



CETH

China Environmental Technology Holdings Limited

(Incorporated in the Cayman Island with limited liability)

Stock Code: 0646

Better **environment**
for the better **heart**

Environmental, Social and Governance Report 2016

About this Report

China Environmental Technology Holdings Limited (the “Company”, together with the subsidiaries, the “Group”) strives continuously to incorporate sustainability initiatives into our daily operations and management. While sharing the vision of becoming the preferred choice of our stakeholders, the Group is committed to improving our Environmental, Social and Governance (“**ESG**”) performance by upholding good corporate governance standards, protecting our environment, engaging the community and promoting social integration.

This Environmental, Social and Governance Report (“**ESG Report**”) aims to share our key sustainability performances and outline our milestones on our sustainability journey during the reporting period 1 January 2016 to 31 December 2016. Our reporting boundary is limited to business operation in Hong Kong and Mainland China unless other specified.

This ESG Report is complied with the “comply or explain” provisions in the “Environmental, Social and Governance Reporting Guide” under Appendix 27 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. We value your feedback regarding the review and our overall sustainability practices. Please provide your comments by email to info@cethl.com.

Environmental Performance

We are committed to the long term sustainability of the environment and communities in which we operate. To our best knowledge, we have complied with all relevant laws and regulations regarding environmental issues during the reporting year. In 2016, we measured and managed our environmental performance in several aspects throughout our operations.

Greenhouse Gas Emissions and Energy Conservation

The impact of global climate change is a challenge that businesses and organisations around the world must face and address. The Group is committed to minimising the adverse impact that its operations may have on the environment. Using energy efficiently will help us conserve resources and tackle climate change.

Greenhouse gases (the “**GHG**”) emission poses such severe impact on our climate that we shall never neglect. We are motivated to cultivate awareness and behavioural changes in employee to cut GHG emission through daily practices like powering off electrical ware after usage and selecting energy-efficient products. We schedule regularly maintenance and repairing of appliances to secure high efficiency of engine units.

Water Management

Water shortage and pollution have become global issues, which lead to health, food supply, ecological and other crises. To preserve our precious water resource, we strive to reduce water usage and conserve water resources in our daily operations. We have been exploring every possible means to better utilise and preserve water resources.

We are devoted to using water resources wisely and efficiently. We advise our customers to cut down water usage and promote water recycling by sewage treatment and water purification. Within our factory, we emphasise on water conservation practices. Employees are reminded to close water taps after use.

Wastewater discharge

Wastewater treatment is one of our businesses and we are committed to guaranteeing up-to-standard wastewater discharge. We keep close monitoring of our treatment facilities and undergo testing on quality of water treated. Illegal water emission is strictly forbidden. All treated water is channelled and air-tight before discharge. We promote water recycling and thus wastewater discharge is avoided. Moreover, we advise our customers to reduce wastewater discharge to the environment to minimize water pollution.

Waste Management and Reduction

We work diligently in reducing our waste produced from operations by sorting of waste, and to re-use materials wherever possible. We recognise the importance of waste reduction and waste separation at source for recycling. We have put continuous efforts to implement various waste management initiatives among our operation boundaries.

Generation of hazardous waste

In wastewater treatment plant, sludge containing heavy metals or pollutants are generated during water treatment and purification. Hence, disposal and management of waste are of utmost importance in the Group. We guarantee air-tight enclosed channelling and storage of waste without exposure to environment, followed by complete detoxification and dehydration of waste upon discharge point. All hazardous waste discharge complies with national standards.

Generation of non-hazardous waste

We are dedicated to promoting solid waste reduction and separation of unavoidable wastes. With majority of waste is encouraged to be recycled and reused, landfill disposal is only our least preferred solution. We encourage our employees to develop a good habit of waste reduction by promoting less packaging, using recyclable utensils, etc.

The Group separates the domestic waste generated on daily basis into several categories. For instance, used paper products and plastic materials are separated from the general office garbage. They are disposed at designated collection point and collected by local service providers.

The practice of waste separation and recycling has embedded in our employees' mindset. This positive behavioural change would cut our waste disposal as we strive to minimise pollution to our environment.

Natural Resources and Environment

While benefiting from the natural environment and resources, we should bear the responsibilities and fulfil the obligations of protecting them and making appropriate use. We have taken considerable efforts to minimise the impact generated from our business operations to our natural environment.

The Group possess advanced sewage treatment technology in treating wastewater. Various techniques have been developed for effective and efficient process to increase energy efficiency. We comply with national standards strictly by stringent monitoring of emission standards before discharge. Regularly on-site inspection has been launched according to national requirements to minimise disturbance to the environment. We make our every effort in research and development of more energy-saving technologies and operations to further diminish the impact on nature.

One major market of our operation is water quality enhancement of rivers and lakes. We would like to cleanse and restore natural environment during our business by providing high quality water bodies.

We consistently modify our environmental process and technological design to further develop ourselves into a sustainable operator. In our plant, combinations of water treatment technology are deployed. For instance, magnetic separation technology occupies small floor areas for operation but it supports highly-efficient separation. It shortens treatment process time and reduces energy consumption.

Social Performance

Employment and Labour Practices

Employment

As key enablers in achieving its economic, environmental, and social objectives of the Group, our staff is among our most valuable assets. In the Group, we believe that creating a workplace that offers a strong sense of belonging may inspire our employees to champion our core values. We strive to create an environment where every employee can develop to their full potential and work happily.

We are committed to offering equal opportunities to all applicants and employees irrespective of inherent background. We also support human and labour rights, as well as ethical practice in our workplace.

Implementation of policies is reinforced by guidelines addressing recruitment, discrimination and performance management. In terms of diversity, we not only hire high-calibre local applicants for local positions, but also give opportunities to candidates from other regions. Female and male employees are assigned with appropriate jobs according to their ability and talent without discrimination. The Group would also investigate accusations of discrimination and take action to prevent any prohibited conduct when necessary.

Health and Safety

Ensuring health and safety of our employees is one of our prime responsibilities. We strive to provide with our employees a safe working environment and reinforce their safety awareness by sharing safety information.

The management shares the commitment of the Group to provide a safe and healthy environment for all individuals associated with the Group including staff, contractors and all persons working within its premises. It is the responsibility of all to comply with established processes and procedures and to seek clarification or assistance if no such processes and procedures available. All individuals are required to report accidents, injuries, and unsafe conditions to their supervisor.

Our suppliers should also comply with occupational health and safety regulations. Minimisation of potential risks in workplace is crucial to avoid injuries by all means.

Development and Training

At the Group, staff training and development is considered as investment to our future, enabling them to acquire knowledge and skills in line with business needs.

We pay high attention to life-long learning and training to improve employees' educational levels and capabilities, at the same time to spot the potential future talents. We believe in the profound benefits from experiential learning and on-job experiences.

We offer a wide range of internal training and staff should participate in it at least once a year. Employees are expected to pass the assessment, if otherwise, they should take part in further training.

On the other hand, we offer special training for manager and technician with job duties involving environmental risk management, safety, and quality assurance.

Employees are the valuable assets to the Group. Knowledge acquisition of our staff through training not only achieves a better workplace and operation efficiency, but also creates values to our company eventually.

Labour Standard

The Group prohibits the use of child labour and forced or compulsory labour at all its units and suppliers. No employee is made to work against his/her will or work as forced labour, or subject to corporal punishment or coercion of any type related to work.

Operating Practice

Supply Chain Management and Product Responsibility

We are aware of the broader impact of our operations from our supply chain. Addressing the sustainability risks in our supply chain is one of our major ways of minimising potential negative environmental and social impacts of our procurement decisions.

Our business partners are expected to strive for efficiency and full compliance within their operations in terms of environmental and social risks. During cooperation with our sourcing partners, we adopt multiple tools and strategies to improve factory standards. In prior to making agreements with domestic and foreign cooperative partners, monitoring visits are conducted.

These policies come up to an open, equitable and ethical purchasing process for all parties by offering equal opportunities to our suppliers and contractors from various geographical locations. We would like to identify significant potential suppliers or partners based on their possible impacts on both our operations and the environment.

Anti-corruption

The Group is committed to maintaining high standard of integrity when doing business as we strongly believe that it is essential to meeting the expectations of our stakeholders.

The Group upholds requirements addressing anti-corruption, anti-bribery, and conflict of interest. It is mandatory for all employees to comply with Code of Conduct. Any violation of regulations could result in disciplinary actions. The guidelines are delivered and clearly stated during employees' orientation to ensure they are acquainted with the Code of Conduct.

All staff must avoid receiving any money or in-kind donation or gifts from either clients or any third parties. If there is any donation of significant amount, employee should immediately report to the senior. Integrity violation will result in serious penalty depending on the corruption cases.

Community

Community Investment

Our Group pursue sustainable development of our community by assessing and managing the social impact of our operations on the marketplace and by supporting initiatives that create effective and lasting benefits to communities in our operating boundaries.

We strive to be a trusted and responsible member of the communities in which we work and live; and to exert positive impacts on our society amidst business operation. By aligning our businesses with partner charities to create brands purposely, we encourage our teams to engage in their communities through donations, volunteering activities and fundraising work. It is hoped that our contributions can inspire and influence our employees, cooperative partners as well as customers to participate in community work.

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