



BOER POWER HOLDINGS LIMITED
博耳電力控股有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 1685



**Environmental,
Social and
Governance Report**
2016

Table of Content

A. About this Report	2
B. Environmental Protection	
1. Management of Emissions	3 - 5
2. Management of Resources Utilization	5 - 6
3. Environment and Natural Resources	7
C. Work Environment Quality	
1. Talent Selection	8
2. Staff Remuneration and Welfare	9 - 10
3. Staff Training	10
4. Staff Health and Occupational Safety	11
D. Operational Practices	
1. Supply Chain Management	12
2. Product Responsibility	12
3. Anti-corruption	13
E. Investment in Communities	14
F. Honors and Certifications in 2016	15
G. Sustainable Development and Target Actions for 2017	16





A. About this Report

Report Profile

This is the first environmental, social and governance (hereinafter called “ESG”) report for Boer Power Holdings Limited and its subsidiaries (collectively the “Group” or “We”). This report covers the financial year ended 31 December 2016. The six major businesses of the Group include electrical distribution system solutions, intelligent electrical distribution system solutions, energy efficiency solutions, components and spare parts, cloud-managed service and photovoltaic power plant. Since cloud-managed service and electrical distribution system solutions business accounted for less than 3% of the Group’s revenue, this report does not cover these two businesses.

Guidelines for the ESG Report of The Stock Exchange of Hong Kong Limited

In order to comply with the disclosure requirements and guidelines of Appendix 27 of the Rules Governing the Listing of Securities on the Stock of Exchange of Hong Kong Limited, the Group started to disclose the relevant and forward-looking information of ESG in the financial year beginning on 1 January 2016. With “innovation comes from practice, brand comes from quality, success comes from effort” as our business mission, we hope to provide better quality products and services to customers through incessant creativity. As a responsible and visionary corporate, we create value to shareholders/investors through optimizing corporate governance, environmental protection, talent development and community investment, and simultaneously support our business objectives and values, promote sustainable development strategy, implement environmental friendly policies, fulfill corporate social responsibility, devote to sustainable talent growth, and endeavor to build a more pleasant and harmonious environment.

We welcome any comments and recommendations on this report as well as our performance in sustainability development.



B. Environmental Protection

We mainly manufacture components and spare parts applicable to electrical distribution system solutions and energy efficiency and saving solutions and sells such components and spare parts to our customers, provide customers with intelligent electrical distribution solutions, energy management, as well as one-stop solution for data center facilities and dynamic environmental equipment. During the manufacture of components and spare parts, we fully consider the impact of sewage, noise, dust and air pollution to surrounding environment. Although environmental protection regulations are gradually stringent and environmental protection costs increase continually, we devote in adapting new technologies, new materials, environmental protection and pollution reduction measures. Besides, we have established policies and procedures to comply with the relevant laws and regulations. Relying on the fine vision of “take actions to build a greener world”, we follow the environmental protection working principles of clean manufacturing, energy saving and pollution prevention to meet the pollution control standards and improve continually the environmental performance results, thereby realizing an organic combination of economic, social and environmental benefits. From now on, we shall insist continual improvement, strive for reducing emission and energy conservation, economize the usage, recycle and reuse of resources more effectively, and to optimize treatment to pollutants. Through this report, we show our determination and effort in protecting global ecological environment to shareholders and other stakeholders, dedicate in creation of economic value, and at the same time, to avoid and reduce pollutions and harmfulness to the environment and the society during our manufacturing process. We hope more industrial and commercial enterprises, social organizations and general public to participate more in protecting and improving the environment and to build a better world and facilitate sustainable development.

Our policies and practices in environmental protection were as follows:

1. Management of Emissions

We follow the standards of GB/T24001-2004/ISO14001:2004 “Environmental Management System – Requirements with Guidance for Use” to establish, implement and maintain environmental safety management system and continuously improve its effectiveness in compliance with the requirements of environmental safety management, control material environmental factors, decide, monitor and coordinate various environmental protection works. We hope that paying attention to environmental protection can, at the same time, result in stable development of the Group.

1.1 Management of Atmospheric Emission

The Group engages in manufacture of green, environmental protection and energy conservation product business. Generally, there is no emission during the manufacture of electrical distribution products. To comply with “Atmospheric Pollution Prevention and Control Law of the People’s Republic of China”, at manufactory that produces pollutants like gas, smoke, dust, etc., open-type operation should be avoided and exhaustive devices are installed.



B. Environmental Protection (continued)

1.2 Management of Sewage

In order to comply with “Water Pollution Prevention and Control Law of the People's Republic of China” and implement the Notice of the State Council on the “Action Plan for Prevention and Control of Water Pollution”, we had no sewage in manufacturing, and controlled strictly domestic waste water through the unified sewage treatment of the industrial park. We have oil separation and septic tank. Domestic waste water in office area discharges to sewage treatment plant through rainwater pipes, while toilet waste discharges to sewage treatment plant only after precipitation in septic tank. We appointed an independent third party to test waste water each year. Such test covered measuring pH value of water, chemical oxygen demand, suspended particulates, and total phosphorus, etc. All the test results are up to the emission standards.

1.3 Management of Solid Wastes

Solid wastes produced in manufacturing mainly include recyclable wastes, non-recyclable wastes and hazardous wastes. In order to comply with “Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste”, we have established relevant policies and procedures. We apply different treatment to solid waste by categories. Recyclable wastes are recycled as much as possible and non-recyclable wastes are handed over to qualified environmental authorities for treatment. For the hazardous wastes produced, we handled in accordance with the national requirements.

Hazardous Wastes

For the procurement, utilization, transportation and storage of hazardous chemicals, responsible department and user units will strictly comply with the relevant laws and regulations, together with the internal rules, and to take necessary protective measures to prevent environmental pollution. Cans, wipes, filters, etc. contaminated with hazardous substances during manufacturing are put inside specialized containers and following our internal procedures to have them stored at designated locations and handled by qualified contractors.

Non-hazardous Wastes

For non-hazardous wastes such as packing materials, cardboards, glass and metal scraps and plastic wastes, they are reprocessed by the respective authorities. We focus on recycling and reduction, and encourage and support the use of different ways of recycling.

Dangerous Wastes

Dangerous wastes, such as batteries, storage batteries, toner cartridges, activated carbon wastes, fluorescent lamps, monitors, etc., need to be put into the collection barrels with red labels for handling by commissioned qualified units and ensuring that party will not further transfer the dangerous items.



B. Environmental Protection (continued)

1.4 Management of Noise

In order to comply with “Law of the People's Republic of China on Prevention and Control of Pollution from Environmental Noise”, we have established relevant policies and procedures. Noise produced in manufacturing is relatively small. Staff wear earplugs during operations, and doors and windows of production plants are, as far as possible, kept closed. Engineering department is responsible for management, maintenance of equipment and generators to ensure that the noise is within the “Emission Standard for Industrial Enterprises raise at Boundary” and “Hygiene Standards for the Noise of Industrial Enterprises” set by the Ministry of Environmental Protection. We conduct noise test in our factory annually and the testing result of the year reached the national standards. We also employ a third party to review noise emissions every year and the review results reached the standards.

2. Management of Resources Utilization

With corporate mission of “practicing efficient and thoughtful energy management to protect and improve the global environment”, the Group (Mainland business) devote to energy-saving business. We have engaged in manufacture and design of electrical distribution equipment for more than 30 years, continuously introduce and co-operate with international brands and absorb their advanced technologies. The range of product line currently available may cover from the electrical distribution substation to the electrical distribution terminal. Boer Power Intelligent Electrical Distribution System Solutions endow traditional electrical distribution foundation with more intelligent elements, provide firm foundation in electrical distribution system in the areas of energy efficiency and emission reduction, improvement in electrical energy quality and enhancement of management standards.

When providing environmental friendly equipment and solutions to customers, we hope that they can make good use of planet resources. We promote the importance of “valuable resources, energy conservation and earth protection” to all our employees and set an “efficient, concise and resources saving” brand character. We establish resources management procedures to ensure that every employee understands the importance of reducing energy consumption saving, and making better use of resources, using the least resources for economic efficiency, and minimizing waste.

The principal activity of Hong Kong business is investment holding which has no material impact on environment and natural resources. Hong Kong business holds an office and contributes to environmental protection through utilizing less electricity, water and paper, etc.



B. Environmental Protection (continued)

2.1 Management of Electricity Utilization

We emphasize on saving electricity by avoiding, as much as possible, empty running during production of electricity equipment, controlling the start and shut down time of electrical equipment production, using LED lights for illumination and introducing sound-controlled lights to further reduce electricity consumption. As long as the daylight at the plant is bright enough, electric lighting should not be used. Use of air conditioning is also restricted to seasonal need and temperature change. All air conditioners should be turned off after work. Doors and windows are not allowed to stay open when air conditioners are on. Employees are required to check and ensure that their electrical equipment and computers and those belonging to their departments are switched off when they get off work. Records of electricity consumption in the factory should be maintained and reported in order to achieve the target of saving electricity.

2.2 Management of Water Utilization

We promote water conservation. Water user departments should regularly check its water facilities, ducts, taps, etc. within its area, to eliminate the phenomenon of dripping water. We also remind our employees to enhance their consciousness in water conservation. If damaged pipeline or valve is found, maintenance department should be promptly notified for fixing. Water supply equipment should be monitored and checked as a routine.

2.3 Management of Paper Utilization

We promote saving papers and avoiding wastage through unified purchasing, minimize photocopying and printing, reuse single-sided papers, recycle double-sided printed papers and distribute files in electronic format.

2.4 Management of Oil Utilization

The Group initiates the conservation of oil. Lubricants and vehicle oil are purchased through unified purchasing; user departments should avoid evaporating, emitting, dripping or leaking as much as possible.

2.5 Management of Steel Utilization

The major raw material used in production is iron, which is procured centrally by our purchasing department. The purchase and use of it are based on need, and materials are issued according to requisition form. We monitor closely the production process so as to minimize sub-standard semi-finished and finished goods. To avoid damage or chemical reactions due to improper storage, we strengthen our storage management. Logistics department performs physical inventory count regularly and keep proper record; finance department will audit the result, investigate for abnormalities and hold the responsible personnel accountable for the findings. For the details of iron scrap handling, please refer to “Management of Solid Wastes – Non-hazardous wastes” above.



B. Environmental Protection (continued)

3. Environment and Natural Resources

We are committed to reduce our production and operation impacts on the environment and natural resources and established the related policies and procedures (please refer to “Management of Emissions” above). We focus on the environmental education and advocacy among staff. Various resources saving measures are implemented to raise the awareness of our people to understand the importance of resource conservation. They are encouraged to make full use of resources, to maximize their effectiveness and to avoid wastage of resources (please refer to “Management of Resources Utilization” above for details).

Compliance

During the reporting period, the Group did not have non-compliance incidents with significant impact relating to environmental protection.





C. Work Environment Quality

We always believe that employees are our most important partners and playing critical roles in the long-term development of the Group. When we formulate human resources strategies, we devote to create a non-discriminatory, equitable, harmonious and safe work environment; provide attractive remuneration packages and promotion opportunities to staff; and provide various training to fully develop their personal and professional talents and lay the foundation for their future career development. We enrich their spare time through regular training and cultural activities and care about their physical and mental health, and at the same time also promote team cohesion.

1. Talent Selection

Our human resources philosophy is “solicit talents, make best use of talents and seat for promising talents”. We devote to build a fair, comprehensive, diverse and equality corporate culture. Under healthy competition, let staff respect and learn from each other and improve themselves. During the staff recruitment, internal staff are preferably considered and morality, knowledge, ability, physical fitness and job requirements are used as the selection standards. We provide equal opportunities to employees in promotion, performance appraisal, training and career development, and they are not discriminated against because of their race, gender, age, nationality or religion. Our employees can understand and accept each other and it has positive impact to the Group's sustainable development.

We respect human rights and strictly prohibit any unethical hiring practices, including child labor and forced labor in the workplace. Policies and procedures are established to comply with the relevant labor laws and regulations. During the recruitment process, we obtain and review the identity documents of the applicants and never hire any applicant under the legal working age. The work hours of staff are in line with the relevant local labor laws and regulations. Staff consent for working overtime is needed so as to prevent forced overtime work; and they are compensated in accordance with the requirement of the local laws and regulations.



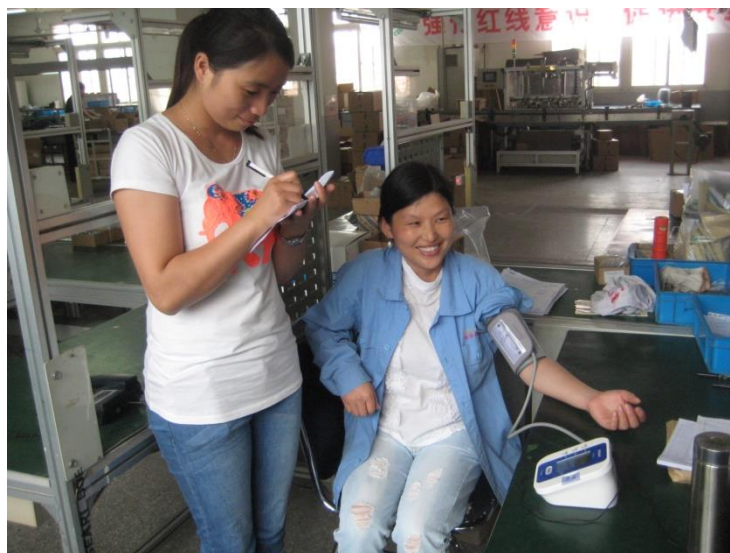


C. Work Environment Quality (continued)

2. Staff Remuneration and Welfare

In order to attract and retain quality staff, we establish competitive remuneration scheme. Staff salaries are set according to their knowledge, skills, experiences and education background relevant to their work requirement. Basic remuneration of staff includes fixed salary, year-end bonuses, working meals, paid holidays, etc. For employees with excellent performance and outstanding contributions, we shall give praise and bonus as reward. We strictly comply with national and local labor laws and regulations. Employees are entitled to annual leaves, sick leaves, marriage leaves, funeral leaves, maternity leaves, work-related injury leaves and other holidays. Staff in Mainland China participate in the social security scheme including the “five insurance and housing provident fund”, Hong Kong staff participate in mandatory provident fund scheme and staff in Indonesia, Mexico and Spain also participate in the local retirement benefit scheme to comply with the local labor laws and regulations. In

addition, the Group also provides other benefits, such as holiday gift benefits, maternity, child-bearing and breast-feeding leaves for female employees and body checks. We dismiss employees and compensate them in accordance with the national laws and regulations.



For the purpose of achieving work-life balance, we organized different competitions, like badminton, table tennis and tug of war, and organized leisure activities like International Women’s Day tour, hiking, mountain rubbish removal campaigns, teacher’s day recreational activities, talent shows, healthy sleep talks, make-up training, etc.





C. Work Environment Quality (continued)

2. Staff Remuneration and Welfare (continued)

In addition to these activities enriching corporate culture, we also take care of the needs of the employees' children by holding activities like summer camp and writing training to enhance the employees' sense of belonging and team cohesion.

3. Staff Training

In compliance with "Labor Law of the People's Republic of China" and providing career development opportunities to our employees, building great teams; enhancing staff skill and ability and raise productivity; we establish policies and procedures in this area and prepare a well-considered training plan, through both internal and external staff training programmes. New hires have to participate in induction orientation introducing our corporate culture, businesses, organizational structure, staff manual, and operational safety, etc. (Please refer to "Staff Health and Occupational Safety" below for more details about operational safety). In order to ensure that our employees are equipped with the required knowledge and skills; familiar with the Group's operations, policies and procedures; and to understand the market position, employees have to receive updates and training periodically. During the reporting period, our training centre has conducted trainings internally related to business, banking, production topics; and project management. Besides, we outsourced training programmes like electrical installation, labor laws and regulations and so on. We also arrange specific training to technical staff to enhance their professional knowledge and skills, help them passing the assessment and getting the required licence for work.





C. Work Environment Quality (continued)

4. Staff Health and Occupational Safety

The Group requires our products and services provided to be in compliance with national and local laws, regulations and other requirements. At the same time, we have also established policies and procedures to strengthen safety measures, prevent accidents and occupational diseases and make sure that we provide a safe, joyful and efficient working environment to our employees.

Training is important in ensuring safe work environment and occupational health. We provide all staff with internal and external production safety training. New staff are required to attend and get pass in examination after a 3-level safety training before they are assigned to jobs. We provide all staff with environmental, occupational, health and safety education to help their understanding of the Group approach and increase their awareness of environmental protection, occupational health and safety and continuous improvements. During the reporting year, we organized internal training programs, such as group leader safety training, high and low voltage electrical appliance assembly staff training, fire drills, etc. Welders, drivers, electricians and other specialties require external training certificates. In this connection, we appointed external experts for conducting such staff training. We also arrange external refresher training to our safety supervisors for enhancing their knowledge and skills to perform safety supervision works.

In accordance with the "Laws of the People's Republic of China on Prevention and Control of Occupational Disease" and other laws and regulations, we establish and optimize our occupational health management system to protect our workers and their rights. We provide workers with safety protection tools (helmets, insulated gloves, insulated shoes, safety goggles, reflective clothing, etc.) that meet the national standards and also monitor and educate our staff to use and wear them as required. We developed "Environmental Factors / Hazard Identification, Evaluation and Renewal Procedures" to monitor and manage hazard factors and take appropriate measures to eliminate or control risks so that employees can work in a safe environment.





D. Operational Practices

1. Supply Chain Management

We establish supply chain management system to encourage employees, suppliers, customers and other business-related parties in reporting any violations of laws or regulations or duties through different channels. During the reporting period, the Group did not discover any serious issues in violation of laws and regulations.

We have strict procurement management system to control the quality of suppliers and products and services from suppliers and to evaluate new suppliers. All new suppliers have to satisfy the requirements under “Quality Management Systems – Requirements” (GB/T19001-2015) to ensure the quality of raw materials; current suppliers are also evaluated annually, a “qualified suppliers list” and a supplier database are maintained as we believe that strict control in raw material procurement is critical to producing quality products. There is stern segregation of duties throughout signing contracts to acceptance of products, to ensure the products or service providers are qualified, with good internal control, stable quality, supply on time, comply with laws and regulations, possess professional skills and qualities, ensure the competence of suppliers and quality of products or services provided.

We will keep reviewing our supply chain monitoring and management process from time to time with an aim to maintain high standard in raw materials selection, logistics, production and waste treatment, product quality, safety and satisfy the requirements in ESG, including business ethics and protecting customers rights in product health and safety.

2. Product Responsibility

We devoted to providing green, high quality and excellent electrical distribution components and spare parts. We control product quality by keeping production equipment clean and organized; improving work environment and motivating our employees. We establish research and development centers in Wuxi and Spain with a team of nearly hundred members continuously developing new technologies and products to satisfy different needs of customers. We have already obtained six invention patents and nineteen software copyrights in 2016. In addition to the manufacture of intelligent electricity distribution products, our engineering management team, use Boer products as core, provides customers with mechanical and electrical contractor projects in engineering designs, equipment procurements, construction and installation works. With rich experience in design and development of electrical distribution equipment for more than 30 years and the integration of corporate cloud platform system, we can provide customers with value-added solutions and provide professional maintenance service to their electrical distribution equipment. This is to ensure that the equipment operates safely and reliably.

During the reporting period, the Group’s products did not involve in violation of any laws and regulations.



D. Operational Practices (continued)

3. Anti-corruption

In accordance with the “Criminal Law of the People’s Republic of China”, “Prevention of Bribery Ordinance” enforced by Hong Kong Independent Commission Against Corruption and laws and regulations of other relevant jurisdictions, we always attach importance to creating a harmonious and honest working environment and we commit in achieving and maintaining high integrity and accountability standards with great emphasis in corporate governance, moral culture and staff quality. All employees should act in upright, impartial and honest manner and strictly follow the Group’s policies and procedures. All new hires have to receive training in code of conduct. For employees who violate the company codes, disciplinary actions or dismissal will be inflicted as punishment. We provide different channels for reporting employee illegal acts in obtaining personal benefits, briberies, extortion, frauds and money laundering and so forth, with strict confidence. We will keep on improving our whistle-blowing system. By all means, we are determinant in combating corruption and contribute in building a clean society.

During the reporting period, the Group and our employees did not involve in any litigation cases of corruptions.





E. Investment in Communities

We promote team spirit of “cherish life, thanksgiving, introspection, mutual help, be united and dreams achievement”.

Among which, “introspection and mutual help” means helping each other, being responsible to the



society and be watchful to everything around oneself. “Thanksgiving” means being thankful and graceful to the society, the company, everyone and everything. Therefore, we actively contribute with a will to build a sustainable and harmonious society. The Group keeps helping people in needs; including sponsoring students to receive primary education in Luoshe Center; coordinating volunteers to visit elderly homes and giving gifts and cash to elders. We also take care of our employees who suffered from severe illness or in financial difficulties by providing condolence and subsidies.



Ever since the establishment of the Group, we uphold “take actions to build a greener world” as our vision. We make use of technologies in research and development and being persistent; we are a responsible tax payer; we offer job opportunities to ease the local employment pressure. We have our staff in different territories participating in retirement plan, helping them to prepare and plan for their retirement. We organize staff tours every year; we promote work-life balance; we run our business following good practices; we actively promote green energy-saving and environmental friendly concepts; we set up a role model for the industry; and, to some certain extent, we have contributed to social stability and building a harmonious community.



F. Honors and Certifications in 2016

Boer Power Holdings Limited

- China's Top 500 Real Estate Supplier Brand
- China's Top 10 Electrical Power Brand

Boer (Wuxi) Power System Co., Ltd

- Key Service Institutions for Demonstration and Promotion of Internet-based Development at Jiangsu Province
- Excellent Enterprises at Jiangsu Province
- China's Top 100 Electrical Industry Enterprises
- Intelligent Electricity Distribution Equipment and Energy Saving Research Center
- The First Batch of Service-oriented Manufacturing Enterprises at Jiangsu Province

Boer (Yixing) Power System Co., Ltd

- Advanced Entity in Science and Technology and Talent Work

Boer (Wuxi) Software Technology Limited

- Jiangsu Private-owned Science and Technology Enterprise





G. Sustainable Development and Targets Actions for 2017

We will strengthen our ESG performance in 2017 with the following plans and operational objectives: -

Aspect	Plan/Objective/Focus
Emissions	<ul style="list-style-type: none">▪ To meet the national standards of sewage discharges▪ To meet the national standards of noise emission▪ To apply different treatment methods to hazardous wastes by categories, control total emissions and set targets to reduce wastes
Recycling of non-hazardous wastes	<ul style="list-style-type: none">▪ To maintain the non-hazardous wastes recycling in the production process at a level not less than last year's
Suppliers	<ul style="list-style-type: none">▪ To assess the sustainability risk of major suppliers
Certifications	<ul style="list-style-type: none">▪ To keep the ISO9001、ISO14001 and OHSAS18001 certifications
Complaints and customers' satisfaction	<ul style="list-style-type: none">▪ To address complaints from the public▪ To keep the number of customer complaints to revenue rate lower than last year's▪ To strive for the average rate of customer satisfaction not less than 95%
Training of staff	<ul style="list-style-type: none">▪ To keep the total number of employee training hours not less than last year's
Occupational safety	<ul style="list-style-type: none">▪ To maintain the total number of occupational injury less than last year's