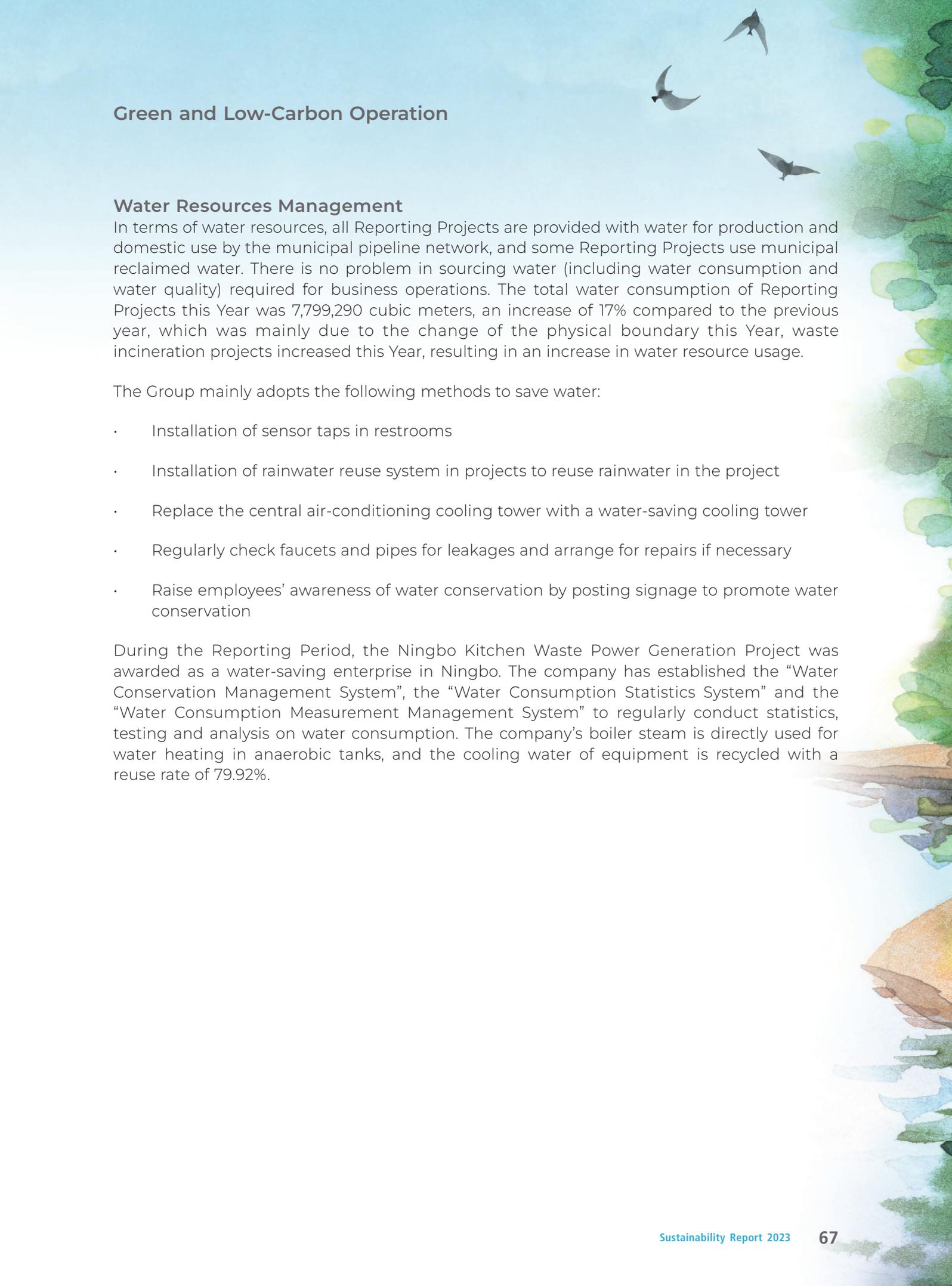
- Electricity generated from waste incineration in the incineration project site;
- Use induction energy-saving or LED energy-saving lamps, etc.; and
- Using environmentally friendly refrigerants.

For instance, Xinxiang Incineration Project has taken energy conservation and emission reduction as its energy management policy and proposed clean production audits. In this way, we promote energy conservation, consumption reduction, pollution reduction and efficiency enhancement of projects, eliminate (or reduce) hazardous substances in products, reduce the consumption of raw materials and energy in the production process, reduce production costs and reduce the harm to human health environment. The Ningbo Kitchen Waste Power Generation Project has also formulated energy conservation and emission reduction plans, including the energy efficiency monitoring and analysis management system for major equipment such as magnetic levitation fans for water treatment, deodorization fans in various workshops, biogas purification compressors and anaerobic stirring compressors, to strengthen the energy consumption management of key energy-consuming equipment. The Gao'an County Waste Collection and Transportation Project has signed a procurement contract for 20 pure electric compressors, with 10 already in use.

We take the following actions in the office:

- Enable computers in standby or hibernation mode. If the computer is not operated for a long time, the display screen will automatically turn off or enter the power saving mode;
- Turn off computers (including monitors) after office hours;
- Air conditioner temperature: the temperature of the air conditioner in summer shall not be lower than 26 degrees, and the temperature in winter shall not be higher than 20 degrees;
- Replacing older, less efficient systems with energy efficient air conditioning systems;
- Remind employees to turn off lights when they are not needed by posting signage to promote energy savings; and
- Promote energy saving messages to employees through internal communications.

Going forward, we will aim for sustainable development and improve energy efficiency through electrification, alternative fuels and innovative technologies. We will also reduce vehicle emissions, fuel and maintenance costs to create value for stakeholders. We will explore green innovation to promote sustainable development and strive to build a low-carbon and environmentally friendly industrial ecosystem.



Green and Low-Carbon Operation

Water Resources Management

In terms of water resources, all Reporting Projects are provided with water for production and domestic use by the municipal pipeline network, and some Reporting Projects use municipal reclaimed water. There is no problem in sourcing water (including water consumption and water quality) required for business operations. The total water consumption of Reporting Projects this Year was 7,799,290 cubic meters, an increase of 17% compared to the previous year, which was mainly due to the change of the physical boundary this Year, waste incineration projects increased this Year, resulting in an increase in water resource usage.

The Group mainly adopts the following methods to save water:

- Installation of sensor taps in restrooms
- Installation of rainwater reuse system in projects to reuse rainwater in the project
- Replace the central air-conditioning cooling tower with a water-saving cooling tower
- Regularly check faucets and pipes for leakages and arrange for repairs if necessary
- Raise employees' awareness of water conservation by posting signage to promote water conservation

During the Reporting Period, the Ningbo Kitchen Waste Power Generation Project was awarded as a water-saving enterprise in Ningbo. The company has established the "Water Conservation Management System", the "Water Consumption Statistics System" and the "Water Consumption Measurement Management System" to regularly conduct statistics, testing and analysis on water consumption. The company's boiler steam is directly used for water heating in anaerobic tanks, and the cooling water of equipment is recycled with a reuse rate of 79.92%.

Green and Low-Carbon Operation

Water resource management measures at Zhumadian Incineration Project

- After multiple clarifications, the backwash wastewater from the integrated water purification system is discharged into the circulating water pool, reducing external discharge and conserving water sources;
- Concentrated sulfuric acid is added to the circulating water pool to reduce its alkalinity, lower the circulation water ratio, and minimize external discharge of clean water, conserving water sources;
- A valve-less filter is added to the circulating water system to reduce turbidity and minimize external discharge of circulating water, conserving water sources.



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

Green and Low-Carbon Operation

Environmental Protection and Natural Resources

The Group is aware of its responsibilities and missions as an integrated environmental service provider. In conducting our business, we should be mindful of the impacts we generate and the resources we use. We recognize that our operating projects may have an impact on the nearby environment and natural resources, such as the risk of environmental damage and soil and water pollution caused by the leakage of hazardous chemicals. Each company of the Reporting Projects has also established corresponding environmental leading groups in accordance with the “Environmental Management Measures”, responsible for implementing environmental protection measures, solving project-related environmental problems. The Group has established a Safety Environment Department to supervise the protection of the surrounding environment and natural resources; to lead Reporting Projects to implement relevant policies, striving to reduce the adverse impacts on the environment by strengthening performance management and formulating different emergency plans.

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

We also hope to lead by example and expand the positive impact of environmental business and environmental protection concepts through our own business advantages. During the Reporting Period, the Zhumadian Waste Incineration Workshop was recognized as the sixth batch of ecological environment publicity and education bases by the Department of Ecology and Environment of Henan Province, and was designated as a practical training base for the waste-to-energy industry in Zhumadian City by the Zhumadian City Ecology and Environment Bureau.



Environmental visit to Zhumadian Project on World Environment Day

Green and Low-Carbon Operation

Promotional activities at the Duyun Waste Incineration Project

Duyun Solid Waste Incineration Power Generation Project features displays on landfill methods, waste incineration processes, and environmentally friendly and low-carbon lifestyles. During the Reporting Period, a total of 32 visits were received, with 606 visitors from all walks of life. The public also made 6 appointments through the mini-program for visiting the environmental facilities, with a total of 194 visitors. The guided tours provided the public with a deeper understanding of the whole process of waste treatment and eliminate the public's psychology of "a considerable amount of pollution from waste-to-energy plants". It stimulated the public's environmental responsibility awareness and contributed to the construction of an environmental governance system with government leadership, corporate participation, and involvement of social organizations and the public. At the same time, we hope that the public can experience the process of turning waste into valuable resources, recognize the importance of environmental ecological work, and develop good habits of waste classification, to lay a solid foundation for the development of environmental protection endeavors.



Green and Low-Carbon Operation

Climate Change Challenges

Climate change is a serious and growing threat to human well-being and the health of the planet. As an integrated service provider in the environmental industry, CEHL is well aware of the challenges brought by climate change and extreme weather to its operations. We fully cooperate with the Chinese Government's "30-60" dual carbon vision goal, practice the sustainable development concept of green and low-carbon operations, and actively explores how to improve its resilience to climate risks and reduce carbon emissions in the locations where it operates.

We have identified and assessed potential climate risks⁹ in our business operations. Physical and transition risks arising from climate change will have financial implications for its operations. Climate physical risks are mainly caused by extreme weather (such as intense precipitation, flooding) and changes in weather patterns (such as rising temperatures and heat waves), which may result in negative impacts such as damage to projects, impacts to equipment and threats to employees' safety. When transitioning to a low-carbon economy, changes in policies, markets, and technological development will also expose our business operations to risk, which may bring impacts such as compliance risks and changes in market opportunities. Both physical and transition risks may bring financial burdens (such as income, liabilities, cash flow, etc.) to CEHL.

CEHL has formulated "Climate Change Policy" which sets out measures on mitigation, adaptation, resilience and disclosure of climate change risks and opportunities, as well as the Group's governance direction on climate change.

⁹ See the section headed "Sustainability Risk Management".

Green and Low-Carbon Operation

GOVERNANCE

Board Responsibilities	Climate Change Training	Strategy
<ul style="list-style-type: none"> The Board of the Group serves as the highest decision-making body for managing climate change matters. It is assisted by the Sustainability Committee/Board Office in managing relevant policies and measures; 	<ul style="list-style-type: none"> Timely climate change training is provided to the Board, management, and relevant employees to stay abreast of global and local climate trends and ensure that policies and measures effectively address climate change-related risks and opportunities; 	<ul style="list-style-type: none"> Gradually integrating climate change considerations into the overall business development strategy of the Group.

MITIGATION

Carbon Neutrality Target	Carbon Management
<ul style="list-style-type: none"> Striving to limit temperature rise to within 1.5 degrees Celsius above pre-industrial levels by setting long-term 2050 carbon neutrality goals, and implementing carbon emission reduction targets for 2030 to reduce our carbon footprint; 	<ul style="list-style-type: none"> Establishing a comprehensive carbon emission tracking system to continuously assess the Group's greenhouse gas emissions, serving as the foundation for carbon emission management; Incorporating carbon emission management factors throughout project development, design, construction, operation, and maintenance phases to reduce the overall lifecycle carbon emissions of Reporting Projects; Enhancing the power generation efficiency of the Group's waste-to-energy projects, accelerating the transition of cleaning and transportation vehicles to new energy vehicles, actively exploring opportunities for utilizing other renewable energy sources in projects, and further reducing the use of fossil fuels.

Green and Low-Carbon Operation

In order to ensure safe and orderly development of various tasks of Reporting Projects, the Group has formulated the “Comprehensive Response Plan for Emergencies”, “Notice on Doing a Good Job in Flood Control” and related emergency plan policies, so as to effectively and orderly prevent emergencies. The emergency response and rescue work for natural disasters include typhoons, flooding, and strong convective weather to avoid or minimize the losses caused by disasters, protect the safety of employees’ lives and corporate property, and ensure the Company’s safe production and maintain social stability. Adhering to the policy of “safety first, prevention first, and comprehensive management”, we uphold the principle of personal safety first, and then the safety of plants and equipment. We take practical measures to minimize risks. The relevant Reporting Projects have formulated the following emergency protection measures:

- Establish an emergency rescue working group; and develop the responsibilities of the emergency rescue working group;
- Each department should organize emergency response in a timely manner based on the existing materials in the emergency material reserve;
- Set up material custodians, check and implement the material reserves, and replenish stations with insufficient reserves in a timely manner to ensure sufficient material reserves;
- All departments and stations should actively organize relevant emergency drills to improve their ability to handle emergencies.

Each company of the Reporting Projects takes preventive and early warning measures for climate change events, including collecting typhoon, flooding season and severe convective weather forecast information; paying more attention to relevant meteorological information, including flood, rain, typhoon and ocean tide level information; and developing warning issuance procedures and warning actions and measures; Information reporting and emergency response to incidents are conducted by developing information reporting timeframes, procedures and methods. Subsequently, each functional department should conduct a comprehensive inspection of the jurisdiction and functions, and timely rectifies the equipment damaged in typhoons and rainstorms and the problems exposed. All functional departments should take back and organize anti-typhoon materials and replenish used materials in a timely manner. The emergency leading group is responsible for carrying out accident investigation, identifying the cause of the accident and formulating preventive measures.

The Group maintains active communication with stakeholders to adjust and improve existing measures in a timely manner, and regularly reports on the Group’s approach, measures and progress in enhancing its ability to respond to climate-related risks through designated publications. At the same time, the Group is well-positioned to capitalize on the opportunities brought by climate change to explore new business areas and improve its climate mitigation, adaptation and resilience.

Adhering to Compliant Operation

The Group believes that high-quality services are the foundation for the stable development of our business. Therefore, we insist on providing high-quality services to customers. We promote standardized service management standards, uphold business ethics, improve service supervision system and establish sound service assessment mechanism to provide responsible services to various stakeholders and create a high-quality service brand of CEHL.

IMPROVING SERVICE QUALITY

Providing Safe Service

Adhering to a customer-centric business philosophy, we are committed to providing high-quality, efficient and safe services. As a result, we have formulated the “Project Operation Management Measures” and a series of policies on product responsibility to regulate management and operational processes and effectively meet the diverse needs of different customer groups.

We have formulated the “Accountability Measures for Illegal Operation and Investment of Capital Environment Holdings Limited” to regulate the operation and investment behavior of enterprises, prevent the loss of state-owned assets, and realize the preservation and appreciation of state-owned capital. To continuously improve customer experience, the Group has developed a production safety management system and is responsible for the implementation of production safety management. Each company of the Reporting Projects will also regularly inspect the operating equipment to ensure its proper operation. In addition, the by-products generated from the operation of some of the Group’s anaerobic treatment projects will be further sold. If the quality of the by-products does not meet the customers’ requirements, we will study the adjustment of the production conditions and improve the quality of the products with the ultimate goal of enhancing the quality of the Group’s services.

The Group attaches great importance to customer needs and problems, conducting comprehensive analysis of customer complaints based on complaint data. We delve into the pain points and shortcomings of products and services. During the Reporting Period, we did not receive any complaint about products or services. We highly value the complaints received during the Reporting Period, and timely accept and properly handle them in accordance with internal procedures. At the same time, each company of the Reporting Projects will strengthen education and training for its staff to prevent the recurrence of similar incidents, striving to provide the best quality and considerate services to all customers.

Adhering to Compliant Operation

Innovative Technology and Intellectual Property

The Group abides by the “Technical Standards for Solidification/Stabilization Treatment of Municipal Solid Waste Incineration Fly Ash” (CJJ/T316-2023) and the “Technical Code for Leachate Treatment of Municipal Solid Waste” (CJJ/T150-2023), and actively integrates technology into our business to create a more convenient and efficient service experience for customers while strengthening risk prevention and control. The Group conducts in-depth research on industry pain points. After careful design and research and development, an automated dredging equipment with hydraulic drive execution structure as the core was successfully developed to solve the problem of leachate grid blockage in the waste storage warehouse. This equipment adopts weather-resistant steel quality to ensure its durability in harsh environments. During the short window period with low temperature and low leachate in winter, the project team concentrated its efforts to overcome difficulties and break through the difficulties in the installation of limited space in operating projects, and quickly installed automatic dredging equipment. During the Reporting Period, we obtained a total of 24 authorized patents and added 6 patent rights.

In addition, the Group’s “Waste Leachate Full-volume Discharge (Reuse) Solution” won the third prize of the finals in the 8th “Maker China” Beijing Small and Medium Enterprises Innovation and Entrepreneurship Competition and “Maker Beijing 2023” Innovation and Entrepreneurship Competition, and won the first prize among the Top Ten Projects in the Eight Major Industries (八大產業十強項目). At the same time, the product received the second prize of the Shunyi District Level Competition and the 4th Innovation and Entrepreneurship Competition of Shunyi District.



Third prize of the finals in the 8th “Maker China” Beijing Small and Medium Enterprises Innovation and Entrepreneurship Competition and “Maker Beijing 2023” Innovation and Entrepreneurship Competition

Adhering to Compliant Operation

Successful Desulfurization Transformation at CEHL's Lushan Biomass Cogeneration Project

During the Reporting Period, Lushan Capital Biomass Energy Co., Ltd. (首創環境魯山生物質公司), the company of the Reporting Projects of the Group, achieved a breakthrough in production technology and successfully completed the desulfurization transformation project. Lushan Biomass cogeneration Project is affected by seasonal fuel changes, with straw-like fuels accounting for 50% of the total fuel procurement in autumn. The existing desulfurization system could only handle a 60% load, and the desulfurization consumables were costly, limiting the project's development. To address this issue, the company of the Reporting Projects promptly formed a special task force and held multiple technical breakthrough meetings. Through continuous optimization of the commissioning plan, the desulfurization system load was increased to more than 90%, resulting in annual cost savings of more than RMB400,000 and a reduction in carbon emissions, which is more beneficial for environmental protection.



Adhering to Compliant Operation

CEHL Adheres to the “Technology Leadership” Strategy with Multiple Technological Achievements Recognized by Authorities

During the Reporting Period, the Group’s independently designed and developed “Efficient Screening and Sorting Equipment for Stockpile Garbage” and “Internet-based Biostabilization Technology for Municipal Solid Waste Landfills” received the joint recognition and certification of the Beijing Development and Reform Commission, Beijing Science and Technology Commission, and other departments as the 18th batch of “New Technology and New Product (Service) Certification”. The authoritative recognition indicates the advanced technology of these products and their broad market prospects.



We respect intellectual property rights and strictly abide by intellectual property confidentiality agreements and comply with all relevant national or local laws and regulations to regulate and strengthen the management and application of the Group’s intellectual property rights. The Group has formulated the “Regulations on the Management of the Use of Genuine Software (Trial)”, which stipulates that employees can only use genuine software to maintain a good corporate image and create a positive working environment for employees.

Adhering to Compliant Operation

Protecting Customers' Personal Information

The Group effectively fulfils the main responsibility for the protection of customers' personal information. We strictly require employees not to disclose any proprietary information of its customers and partners. It also has a confidentiality system in place to regulate employee access to ensure that information is not disclosed and to strengthen the management of customers' personal information protection. The transaction contracts signed by the Group and its partners are accompanied by confidentiality clauses. For larger transactions, we will sign a non-disclosure agreement separately to protect customer privacy. If staff are found to be in breach of the relevant regulations, we will impose corresponding penalties according to the regulations, and hold them accountable according to the law as the case may be. During the Reporting Period, the Group did not receive any confirmed complaints of invasion of customer privacy and loss of customer information.

We have also formulated the "Confidentiality Management Measures (Revised)" and the "Information System Management Measures (Trial)" to regulate password and authorization management, the use and management of computer equipment and network management, so as to ensure the stable and safe operation of the Group's information system and improve the management level and technical level of the information system. The office is responsible for formulating the Group's information system security management rules and regulations and monitoring the implementation of the system. In terms of document management, we have formulated the "Archives Management Measures (Revised)" to ensure proper organization and maintenance of the Group's documents, safeguarding the Company's economic interests and legitimate rights and interests.

Adhering to Compliant Operation

Standardize Publicity Behavior

The Group adheres to a responsible approach to product promotion and has the “Brand Management System” and “Information Disclosure Management System” to regulate the Group’s brand strategy, information disclosure and crisis public relations matters. The Board Office is responsible for the Group’s branding, information disclosure and public relations matters. At the same time, each company of the Reporting Projects also has a relevant management staff to follow up on the Group’s local brand image issues. We strictly prohibit malpractices such as exaggerated and inaccurate advertisements, one-sided guidance and malicious speculation to ensure that our promotional activities are legal and compliant. Due to the nature of our business, the Group has not yet established an internal policy on product labelling. We will continue to review our product and service-related publicity policies to ensure that we maintain a high level of integrity and professional ethics in our daily operations.

Implementing Multiple Measures to Promote Environmental Awareness

During the Reporting Period, the Group organized employees to conduct a thematic presentation titled “Growing with Waste Classification” at Beijing Chen Jinglun Middle School Jiaming Campus. We provided detailed explanations on the methods of waste classification and elaborated on its significance. The aim was to encourage students to actively participate in waste classification efforts and become environmental protectors. Through this initiative, we aimed to deepen students’ understanding of the importance of environmental technology development and its practical application in addressing environmental issues. Additionally, it further enhanced the CEHL’s brand influence.



Adhering to Compliant Operation

ABIDING BY BUSINESS ETHICS

Anti-Corruption Policies

The Group considers the establishment of core values based on honesty, integrity and fairness to be of paramount importance. We maintain a zero-tolerance policy towards any acts of corruption, bribery, extortion or fraudulent behavior. We have formulated a series of anti-corruption policies and regulations, including the “Employee Responsibility and Penalty Management Measures”, the “Implementation Measures for Punishment and Prevention of Corruption of CEHL”, “Employees’ Integrity and Self-discipline Work Regulation of CEHL”, “Integrity Practice Commitment”, “Assist in Family’s Integrity Proposal”, “Integrity Notice”, to strictly regulate the work process related to anti-corruption, and ensure compliance by all departments. We have set up an Internal Accountability Committee for employees suspected of committing corrupt acts. The chairman of the Internal Accountability Committee is the CEO, and its members include the heads of the Audit Department, the Financial and Accounting Department, the Legal Affairs Department, the Human Resources Department, and the Party Work Department and their leaders in charge. The committee is responsible for collecting evidence, initiating investigations into alleged corrupt practices, conducting inquiries, handling appeals, and imposing appropriate penalties.

Anti-Corruption Reporting Channels

We encourage all employees to report any acts of bribery, extortion, fraud, or money laundering. For employee reporting, the Group has set up a dedicated telephone number, email address and correspondence address within the Company’s system for reporting. We promise that all whistleblowers will be protected by the Group’s personal information, and that they will not be treated unfairly due to reports, so as to ensure that the Group can effectively combat any existing or potential misconduct, fraud and violations.

In response to the corruption report received, the Group will conduct preliminary analysis, screening and review of relevant clues within 10 working days. After review and analysis, if it is deemed necessary to file a case for investigation, it will be reported to the leader in charge, and then approved by the CEO to start the investigation procedure. For clues that are particularly serious or complex, the Company’s Audit Department and the responsible leadership will handle them in accordance with relevant regulations and procedures. Once the report is verified, it will be punished according to the established system. Those who violated will be transferred to judicial authorities, including being reported and criticized, transferred from the position, reduced in rank, dismissed, or even terminated from the labour relationship, as we do not tolerate any acts of corruption.

Adhering to Compliant Operation

Anti-Corruption and Clean Governance Construction

The Group attaches great importance to anti-corruption and clean governance efforts. To improve the integrity awareness of employees, we actively carry out various integrity education and anti-corruption training, and continuously promote the establishment of a system for combating and preventing corruption. During the Year, a total of 7 directors participated in anti-corruption training, with the participation rate of employees reaching 59.46%. The average time spent by employees on anti-corruption training was 3.05 hours.

We sent employees to participate in the “Supervision, Discipline, and Law Enforcement Training for Cadres of Central Enterprise Supervisory and Disciplinary Committees” at the China Academy of Discipline Inspection and Supervision during the Reporting Period. Through courses provided by the Central Commission for Discipline Inspection and lectures by authoritative experts, the legal awareness and anti-corruption consciousness of our employees have been further strengthened.

CEHL Annual Warning Education Conference

The Group held the CEHL Annual Warning Education Conference during the Reporting Period, with a total of 160 employees participating. At the conference, we reported typical cases to promote improvement and enhance employees’ anti-corruption awareness.



Adhering to Compliant Operation

Anti-Corruption Education and Training for Grassroots Party Organizations

To give full play to the role of discipline inspection supervision and guarantee, the Discipline Inspection Commission of the Group organized anti-corruption education and training for secretaries and discipline inspection members of grass-roots Party organizations, with a total of 53 participants. At the meeting, the Discipline Inspection Committee of the Group provided integrity and party-building courses with the theme of “Taking Cases as Lessons and Promoting Improvement”, aiming to enhance the integrity awareness and self-discipline awareness of party members and cadres of various grass-roots Party organizations and build a solid ideological defense line.



Discipline Inspection Knowledge Training for Headquarters' Finance Personnel

To strengthen the supervision between the Discipline Inspection Commission and the finance department, the Discipline Inspection Commission provided discipline inspection knowledge training for the finance personnel at the Group's headquarters, with a total of 17 employees participating in the training. The training focused on various financial issues discovered during daily supervision and disciplinary investigations.



Adhering to Compliant Operation

Promotion Month for Petitions and Law Popularization Activities

In order to deeply study, publicize and popularize the awareness of the rule of law in handling petitions, comprehensively publicize and implement the “Regulations on Letters and Visits”, and guide everyone to orderly letters and visits and express their demands in a reasonable and legal manner in accordance with the law, Suixian Integration Project Company, a company of the Reporting Project of the Group, organized law propaganda volunteers to carry out the “Implementation of the Regulations on Letters and Visits and Building a Harmonious Society based on the Rule of Law” and Promotion Month for Petitions and Law Popularization at the public service center of Shangtun Town, Suixian County. The event featured promotional booths, banners, Q&A sessions, and distribution of informational brochures to attract residents. Volunteers patiently explained and interpreted the regulations to residents, enabling them to fully understand the “Regulations on Letters and Visits”.

Through these educational activities, residents' awareness and understanding of the regulations related to on letters and visits were further enhanced, promoting their consciousness to express their petition demands in an orderly and lawful manner and protect their legitimate rights and interests. This created a favorable environment of conducting affairs according to the law, seeking legal solutions, and resolving conflicts through legal means, resulting in a positive popularization of legal knowledge.

SUPPLY CHAIN MANAGEMENT

We believe that suppliers are the cornerstone of maintaining our service quality, and we are committed to extending the concept of sustainable development throughout the entire supply chain. We have formulated the “Supplier Management Measures”, the “Procurement Management Measures”, the “Centralized Procurement Management Measures” and other systems applicable to the Group's headquarters and companies of the Reporting Projects, that is, all suppliers of the Group are required to implement relevant practices. The Procurement Management Department is responsible for formulating and guiding the implementation of the Company's procurement management measures, formulating the Company's procurement management hierarchical authorization plan and procurement approval process, and managing and guiding the procurement matters of project companies. The Group's procurement will give priority to sufficient and effective competition in the form of open competition, and solicit unspecified suppliers for bidding by publishing procurement announcements.

Adhering to Compliant Operation

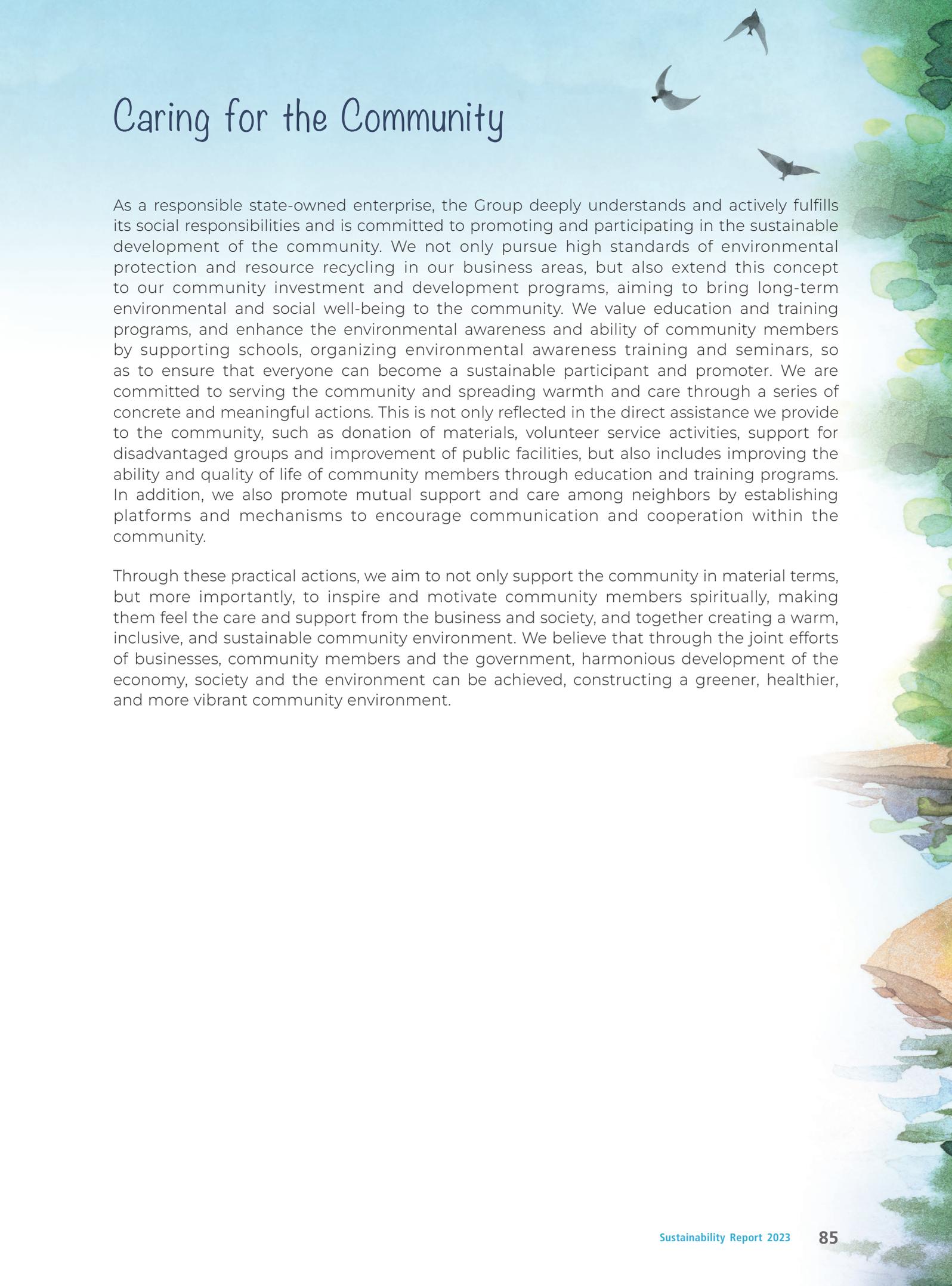
We have established strict standards for procurement procedures, including tendering, bid opening, evaluation, and awarding processes. We stipulate that the duration of continuous service procurement contracts should generally not exceed one year, and suppliers need to be evaluated before contract renewal. The Group implements unified management for supplier misconduct, such as violations of laws, regulations, and rules related to integrity, quality, progress and services. We also require suppliers to obtain the necessary certifications for quality, environmental, occupational health and safety, and relevant production permits as required by the country, industry, or the Company to mitigate environmental and social risks in the supply chain.

Suppliers are required to comply with our Group's relevant regulations on supplier management, provide the Group with engineering, goods or services that meet the specified quality standards and contractual agreements, and accept our Group's supervision and management. Furthermore, if any supplier engages in misconduct during the bidding, contract signing, performance, or after-sales service processes, they will be included in our Group's list of suppliers with misconduct following the established procedures, and cooperation with them within the Group will be restricted. In addition, we strive to select environmentally friendly products and services. The Company advocates the use of electric vehicles to replace traditional diesel vehicles to reduce environmental impact. For example, the companies of the Reporting Projects of the Group, namely Sui County Integrated Project Company and Gao'an Integrated Project Company, have purchased one pure electric arm-type vehicle, and 20 pure electric compression vehicles, respectively.

The Group strictly selects suppliers to minimize environmental and social risks in the supply chain, and prudently avoids selecting suppliers with poor environmental and social performance and negative reputation. Our selection criteria are as follows:

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

Caring for the Community



As a responsible state-owned enterprise, the Group deeply understands and actively fulfills its social responsibilities and is committed to promoting and participating in the sustainable development of the community. We not only pursue high standards of environmental protection and resource recycling in our business areas, but also extend this concept to our community investment and development programs, aiming to bring long-term environmental and social well-being to the community. We value education and training programs, and enhance the environmental awareness and ability of community members by supporting schools, organizing environmental awareness training and seminars, so as to ensure that everyone can become a sustainable participant and promoter. We are committed to serving the community and spreading warmth and care through a series of concrete and meaningful actions. This is not only reflected in the direct assistance we provide to the community, such as donation of materials, volunteer service activities, support for disadvantaged groups and improvement of public facilities, but also includes improving the ability and quality of life of community members through education and training programs. In addition, we also promote mutual support and care among neighbors by establishing platforms and mechanisms to encourage communication and cooperation within the community.

Through these practical actions, we aim to not only support the community in material terms, but more importantly, to inspire and motivate community members spiritually, making them feel the care and support from the business and society, and together creating a warm, inclusive, and sustainable community environment. We believe that through the joint efforts of businesses, community members and the government, harmonious development of the economy, society and the environment can be achieved, constructing a greener, healthier, and more vibrant community environment.

Caring for the Community

“TAKE SNOW AS THE ORDER” – ENSURING SAFE TRAVEL WITH RAPID SNOW CLEARANCE

On 18 December 2023, Ma'anshan Shouhui Urban Environmental Services Co., Ltd. (馬鞍山首匯城市環境服務有限公司), a subsidiary of the Company, swiftly cleared the snow through the “mechanical + manual” operation mode during a heavy snowfall in Ma'anshan, ensuring the safety of citizens' travel. All workers were deployed, braving the wind and snow, with clear division of labor and working tirelessly to manually clear snow from main streets, sidewalks, parking areas, and bus stations. Following the working principle of “prioritizing key areas, extending to other areas, and achieving full coverage”, we made every effort to ensure snow clearance without any missed sections or blind spots. By midday, Ma'anshan Shouhui mobilized over 1,000 personnel, equipped with two small snowplows, one large snow roller, and approximately RMB100,000 worth of snow removal supplies. We also prepared a total of 62 small and large snow shovels and 15 snow removal vehicles for any unforeseen needs. As the first company in the area to be equipped with professional snow removal equipment, we actively demonstrate the responsibility of a state-owned enterprise and provide improved road cleaning services to Ma'anshan City. In the future, Ma'anshan Shouhui will continue snow clearing and removal operations, striving to restore the city's roads to their original condition in the shortest possible time, ensuring peace of mind for the citizens' travels.



Caring for the Community

“3.15 INTERNATIONAL CONSUMER RIGHTS DAY” – FACILITATING CONCENTRATED DESTRUCTION OF COUNTERFEIT GOODS

Suixian Incineration and Qixian Incineration collaborated with the local Administration for Market Regulation to carry out the centralized destruction of infringing and counterfeit goods. This activity was a centralized display of the achievements of the market regulatory authorities in resolutely protecting consumer safety and cracking down on various violations of laws and regulations. By incinerating the goods, we prevented the confiscated materials from re-entering the market, effectively safeguarding the legitimate rights and interests of consumers, and enhancing the sense of gain, happiness and security of consumers. We treated infringing and counterfeit goods by incineration, which is in line with the requirements for waste disposal and environmental protection, ensuring “pollution-free” measures while also achieving social benefits such as energy regeneration and waste utilization.



Caring for the Community

“JUNE 5TH WORLD ENVIRONMENT DAY” SERIES OF ACTIVITIES – ENVIRONMENTAL SCIENCE POPULARIZATION EXHIBITION

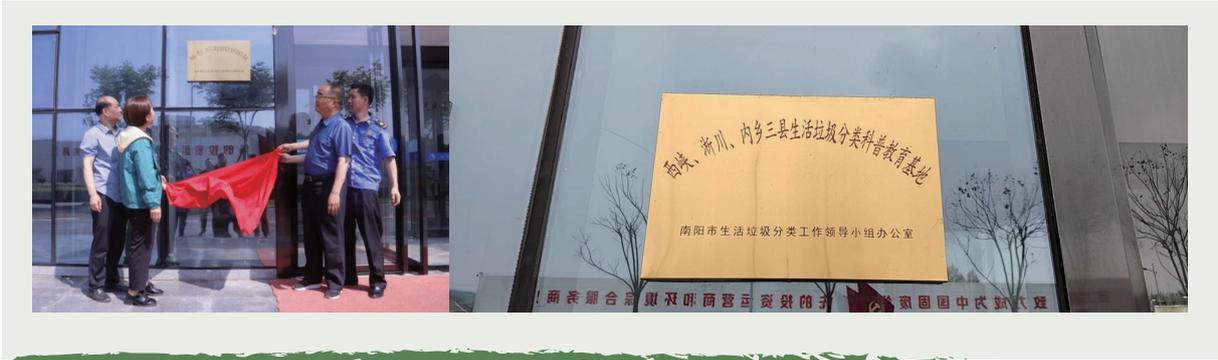
On 5 June 2023, the Nanyang Incineration Project was invited to participate in the main event of the 2023 “June 5th World Environment Day” in Xixia County. The event key initiatives such as urban residents’ domestic waste classification and the protection of the water source of the middle line of the South-to-North Water Diversion Project. Informative exhibition boards were set up set up under the theme of “Building a Modern Society Harmoniously Coexisting with Nature” with pictures and texts, and a grand environmental cycling publicity activity was organized. At the event, the Nanyang Incineration Project displayed promotional boards and banners, distributed waste classification manuals to the public, extensively promoted environmental education, green living knowledge, and spread the concept of ecological civilization. The Nanyang Incineration Project, in collaboration with the Xixia Branch of the Ecological Environment Bureau of Nanyang City, organized an open day for environmental facilities, welcoming children from the Xixia Cultural Tourism Group’s youth study institution for an extraordinary environmental education journey. Through the activities on the June 5th World Environment Day, we actively inspire the public’s enthusiasm, initiative, and creativity in environmental protection, guiding them to proactively assume environmental protection obligations, regulate their behavior, and contribute to the construction of an ecological civilization.



Caring for the Community

ESTABLISHMENT OF DOMESTIC WASTE CLASSIFICATION EDUCATION AND PRACTICAL BASE

The domestic waste classification education bases in Xixia, Xichuan and Neixiang counties were officially established at the Nanyang Incineration Project, which not only integrates theory with practice but also provides a platform for the public to understand waste classification and improve environmental protection awareness. It opens a window for promoting and publicizing waste classification knowledge to the public, helping them recognize the importance and necessity of waste classification. Through educational promotion and practical activities, we guide the public to engage in ecological civilization practice and make their due contributions to local ecological civilization construction. As a state-owned enterprise, we shoulder the social responsibility and mission. In the future, utilizing the waste classification education bases as platforms, we will organize periodic exhibitions, interactive quizzes on waste classification knowledge, and enhance interaction and communication with the public, guiding them to practice waste classification.



Caring for the Community

VOLUNTEER TREE PLANTING ACTIVITY

The party members, cadres and young employees of Fuzhou Kitchen Waste Treatment Project a volunteer tree planting activity at the ecological park of the Phase I landfill site of the Hongmiauling Circular Economy Industrial Park in Fuzhou. Prior to the activity, the project company vigorously promoted the activity plan through various internal channels and made necessary preparations. During the activity, party members, cadres and young employees actively participated in greening the park, using shovels to dig soil, building embankments, and watering the plants. We have organized this activity for many years, earnestly fulfilling our social responsibility and mission in promoting green development and local ecological construction, fostering a positive atmosphere of loving, planting and protecting green environments.



Appendix: KPIs Summary

ENVIRONMENTAL PERFORMANCE

Air Emissions and Type	Year 2023	Year 2022	Year 2021	Unit
Nitrogen oxides	2,611,260	3,972,439	2,769,190	Kilogram
Sulphur oxides	612,422	1,008,590	711,638	Kilogram
Respirable suspended particulates	64,690	40,687	26,977	Kilogram
GHG Emissions	Year 2023	Year 2022	Year 2021	Unit
Scope 1	1,753,532	1,235,054	814,337	Tonnes of CO ₂ -e
Scope 2	14,049	9,401	7,203	Tonnes of CO ₂ -e
Scope 3	48	24	22	Tonnes of CO ₂ -e
Total GHG emissions (Scope 1, 2 and 3)	1,767,629	1,246,276	821,562	Tonnes of CO ₂ -e
GHG intensity (Scope 1, 2 and 3)	0.77	0.72	0.37	Tonnes of CO ₂ -e/ RMB1,000 of revenue
Hazardous Waste	Year 2023	Year 2022	Year 2021	Unit
Total amount of hazardous waste	1,469,256	1,974,120	1,271,046	Tonnes
Hazardous waste intensity (by revenue)	0.64	1.14	0.57	Tonnes/RMB1,000 of revenue
Non-hazardous Waste	Year 2023	Year 2022	Year 2021	Unit
Total amount of non-hazardous waste	192,499	199,634	151,262	Tonnes
Non-hazardous waste intensity (by revenue)	0.08	0.12	0.07	Tonnes/RMB1,000 of revenue
Total Energy Consumption	Year 2023	Year 2022	Year 2021	Unit
Total energy consumption	12,758,461	9,573,481	6,837,526	MWh
Energy Intensity (by revenue)	5.59	5.52	3.06	MWh/RMB1,000 of revenue
Total Water Consumption	Year 2023	Year 2022	Year 2021	Unit
Total Water Consumption ¹⁰	7,799,290	6,689,104	7,418,563	Cubic metres
Water intensity (by revenue)	3.42	3.85	3.32	Cubic metres/ RMB1,000 of revenue

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

¹⁰ The total water consumption includes production and domestic water provided by the municipal pipeline network and municipal reclaimed water.

Appendix: KPIs Summary

SOCIAL PERFORMANCE

Employment Statistics			Central China	South China	East China	Southwest China	North China	Total
Number of Employees	Total by project location		957	209	713	100	315	2,294
	Gender	Male	782	174	559	82	234	1,831
		Female	175	35	154	18	81	463
	Age	Below 30	220	30	149	21	96	516
		30-50	637	120	412	77	202	1,448
		Over 50	100	59	152	2	17	330
	Employment Category	Senior managerial level	27	9	24	3	13	76
		Managerial level	60	10	46	4	19	139
		General staff	870	190	643	93	283	2,079
	Employment Type	Full-time	957	204	710	100	315	2,286
Part-time		0	5	3	0	0	8	
New Hire Ratio ¹¹	Gender	Male	7.29%	6.32%	10.73%	7.32%	8.55%	8.41%
		Female	8.00%	2.86%	8.44%	5.56%	11.11%	8.21%
	Age	Below 30	14.55%	16.67%	20.81%	9.52%	15.63%	16.47%
		30-50	5.49%	0.83%	8.74%	5.19%	6.93%	6.22%
Turnover Rate ¹²	Gender	Male	9.97%	4.02%	9.48%	6.10%	11.97%	9.34%
		Female	3.43%	11.43%	8.44%	16.67%	4.94%	6.48%
	Age	Below 30	9.09%	3.33%	8.72%	23.81%	14.58%	10.27%
		30-50	7.54%	1.67%	8.74%	3.90%	6.44%	7.04%
Number and percentage of employees from vulnerable groups	Ethnic minority ¹³		16 (1.67%)	3 (1.44%)	4 (0.56%)	60 (60.00%)	5 (1.59%)	88 (3.84%)
	Person with disability		7 (0.73%)	0 (0.00%)	2 (0.28%)	0 (0.00%)	0 (0.00%)	9 (0.39%)
Workers ¹⁴			506	860	1,040	50	222	2,678

¹¹ New hire rate is calculated by dividing the number of new hires in a category by the total number of employees in that category in the year.

¹² 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.

¹³ In the People's Republic of China, ethnic minorities refer to the 55 statutory ethnicities other than the main ethnic group of Han Chinese, such as Miao people, Buyi people.

¹⁴ In addition to directly employed persons, labour whose work or workplace is controlled by CEHL, such as janitorial staff, security staff, property staff, and equipment inspectors.

Appendix: KPIs Summary

Health and Safety Statistics		Central China	South China	East China	South-west China	North China	Total
Work-related injuries	Male	0	0	0	0	0	0
	Female	0	0	0	0	0	0
Work-related fatalities ¹⁵	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 ¹⁶		371	99	361	74	202	1,107
Lost days due to work-related injuries or occupational diseases	Male	0	0	0	0	0	0
	Female	0	0	0	0	0	0

¹⁵ There were no work related fatalities in the 2022 and 2021 reporting years.

¹⁶ Refers to special vehicle operators, flammable and explosive area production operators, boiler specialists, steam turbine specialists, chemical water specialists, thermal control specialists, electrical specialists, boiler master and assistant operators, electrical master operators, steam turbine master operators, inspectors, garbage crane master operators, chemical water watchers, leachate processing operators, drivers and other types of work.

Appendix: KPIs Summary

Training Statistics			Central China	South China	East China	Southwest China	North China	Total
Training rate ¹⁷	Gender	Male	82.29%	84.26%	78.65%	82.00%	73.36%	80.18%
		Female	17.71%	15.74%	21.35%	18.00%	26.64%	19.82%
	Employment Category	Senior managerial level	3.02%	3.05%	3.38%	3.00%	4.10%	3.27%
		Managerial level	6.28%	3.55%	6.14%	4.00%	5.74%	5.78%
		General staff	90.70%	93.40%	90.48%	93.00%	90.16%	90.95%
	Average training hours ¹⁸	Gender	Male	17.33	14.24	13.26	23.02	4.72
Female			18.51	11.03	8.79	24.00	6.15	12.76
Employment category		Senior managerial level	28.30	6.00	13.75	21.33	5.92	16.96
		Managerial level	23.90	14.40	13.67	24.00	3.95	17.11
		General staff	16.78	14.03	12.14	23.23	5.13	13.79
Percentage of employees receiving regular performance and career development reviews ¹⁹		Gender	Male	84.53%	48.85%	70.30%	100.00%	76.50%
	Female		86.29%	34.29%	62.34%	100.00%	80.25%	73.87%
	Employment category	Senior managerial level	88.89%	33.33%	83.33%	100.00%	76.92%	78.95%
		Managerial level	83.33%	50.00%	60.87%	100.00%	73.68%	72.66%
		General staff	84.83%	46.84%	68.58%	100.00%	77.74%	76.05%

¹⁷ Training ratio is calculated by dividing the number of employees trained in one category by the total number of trained employees.

¹⁸ Average training hours is calculated by dividing the total hours of training received in a category by the number of employees in that category.

¹⁹ The percentage of employees under review is calculated by dividing the number of employees under review in one category by the total number of employees in that category.

Appendix: KPIs Summary

Supply Chain Management Statistics	Central China	South China	East China	Southwest China	North China	Total
Suppliers located in Mainland China	482	137	615	102	91	1,427
Percentage of suppliers implementing relevant practices	76.35%	100.00%	94.96%	86.27%	98.90%	88.79%

Operation and Product Responsibility Statistics	Central China	South China	East China	Southwest China	North China	Total
Non-compliance in relation to health and safety products and services	Total number of incidents	0	0	0	0	0
	Percentage of product recall	0	0	0	0	0
Number of complaints about products and services	Total number of incidents	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
Litigations regarding anticompetitive behaviour, anti-trust, and monopoly practices	Total number of incidents	0	0	0	0	0

Anti-corruption Statistics	Central China	South China	East China	Southwest China	North China	Total
Confirmed incidents of corruption	0	0	0	0	0	0
Percentage of staff participating in anti-corruption training	54.23%	54.55%	78.68%	95.00%	23.81%	59.46%
Average time spent in anti-corruption training	2.64	12.78	1.89	1.90	0.83	3.05

Community Investment Statistics	Central China	South China	East China	Southwest China	North China	Total
Volunteering	Participation	16	0	0	0	16
Volunteering hours	Hours	80	0	0	0	80

Appendix: ESG Guide and GRI Standards

GRI Standards	ESG Guide	Content in the ESG Guide or GRI Standards	Page
Environmental Topics			
A1: Emissions			
GRI 3-3 GRI 305 GRI 307	General Disclosures	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	53, 64
GRI 305-1 GRI 305-2 GRI 305-3 GRI 305-6 GRI 305-7	A1.1	The types of emissions and respective emissions data.	54-57, 91
GRI 305-1 GRI 305-2 GRI 305-4	A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	57-62, 91
GRI 306-3	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	54-57, 91
GRI 306-3	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	54-57, 91
GRI 3-3 GRI 305-5	A1.5	Description of emissions target(s) set and steps taken to achieve them.	57-62
GRI 3-3 GRI 306-4 GRI 306-5	A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	54-57
A2: Use of Resources			
GRI 3-3 GRI 301 GRI 302 GRI 303	General Disclosures	Policies on the efficient use of resources, including energy, water and other raw materials.	53, 64
GRI 302-1 GRI 302-3	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	65-66, 91
GRI 302-5	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	67-68, 91

Appendix: ESG Guide and GRI Standards

GRI Standards	ESG Guide	Content in the ESG Guide or GRI Standards	Page
Environmental Topics			
GRI 3-3 GRI 302-4 GRI 302-5	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	65-66
GRI 3-3 GRI 303	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	67-68
GRI 301-1	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable. Due to the Group's business nature, the Group does not produce any finished products and does not have any industrial facilities. Therefore, we do not use a large amount of packaging materials in our daily operations.
A3: The Environment and Natural Resources			
GRI 3-3	General Disclosures	Policies on minimising the issuer's significant impacts on the environment and natural resources.	64
GRI 3-3 GRI 303 GRI 304 GRI 306	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	69-70
A4: Climate Change			
GRI 3-3	General Disclosures	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	53-54, 71-73
GRI 201-2	A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	71-73

Appendix: ESG Guide and GRI Standards

GRI Standards	ESG Guide	Content in the ESG Guide or GRI Standards	Page
Social Topics			
B1 Employment			
GRI 3-3 GRI 401-2 GRI 405 GRI 406	General Disclosures	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	30, 37-38
GRI 2-6 GRI 2-7	B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	92
GRI 405-1b	/	Percentage of employees per employee category in each of the following diversity categories: i. Gender; ii. Age group: under 30 years old, 30–50 years old, over 50 years old; iii. Other indicators of diversity where relevant (such as minority or vulnerable groups).	92
GRI 401-1b	B1.2	Employee turnover rate by gender, age group and geographical region.	92
GRI 401-1a	/	Total number and rate of new employee hires during the reporting period, by age group, gender and region.	92
GRI 406-1	/	Incidents of discrimination and corrective actions taken.	39
B2 Health and Safety			
GRI 3-3 GRI 403	General Disclosures	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	30, 40-48
GRI 403-4	/	Where formal joint management-worker health and safety committees exist, a description of their responsibilities. (Partial)	20, 40-41, 44
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.	45-48
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.	38

Appendix: ESG Guide and GRI Standards

GRI Standards	ESG Guide	Content in the ESG Guide or GRI Standards	Page
Social Topics			
GRI 403-9	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	93
GRI 403-9	B2.2	Lost days due to work injury.	93
GRI 3-3	B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	40-44
B3 Development and Training			
GRI 3-3 GRI 404	General Disclosures	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	51-52
/	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	94
GRI 404-1	B3.2	The average training hours completed per employee by gender and employee category.	94
B4 Labour Standards			
GRI 3-3 GRI 408 GRI 409	General Disclosures	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	30, 39
GRI 3-3 GRI 408-1c	B4.1	Description of measures to review employment practices to avoid child and forced labour.	39
GRI 3-3 GRI 409-1b	B4.2	Description of steps taken to eliminate such practices when discovered.	39

Appendix: ESG Guide and GRI Standards

GRI Standards	ESG Guide	Content in the ESG Guide or GRI Standards	Page
Social Topics			
B5 Supply Chain Management			
GRI 3-3 GRI 308 GRI 414	General Disclosures	Policies on managing environmental and social risks of the supply chain.	83-84
GRI 2-6	B5.1	Number of suppliers by geographical region.	95
GRI 3-3	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	83-84, 95
GRI 3-3	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	83-84
GRI 3-3	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	83-84
B6 Product Responsibility			
GRI 3-3 GRI 206 GRI 416 GRI 417 GRI 418	General Disclosures	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	31, 74-79
/	B6.1	Percentage of total products sold or shipped subject to recalls for health and safety reasons.	95
GRI 2-29 GRI 3-3 GRI 418	B6.2	Number of products and service related complaints received and how they are dealt with.	74, 95
/	B6.3	Description of practices relating to observing and protecting intellectual property rights.	75-77
/	B6.4	Description of quality assurance process and recall procedures.	74
GRI 3-3	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	78
GRI 418-1	/	Substantiated complaints concerning breaches of customer privacy and losses of customer data.	95
GRI 206-1	/	Legal actions for anti-competitive behaviour, antitrust, and monopoly practices.	95

Appendix: ESG Guide and GRI Standards

GRI Standards	ESG Guide	Content in the ESG Guide or GRI Standards	Page
Social Topics			
B7 Anti-corruption			
GRI 2-27 GRI 3-3 GRI 205-3	General Disclosures	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	30, 80-83
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.	95
GRI 2-26 GRI 3-3 GRI 205	B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	80
GRI 205-2	B7.3	Description of anti-corruption training provided to directors and staff.	81-83, 95
B8 Community Investment			
GRI 3-3 GRI 413	General Disclosures	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	85-90
GRI 203-1	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	85-90
GRI 201-1	B8.2	Resources contributed (e.g. money or time) to the focus area.	2, 95
GRI 413-1	/	Operations with local community engagement, impact assessments, and development programs.	85-90
Economic Topics			
GRI 3-3 GRI201	/	Management approach disclosures on economic performance.	37-39
GRI201-2	/	Financial implications and other risks and opportunities due to climate change.	23-24



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