



大唐環境產業集團股份有限公司

Datang Environment Industry Group Co., Ltd.*

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

Stock Code: 1272

2019

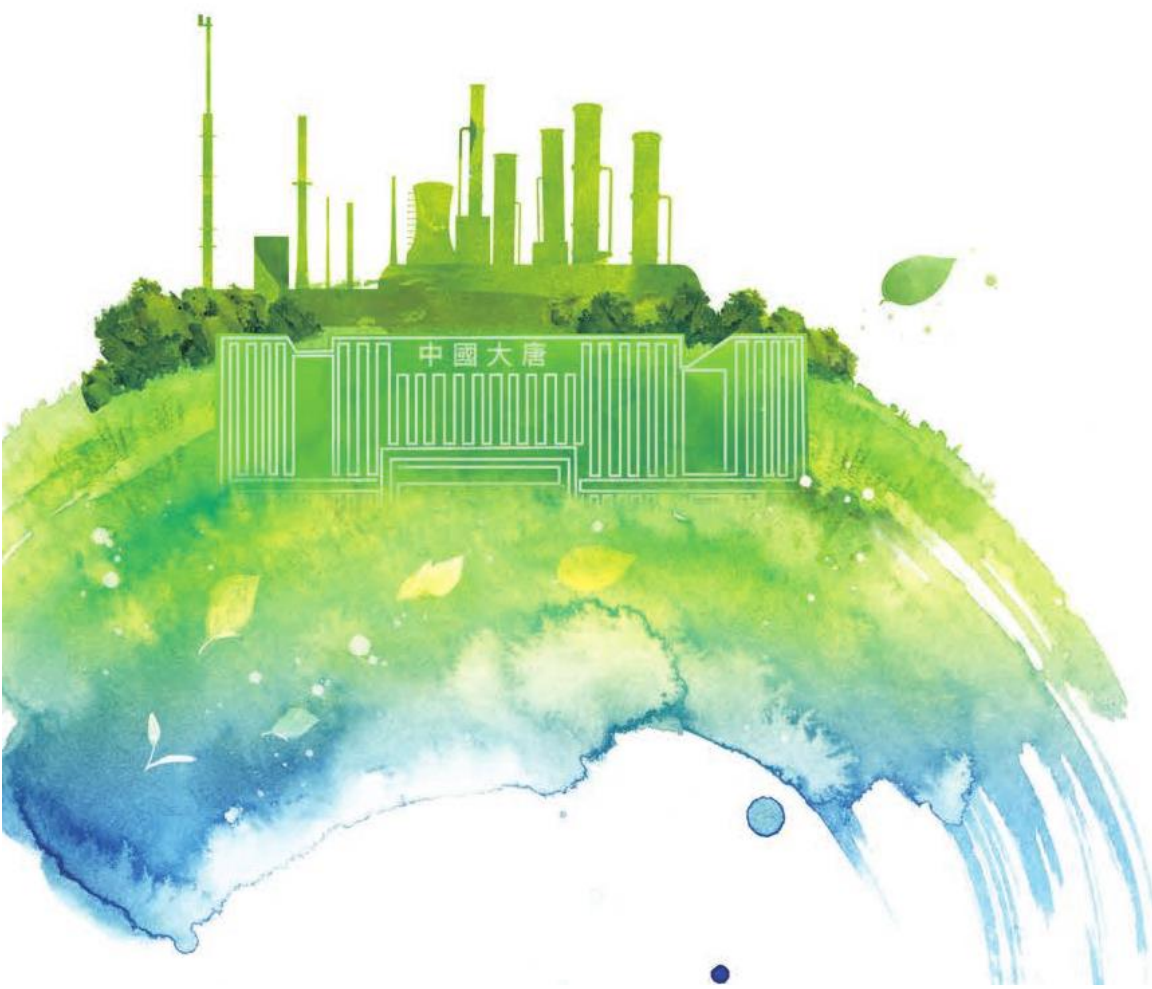
**ENVIRONMENTAL, SOCIAL
AND GOVERNANCE REPORT**



* For identification purpose only

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About the Report

The Environmental, Social and Governance Report (the “**Report**”) mainly introduces the efforts and achievements made by Datang Environment Industry Group Co., Ltd. (the “**Company**”) and its major subsidiaries (collectively referred to as the “**Group**”, “**Datang Environment**” or “**we**”) in realizing sustainable development in 2019, and also focuses on responding to stakeholders' concerns about the Group's sustainable development. In order to gain a more comprehensive understanding of the Group's performance in the areas of environmental, social and governance (“**ESG**”), the Report is to be read in conjunction with the Company's 2019 Annual Report, in particular the "Corporate Governance Report" therein.

Reporting Scope

Unless otherwise stated, the organizational scope of the Report covers the Company and its major subsidiaries, and includes environmental protection facility concession operations, denitrification catalysts, environmental protection facilities engineering, water treatment business, energy conservation business and renewable energy engineering business that are located in the People's Republic of China (the “**PRC**”). The organizational scope covered in the Report includes:

- The Company;
- China Datang Technologies & Engineering Co., Ltd. (中國大唐集團科技工程有限公司) (“**Technologies & Engineering Company**”);
- Beijing Datang Hengtong Science & Technology Co., Ltd. (北京大唐恒通科技有限公司) (“**Hengtong Company**”);
- Datang (Beijing) Water Engineering & Technology Co., Ltd. (大唐(北京)水務工程技術有限公司) (“**Water Engineering & Technology**”);
- Datang Nanjing Environmental Protection Technology Co., Ltd. (大唐南京環保科技有限責任公司) (“**Nanjing Environmental Protection**”);
- Datang (Beijing) Energy Saving & Technology Co., Ltd. (大唐(北京)節能技術有限公司) (“**Energy Saving & Technology**”);
- Datang (Beijing) Energy Management Co., Ltd. (大唐(北京)能源管理有限公司) (“**Energy Management Company**”);
- Jiangsu Nanjing Thermal Electricity Engineering Design Institute Co., Ltd. (江蘇南京熱電工程設計院有限責任公司) (“**Nanjing Design Institute**”)¹;
- Zhejiang Datang Tiandi Environmental Technology Co., Ltd. (浙江大唐天地環保科技有限公司) (“**Tiandi Environment**”)¹.

¹ Nanjing Design Institute and Tiandi Environment are collectively referred to as “concession operation”.

Unless otherwise stated, the Report covers the period from 1 January 2019 to 31 December 2019 (the “**Reporting Period**”), which is consistent with the Company’s 2019 Annual Report.

Preparation Basis of the Report

The Report was prepared in accordance with the *Environmental, Social and Governance Reporting Guide* (the “**ESG Reporting Guide**”) set out in Appendix 27 to the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* (the “**Listing Rules**”) published by The Stock Exchange of Hong Kong Limited (the “**Stock Exchange of Hong Kong**”). The following reporting principles have been adopted as the basis for preparation of the Report.

Materiality: The Group conducted a materiality assessment to identify ESG issues that were considered material to the Group and its stakeholders (the “**issues of high materiality**”) during the Reporting Period by engaging with stakeholders through an online questionnaire. Subsequent to the validation of the board of directors of the Company (the “**Board**”), the Report was prepared with the focus of these issues.

Quantitative: The Group has started disclosing its environmental performance data since 2017. Meanwhile, social performance data disclosure was enhanced in the Report to demonstrate the Group's commitment in managing its environmental and social performance.

Consistency: Unless otherwise stated, the organizational scope of the Report is consistent with that of the previous reporting period. The Report uses data calculation methodologies that are consistent with previous years and provides comparisons of environmental performance data over time.

Confirmation and Approval

The Board is fully responsible for the Group’s environmental and social strategies and reporting, and has reviewed and approved the Report in July 2020, confirming the reliability, truthfulness and completeness of the information disclosed in the Report.

Access to the Report

The electronic version of the Report is available for downloading on the Company's official website at www.dteg.com.cn. The Report is published in two languages, Traditional Chinese and English. In case of any discrepancy in the two versions, the Traditional Chinese version shall prevail.

Your Feedback

Thank you for reading the Report. Your valuable comments and recommendations are motivations for us to continue improving our sustainable development work and reporting quality. You are welcome to contact us by email at ir@dteg.com.cn.

1. About Us

1.1 Our Businesses

The Group is the sole platform for the development of environmental protection and energy conservation business under China Datang Corporation Ltd., one of the major state wholly-owned power generation groups in the PRC. As a trendsetter and leader of the environmental protection and energy conservation for the PRC's electric power industry, the Group grasps the latest trends of technological development and closely follows the national environmental protection policies and the Group's development strategy to advance the Group's work on integrated technology and environmental protection industry. We are able to provide customers with high-quality engineering, products, services, operations, research and development ("R&D") and other solutions that cover the entire industry chain of the environmental protection and energy conservation industry, including desulfurization, denitrification, dust removal, ash and slag handling, water treatment and energy conservation for coal-fired power plants.

The Group's principal businesses include:



Environmental protection facility
desulfurization and denitrification
concession operation business



Denitrification catalysts
business



Environmental protection
facilities engineering business



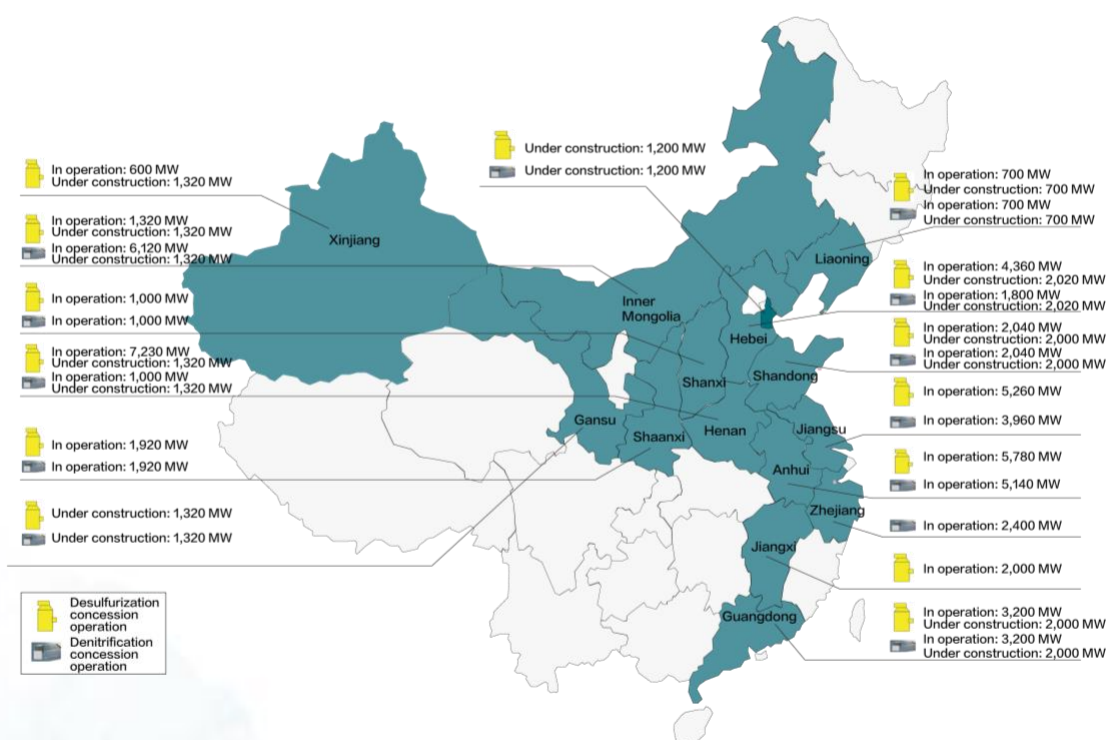
Water treatment business



Renewable energy engineering
business

We have always adhered to the core concept of “Value-focused thinking and benefit-driven”, and upheld the Datang Environment’s spirit of “Being pragmatic, dedicated, innovative, and self-motivated”. We unceasingly strengthen our capabilities in management, service, market presence, R&D, execution, and internal control, and make every effort to contribute to the development of the national energy conservation and environmental protection business. In 2019, the Group recorded steady development in each business segment and maintained the leading position in business segments of environmental protection facilities concession operations and denitrification catalysts. According to the statistics published by China Electricity Council (“CEC”), based on the cumulative installed capacity in operation as of the end of 2019, the Group remained as the PRC’s largest flue gas desulfurization and denitrification concession operator. Based on the total output of denitrification catalysts in 2019, the Group remained as the PRC’s largest manufacturer of denitrification catalysts.

The following map shows the geographical layout and cumulative capacity of the Group’s concession operation as of 31 December 2019:



1.2 2019 Achievements at a Glance

Governance

Continued to be the **largest desulfurization and denitrification concession operator and the largest manufacturer of denitrification catalysts nationwide**

Awarded the **“Best Corporate Governance Award”** in the China Financial Market Awards

Environmental

1.24 million tons

of sulfur dioxide emissions reduced by the concession operation business

140,100 tons

of nitrogen oxides emissions reduced by the concession operation business

36,100 m³

cumulative production of desulfurization catalysts

Social

244.07 million RMB

invested in R&D and technology

3 technological achievements met internationally leading or advanced levels

10 achievements won provincial, city-level and industrial awards

148 patents obtained

42 technical standards being compiled

Officially issued the **ISO international standard *Technical Guidelines for the Evaluation of Energy Savings of Thermal Power Plants (ISO 50045)*** that was independently led by the Group

72,300 hours

of total employee training hours

0 workplace injury

95.34 customer satisfaction score

522 suppliers

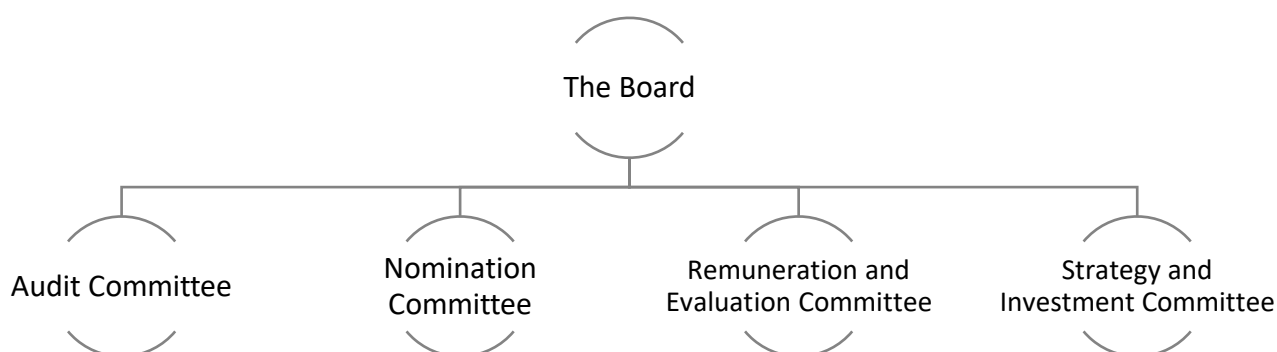
621 hours of employee volunteer hours

358,000 RMB charitable donations and community investments

2. Key to Governance, Committing to Integrity and Compliance

2.1 Corporate Governance

The Group has been committed to high standards of corporate governance since its inception. Robust corporate governance ensures that the Group's ESG issues are well-considered and is essential for us to continuously create value for our stakeholders. As the Group's highest governance body, the Board sets the direction for our business strategy as well as the management of our business activities, along with a well-established governance structure in place to govern our corporate behaviour. The Board has established the Audit Committee, Nomination Committee, Remuneration and Evaluation Committee and Strategy and Investment Committee, to lead and monitor the Group's business operations with the objective of enhancing shareholder and stakeholder's long-term value.



The Board is responsible for maintaining adequate and effective risk management and internal control systems, and has established relevant rules to ensure the effective implementation of risk management and internal control work. The Group has set up the risk management leading group and office led by the general manager of the Company, and with 10 functional departments delegated to be responsible for work including financial operation and monitoring, risk management, internal audit and anti-fraud. We will assess the level of risk and develop risk prevention and control strategies as well as response plans for significant risks. In addition, we have established an effective ESG information management system to manage our ESG performance.

2.2 Compliant Operation

The Group has been operating in accordance with the three standards of *Quality Management Systems – Requirements* (GB/T 19001-2016), the *Environmental Management Systems Requirements with Guidance for Use* (GB/T 24001-2016) and the *Occupational Health and Safety Management Systems Requirements* (GB/T 28001-2011), and the prevailing laws and regulations since its inception. In order to meet the market demand and continuously improve the management level, the Group has prepared the *Management Manual* in accordance with the national standards and the prevailing laws and regulations, clearly stating the Group's management approach, management objectives, organizational structure and management responsibilities. At the same time, the *Management Manual* also clearly sets out the quality, environmental and occupational health and safety related activities involved in production and service delivery, as well as the corresponding control and monitoring measures, to ensure an effective operation of the “Three standards (quality, environment, occupational health and safety) in one” system. The Group is committed to contributing to the development of the national environmental protection and energy conservation business on the basis of compliance. For more details of our work on environment, quality and occupational health and safety, please refer to Sections 4, 5 and 6 of the Report, respectively.



The Group obtained the Quality Management System, Environmental Management System and Occupational Health and Safety Management System certificates

“Law-abiding and compliant operation” is both the Group’s principle as well as the code of conduct of every single one of our employees. To conscientiously implement the Communist Party of China (the “**Party**”)’s style of work, uphold integrity and combat corruption, and to solidly and effectively carry out anti-corruption work, the Group strictly abides by the laws and regulations that have a significant impact on the Group’s operations in the PRC in relation to anti-corruption². The Group formulated and enforced a number of internal policies, such as the *Implementation Measure for the Responsibility System for Improving the Party’s Style of Work and Upholding Integrity*, the *Measure for the Handling and Registration of Gifts and Gratuities Received by Employees in the Course of Business*, and other policies that combat corruption and promote the upholding of integrity. The Group has formulated work plans, objectives and implementation plans related to the Party’s style of work and the upholding of integrity, and held annual working meetings to evaluate the Group’s performance in this regard, ensuring that work on the Party’s style of work and the upholding of integrity are effectively implemented. Furthermore, the Group requires all employees to sign the *Letter of Undertaking of Integrity*, such that the measures of combatting corruption and upholding integrity penetrate all levels of the Group’s operations.

Furthermore, to achieve the highest corporate governance standard that is open, honest and accountable, the Group formulated the *Rules for the Complaint Work of the Discipline Monitoring System*, allowing the Group’s employees and third parties to report in confidence any suspicion of corruption, bribery, extortion, fraud, money laundering or other misconduct. The Group will conduct a fair and independent investigation and will keep all information reported in strict confidence.

To implement relevant work on the Party’s style of work and the upholding of integrity, the Group actively organized anti-corruption education during the Reporting Period to strengthen employees’ sense of integrity.

² For relevant laws and regulations, please refer to Section 10 of the Report.



Case Study 1 Organizing a visit to the education centre of integrity culture

To further enhance employees' sense of integrity, Nanjing Environmental Protection organized employees to visit the China Jinling Integrity Culture Education Centre. Through exhibitions and oath-taking for upholding integrity, employees were encouraged to reflect the importance of the Party's style of work and to uphold integrity, and at the same time, the activity reinforced the good moral character and integrity of employees.



Case Study 2 Promoting a culture of integrity through integrity poems

Hengtong Company organized the tomb-sweeping activity during Qingming Festival at Bai Yihua Martyrs Memorial Hall. Through laying flowers and reading poems on integrity and self-discipline at the monument, employees learned about the outstanding anti-corruption culture in China's history, and thereby built an ideological moral defense line against corruption. Employees were also educated to be dedicated and honest.

3. Responsible Communication, Fulfilling Social Responsibility

3.1 Regular Communication

Stakeholder engagement is an integral part of the Group's efforts to promote sustainable development. Hence, the Group has been keeping abreast of the sustainable development trends of the environmental protection and energy conservation industry and the power industry, as well as relevant environmental protection policies. In the meantime, we have been understanding the concerns and expectations of various stakeholders through different channels. On this basis, we will better formulate the Group's sustainable development strategy to address the concerns of our stakeholders and fulfill our responsibilities as an environmental protection business and a good corporate citizen. The following table outlines the Group's stakeholder groups, corresponding communication channels and frequencies.

Stakeholder groups	Communication channels	Frequencies
Shareholders and investors	<ul style="list-style-type: none"> Corporate reports and other announcements General meetings Official website, email and hotline 	<ul style="list-style-type: none"> Biannually/According to operational needs Annually/According to operational needs Recurring/According to operational needs
Government and regulatory departments	<ul style="list-style-type: none"> Corporate reports and other announcements Supervision and assessments Seminars 	<ul style="list-style-type: none"> Biannually/According to operational needs Regularly/According to operational needs From time to time
Employees	<ul style="list-style-type: none"> Employee performance appraisals Meetings and trainings Email and notice boards Team building and festive activities 	<ul style="list-style-type: none"> At least once a year Recurring/According to employees' and operational needs Recurring/According to employees' and operational needs Regularly

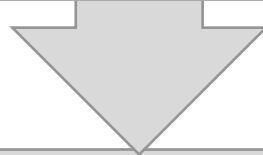
Stakeholder groups	Communication channels	Frequencies
Customers	<ul style="list-style-type: none"> Customer satisfaction surveys Meetings, site visits, email and hotlines 	<ul style="list-style-type: none"> Annually/Upon completion of each customer's terms of service According to customers' needs
Suppliers and business partners	<ul style="list-style-type: none"> Public tendering Meetings, site visits, email and hotlines 	<ul style="list-style-type: none"> According to procurement needs According to procurement and business development needs
General public	<ul style="list-style-type: none"> Charity events Donations Official website, email and hotlines 	<ul style="list-style-type: none"> From time to time From time to time According to the general public's needs

3.2 ESG Issues Management

In response to the materiality reporting principle as emphasized in the ESG Reporting Guide, the Group systematically conducted the materiality assessment in addition to regular communication with stakeholders. With the assistance of an independent consulting firm, the Group reviewed, modified, and identified ESG issues that are important to the Group and its stakeholders. This process is essential for us to respond to the ever-changing ESG context. It also provides a basis for the Group to formulate its sustainable development strategy and define the scope of reporting. The materiality assessment procedures are as follows.

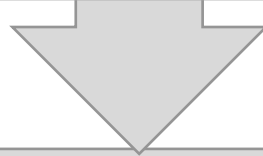
First step: Identification of ESG issues

The Group revisited the pool of ESG issues and decided to add 4 new issues to the pool of ESG issues of 2018 by comparing and analyzing the concerns of industry peers, and making reference to relevant reporting guidelines, which include environmental topics: “Policy on the environment and natural resources”, “Promotion of renewable energy”, and “Promotion of low emission and energy conservation retrofitting engineering projects”, and a social topic: “Building good customer relationship”, forming the pool of ESG issues for 2019.



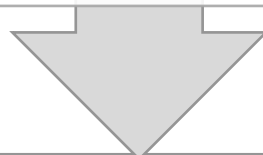
Second step: Ranking of the ESG issues

The Group invited internal and external stakeholders to rank the importance of the screened ESG issues in the form of an online survey. A total of 528 valid questionnaires were received.



Third step: Results analysis

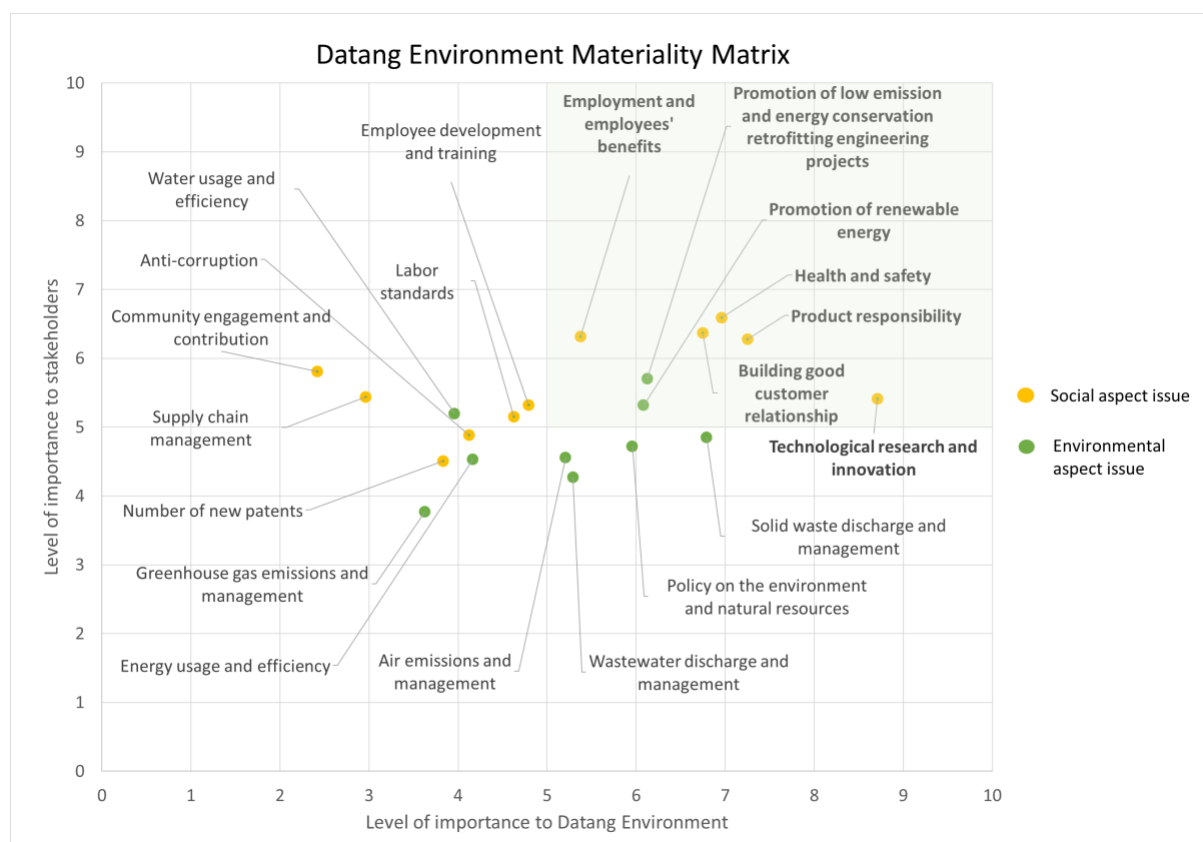
The Group reviewed the ESG issues of shared concern to the Group and stakeholders based on the two dimensions of “Level of importance to Datang Environment” and “Level of importance to stakeholders”. As a result, 7 issues were found to be of high materiality (scoring 5 points or above in both dimensions).



Fourth step: Results validation

The Board reviewed and validated the issues of high materiality and disclosed the progress of relevant work in the Report in a focused manner. It also continues to pay attention to issues of high materiality in the Group’s long-term operations, formulate and improve policies, as well as set corresponding targets.

The results of the materiality assessment are shown in the materiality matrix below.



The Report focuses on the 7 issues of high materiality, while also covering ESG issues of lower-materiality to allow stakeholders to sufficiently understand our work in different areas. We have summarized the Group's responses to the issues of high materiality in the Report and the corresponding sections are set out in the table below.

Aspects	Issues of high materiality	Our responses
Environmental	Promotion of low emission and energy conservation retrofitting engineering projects	4.1 Advocating for Energy Conservation and Environmental Protection
	Promotion of renewable energy	4.1 Advocating for Energy Conservation and Environmental Protection
Social	Employment and employees' benefits	6.1 Talent Convergence
	Health and safety	6.4 Safety and Health
	Building good customer relationship	5.2 Customer First
	Technological research and innovation	5.3 Continuous Innovation
	Product responsibility	5.1 Excellent Products and Services

4. Green Operation, Promoting the Environmental Protection Industry

The Group vigorously promotes the development of the environmental protection industry to fulfill our corporate social responsibility. In 2019, the PRC intensively formulated environmental protection policies and made further and greater efforts on environmental protection with relevant policy measures expanding to legal and economic means from administrative means, allowing corporates to be fully aware of the importance of emission reduction. In view of this, we continue to research and develop energy conservation and emission reduction technologies, and actively promote the application of these technologies. In addition to practicing green operations, we also provide environmental protection and energy conservation solutions to various industries, and advocate corporates to jointly fulfill their responsibilities for pollution control in order to reduce their impacts on the environment, making contributions to the establishment of a national ecological civilization.

4.1 Advocating for Energy Conservation and Environmental Protection

It is our mission to “Prevent and control pollution, conserve and reduce energy consumption, and reduce significant environmental impacts”. The Group strives to provide customers with the construction and operation of environmental protection projects such as desulfurization, denitrification, dust removal and sewage treatment, the manufacturing of environmental protection products such as denitrification catalyst, and the construction of photovoltaic, wind power and other renewable energy projects through our state-of-the-art technology, strong R&D capabilities and excellent services. While we vigorously promote the implementation of ultra-low emission and energy conservation retrofitting engineering projects in the power industry, we are also actively extending our technology coverage to non-electricity industries including steel, cement and metallurgy industries, continuously expanding our environmental protection business reach and influence.

In 2019, the Group continued to promote our environmental protection business, and the following are our achievements in environmental protection:

Annual achievements of the desulfurization and denitrification concession operation projects

During the Reporting Period, all of the Group's desulfurization and denitrification devices achieved emission standards, contributing to the emissions reduction of sulfur dioxide and nitrogen oxides.

	2019	2018	2017
Annual reduction in sulfur dioxide (ten thousand tons)	123.73	128.11	106.11
Annual reduction in nitrogen oxides (ten thousand tons)	14.01	14.48	12.51

Achievements of the manufacturing of denitrification catalysts

During the Reporting Period, the Group produced 36,100 m³ of denitrification catalysts, assisting businesses in reducing their nitrogen oxides emissions to meet or exceed national requirements for nitrogen oxides emission. Meanwhile, the Group has made steady progress in the treatment of waste catalysts with a total amount of 3,878 m³ of waste catalysts being treated during the Reporting Period.



Achievements of construction engineering

During the Reporting Period, the Group accumulatively completed the renovation of frequency variation for 10 slurry circulation pumps and renovation of permanent-magnet machineries for 9 slurry circulation pumps, with a maximum energy conservation rate of 24.1% for each machine. The Group also completed the optimization of ammonia injection and intelligent control in 7 projects including Lvsigang and Hushan, as well as the denitration performance trial tests at No. 1 and No. 4 of Lvsigang, whose ammonia consumption rates, in automatic state, could decrease by 11.3% and 12.8% as compared to non-automatic state.



Achievements of the renewable energy business

The Group actively develops its renewable energy business, including photovoltaic and wind power engineering projects. During the Reporting Period, the Group newly entered into 2 contracts for renewable energy engineering projects, both of which were photovoltaic engineering projects with an installed capacity of 64 MW. As of 31 December 2019, the cumulative installed capacity in operation for wind power plants of the Group reached 1,614 MW, while the cumulative installed capacity in operation for photovoltaic engineering projects of the Group reached 951 MW.



4.2 Putting Green Operation into Practice

The Group has integrated green concepts into the operation of all its businesses, and established a comprehensive environmental management system to regulate the management of emissions and the use of resources of the Group. The Group has obtained the Environmental Management System (ISO 14001:2015) certification, and has formulated and implemented the *Control Procedures for the Identification and Assessment of Environmental Factors and Sources of Hazards* in accordance with the requirements, for the identification and risk assessment of the environmental factors and sources of hazards that can be controlled in the Group's operations, so that effective control measures can be taken to reduce the impact on the environment and natural resources.

The Group set environmental management targets, developed and implemented relevant work plans. The Group's environmental performance in 2019 and in the past are presented in Section 9.1 of the Report to present annual performance changes.

Environmental management targets for 2019	Achievement of targets
100% of emissions achieving emission standards	✓
Zero environmental incident circulated by the Government and exposed by media	

Case Study – Nanjing Environmental Protection was once again awarded the title of "Green Enterprise" of Jiangsu Province

Since 2017, Nanjing Environmental Protection has always been recognized as one of the "Green Enterprise" of Jiangsu Province, and was also accredited as one of the corporates of the first batch of environmentally confident corporates in Nanjing in 2019, as recognitions of its green industry policies and green manufacturing processes. Meanwhile, Nanjing Environmental Protection passed the cleaner production audit in 2019, whose clean production level reached the national advanced level.

Emissions Management

The Group strictly complies with relevant laws and regulations that have a significant impact on the Group's operations in the PRC in relation to air and greenhouse gas ("GHG") emissions, discharges into water and land, generation of hazardous and non-hazardous waste, and noise pollution³.

Air Pollutants

We are committed to providing our customers with environmental protection solutions to reduce sulfur dioxide and nitrogen oxides emissions through the desulfurization and denitrification devices of the concession operations. As for our own operations, the main sources of air pollutants are from the manufacturing of denitrification catalysts, as well as the cooking and heating equipment used in the Group's operations. Therefore, Nanjing Environmental Protection formulated the *Emissions Management of Air, Water, and Noise Pollution* to regulate the controlled emissions of air pollutants during the production process, and to carry out regular maintenance on the production equipment so that equipment is kept in good operating condition to ensure that emissions achieve emission standards at all times. In order to enhance the environmental protection level of all machinery and equipment, the Group has formulated the *Management Measure for Technical Transformation*, through which the Group strives to reduce emissions at source with the use of innovative technology, and carries out environmental protection and energy conservation technical transformation every year in accordance with the requirements of the national policies.

Case Study – Nanjing Environmental Protection launched the autumn-winter air pollution prevention and control campaign

Nanjing Environmental Protection has been comprehensively implementing various pollution control measures. On the basis of ongoing compliance with the emission standards, Nanjing Environmental Protection further strengthened the control of air pollution in autumn and winter, and formulated the <i>Letter of Commitment for Air Pollution Prevention and Control in Autumn and Winter</i> to clearly set out the implementation plans for emission reduction. Nanjing Environmental Protection will take corresponding control measures in accordance with Nanjing's autumn and winter serious air pollution warning levels. For instance, decommissioning two natural gas calcinators during red air pollution warning, which will enable a reduction of sulfur dioxide, nitrogen oxides and dust emissions by about 40% during that period of time.
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³ For relevant laws and regulations, please refer to Section 10 of the Report.

GHG Emissions

Electricity consumption and boiler usage are the major sources of GHG emissions for the Group. We actively adopt energy conservation measures in our operations to reduce GHG emissions. Please refer to the “Use of Resources Management” part of this section for details of the energy conservation measures.

In addition, the Group also planted trees within the production plant, with a total of 520 trees planted as of 31 December 2019, reducing GHG emissions by about 11.96 tons of carbon dioxide.

Wastewater

The Group’s wastewater is mainly generated from the operations of the desulfurization and denitrification systems and the manufacture of denitrification catalysts. To reduce the discharge of wastewater, we began achieving zero discharge of wastewater in our desulfurization and denitrification systems of our concession operations in 2018, and all treated wastewater has been reused in power plants’ operation. Regarding the manufacture of denitrification catalysts, wastewater generated from the manufacturing process is treated under the sewage treatment plant to meet the *Discharge Standard of Pollutants for Vanadium Industry* before discharging through the municipal pipelines. Meanwhile, Nanjing Environmental Protection commissions a third-party environmental technology company to monitor wastewater discharge every year. During the Reporting Period, the Group was not penalized by relevant environmental protection departments for excessive emissions.

Waste

The non-hazardous waste generated by the Group includes non-hazardous waste from the manufacturing process (including waste coating paste, waste metals, obsolete equipment, etc.), domestic waste and office waste. For non-hazardous waste, depending on the nature of the waste, we will reuse waste as raw materials or hand it over to the material handling unit for recycling purpose in order to reduce the generation of non-hazardous waste. In addition, we have recycling bins at the office to separate recyclables in the office for recycling.

For hazardous waste generated from the concession operation business and the manufacturing process of the denitrification catalysts, including spent catalysts, spent desulfurization gypsum, sludges from wastewater treatment, hazardous dusts, etc., the Group formulated the *Regulations on the Management of Solid (Hazardous) Waste Disposal* in accordance with the *Directory of National Hazardous Wastes* and relevant laws and regulations to strictly regulate the handling of hazardous waste. After proper collection of hazardous waste, we hand over the waste to professionally qualified waste recycling units for centralized harmless treatment. In addition, we seek to turn as much waste as possible into raw materials. During the Reporting Period, the concession operation business integrated the entire 3,532,900 tons of spent desulfurization gypsum into the production process. In addition, Nanjing Environmental Protection treated a total of 3,878 m³ of waste denitrification catalysts and sold the regenerated catalysts to customers to reduce the generation of hazardous waste. In order to mitigate the impacts of the leakage of hazardous chemicals on the soil and water, we built independent storerooms according to design standards for storing chemicals to minimize safety and environmental risks.

[Noise](#)

The Group's noise pollution mainly comes from the production equipment of the denitrification catalysts and the environmental protection engineering projects. To ensure that the noise generated does not affect the surrounding environment at the production area, the Group commissioned a third-party environmental technology company to conduct noise inspection around the production plant in accordance with the *Emission Standard for Industrial Enterprises Noise at Boundary* (GB 12348-2008), to ensure that the sound level during the operation of equipment meets the requirements of relevant standards and to minimize noise nuisance to the surrounding environment and neighborhood as far as possible.

Use of Resources Management

The Group strictly complies with laws and regulations that have a significant impact on the Group's operations in the PRC in relation to energy management and use of resources⁴, and formulated the *Environmental Protection Control Management System* to strengthen management work on the use of energy and resources.

Use of Energy

Electricity consumption is one of the major sources of GHG emissions for the Group. We actively adopt energy conservation measures in our operations to reduce GHG emissions, such as:

- The concession operation business set annual energy conservation targets for each project to reduce the electricity consumption of the desulfurization and denitrification systems
- Nanjing Environmental Protection planned to gradually replace metal halide lamps in production plants, and 340 metal halide lamps were planned to be replaced by 2020 to achieve conservation of 80,000 kWh of electricity
- During the Reporting Period, the environmental protection facilities project business accumulatively completed renovation of frequency variation for 10 slurry circulation pumps and renovation of permanent-magnet machineries for 9 slurry circulation pumps, with a maximum energy conservation rate of 24.1% for each machine

Use of Water Resources

In terms of water sourcing, water used by the Group was mainly sourced from municipal fresh water supplies, desalinated water and reclaimed water, hence, there were no difficulties with water sourcing. Our water supply facilities and pipes are maintained with regular care and maintenance. In case of dripping or leaking of water, repair will be conducted in a timely manner. The Group carried out wastewater reclamation in its concession operation business, saving water of about 27,536,400 tons throughout the year.

⁴ For relevant laws and regulations, please refer to Section 10 of the Report.

5. Quality First, Forming Win-Win Partnerships

As a trendsetter and leader of the environmental protection and energy conservation for the PRC's power industry, the Group is committed to providing customers with quality and safe engineering, products, services, operations, R&D and other solutions that cover the entire value chain of the environmental protection and energy conservation industry through high-quality engineering and excellent products, coupled with innovative technology and high level of management, dedicated to build the brand of "Datang Environment".

We strictly comply with laws and regulations that have a significant impact on the Group's operations in the PRC in relation to the health and safety, labelling and privacy matters and remedies of our products and services⁵.

5.1 Excellent Products and Services

The Group has a well-established quality management system and has formulated corresponding management measures for our concession operation business, denitrification catalysts business and various types of environmental protection engineering business to standardize quality management work and continuously improve the quality of products and services. The Group has obtained the Quality Management Systems (ISO 9001:2015) certification, and clearly defined the quality management targets and priorities for each business segment.

Business segments	Quality management targets for 2019	Achievement of targets
Concession operation	<ul style="list-style-type: none">Project's desulfurization and denitrification efficiency and emissions meet local government and project-specific requirementsNo unplanned downtime of environmental protection facilities	✓
Denitrification catalysts	<ul style="list-style-type: none">Product quality under controlInitial product inspection pass rate $\geq 98\%$Customer complaint rate $\leq 8\%$Customer satisfaction $\geq 90\%$	
Environmental protection engineering	<ul style="list-style-type: none">Ensuring construction site safetyEconomic and technical indicators up to design value	

⁵ For relevant laws and regulations, please refer to Section 10 of the Report.

Concession Operation Business

We formulated the *Professional Management Plan for Desulfurization and Denitrification Concession Operations*, the *Operational Management Procedures of the Desulfurization and Denitrification Facilities*, and other management systems to regulate the operations of the concession operation business. The management systems clearly lay out the standardized operation process of all phases, from the signing of the project contract by the customer, the preparation of the desulfurization and denitrification master plan, to the management of operation and equipment. In order to strengthen the operational management of desulfurization and denitrification facilities, we regularly assign specialists to monitor projects' environmental indicators such as air emissions, water consumption, electricity consumption, etc., and carry out maintenance of the desulfurization and denitrification system and equipment in order to rectify abnormalities as soon as they are discovered. In addition, the concession operation business also has a monitoring platform for the production and operation of environmental protection facilities, which allows monitoring personnel to monitor the operation of environmental protection facilities by collecting real-time data on desulfurization and denitrification. At the same time, the platform also monitors, evaluates and pre-emptively controls risks over the safety, technical, economic, and environmental performance indicators of the concession operation business, realizing the centralized monitoring and lifecycle management of the environmental protection facilities.

Denitrification catalysts business

To maintain the Group's reputation for offering high-quality product, we formulated the *Inspection Management* to monitor the quality of products throughout the entire production process. Our Quality Management Department conducts inspections on raw materials, semi-finished products, finished products, and the manufacturing process in accordance with the *Standardized Inspection Control Plan for Catalysts* and the *Project Inspection Control Plan* of various projects. If the inspection results appeared to be ineligible, we will handle or control non-conforming products independently according to the *Incompetence, Non-conforming Control Management* to prevent the use or delivery of substandard products. Meanwhile, we have performed traceable quality control throughout the lifecycle of our products and services, which enables a clear status determination of our products at any production state to ensure product traceability. During the Reporting Period, the Group did not recall any of its denitrification catalysts for safety and health reasons.

Various Types of Environmental Protection Engineering Business

In order to standardize work on quality inspection and acceptance of engineering projects, and to create high-quality engineering projects, we have formulated management systems such as the *Management Measure for Quality Engineering* and the *Quality Inspection and Acceptance System for Construction Process*. Prior to the commencement of each project, we will compile a quality plan to specify the quality targets, responsibilities, and assessment, and conduct regular quality inspections after the project begins. In the event of a quality incident on engineering, we will immediately arrange departments such as the design, construction, and supervision departments as well as relevant experts to conduct an investigation according to the *Management Measure for Quality Incident on Engineering*, and propose a plan to address the incident to avoid further severe consequences. Thereafter, we will analyze the incident to ensure that similar incidents would not happen again.

5.2 Customer First

The Group always insists on focusing on the needs of our customers and adheres to the customer service-oriented concept. We continuously communicate with our customers to comprehensively understand their needs in order to provide them with satisfactory products and services and build a good relationship with them.

The Group formulated the *Management Measure for Marketing* and the *Service Management Standards*, while the subsidiaries formulated customer relationship management plans according to the nature of their businesses, which include the identification of customer needs, after-sales service management, customer satisfaction surveys, and other areas of work. For instance, after the denitrification catalysts are sold, Nanjing Environmental Protection will regularly monitor the operation and the performance of the products, as well as conduct life-cycle tests on the denitrification catalysts of the projects in operation, so as to provide customers with meticulous after-sales services and enhance their confidence in our products and services.

In addition, we established a comprehensive customer feedback mechanism to collect customer feedback through various channels, such as customer hotlines, customer suggestion boxes, customer satisfaction surveys, etc., to maintain a two-way communication with customers at various stages of project implementation. Our Customer Service Department records every customer feedback and arranges for relevant personnel to provide on-site service to customers when needed.

In order to gain a deeper understanding of customers' opinions on the Group's products and services, we conduct annual customer satisfaction surveys to identify areas of improvement in our products and services so as to continuously improve customer satisfaction. We prepared the *Customer Satisfaction Survey Analysis Report* by combining customer satisfaction and feedback received. During the Reporting Period, customers were on the whole very satisfied with the Group's products and services, and at the same time gave comments on the delivery progress of drawings and products for specific projects. In response, relevant departments of the Group immediately implemented improvement measures to meet the rising expectations of our customers.

Customer Satisfaction (out of 100 scores)	95.34 scores
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In addition to customer satisfaction surveys, we also have a comprehensive customer complaint handling mechanism. When a customer complaint is received, relevant departments will immediately file the complaint and record customers' specific demands in detail. Thereafter, we work with the technology, R&D, production, quality, and other departments to conduct a complaint root cause analysis, and adopt corrective measures according to the provisions stated in the *Incompetence, Non-conforming Control Management* and the *Improvement, Rectification and Precautionary Measures Management*. If the complaint is classified as serious, our production, quality and technology departments will propose rectification measures with our customers in a timely manner and will arrive at the final rectification approach subsequent to discussion with customers. We keep track of the implementation process of the rectification measures to avoid any recurrence of similar problems. During the Reporting Period, the Group did not receive any complaints from customers and no products were recalled due to safety and health related reasons.

The Group strictly manages customers' information. All information is kept in strict confidence under the management of dedicated personnel. In addition, we signed the *Terms of Confidentiality* with employees, emphasizing the importance to keep information in confidence. During the Reporting Period, the Group did not have any incidents of customer information leakage and did not receive any complaints about the improper use of customer information that had a significant impact on the Group.

5.3 Continuous Innovation

The Group attaches great importance to R&D and technological innovation and creates a culture of innovation within the Group, cultivating employees' spirit to be bold enough to make new attempts and to innovate. R&D and innovation drive us to make incessant progress and is one of the reasons that our business succeeds.

The Group continues to strengthen its efforts in fostering outstanding technological achievements and achieved remarkable results. During the Reporting Period, the Group received a total of 10 provincial, prefecture and industrial level technological awards, among which the "Research and Development and Application of Key Technology in the Entire Life Cycle of High-efficiency Coal-fired and Gas Denitration Catalyst" won the first prize of technological improvement in Jiangsu province, the "Development and Application of Key Technology for High-Efficiency Utilization in Full Operation of Exhaust Gas Residual Heat from Integrated Air Heaters" won the second prize of science improvement in power construction and the "Research and Application of Key Technology of Green and Intelligent Coal Transportation Island" won the second prize of energy innovation.

Furthermore, the Group continued to put emphasis on its proprietary development and innovation, committed substantial resources to R&D and has been persisting in promoting the commercialization of technological achievements. The three proprietary technological achievements of the Group, namely the "Development and Application of Key Technology for Energy and Water Conservation at the Cold End of Air-wet Cooling Units", the "Development and Application of Technology for Flat Medium and Low Temperature Denitrification Catalysts" and the "Research and Engineering Demonstration of Key Technology for Intelligent Denitrification of Ultra-low Emission Thermal Power Units" have successfully passed the technical assessment of competent authorities such as the China Energy Research Association and have reached internationally leading and advanced levels. During the Reporting Period, the Group was awarded 123 utility model patent authorizations in aggregate, and 25 invention patent authorizations. As of 31 December 2019, the Group has accumulatively obtained 1,201 patent authorizations, of which 125 were invention patents.

In addition, the Group also actively participates in the development of industry standards at both domestic and international levels, leveraging our knowledge of the industry and our talents' understanding of the technological frontier. During the Reporting Period, the ISO international standard (ISO 50045) "Technical Guidelines for the Evaluation of Energy Savings of Thermal Power Plants" that was independently led by the Group was officially issued, making it the first ISO standard of the coal-fired power industry led by the PRC. As of 31 December 2019, the Group had a total of 42 technical standards being compiled, including 10 industry standards and group standards led by the Group.

In order to regulate the management of patented technological research papers and stimulate technological personnel's initiative in innovation, the Group formulated the *Management Measure for Scientific and Technical Projects*. The Group's Technological Innovation and Production Operations Department is responsible for setting the Group's technological development direction and annual technological project plans, to create research projects that meet the Group's strategic development needs.

The Group attaches great importance to the protection of intellectual property rights and the R&D achievements of its employees. Hence, we formulated the *Measures for the Management of Intellectual Property Rights* to strengthen the management of intellectual property rights. The Head of Science and Technology is responsible for managing and performing work related to intellectual property rights, for instance, examining the results of technological research to determine whether there is a need to apply for a patent, and reviewing technological research papers before they are published to ensure that they do not constitute infringement. We also protect our trade secrets by entering into trade secret agreements or confidentiality agreements with our suppliers and employees. During the Reporting Period, we did not have any incidents related to intellectual property infringement.

5.4 Supplier Management

The Group values the cooperation relationship with its suppliers. Only by maintaining a good relationship with our suppliers can we achieve a win-win situation. In order to strengthen the Group's procurement management and regulate the management of suppliers, the Group formulated policies such as the *Management Measure for Tendering*, the *Management Measure for Suppliers*, and the *Working Rules for the Centralized Procurement and Tendering Working Group*. Through implementing a good procurement management system and strict supplier selection process, suppliers that have good reputation in the society and have outstanding performance can then be selected as our partners under the open, fair and just principles.

The Group's suppliers can be divided into two main categories: suppliers for manufacturing projects (such as suppliers of raw materials and production equipment), and suppliers for operations (such as suppliers that provide information technology services and office supplies). We centralize the management of all information related to the Group's procurement activities through our supplier management information platform to strengthen our control over suppliers and further improve procurement efficiency.

In the course of supplier selection, the Group conducts comprehensive assessment of quality, production capacity, technical capability, qualification, price, past product quality, etc. of our suppliers. Furthermore, we are fully aware of a corporate's responsibility in protecting the environment and the health and safety of employees. Therefore, we take into account the environmental and social risks of suppliers in the tendering process, and select suppliers with the Occupational Health and Safety Management System Certification (OHSAS 18001) and the Environmental Management System Certification (ISO 14001), committed to building a responsible supply chain.

Case Study - Technologies & Engineering Company incorporates sustainability principles in its supply chain

In 2019, the Technologies & Engineering Company sent a letter to its suppliers, the *Notification for Relevant Parties about Environmental Protection, Occupational Health and Production Safety*, clearly stating the company's sustainability policy and its commitment to conserve resources, protect the ecological environment, prevent accidents, and protect the health and safety of employees. While actively promoting the management of environmental protection and occupational health and safety, the Technologies & Engineering Company also incorporates sustainability principles into its supplier management and imposes environmental and safety requirements on its suppliers, which include:

- Products and services provided must meet the requirements of relevant national and industrial laws and regulations, including national or local emission standards for emissions during the production process, whereas on-site safety management must meet the corresponding national safety laws, regulations, and requirements
- Formulate emission reduction plans and corresponding measures for production activities, and prioritize the use of low-emission production technologies and production equipment to reduce environmental pollution
- Specialized operators are required to be licensed and equipped with qualified special equipment and pressure vessels to ensure the safety of the production site
- Significant hazards have been identified, and corresponding safety control measures have been developed and implemented

In order to integrate sustainability principles into the supply chain, the Technologies & Engineering Company conducts unscheduled visits to suppliers and advises on corrective actions for suppliers that do not meet the requirements. If a supplier is likely to experience or has experienced an environmental pollution or safety production incident, the Technologies & Engineering Company will take appropriate action, such as downgrading the supplier rating, terminating the contract, or disqualifying the supplier.

We conduct assessment and evaluation with our qualified suppliers and update the Group's *Eligible Suppliers Register* from time to time. For suppliers who breach the contract in terms of integrity, quality, progress, customer service, and other violations of the law in the course of product and service provision, the Group will take appropriate action in accordance with the severity of its actions, and in serious circumstances, the supplier will be disqualified from the supplier register. During the Reporting Period, a total of 12 suppliers of the Group were eliminated due to issues such as contractual performance, product quality and the presence of bid-rigging.

6. People-oriented, Building a Harmonious Corporate Culture

The Group has always regarded its employees as valuable assets. Since our inception, the success of the Group's business has always depended on the dedication and commitment of our employees, who continuously contributed to the Group. The Group has established a comprehensive human resources system and upholds the management philosophy of "People-oriented and safe development", with the objective of "Safeguarding the rights and interests of employees, facilitating their development, and protecting their safety and health", in order to attract and retain outstanding talents in the highly competitive job market and create an equal, diversified and harmonious working environment for employees.

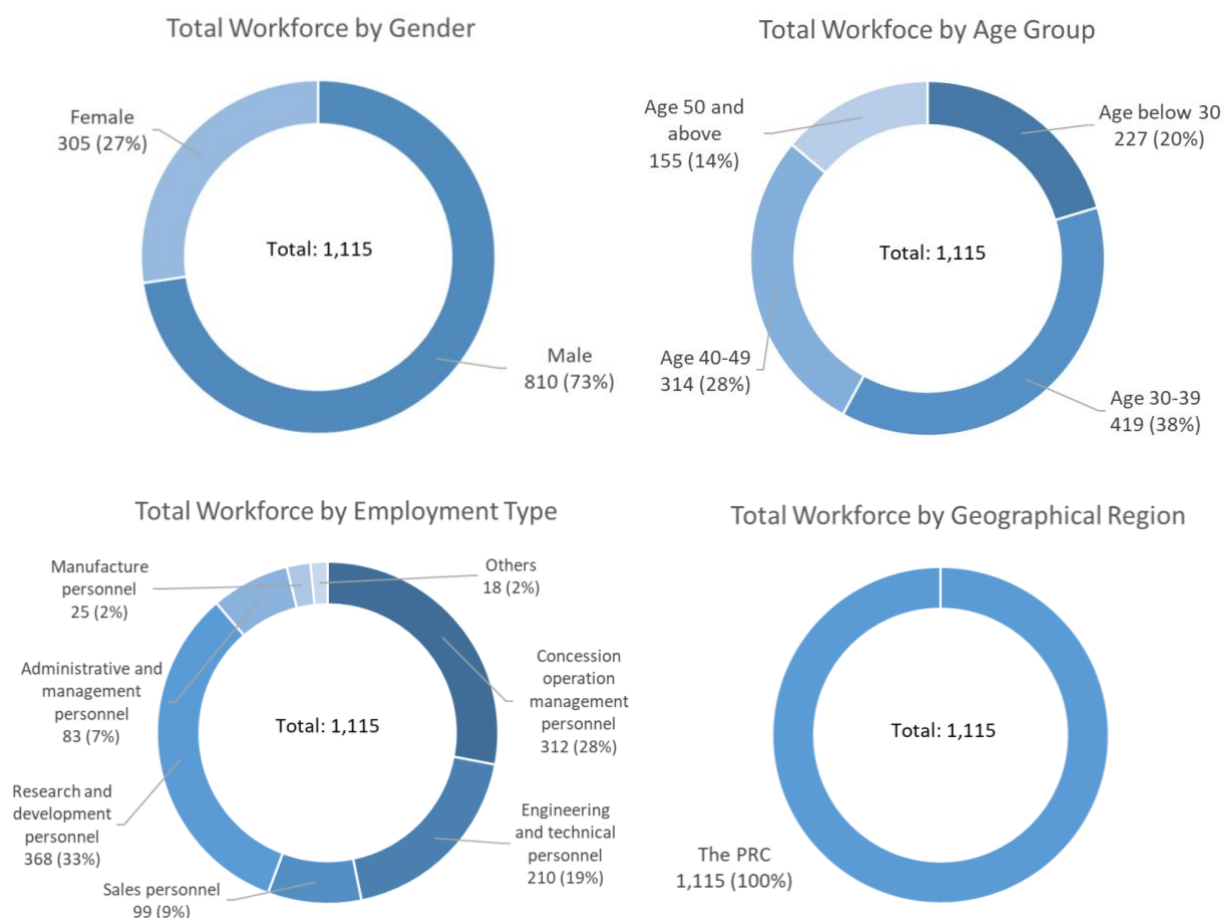
The Group has formulated relevant policies on compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare, and continuously update our policies and relevant management measures, strictly complying with relevant laws and regulations that have a significant impact on the Group's operations in the PRC in relation to employment⁶.

6.1 Talent Convergence

The Group established a comprehensive *Standards for Employee Recruitment Management* to ensure that the recruitment process is standardized and transparent, and to systematically promote the development of a team of talents to allow human resources allocation to better meet the Group's development needs. The Group adheres to the recruitment principles of equal employment opportunity and diversity. During the recruitment process, the Human Resources Department arranges candidates for written examinations and interviews, considering their educational background, work experiences, familiarity with the business, enthusiasm to work and other personal qualities, and will not take into account candidates' gender, age, race, nationality, marital status or physical disability etc. In addition, the Group prohibits the recruitment and employment of child labor, and the Human Resources Department checks candidates' proof of identity and academic qualifications during the recruitment process. The Group will immediately terminate the employment relationship with the person concerned if any cases of child labor are discovered.

⁶ For relevant laws and regulations, please refer to Section 10 of the Report.

Employment Profile⁷



In order to promote harmonious and stable employment relationships, the Group formulated the *Management Measure for Labor Contracts* and entered into *Labor Contracts* with employees, which clearly set out the job description, remuneration, working and rest periods, holidays, employee benefits, training, methods for termination of contract, and other details to protect employees' legitimate rights and interests and ensure fair treatment of all employees. The Group strictly prohibits any unfair or unreasonable dismissal, and the termination of labor contracts must be lawful and reasonable.

⁷ The figures are the total workforce of the Group as of 31 December 2019.

The Group has a comprehensive remuneration management system and formulated the *Management Measure for Remuneration* to provide competitive remuneration for employees and to stimulate their enthusiasm and creativity. The Group determines employees' remuneration packages, including salaries, bonuses and allowances, on an annual basis based on the results of their performance appraisals, market rates for each position, internal budgets and other factors. Furthermore, in order to achieve the objective of "Matching employees to jobs for maximum productivity", the Group formulated the *Management Measure for Employee Promotion* and the *Management Measure for Performance Appraisal*. At least one performance appraisal is arranged for employees every year, and the results serve as the basis for the promotions and salary adjustments of high-performing employees. We developed different types of performance appraisal methods according to the grade level of employees. For example, in addition to performance appraisal interviews, middle management is also required to undergo a democratic evaluation annually, in which the senior management, other middle management and employee representatives will be invited to evaluate the employee's work quality, ability, attitude, performance and integrity. Our extensive remuneration and promotion system not only recognizes the work achievements of high-performing employees, but also provides them with smooth advancement paths and broad space for development so as to meet the career development needs of different employees.

6.2 Employee Care

We believe that the well-being of our employees is closely related to the formation of a motivated, efficient and creative team. Therefore, we are committed to building a positive and harmonious working environment and providing comprehensive employee welfare programs to our employees.

The Group has a humane leave system with the *Management Measure for Attendance and Leave* formulated. The working hours and rest periods that comply with relevant national laws and regulations are stipulated in the *Labor Contract*. In addition to statutory leave, our employees are also entitled to paid annual leave, sick leave, personal leave, maternity leave, marriage leave, bereavement leave, etc. The Group prohibits any act of forced labor, which employees are required to obtain approval from the department head and the Human Resources Department for overtime work outside normal working hours. Unapproved overtime work is not allowed and employees are never forced to work overtime.

The Group also provides other benefits to our employees, including medical, housing and retirement subsidies, overtime allowance and meal allowance, and pays social insurance funds (including pension insurance, medical insurance, work-related injuries insurance, unemployment insurance and childbirth insurance) and housing providing funds for employees.

We listen attentively to the needs of each and every employee, and formulated the *Management Measure for Employee Complaint Support Centre* to regulate the handling of employees' complaints, in order to resolve their problems in a timely and effective manner. The Group set up an Employee Complaints Office within the Labor Union, which is responsible for confirming, handling, tracking, giving feedback, conducting satisfaction surveys and reporting regularly on the needs of employees. The Group respects the opinions of every employee and is committed to taking each opinion seriously, in order to let employees feel valued and to build up their sense of belonging to the Company.



Case Study 1 Caring for our front-line employees

During the Reporting Period, Hengtong Company held a "Seminar for Caring for Front-line Employees" to listen to the thoughts of front-line employees in person, to understand their opinions and suggestions on work and in life, and to strengthen communication between employees and management. We encourage employees to share their suggestions and ideas, and respond to their views after careful consideration, fostering a culture of mutual communication.

In order to promote friendship among employees and build a harmonious team relationship, the Group organizes a diverse array of employee activities such as ball games, networking activities, festive celebrations, etc., to help employees to relax and relieve stress.

Employee Activities



Case Study 1 Embracing sports in the workplace

The Group understands the importance of employees' health to the business, vigorously encourages a culture of work-life balance with sports embraced in the workplace, which allows employees to maintain their physical and mental health while working conscientiously. The Group organized employees from different subsidiaries to participate in the 11th Beijing Xicheng Dragon Boat Race. The team won the championship out of 28 teams, demonstrating the positive corporate image of the Group.



Case Study 2 Conducting festive celebrations

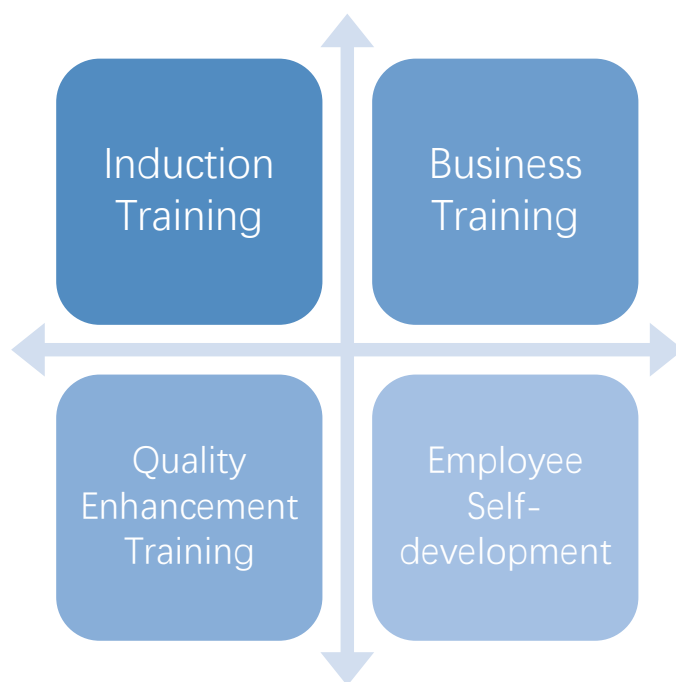
Hengtong Company held a "Social Gathering on the Chinese's Valentine's Day" for singles. On the traditional Chinese Valentine's Day, a unique and interesting networking activity was organized for employees that were single. The activity not only enabled employees to get together, but also created an opportunity for employees from cross-enterprise to learn from each other.

6.3 Talent Development

The Group places great emphasis on the development of all employees, and continuously invests resources in providing them with various types of training, aiming to build a leading team in the industry. The Group takes full advantage of employees' high academic qualifications, strong professionalism and high potential to build a talent training system that has "Two wings in one body, along with six major platforms". The training system sees the career development plan for training graduates as the main focus, while the training of professional and technical talents and the competition of skilled talents as the two wings, along with the establishment of six talent training platforms such as the doctoral workstation, the R&D and technology team, the innovative workshop and the Nanjing Environmental Protection training base.

The Group has a complete *Management Measure for Employee Education and Training*, which the Human Resources Department is responsible for enquiring the training needs for each job position of all departments later in the year, and to develop a training plan for the next year in conjunction with the Group's strategic needs. Meanwhile, we summarize our employee education and training work every year and publish the *Talent Development Work Summary* in order to unceasingly optimize our training mechanism, and continuously improve the overall competencies of the team. During the Reporting Period, the average number of training hours per employee of the Group was 62.17 hours.

The Group's training activities are classified into four main categories:



- Induction training: Organize induction training for new employees before they start working, so that they can be familiarized with the Company's overview, organizational structure, corporate culture and major institutional policies
- Business training: Arrange employees to participate in professional training according to their actual work requirements, in order to enhance relevant professional knowledge and skills of different positions and to improve the overall professional competencies of employees
- Quality enhancement training: Organize non-business related training regularly to enhance the overall quality of employees
- Employee self-development: Encourage employees to pursue continuing education in their spare time in order to improve their business performance level

Employee Training Activities



Case Study 1 Innovative "Mentor-apprentice" system

Hengtong Company has established a "Mentor-apprentice" system to facilitate the development of young employees by providing one-on-one guidance. Mentors provide a series of specific and practical training programs for employees in order to facilitate young employees to quickly enhance their business capabilities and technical skills to competently meet the demands of the position.



Case Study 2 Accelerating graduates to be familiar with the Group's operations

The Company organized the induction training for fresh graduates during the Reporting Period. The activity combined production site experience and seminars to introduce new employees to the Company's rules and regulations, corporate culture, production and operation, safety education etc., so that new employees could quickly adapt to the work culture of Datang Environment.



Case Study 3 Supporting business development

Hengtong Company held a safety officer training opening ceremony during the Reporting Period. The training lecturer explained to the safety management officers about the safety responsibilities, safety supervision requirements and measures to deal with major incidents, and the training provided opportunities for them to exchange ideas. The training enabled all employees to be equipped with job-specific knowledge and skills, so that they could better contribute their expertise to the Group's projects.

We systematically record training information and established a training profile for each employee. We continuously understand the training needs of each job position, so as to ensure employees of different positions receive appropriate training. In addition, we conduct questionnaire survey to evaluate the course content, instructors' teaching quality and training outcome after each training to ensure the effectiveness of the training. In parallel, we also assess trained employees to confirm the effectiveness of training content.

In the future, we will make use of the Nanjing Environmental Protection training base to train internal lecturers gradually. We will also adopt the training model that "Embraces exchanges with external lecturers and send employees to external trainings" to promote innovative training and talent development. Meanwhile, we will continue to strengthen training in foreign languages, international laws, environmental policies, engineering standards, and other topics, to reinforce the capabilities of overseas business personnel comprehensively as well as to enhance the competitiveness of the Group's overseas operations.

6.4 Safety and Health

As an environmental protection enterprise, the Group is fully aware of the different types of safety and health risks that we face in our environmental protection engineering projects and during the manufacturing process of denitrification catalysts. At the same time, we also understand that stakeholders have been very concerned about the safety of the Group's operations. Therefore, the Group has formulated comprehensive policies and measures on production safety and occupational health, and requires subsidiaries to strictly enforce them in order to safeguard the safety and health of employees.

The Group strictly complies with relevant laws and regulations that have a significant impact on the Group's operations in the PRC in relation to production safety and occupational health and safety⁸. On 1 April 2019, the *Regulation on Emergency Responses to Work Safety Accidents* came into effect in the PRC. The Regulation strengthens the primary role of emergency preparedness in emergency response management and specifies the responsibilities of different parties concerned during a production safety incident emergency response. In response, the Group has strengthened its emergency response management in production and operation, and established a production safety emergency response accountability system.

Production Safety Management

In order to implement the Group's production safety policy of "Safety first, prevention-oriented, and comprehensive management", the Group established a complete production safety management structure to manage the Group's production safety work in a centralized manner.

⁸ For relevant laws and regulations, please refer to Section 10 of the Report.

Production Safety Management Structure

Organizational Units	Responsibilities
Production Safety Committee	<ul style="list-style-type: none"> • Led jointly by the General Manager of the Company and the Party Secretary • To formulate the Group's production safety approach, policies, work plans and targets • To establish a robust production safety assurance system and supervision system, and to ensure the implementation of the two systems and relevant production safety work • To study and resolve major issues in production safety work • To provide guidance on the Group's production safety work
Office of the Production Safety Committee	<ul style="list-style-type: none"> • Comprised of representatives of the Safety Supervision Department and relevant functional departments • To assist the Production Safety Committee in its daily work • To communicate the government, industry and the Group's direction, policies and regulations in relation to production safety • To formulate production safety targets and implement them after the Production Safety Committee's review and confirmation • To organize activities such as the production safety month and production safety inspections • To analyze problems in production safety and report major potential hazards to the Production Safety Committee in a timely manner • To organize and supervise the implementation of production safety work in subsidiaries

The Group has developed production safety management systems such as the *Management Measure for the Responsibility System of Production Safety*, the *Production Safety Supervision Work Requirements* and the *Management Measure for the Production Safety Problem Bank*, and has obtained the Occupational Health and Safety Management System (OHSAS 18001:2007) certification. We adopt a three-level hierarchical responsibility management system of production safety, which divides the Company into three levels namely “The Company, subsidiaries and the Business Department, and the Project Department”, in order to manage production safety in a seamless way.

Each year, the Company sets annual production safety targets and distributes them to subsidiaries. Each subsidiary is responsible for holding production safety work meetings to identify its annual production safety targets and priorities, and to sign the *Responsibility in Achieving the Safety and Environmental Protection Letter* with employees to implement the annual production safety work.

Production safety targets for 2019	Achievement of targets
Resolutely eradicate minor injuries and fatalities	✓
Effective prevention of fires, equipment accidents and traffic accidents	

Under the Group's well-established system, each subsidiary strictly implements the production safety systems and measures in order to achieve the Group's production safety targets. The production safety measures include:

(1) To ensure safety at the production sites

- To conduct daily, monthly, quarterly, special, before and after holiday and other safety inspections to identify potential safety risks, and to formulate rectification measures, clearly implementing safety measures in the operation process
- To hold daily production safety meetings before work to evaluate the implementation of safety measures on the previous day, analyze problems and formulate rectification measures

(2) To enhance the capacity building of the safety management team

- To implement the “Three levels of safety education”, which safety training is arranged to employees when they enter the Company, a subsidiary and being assigned to a specific project, so as to prevent them from performing their work duties without receiving the “Three levels of safety education”
- To organize the production safety month every year and organize various types of safety education and training, such as fire emergency training and accident case studies
- To arrange employees to participate in at least one safety assessment each year to allow them to have a deeper understanding on relevant laws and regulations, master professional operating skills and requirements, and strengthen safety awareness

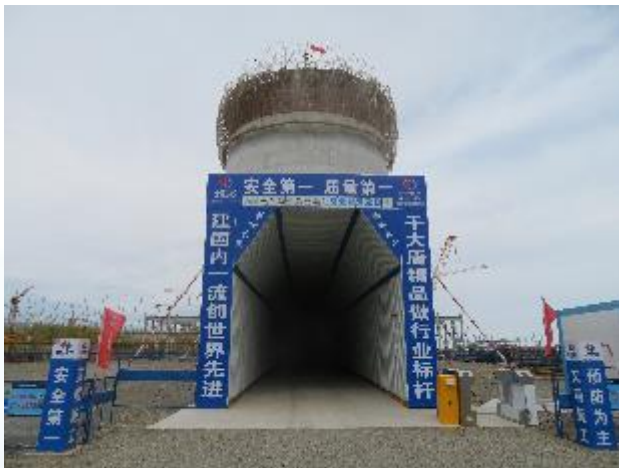


Case Study 1 Proactively organizing competitions on production safety knowledge

During the Reporting Period, the Company held the 4th Competition on Production Safety. Through the competition, the Company promoted the knowledge on production safety to employees in order to raise their safety awareness and to achieve the production safety target together with the Group.

(3) To provide safety protection for employees at the production sites

- To be equipped with production safety and occupational disease protection facilities and issue personal protective equipment to employees in accordance with the requirements
- To hire external professional organizations to conduct annual inspection and assessment of the production plant for occupational diseases and hazards
- To provide *Work Safety Manual* and *Occupational Health Manual* to employees, and specify the potential occupational diseases and hazards in the *Labor Contract*.



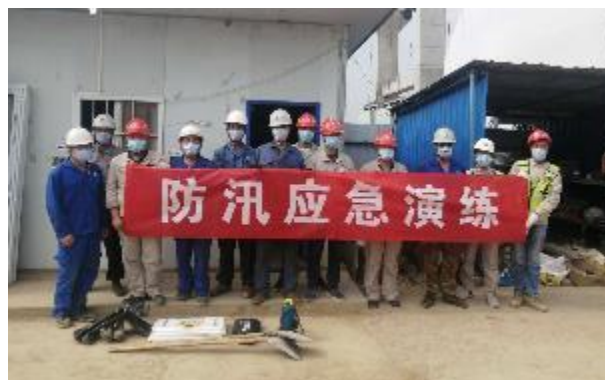
Safety passage and electrical distribution boards protection at the Group's project sites

(4) To establish safety production reward and penalty assessment system

- To establish a production safety rewards and penalties assessment system to reward departments or employees for excellent production safety work
- To impose appropriate punishment on the incident unit or employee for unsatisfactory production safety management performance

(5) To establish an emergency response management mechanism

- To formulate *Regulations for the Investigation and Handling of Potential Hazards of Production Safety* and the *Management Standard for the Production Safety Emergency Incident* to regulate the investigation and handling of potential hazards, as well as to prevent the occurrence of safety accidents
- To develop and implement comprehensive emergency response plans for natural disasters, accidents, public health incidents and social security incidents
- To conduct regular drills and exercises to improve employees' emergency response capacities



The Group regularly conducts various types of drills

Occupational Health Management

Apart from production safety, the Group is also very concerned about the health of employees. We arrange annual medical check-ups for our employees and set up personal health files for them, carrying out the fundamental work of managing occupational hazards. At the same time, we have green plants and air purifiers in offices, and arrange employees to participate in the regular fire drills organized by the building property management company to enhance employees' awareness of disaster prevention and their emergency response capacities.

7. Valuing Livelihoods, Promoting Social Harmony

While the Group is steadily developing our energy conservation and environmental protection business, we also spare no effort in understanding and meeting the needs of the community in order to fulfill our corporate social responsibility. The Group formulated the *Management Measure for the Volunteering Activities of Datang Environment*, and encourages employees to actively participate in community services to give back to the society with the Group, continuously making a positive impact on the communities where we operate.

The Group actively carries out various types of volunteering activities, and are mainly divided into the help and support to employees, and the community services:



We have high regards for employees' lives, and reached out to families in difficult circumstances to show our care and love to them. During the Reporting Period, the Group provided assistance to 1,391 employees and provided financial aid of RMB346,000 to them.



Case Study 1 Fostering the next generation's environmental awareness

As a company focusing on the development of environmental protection business, we attach great importance to environmental education for youth. During the Reporting Period, Hengtong Company once again organized the “Datang Elite Course” to exert our utmost to foster the next generation's environmental awareness. During the activity, the children were led into the Electricity Exhibition Hall in Beijing, where they learned basic electrical knowledge and knowledge on energy conservation and environmental protection through interactive mini-games. The activity aimed at helping the children to realize the importance of energy conservation and environmental protection in their upbringing, and cultivating environmental protection habits from a young age.



Case Study 2 Sending care and love to underprivileged children

Water Engineering & Technology puts emphasis on building proper values among its employees and encourages them to take practical actions to send their love and care. During the Reporting Period, Water Engineering & Technology organized employees to visit and make donations to the Center for Children with Psychosocial Disabilities and sent warmth to children by interacting with them. Meanwhile, we spread positive energy to the society through the activities, encouraging more people to support and care about the children in need in the society.



Case Study 3 Creating valuable opportunities for children to grow

Hengtong Company and our sponsored school, Shijingshan Huao School, jointly organized a large-scale concert called "Datang Hold Hands with Huao to Celebrate 1 June with Children Singing the Praises of Our Country". Apart from celebrating the 70th anniversary of the founding of the PRC, this event also supported children's development by giving them an opportunity to participate in a large-scale performance.

8. Looking Forward

Looking forward to 2020, the nation will remain as a strong supporter of the development of the environmental protection industry. The Group will seize the opportunity and continue to work tirelessly to put into practice the state's concept in establishing the ecological civilization of "Lucid waters and lush mountains are invaluable assets". We will vigorously promote the environmental protection work of the power industry, and at the same time contribute to the environmental protection work of the non-electricity industries, including petrochemical, steel, and cement industries, leading corporates to continuously optimize environmental protection and emission reduction technologies and reduce their impacts on the environment.

The Group will combine high-quality products and services with excellent technological achievements and investment in technological innovation to provide corporates with integrated solutions to environmental issues, and work together with all parties to move towards the goal of environmental protection and sustainable development.

The Group will, based on the requirement of "Doing the best and becoming the best", adhere to the development direction of "Marketization, legalization and internationalization" to actively fulfill our corporate social responsibility. We strive to become a top-notch environmental protection corporate in the world and to give back to our shareholders and the society by achieving excellent results, making greater contributions to building a beautiful China!

9. Performance Data

9.1 Environmental Performance Data⁹

		2019	2018	2017
Total revenue	RMB'000	6,414,621	8,588,070	8,024,494
Production volume of denitrification catalysts	m ³	36,074	37,400	33,674
Emissions of pollutants				
Air pollutants¹⁰				
Types	Units	Total emissions	Total emissions	Total emissions
Sulfur dioxide emissions from production	Tons	0.94	0.79	0.71
Nitrogen oxides emissions from production	Tons	5.47	4.67	3.96
Compliant sulfur dioxide emissions from concession operations	Tons	11,006.70	11,927.21	11,824.84
Compliant nitrogen oxides emissions from concession operations	Tons	17,601.16	16,807.97	18,010.39
GHG emissions				
Types	Units	Total emissions	Total emissions	Total emissions
Total GHG emissions ¹¹	Tons CO ₂ e	1,628,019.56	1,663,213.82	1,651,286.98
Total GHG emissions intensity	Tons CO ₂ e/RMB'000	0.25	0.19	0.21
Scope 1: Direct emissions (excluding emission reductions due to planted trees) ¹²	Tons CO ₂ e	5,468.07	4,754.28	4,635.48
Scope 1 emissions intensity	Tons CO ₂ e/RMB'000	8.52 x 10 ⁻⁴	5.54 x 10 ⁻⁴	5.78 x 10 ⁻⁴

⁹ Unless otherwise specified, the scope of all data is consistent with the reporting scope of the Report. The Group has updated its data of 2018 to ensure meaningful comparisons, and relevant data of 2018 of the Report shall prevail. The significant increase in the intensities of the emissions of pollutants and the use of resources in 2019 was due to fluctuations of the Group's revenue in 2019.

¹⁰ The data collection scope of the Group's air pollutants emissions from production includes boilers and forklifts used in the manufacturing of products, as well as cooking and the use of vehicles in daily operations. The calculation methods and emission factors were referenced from the *Discharge Coefficients of Industrial Pollutants in the First National General Survey of Pollution Sources*, the *Discharge Coefficients of Urban Pollutants in the First National General Survey of Pollution Sources*, the *Non-road Mobile Source Air Pollutant Emission Inventory Preparation Technical Guide (Trial)* and the *Road Vehicles Air Pollutant Emission Inventory Preparation Technical Guide (Trial)* issued by the Ministry of Ecology and Environment of the PRC. The compliant air pollutant emissions from the Group's concession operation business refer to the compliant air pollutant emissions emitted by the power plants of the Group's customers subsequent to treatment by the Group's desulfurization and denitrification systems. The air pollutants emissions disclosed are monitoring data.

¹¹ The calculation scope of the total GHG emissions includes the sum of the Group's direct GHG emissions (Scope 1) and indirect GHG emissions (Scope 2), excluding tree planting GHG emission reductions (Scope 1).

¹² The calculation scope of direct GHG emissions (Scope 1) includes boilers and forklifts used in the manufacturing of products, as well as cooking and the use of vehicles in daily operations. The calculation methods and emission factors were referenced from the *Reporting Guidance on GHG Emissions for Other Industrial Enterprises (Trial)* and the *Guidelines for Calculation Method and Reporting Guidance on GHG Emissions for On-road Transportation Enterprises (Trial)* issued by the National Development and Reform Commission of the PRC.

		2019	2018	2017
Scope 2: Indirect emissions ¹³	Tons CO ₂ e	1,622,563.44	1,658,471.03	1,646,652.65
Scope 2 emissions intensity	Tons CO ₂ e/RMB'000	0.25	0.19	0.21
Scope 1: GHG emission reductions due to planted trees ¹⁴	Tons CO ₂ e	11.96	11.50	1.15
Hazardous waste ¹⁵				
Types	Units	Total waste generation	Total waste generation	Total waste generation
Spent catalysts ¹⁶	m ³	10,672.10	6,851.20	12,000.00
Spent lubricating oil	Tons	7.77	4.28	20.30
Sludges from wastewater treatment	Tons	36,979.57	36,782.33	10,967.39
Dust that contains hazardous waste ¹⁷	Tons	500.37	114.20	54.10
Spent desulfurization gypsum ¹⁸	Tons	3,532,927.80	3,500,000.00	2,890,000.00
Intensity of total amount of spent catalysts generated	m ³ /RMB'000	1.66 x 10 ⁻³	7.98 x 10 ⁻⁴	1.50 x 10 ⁻³
Total amount of hazardous waste generated excluding spent catalysts ¹⁹	Tons	3,570,415.52	3,536,900.81	2,901,041.79
Intensity of total amount of hazardous waste generated excluding spent catalysts	Tons/RMB'000	0.56	0.41	0.36

¹³ The calculation scope of indirect GHG emissions (Scope 2) includes the indirect GHG emissions from the use of electricity from every subsidiary. The calculation methods and emission factors were referenced from the *2011- 2012 Average CO₂ Emission Factors of China's Sub-national Grids* issued by the National Development and Reform Commission of the PRC.

¹⁴ The calculation methods and relevant emission factors of GHG emission reductions for tree planting were referenced from the *Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong* issued by the Electrical and Mechanical Services Department and the Environmental Protection Department of Hong Kong.

¹⁵ As the Group's hazardous waste mainly came from the Group's concession operations and Nanjing Environmental Protection, the amount of hazardous waste included for calculation and disclosure was from the concession operations and Nanjing Environmental Protection.

¹⁶ The increase in the generation of spent catalysts and dust that contains hazardous waste in 2019 was because some catalysts had their service life expired during the Reporting Period. In order to maintain the efficiency of the denitrification system, the Group replaced the denitrification catalysts of some of the machinery, thus the generation of spent catalysts increased. At the same time, as the treatment of spent catalysts generated dust that contains hazardous waste, therefore the generation of dust that contains hazardous waste also increased during the Reporting Period.

¹⁷ Please refer to footnote 16.

¹⁸ During the Reporting Period, the concession operation business comprehensively reused all spent desulfurization gypsum.

¹⁹ As the spent catalysts data was collected in cubic meters, and was difficult to convert into tons, therefore, the calculation of the total amount of hazardous waste did not take into account the generation of spent catalysts, and only included the generation of spent lubricating oil, sludges from wastewater treatment, dust that contains hazardous waste and spent desulfurization gypsum.

		2019	2018	2017
Non-hazardous waste				
Types	Units	Total waste generation	Total waste generation	Total waste generation
Domestic waste	Tons	140.50	134.36	292.70
Paper	Tons	13.10	21.96	127.26
Other non-hazardous waste ²⁰	Tons	2,468.69	881.80	592.00
Total amount of non-hazardous waste generated	Tons	2,622.29	1,038.12	1,011.96
Intensity of total amount of non-hazardous waste generated	Tons/RMB'000	4.09×10^{-4}	1.21×10^{-4}	1.26×10^{-4}
Wastewater discharge				
Types	Units	Total generation	Total generation	Total generation
Amount of wastewater discharged ²¹	m ³	96,323.00	97,954.00	-

²⁰ The scope of data includes Nanjing Environmental Protection. Other non-hazardous waste includes solid waste such as scrap metal, plastic waste, etc. produced during the production process. The increase in the generation of other non-hazardous waste was due to the official project commencement of the production of the regenerated catalysts of Nanjing Environmental Protection during the Reporting Period.

²¹ The scope of data includes Nanjing Environmental Protection. The desulfurization and denitrification systems of our concession operations have implemented zero discharge practices for the wastewater generated from the operation, and all treated wastewater was collected and reused in power plants.

		2019	2018	2017
Use of Resources				
Types	Units	Amount	Amount	Amount
Water consumption	Ten thousand m ³	2,779.32	2,842.60	2,668.65
Intensity of water consumption	Ten thousand m ³ /RMB'000	4.33 x 10 ⁻⁴	3.31 x 10 ⁻⁴	3.33 x 10 ⁻⁴
Electricity consumption	MWh	2,397,637.17	2,543,599.96	2,307,369.02
Intensity of electricity consumption	MWh/RMB'000	0.37	0.30	0.29
Natural gas consumption	Ten thousand m ³	234.18	196.87	177.20
Intensity of natural gas consumption	Ten thousand m ³ /RMB'000	3.65 x 10 ⁻⁵	2.29 x 10 ⁻⁵	2.21 x 10 ⁻⁵
Gasoline consumption	Tons	117.71	157.48	338.61
Intensity of gasoline consumption	Tons/RMB'000	1.84 x 10 ⁻⁵	1.83 x 10 ⁻⁵	4.22 x 10 ⁻⁵
Diesel consumption	Tons	12.41	16.13	9.83
Intensity of diesel consumption	Tons/RMB'000	1.93 x 10 ⁻⁶	1.88 x 10 ⁻⁶	1.22 x 10 ⁻⁶
Use of packaging materials²²				
Types	Units	Amount	Amount	Amount
Packaging film consumption	Tons	42.18	-	-
Packaging film used per cubic meter of denitrification catalysts manufactured	Tons/m ³	1.17 x 10 ⁻³	-	-
Module frame consumption	Pieces	17,757.00	-	-
Module frame used per cubic meter of denitrification catalysts manufactured	Pieces/m ³	0.49	-	-

²² The Group began disclosing the amount of packaging materials used in 2019. The packaging materials were used to package the denitrification catalysts manufactured by Nanjing Environmental Protection.

9.2 Social Performance Data²³

Total Workforce ²⁴					
Items			Units	No.	Percentage
No. and percentage of employees	Total		Person	1,115	-
	By gender	Male	Person	810	72.65%
		Female	Person	305	27.35%
	By employment type	Concession operation management personnel	Person	312	27.98%
		Engineering and technical personnel	Person	210	18.83%
		Sales personnel	Person	99	8.88%
		Research and development personnel	Person	368	33.00%
		Administrative and management personnel	Person	83	7.44%
		Manufacture personnel	Person	25	2.24%
		Others	Person	18	1.61%
	By age group	Age below 30	Person	227	20.36%
		Age 30-39	Person	419	37.58%
		Age 40-49	Person	314	28.16%
		Age 50 and above	Person	155	13.90%
	By geographical region	The PRC	Person	1,115	100.00%
Employee Turnover					
Items			Units	No.	Turnover rate
No. and rate of employee turnover	Total		Person	147	11.65%
	By gender	Male	Person	107	11.67%
		Female	Person	40	11.59%
	By age group	Age below 30	Person	18	5.86%
		Age 30-39	Person	77	16.28%
		Age 40-49	Person	35	10.39%
		Age 50 and above	Person	17	11.72%
	By geographical region	The PRC	Person	147	11.65%

²³ The Group began disclosing its social performance data during the Reporting Period. The Group did not disclosed relevant data of 2018 and 2017, therefore they are not shown in the table. In the future, we will continue to adopt consistent methods in collecting and disclosing social performance data to ensure meaningful comparisons. The total workforce used for calculating the social performance data is the sum of the number fo employees at the beginning of the year and the number of newly recruited employees.

²⁴ The figures are statistics as of 31 December 2019.

Development and Training					
Items			Units	No.	Percentage of employees trained
No. and percentage of employees trained	Total		Person	1,262	100.00%
	By gender	Male	Person	917	100.00%
		Female	Person	345	100.00%
	By employment type	Concession operation management personnel	Person	314	100.00%
		Engineering and technical personnel	Person	266	100.00%
		Sales personnel	Person	131	100.00%
		Research and development personnel	Person	394	100.00%
		Administrative and management personnel	Person	98	100.00%
		Manufacture personnel	Person	31	100.00%
		Others	Person	28	100.00%
Average training hours per employee	Average		Hours	57.29	-
	By gender	Male	Hours	56.49	-
		Female	Hours	59.42	-
	By employment type	Concession operation management personnel	Hours	64.01	-
		Engineering and technical personnel	Hours	50.75	-
		Sales personnel	Hours	45.80	-
		Research and development personnel	Hours	60.41	-
		Administrative and management personnel	Hours	54.08	-
		Manufacture personnel	Hours	80.65	-
		Others	Hours	39.29	-

Occupational Health and Safety					
Items			Units	No.	Percentage
No. and rate of work-related fatalities			No.	0	0.00%
No. and rate of work injury			No.	0	0.00%
No. of lost days due to work injury			Days	0	-
Supply Chain Management					
Items			Units	No.	Percentage
No. and percentage of suppliers	Total		No.	522	-
	By geographical region	Beijing	No.	92	17.62%
		Tianjin	No.	10	1.92%
		Shanghai	No.	25	4.79%
		Chongqing	No.	1	0.19%
		Hebei Province	No.	46	8.81%
		Shanxi Province	No.	8	1.53%
		Liaoning Province	No.	29	5.56%
		Jilin Province	No.	4	0.77%
		Heilongjiang Province	No.	8	1.53%
		Jiangsu Province	No.	95	18.20%
		Zhejiang Province	No.	11	2.11%
		Anhui Province	No.	24	4.60%
		Fujian Province	No.	7	1.34%
		Jiangxi Province	No.	3	0.57%
		Shandong Province	No.	50	9.58%
		Henan Province	No.	49	9.39%
		Hubei Province	No.	7	1.34%
		Hunan Province	No.	7	1.34%
		Guangdong Province	No.	9	1.72%
		Sichuan Province	No.	3	0.57%
		Guizhou Province	No.	1	0.19%
		Yunnan Province	No.	1	0.19%
		Shaanxi Province	No.	11	2.11%
		Gansu Province	No.	1	0.19%
		Inner Mongolia Autonomous Region	No.	10	1.92%
		Ningxia Hui Autonomous Region	No.	2	0.38%
		Xinjiang Uygur Autonomous Region	No.	7	1.34%
		India	No.	1	0.19%

Product Responsibility				
Items		Units	No.	Percentage
Total number of catalysts sold or shipped that need to be recalled for safety and health reasons	No. of catalysts sold or shipped	m³	39,020.93	-
	No. and percentage of catalysts recalled for safety and health reasons	m³	0	0.00%
Complaints received concerning products or services	No. of complaints received	Cases	0	-
Anti-corruption				
Items		Units	No.	
No. of concluded legal cases regarding corrupt practices brought against the Company or our employees		Cases	0	
Community Investment				
Items		Units	No.	
Donation amount		RMB	358,000	
Employees' volunteering hours		Hours	621	

10. List of Laws and Regulations

The following table lists out the laws and regulations that have a significant impact on the Group's business operations in the PRC, and the Group's compliance situation with relevant laws and regulations during the Reporting Period.

ESG aspects	Laws and regulations	Compliance situation
Environment	<i>The Environmental Protection Law of the PRC</i> <i>The Law of the PRC on Environmental Impact Assessment</i> <i>The Law of the PRC on the Promotion of Cleaner Production</i> <i>The Law of the PRC on the Prevention and Control of Atmospheric Pollution</i> <i>The Water Pollution Prevention and Control Law of the PRC</i> <i>The Water and Soil Conservation Law of the PRC</i> <i>The Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste</i> <i>The Law of the PRC on Prevention and Control of Pollution from Environmental Noise</i> <i>The Law of the PRC on Conserving Energy</i>	During the Reporting Period, the Group did not violate any laws and regulations that have a significant impact on the Group's operations in relation to air and GHG emissions, discharges into water and land, generation of hazardous and non-hazardous waste, and noise pollution.
Employment	<i>The Labor Law of the PRC</i> <i>The Labor Contract Law of the PRC</i> <i>The Social Insurance Law of the PRC</i> <i>The Law of the PRC on the Protection of Disabled Persons</i> <i>The Special Rules on the Labor Protection of Female Employees</i>	During the Reporting Period, the Group did not violate any laws and regulations that have a significant impact on the Group's operations in relation to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.

ESG aspects	Laws and regulations	Compliance situation
Labor practice	<i>The Labor Law of the PRC</i> <i>The Law of the PRC on the Protection of Minors</i> <i>The Provisions on the Prohibition of Using Child Labor</i>	During the Reporting Period, the Group did not violate any laws and regulations that have a significant impact on the Group's operations in relation to preventing child and forced labor.
Occupational health and safety	<i>The Law of the PRC on the Prevention and Treatment of Occupational Diseases</i> <i>The Production Safety Law of the PRC</i> <i>The Fire Control Law of the PRC</i> <i>The Emergency Response Law of the PRC</i> <i>The Administrative Regulations on the Work Safety of Construction Projects</i> <i>The Regulation on Emergency Responses to Work Safety Accidents</i> <i>The National Environmental Emergency Response Plan</i>	During the Reporting Period, the Group did not violate any laws and regulations that have a significant impact on the Group's operations in relation to providing a safe working environment and protecting employees from occupational hazards.
Product responsibility	<i>The Product Quality Law of the PRC</i> <i>The Patent Law of the PRC</i> <i>The Trademark Law of the PRC</i> <i>The Law of the PRC on the Protection of Consumer Rights and Interests</i> <i>The Copyright Law of the PRC</i>	During the Reporting Period, the Group did not violate any laws and regulations that have a significant impact on the Group's operations in relation to health and safety, labelling and privacy matters relating to products and services provided and methods of redress.
Anti-corruption	<i>The Criminal Law of the PRC</i> <i>The Company Law of the PRC</i> <i>The Anti-Money Laundering Law of the PRC</i> <i>The Anti-Unfair Competition Law of the PRC</i>	During the Reporting Period, the Group did not violate any laws and regulations that have a significant impact on the Group's operations in relation to bribery, extortion, fraud and money laundering.

Appendix 1 The Stock Exchange of Hong Kong's ESG Reporting Guide Index

General Disclosures and Key Performance Indicators (KPIs)	Descriptions	Relevant Sections in the Report
Environmental		
Aspect A1: Emissions		
General Disclosure	(a) 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	4 and 10
KPI A1.1	The types of emissions and respective emissions data.	9.1
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	9.1
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	9.1
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	9.1
KPI A1.5	Description of measures to mitigate emissions and results achieved.	4
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	4.2
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	4.2
KPI 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).	9.1
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	9.1
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	4.2
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	4.2
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	9.1
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources	4
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	4

General Disclosures and Key Performance Indicators (KPIs)	Descriptions	Relevant Sections in the Report
Social		
Aspect B1: Employment		
General Disclosure	(a) 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.	6.1 and 10
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	9.2
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	9.2
Aspect B2: Health and Safety		
General Disclosure	(a) 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.	6.4 and 10
KPI B2.1	Number and rate of work-related fatalities.	9.2
KPI B2.2	Lost days due to work injury.	9.2
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	6.4
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	6.3
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	9.2
KPI B3.2	The average training hours completed per employee by gender and employee category.	9.2
Aspect B4: Labor Standards		
General Disclosure	(a) Policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor	6.1 and 10
KPI B4.1	Description of measures to review employment practices to avoid child and forced labor.	6.1
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	6.1

General Disclosures and Key Performance Indicators (KPIs)	Descriptions	Relevant Sections in the Report
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	5.4
KPI B5.1	Number of suppliers by geographical region.	9.2
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	5.4
Aspect B6: Product Responsibility		
General Disclosure	(a) Policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress.	5.1, 5.2 and 10 ²⁵
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	5.1
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	5.2
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	5.3
KPI B6.4	Description of quality assurance process and recall procedures.	5.1
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	5.2
Aspect B7: Anti-Corruption		
General Disclosure	(a) 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.	2.2 and 10
KPI 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.	9.2
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	2.2
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	7
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	7
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	7 and 9.2

²⁵ Since the Group sells products and services to our customers through a direct sales model, no product advertising is involved during the Group's sales process.