



2020

Beijing Enterprises Holdings Limited Sustainability Report



北京控股有限公司
BEIJING ENTERPRISES HOLDINGS LIMITED





About This Report

Beijing Enterprises Holdings Limited (BEHL) has put in place a unique social responsibility system after years of experience in performing its social responsibility and promoting sustainable development. We serve the needs of our stakeholders by fulfilling our social responsibility as a state-owned enterprise and disclosing our environmental, social, and governance (ESG) performance on an annual basis.

This is our seventh non-financial report. We have created corporate sustainable development plans in conjunction with the United Nations Sustainable Development Goals (SDGs) and addressed the ideology, actions, and achievements of sustainability in four areas: excellent operation, environmental protection, employee-friendly workplaces, and harmonious community.

All data and information disclosed in the Report are from official documents and internal statistical systems of the Company, covering BEHL headquarters and its subsidiaries in the four business segments of gas, beer, water and environment, and solid waste treatment, including Beijing Gas Group Co., Ltd. (referred to as "Beijing Gas"), China Gas Holdings Ltd. (referred to as "China Gas"), Beijing Yanjing Brewery Co., Ltd. (referred to as "Yanjing Brewery"), Beijing Enterprises Water Group Limited (referred to as "BE Water"), Beijing Enterprises Environment Group Limited (referred to as "BE Environment"), Beijing Enterprises Holdings Environment Technology Co., Ltd. (referred to as "BEHET"), and EEW Energy from Waste GmbH (referred to as "EEW GmbH"). Although China Gas and BE Water are not included in consolidated financial statements, they are still highlighted in information disclosure in the Report considering the importance of their business.

The Report is aligned with *Appendix 27 Environmental, Social and Governance Reporting Guide* (ESG Reporting Guide) to the Main Board Listing Rules of the Stock Exchange of Hong Kong Limited (HKEx), with reference to the *Social Responsibility Guide* (ISO 26000) of International Organization for Standardization (ISO) and the *GRI Sustainability Reporting Standards* (GRI Standards) issued by the Global Reporting Initiative (GRI).

The reporting period is from January 1, 2020 to December 31, 2020, though it may be longer or shorter than that for some contents out of continuity and comparability considerations. Where not otherwise stated, the aggregate figures shown in the Report are disclosed on a financial consolidation basis and are shown in RMB (Yuan) or HK\$ (Hong Kong dollars), as the case may be. If the data is inconsistent with the financial statements, the data in financial statements shall prevail. For the convenience of expression and reading, Beijing Enterprises Holdings Limited is hereinafter referred to as "BEHL", "the Company", or "we".

The Board of Directors and all Directors of the Company warrant that the contents of this report do not contain any false statements, misleading statements or material omissions and accept individual and joint responsibility for the truthfulness, accuracy and completeness of its contents.

The Report is published in Chinese and English and is available in print and electronic formats. The Report can be viewed or downloaded from the following websites:

HKEx Website

<http://www.hkexnews.hk>

BEHL Website

<http://www.behl.com.hk>



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Message from Chairman

Thanks for reading this report. On behalf of the Board of Directors, I would like to thank you for your care and support for BEHL.

Looking back on 2020, the COVID-19 pandemic disrupted the world and profoundly transformed business and everyday life. Through its arduous efforts, China became the first nation to emerge triumphant from the pandemic, while many other countries and regions continued their uphill battle against the virus with rising tolls.

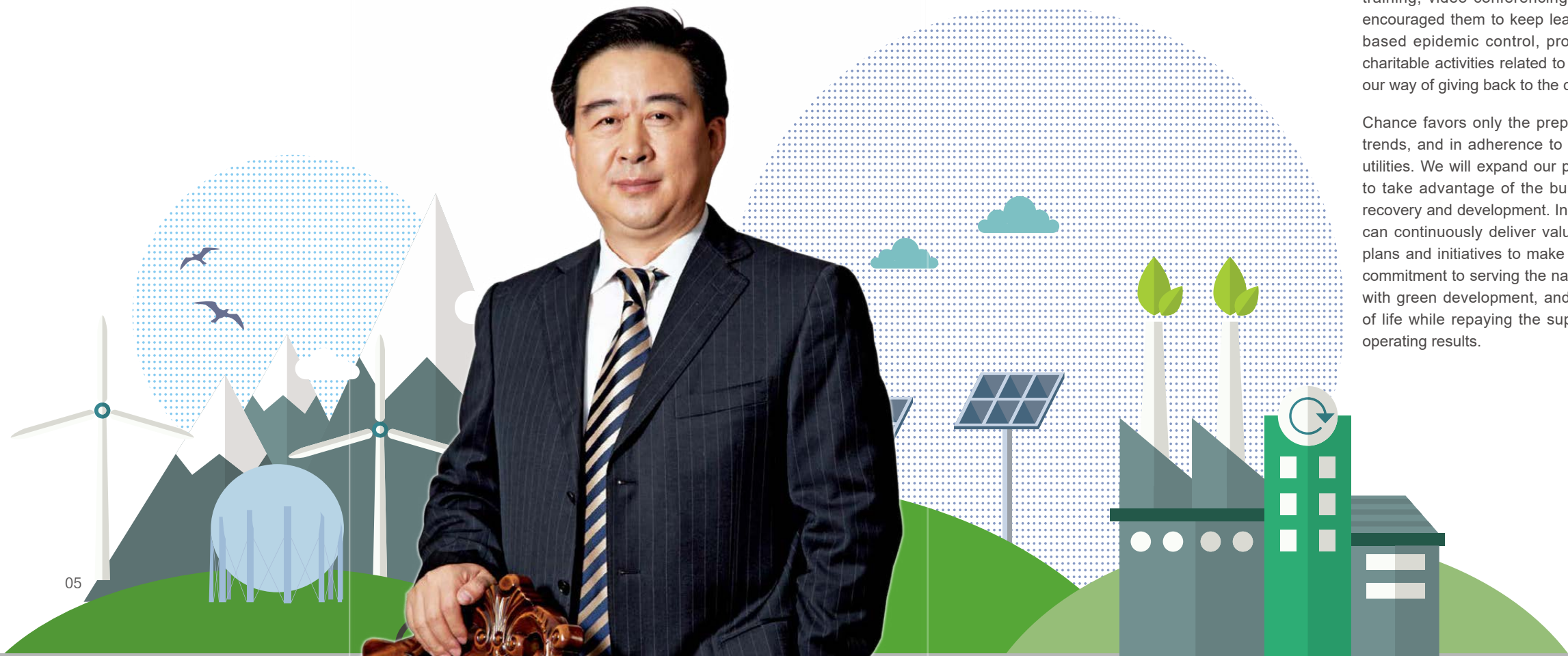
During the COVID-19 emergency, the entire staff of BEHL took concrete action and fully performed their duties to ensure normal city functioning and the safeguarding of everyday life. They did this with a spirit of selflessness and dedication and demonstrated their whole-hearted commitment to the founding mission and responsibility of BEHL. We took proactive measures to accelerate the resumption of work and production by coordinating and advancing routine epidemic control and business activity; we reached 95.6% of normal business activity at the end of February when the epidemic situation was the most difficult and 100% by early May. The employees of relevant subsidiaries of the company in segments such as gas, water and environment, and solid waste treatment stayed in their posts despite the risks. They maintained maintain the safe and stable supply of fuel in the capital. They effectively prevented the transmission of the COVID-19 virus through sewage and wastewater while safeguarding water safety for the public. And they promptly disposed of urban domestic waste and efficiently implemented the professional collection and harmless disposal of special medical waste in cooperation with local governments.

BEHL also took a combination of measures in alignment with the carbon peaking and neutrality pledge made by Chinese President Xi Jinping at the UN General Assembly and achieved outstanding results in green development. We resolutely implemented the pollution prevention and control campaign as well as the air pollution prevention plan, and actively implemented the Clear Air Action Plan of Beijing. In a joint effort the city's total coal consumption was brought down from nearly 35 million tonnes at its peak to 4.2 million tonnes and the share of natural gas in Beijing's primary energy consumption increased from 29% in 2015 to 33% in 2020. Our natural gas supply in that year was equivalent to saving 63,547,400 tonnes of standard coal. We introduced world-leading solid waste treatment processes and increased our waste treatment capacity. Compared to conventional thermal power generation in China, the power generated from our solid waste incineration power plants in 2020 was equivalent to saving 2,718,976 tonnes of carbon dioxide equivalent. Moreover, we reduced greenhouse gas emissions from our own activities by 0.84% year-on-year. In addition, we made further efforts to ensure that our projects were carried out with a positive impact on biodiversity while actively developing new businesses such as ecological restoration and environmental management. There is reason to believe that BEHL will play an important role in the post-pandemic green recovery.

Employees are BEHL's most valuable asset and the community is its ultimate stakeholder. Last year, we worked harder than ever to support the physical and mental health and wellbeing of our employees and of vulnerable groups in the communities where we live and work. Besides providing employees with a safe workplace and ample anti-epidemic supplies, we explored new ways of developing talent amid the new normal of routine epidemic control. Through online training, video conferencing, and online learning resources, we supported employees and encouraged them to keep learning and growing. We were substantially involved in community-based epidemic control, providing donations of cash and goods and participating in other charitable activities related to poverty alleviation, sports, and environmental education. This was our way of giving back to the community.

Chance favors only the prepared mind. Looking forward, we will, in alignment with changing trends, and in adherence to the philosophy of "investing for a better life", remain focused on utilities. We will expand our presence across value chains by combining our strengths in order to take advantage of the business opportunities that arise during this process of economic recovery and development. In the meantime, we will re-examine and reflect on how our business can continuously deliver value to stakeholders, and we will vigorously advance sustainability plans and initiatives to make continuous breakthroughs the new normal. We will do this with a commitment to serving the national strategy of preserving the environment and providing society with green development, and we will continue meeting the public's needs for a higher quality of life while repaying the support of shareholders and all sectors of society with outstanding operating results.

Chairman Li Yongcheng

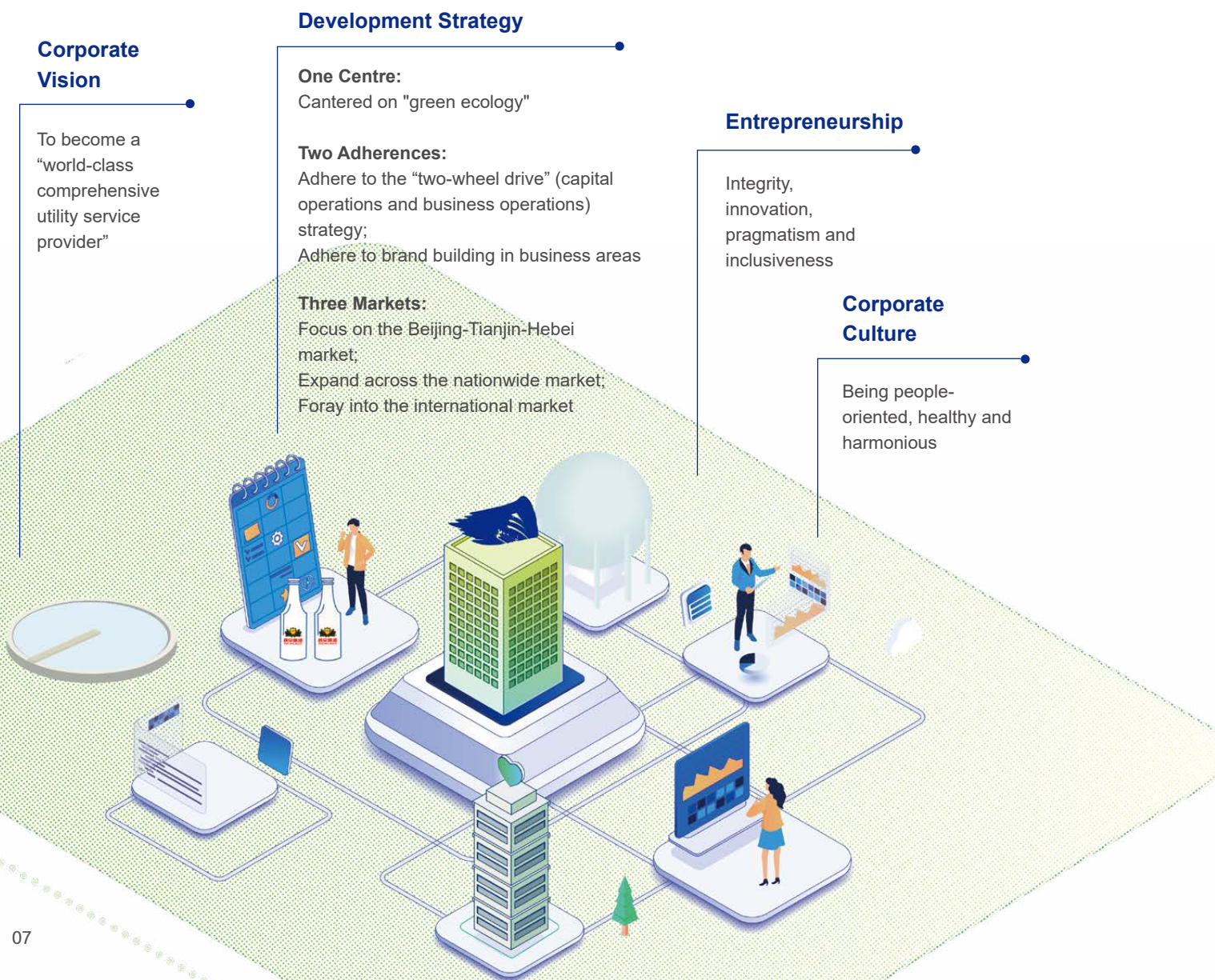




Company Profile

Formed in 1997 upon eight units of premium assets in Beijing, Beijing Enterprises Holdings Limited is traded on the Main Board of the Hong Kong Stock Exchange (0392.HK) and is a constituent of the Hang Seng Composite Index and the Hang Seng China Enterprises Index.

Over the years, BEHL has given full play to the advantages of both the Beijing and Hong Kong capital markets and implemented a focused development strategy that is at once proactive and prudent and has become a representative red-chip enterprise in the Hong Kong capital market with sustained and steady earnings growth.



BEHL's Data Highlights in 2020

Economic Contribution



HK \$68.41 billion
in operating revenue

HK \$13.13 billion
in EBITDA

HK \$5.29 billion
in profit attributable to shareholders of the company

HK \$4.19
in basic and diluted earnings per share

Social Contribution



39,883 employees

HK \$25.744 million
in charitable donations

RMB 918.28 million
in safety investments

Environmental Contribution



47.78 billion m³
of natural gas supplied¹

9,494,700 tonnes
of domestic and oversea waste treatment volume

115,000 tonnes
of hazardous waste treatment capacity

1,450 million kWh
of domestic on-grid power generation volume

1,334 water plants
in operation or under construction

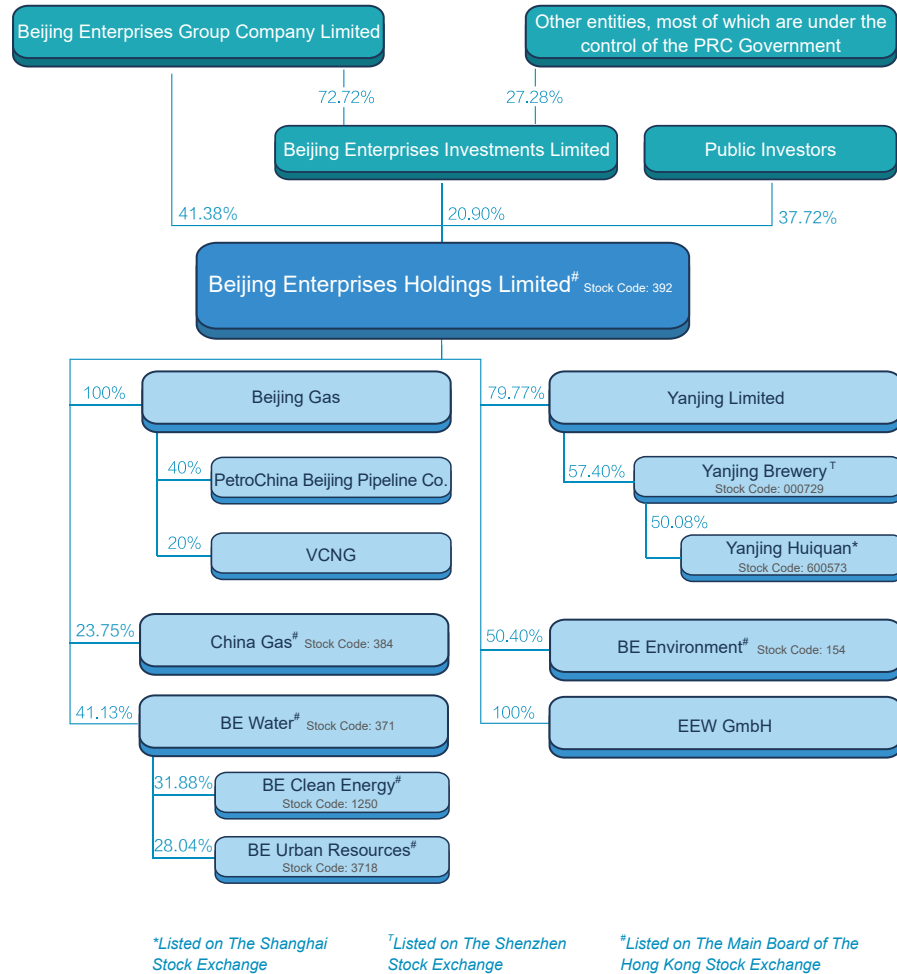
4,540 million tonnes
of combined annual treatment capacity on wastewater and recycled water

2,036 million tonnes
of annual water supply

¹ The amount of natural gas supplied and the accumulated number of pipeline gas users include Beijing Gas and China Gas. Among them, Beijing Gas' performance statistics covers a period to December 31, 2020, and that of China Gas covers a period to March 31, 2021.

Corporate Structure

As at 31 December 2021

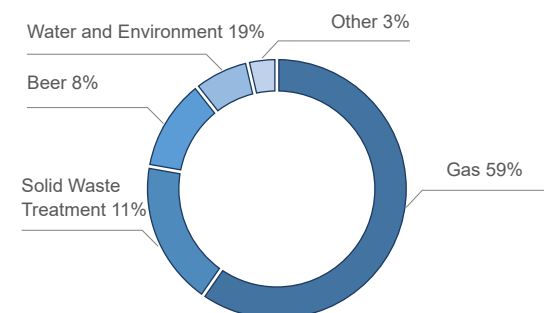


Business Scope

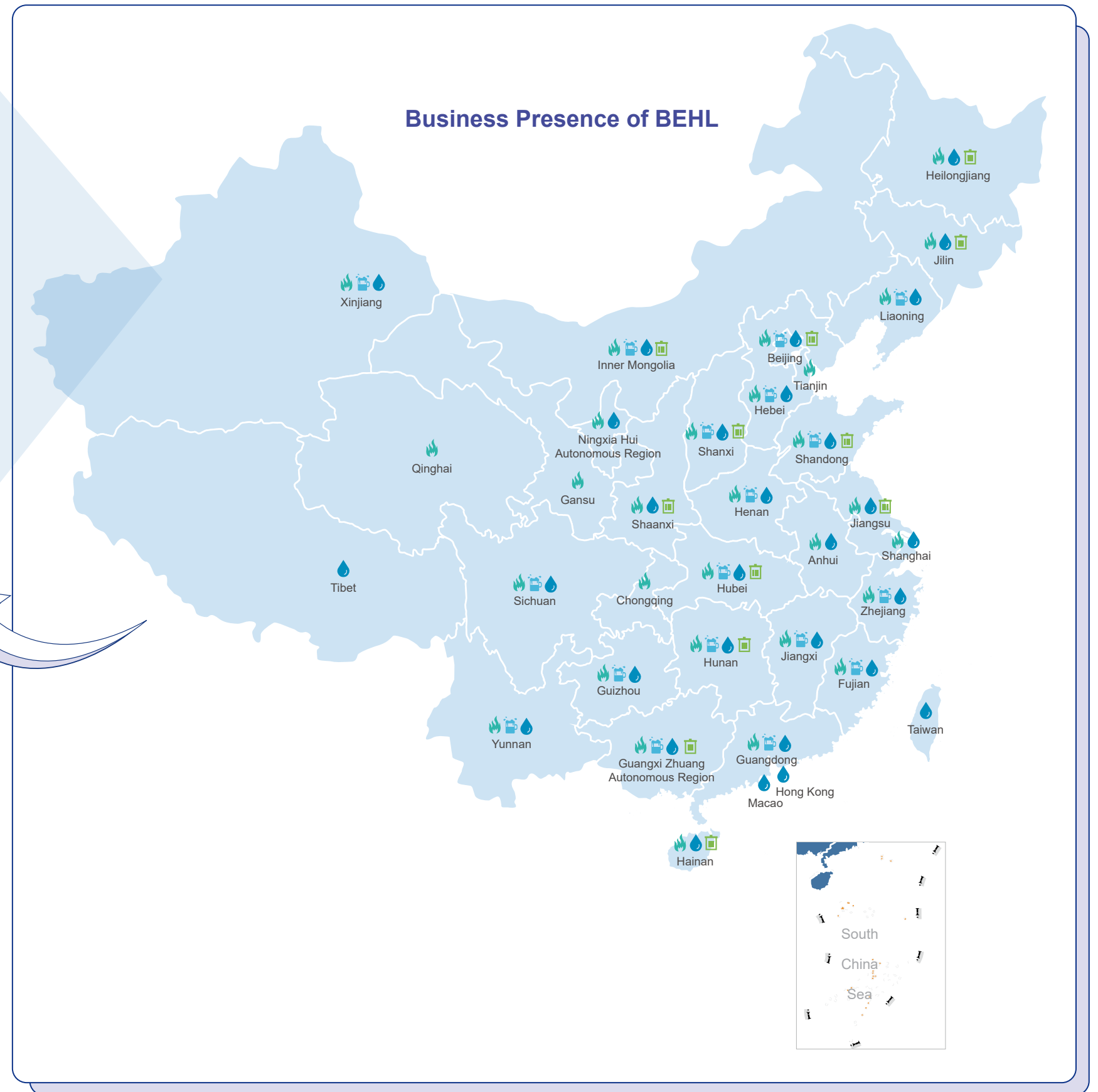
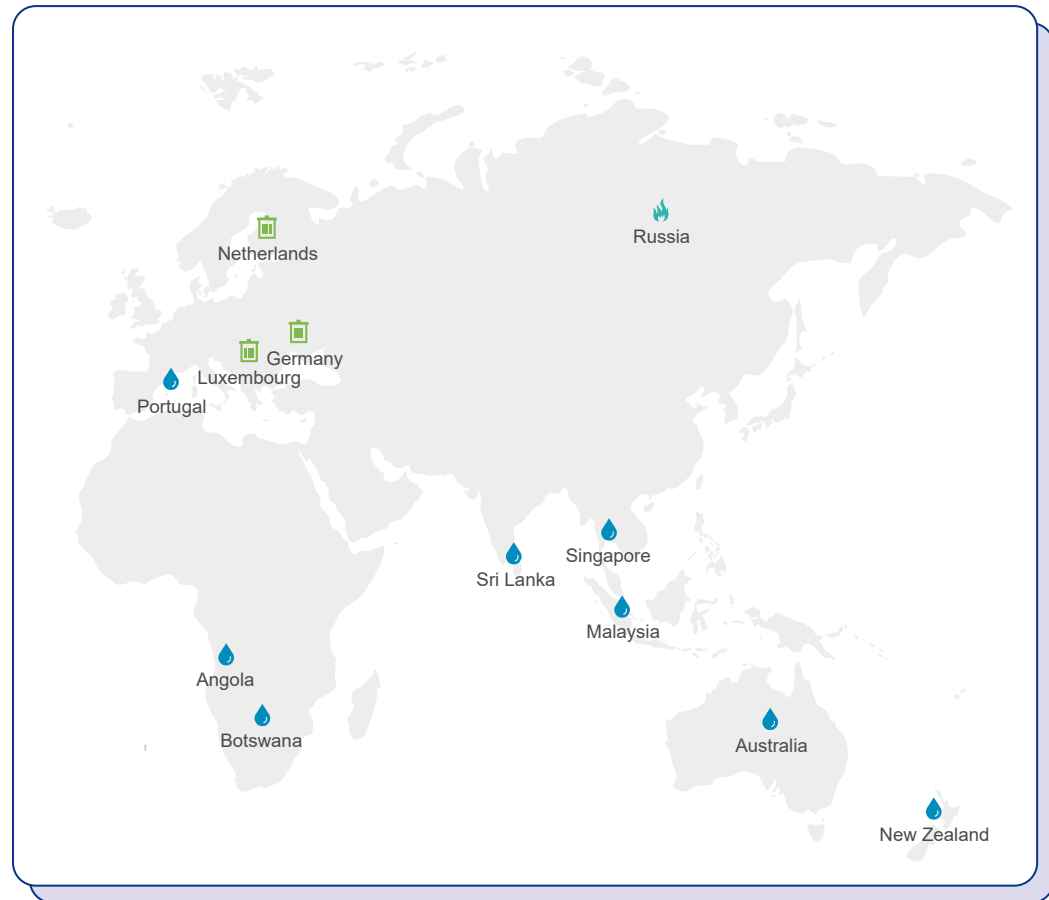
As an integrated utilities company, BEHL's main business covers utilities segments such as urban gas, municipal water supply, and solid waste treatment, in addition to value investing operations with a focus on consumer goods, owning Yanjing Brewery, one of the largest beer conglomerates in China.

BEHL also owns diversified high-quality overseas assets, including multiple technologically leading water and environmental projects in Malaysia and Portugal, and EEW GmbH, a leading solid waste operator in Europe with presence in Germany, Luxembourg and the Netherlands. BEHL has become a utilities investing and financing platform with diversified channels for domestic and overseas markets.

Total assets of BEHL's main business in 2020



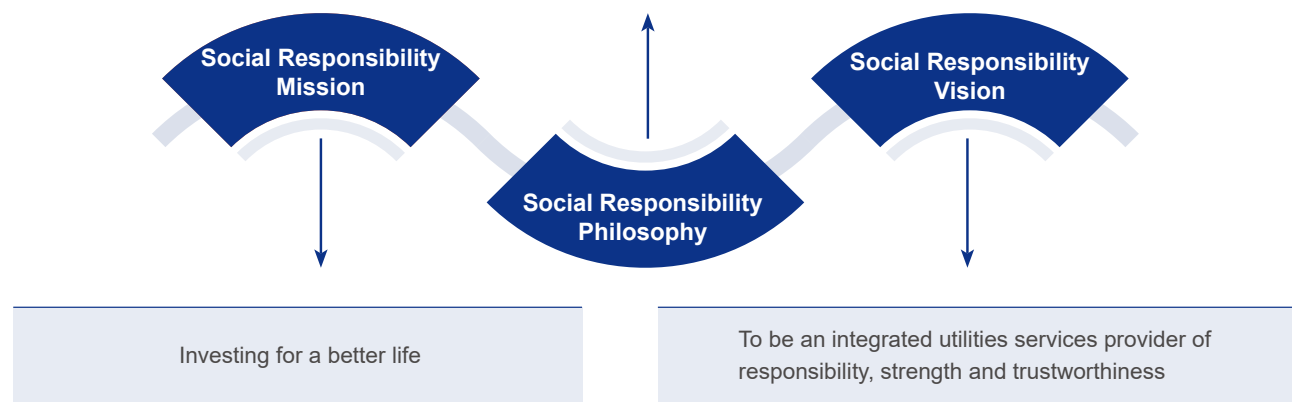
	Enterprise	Business	Progress in 2020
	Beijing Gas	<ul style="list-style-type: none"> Upstream resources and transportation Midstream gas market Downstream gas market applications 	<ul style="list-style-type: none"> Completion of the Tangshan LNG storage tanks project and steady advancement of the Tianjin Nangang LNG terminal construction Completion of the north-south tunnel section of the natural gas project in the middle section of Beijing's West Sixth Ring Road Smooth gas supply to Xiong'an High-Speed Railway Station No. 1 Energy Station and High Quality Living Area
	China Gas		
	Yanjing Brewery	<ul style="list-style-type: none"> Manufacture and sale of beer, fruit juice cocktails, mineral water, beer ingredients, feed, yeast, plastic boxes and other products 	<ul style="list-style-type: none"> Achievement of 3.53 million kiloliters in beer sales in proactive alignment with new situations in terms of industry development and the transformation of consumption channels, consumption patterns and consumer concepts Completion of the development of new product series featuring high quality and outstanding craftsmanship, including Development and completion of Yanjing U8, Eight Great Sights of Yanjing, White Beer V10, Liquan 1998 and Xuelu
	BE Water		
	BE Environment	<ul style="list-style-type: none"> Water treatment services Water environment treatment 	<ul style="list-style-type: none"> Addition of 82 new water plants, increasing the daily design capacity of BE Water by 2.736 million tonnes Completion of multiple benchmark projects to preserve the ecology and environment of the Yangtze and Yellow River basins, extending to central cities such as Chongqing, Chengdu, Changsha and Wuhan Completion of the integrated water environment improvement project in Pengjiang District of Jiangmen City and the Yonghe Wastewater Treatment Project in Zengcheng in Guangzhou in the service of the construction of the Guangdong-Hong Kong-Macao Greater Bay Area Completion of the Daoxiang Lake Water Reclamation Plant Project in Beijing and the Stock Water PPP Project in Sanhe City in support of the synergistic development of Beijing, Tianjin and Hebei Completion of the largest decentralized sewage treatment project in China as part of rural sewage treatment in Yixing in promotion of the integration of the Yangtze River Delta Construction of the Doilungdeqen Industrial Park Wastewater Treatment Plant in Tibet and the Pantai Sewage Treatment Plant in Malaysia, the country's largest and the world's third largest underwater sewage treatment plant, in substantial participation in the "Belt and Road Initiative"
	BEHET		
	EEW GmbH	<ul style="list-style-type: none"> Household waste incineration and power generation Kitchen waste, sludge and manure treatment Hazardous waste and medical waste treatment Ecological restoration 	<ul style="list-style-type: none"> Effective efforts against all odds, including change in subsidy policy for renewable energy power generation and Covid-19 epidemic, to increase production efficiency, recording 29,932 tonnes per day of waste incineration treatment capacity for power generation, up 11.14% year-on-year, and 115,000 tonnes of hazardous waste treatment capacity, flat year-on-year Proactive efforts to diversify into new business areas by completing 18 municipal landscaping projects, one municipal engineering construction project, 35 landscape planning and design projects, and one ecological restoration and construction project, with combined revenue of BE Environment and BEHET up 86% year-on-year
	BEHET		



Responsibility Management

While advancing high-quality development, BEHL is committed to integrating social responsibility and sustainability into its corporate strategy and all business activities. We see people's wellbeing and social progress as the core of our work and our ultimate purpose.

Financial Responsibility: To preserve and increase the value of assets and to create stable and sustainable earnings	Customer Responsibility: To provide consistently high-quality products and services	Environmental Responsibility: To develop innovative environmental sustainability solutions	Social Responsibility: Building BEHL into a happy family and working together with communities for a better life
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BEHL has proactively put in place a green finance framework in line with the GBP², GLP³ and other relevant principles. The framework provides for the use and management of proceeds from green finance instruments secured by qualified green assets and notifies investors regarding the use, management and allocation of the proceeds. During the reporting period, BEHL successfully issued a five-year green bond of EUR500 million for the first time under this framework.

The increasingly mature ESG investing system provides investors with objective and comprehensive criteria for reference. BEHL has been proactive in participating in relevant ESG rating programs and responding to their ratings. In 2020, the company had significant improvements in ESG indexes such as CDP⁴ and DJSI⁵. Its CDP score ranked in the top 37% in the industry globally and its DJSI score was 41 higher than the average score of the industry globally, showing the wide recognition of the company's ESG management and practices.

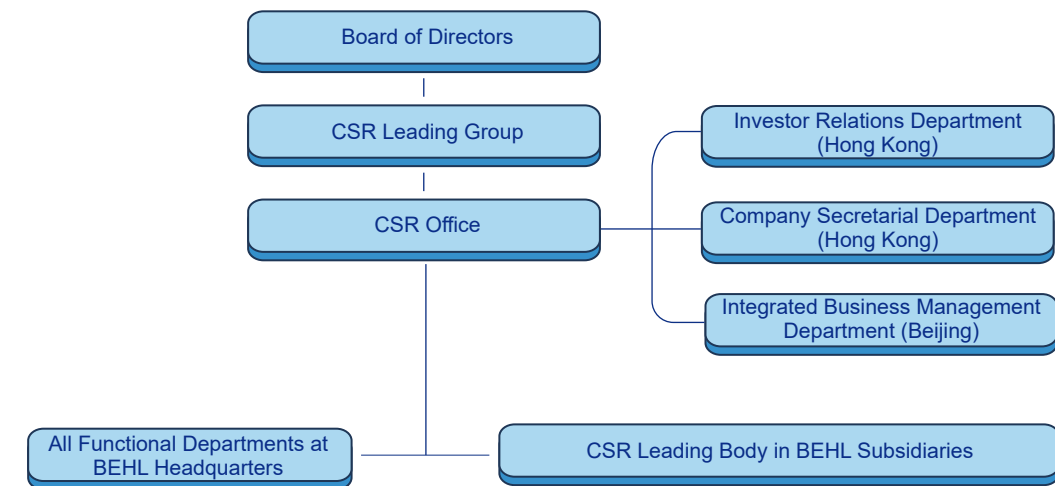


Responsibility Management System

BEHL's social responsibility management system covers its headquarters and subsidiaries, and the Board of Directors is the highest decision-making body for social responsibility work. This body is responsible for overall planning and decision-making as well as the deployment of major matters. The Board supports and monitors the performance of the company in regards to corporate responsibility. This includes the processes and outcomes of work relating to sustainability as well as the following areas: corporate responsibility strategies and risks, performance, internal operations, occupational health and safety, environment, human rights issues, and compliance. The company's management is responsible for strategy development and implementation, covering issues such as energy supply, energy conservation, emission reduction, and work safety.

BEHL has formulated the *Corporate Social Responsibility Management Measures* to guide and continuously improve the scientific, systematic and standardized management of social responsibility at the company. The company implements regular training on ESG indicator management and information disclosure to improve ESG management.

The company has a leading group for social responsibility work, which is responsible for the organization, implementation, and coordination of its social responsibility activities. The company's Social Responsibility Office is comprised of the Investor Relations Department and Company Secretarial Department (Hong Kong), as well as the Integrated Business Management Department (Beijing), and is responsible for day-to-day liaison on social responsibility matters. It is also responsible for coordinating the social responsibility departments and officers of the subsidiaries in order to jointly advance specific social responsibility work. The subsidiaries establish their own social responsibility management system according to the given situation.



² The 2018 edition of the Green Bond Principles (GBP) formulated by the International Capital Market Association.

³ The 2020 edition of the Green Loan Principles (GLP) formulated by the Loan Market Association (LMA), the Asia Pacific Loan Market Association (APLMA), the Loan Syndication and Trading Association (LSTA).

⁴ CDP, formerly the Carbon Disclosure Project, is dedicated to promoting the reduction of greenhouse gas emissions and the protection of water and forest resources by businesses and governments.

⁵ The Dow Jones Sustainability Indices (DJSI).





Stakeholder Engagement





Shareholder communication and engagement is an essential part of the sustainable development of the company. We pay attention to the concerns of our stakeholders and communicate with them through various channels. Based on the characteristics of the company, industry dynamics and the development of the company, we identify internal and external stakeholders and actively establish communication mechanisms with said stakeholders, listen to their suggestions and respond to them in a timely manner.

In order to collect opinions of stakeholders, the company provides them with channels for direct communication, reporting and complaints. Any stakeholders related to the company's local business and development can directly contact us by sending email to: mailbox@behl.com.hk. We attach importance to concerns and suggestions of all relevant parties and will promptly respond to and properly handle them. The company summarizes information and feedback from various stakeholders, and reports to the CEO's Office from time to time as appropriate. It also sends feedbacks to the Board of Directors at least twice a year, and makes corresponding management strategies through the Board.

In 2020, we communicated with stakeholders through results announcement meetings, annual shareholders' meeting, investment seminars, and reception of mainland and overseas investor visits. As of December 31, 2020, the company had held approximately 45 one-on-one meetings and group discussions and interviewed about 80 person-times of institutional investors.



Stakeholders	Topics	Response Channels	Effectiveness of Communication
 Government and regulatory authorities	<ul style="list-style-type: none"> Lawful business operations Payment of taxes in accordance with the law Creation of employment opportunities Promotion of sustainable and healthy economic development 	<ul style="list-style-type: none"> Routine reporting and communication Seminars and on-site meetings Forums and exchange programs 	<ul style="list-style-type: none"> Strategic cooperation with local governments Fostering a good external environment for business development
 Shareholders and investors	<ul style="list-style-type: none"> Satisfactory return on investment Good market value Transparent operations Improvement of profitability and core competitiveness 	<ul style="list-style-type: none"> Annual reports and announcements Roadshows and investor meetings Teleconferences with analysts Annual general meeting Company website 	<ul style="list-style-type: none"> Building good investor relations Continuous improvement on credibility with investors Gaining support from investors and shareholders on major decisions
 Customers	<ul style="list-style-type: none"> Consistent and stable supply of products High-quality and safe products Considerate and convenient service Smooth communication channels 	<ul style="list-style-type: none"> Customer forums Service hotlines Community service centres Customer satisfaction surveys 	<ul style="list-style-type: none"> Continuous improvement on business operations based on customers' feedback Efficient and timely solutions for customers' complaints Continuous improvement on customer services
 Business partners	<ul style="list-style-type: none"> Fair procurement Integrity and reciprocity Long-term and stable cooperation 	<ul style="list-style-type: none"> Supplier conference Strategic cooperation 	<ul style="list-style-type: none"> Formulating supplier management requirements to improve supply chain efficiency Facilitating co-development of upstream and downstream business partners

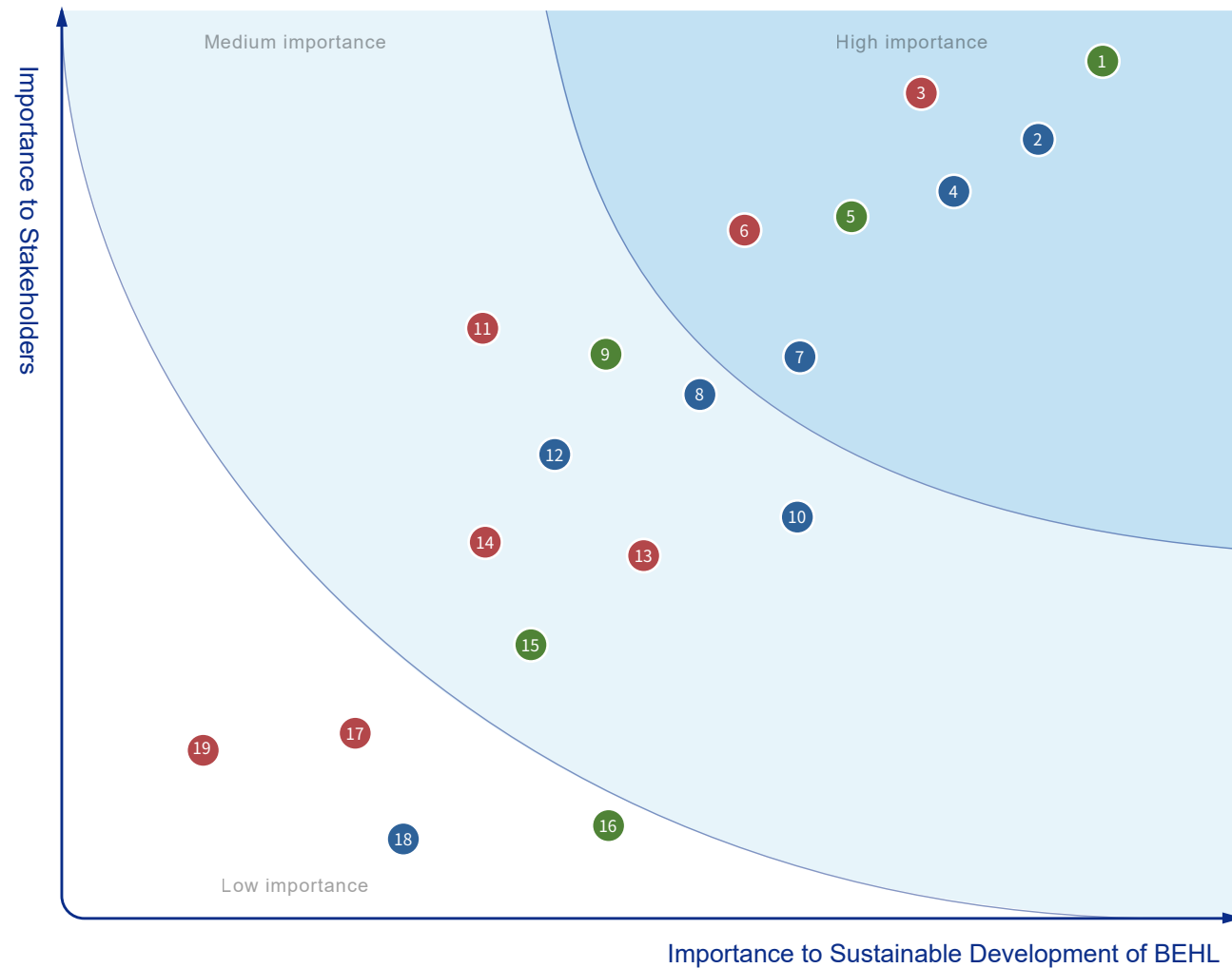
Stakeholders	Topics	Response Channels	Effectiveness of Communication
 Employees	<ul style="list-style-type: none"> Safeguard of comprehensive rights and interests Good platform for career development Work-life balance Occupational health 	<ul style="list-style-type: none"> Staff and workers' congress Complaint box Channels of democratic communication 	<ul style="list-style-type: none"> Vertical and horizontal communication among staff and hierarchies Fostering a harmonious workplace Building a healthy and safe working environment
 Community and non-governmental organizations	<ul style="list-style-type: none"> Community development Community harmony Community environment Open and transparent information 	<ul style="list-style-type: none"> Public science communications Community outreach Participating in charity and environmental activities 	<ul style="list-style-type: none"> Appointing social inspectors to check and monitor the quality of services Building good relations with the local community Fostering a good external environment for business development
 Media	<ul style="list-style-type: none"> Financial performance Corporate governance Information disclosure 	<ul style="list-style-type: none"> Annual reports and announcements Annual and interim results presentations Press releases and publications Media interviews Media inquiries 	<ul style="list-style-type: none"> Building good relations with the media Maintaining the company's image and gaining public recognition
 Environment	<ul style="list-style-type: none"> Supply of clean energy Waste treatment Green operations 	<ul style="list-style-type: none"> Annual reports and announcements 	<ul style="list-style-type: none"> Implementing the "Clean Air Action Plan" Participation in environmental projects

Materiality Analysis

In order to understand stakeholders' concerns, expectations and appeals regarding the company's sustainable development and to review internal performance, we identify our key ESG issues through materiality analysis. To this end, we established a standardized materiality analysis workflow with reference to the *ESG Reporting Guide* of HKEx. This workflow identifies and screens the ESG issues related to BEHL, examines their importance to stakeholders and their impact on the sustainable operations of BEHL, and then determines the material issues that will serve as the basis of our objectives for sustainable management.

BEHL's ESG materiality matrix in 2020 is as follows:

ESG Materiality Matrix of BEHL in 2020



Environmental issues	Social issues	Governance issues
1 Clean energy supply	3 Occupational health and safety	2 Legal and regulatory compliance
5 Ecology and biodiversity conservation	6 Employee rights protection	4 Product and project quality
9 Waste emissions management	11 Employee training and development	7 Anti-corruption
15 Response to climate change	13 Equal employment opportunity and diversity	8 Product and technology innovation
16 Resources and energy conservation	14 Employee care	10 Sustainable profitability
	17 Maintenance of community relations	12 Promotion of environmental protection
	19 Contribution to community development	18 Supply chain management

BEHL is committed to advancing the United Nations Sustainable Development Goals (SDGs) through business development and operations in conjunction with its own social responsibility management philosophy.

Response to the United Nations Sustainable Development Goals (SDGs) for 2030

* See relevant sections of this report for details

Material issues	Importance	SDGs	Gas	Beer	Water and Environment	Solid Waste Treatment	Our Responses	
Corporate governance	Legal and regulatory compliance	☆☆☆		✓	✓	✓	✓	<ul style="list-style-type: none"> Establishing an effective governance and internal control system Adherence to business ethics
	Anti-corruption	☆☆☆		✓	✓	✓	✓	<ul style="list-style-type: none"> Stabilizing the supply of natural gas and continuing to advance the transformation of coal-fired boilers in the promotion of clean energy Scaling up solid waste incineration based power generation to provide clean electricity
Excellent operation	Product and project quality	☆☆☆		✓			✓	<ul style="list-style-type: none"> Stabilizing the supply of natural gas and continuing to advance the transformation of coal-fired boilers in the promotion of clean energy Scaling up solid waste incineration based power generation to provide clean electricity
	Sustainable profitability	☆☆			✓	✓	✓	✓
	Occupational health and safety	☆☆☆	✓		✓	✓	✓	<ul style="list-style-type: none"> Providing energy to support social development Expanding business, increasing tax payments and providing more jobs Increasing investment in occupational health and safety
	Product and technology innovation	☆☆			✓	✓	✓	✓
	Supply chain management	☆		✓	✓	✓	✓	<ul style="list-style-type: none"> Stepping up investment in technology transformation, R&D and innovation Promoting technology exchange within the industry and technological progress of upstream and downstream enterprises to drive industrial development
Environmental protection	Ecology and biodiversity conservation	☆☆☆		✓	✓	✓	✓	<ul style="list-style-type: none"> Conducting environmental impact assessment prior to project construction Minimizing the environmental impact of project operations Carrying out ecological restoration projects
	Resources and energy conservation	☆			✓	✓	✓	✓
	Waste emissions management	☆☆	✓		✓	✓	✓	<ul style="list-style-type: none"> Developing energy conservation work programs for efficient use and conservation of energy and water resources Promoting technology upgrades and equipment transformation to reduce waste gas and greenhouse gas emissions
	Response to climate change	☆☆			✓	✓	✓	✓
	Clean energy supply	☆☆☆		✓	✓	✓	✓	<ul style="list-style-type: none"> Analyzing climate change risks and developing strategies accordingly Providing and using clean energy
Promotion of environmental protection	☆☆		✓		✓	✓	<ul style="list-style-type: none"> Building sustainable cities by implementing harmless treatment of solid waste, promoting clean energy sources such as natural gas, and promoting sewage treatment and integrated water environment management 	
Employee-friendly workplace	Equal employment opportunity and diversity	☆☆		✓	✓	✓	✓	<ul style="list-style-type: none"> Providing equal access to employment opportunities Ensuring that women employees are fully and effectively involved in company decision-making and have equal access to all levels of leadership
	Employee rights protection	☆☆☆			✓	✓	✓	✓
	Employee training and development	☆☆	✓		✓	✓	✓	<ul style="list-style-type: none"> Drafting a human rights system Anti-discrimination Respecting the freedom of association Creating a fair and transparent platform for career development
	Employee care	☆☆			✓	✓	✓	✓
Contribution to community development	☆			✓	✓	✓	✓	<ul style="list-style-type: none"> Making charitable donations and participating in charitable activities to help poor and disadvantaged areas Organizing volunteer services for disadvantaged groups
Harmonious community	Maintenance of community relations	☆		✓	✓	✓	✓	<ul style="list-style-type: none"> Encouraging football participation among young people through the "Seeds Project" Implementing the "On the Way • BEHL Green Seeds Project" in promotion of environmental education Establishing an education base dedicated to environmental protection Setting up environmental programs at universities based on enterprise-university collaboration



Feature

Utilities in Action to Tackle Climate Change and Achieve Carbon Neutrality

Climate change has already had a global impact of unprecedented proportions. After establishing the building of an ecological civilization as its strategic mission, China announced to the world in September 2020 its strategic goals of achieving carbon peaking by 2030 and carbon neutrality by 2060. In order to more effectively mitigate and control greenhouse gas emissions and achieve sustainable development, BEHL has taken the initiative to dovetail its own development needs with national development strategies. To this end, we are making the promotion of clean energy and the development of public utilities our main response strategies, we are providing feasible solutions to the dilemma of the economy and climate, and we are contributing green values while helping to build a community with a shared future for mankind.

Promote Clean Energy for Early Carbon Peaking

China's energy consumption is mainly based on fossil energy, and the task of reducing carbon dioxide emissions is enormous. The question of how to achieve low carbon development earlier and faster and help achieve the goals of "carbon peaking" and "carbon neutrality" is a major issue faced by the energy industry. Natural gas is the most realistic alternative to coal and the best means to achieving clean and low-carbon energy use. It is a key energy source in the efforts to promote carbon neutrality.

Through Beijing Gas and China Gas in the gas segment, BEHL is committed to building a clean energy supply chain with the focus on expanding its gas transmission pipeline network to effectively increase the reach of natural gas and contribute to China's goals of carbon peaking and carbon neutrality as a state-owned enterprise. In 2020, Beijing Gas developed 241,800 new household users and 4,902 public users and added 3,301 tonnes of steam per hour of heating boiler capacity and 777 kilometers of new pipelines, bringing the total length to 25,069 kilometers. As of March 31, 2021, China Gas had secured 642 piped-gas projects in 30 provinces, municipalities and autonomous regions across China and provided natural gas services for 40,153,824 household users, 17,046 industrial users, and 266,464 commercial users.

In the face of the domestic coal-dominated energy structure, Beijing Gas has actively carried out coal-to-gas in rural areas, replaced coal-fired boilers with those using natural gas, and transformed coal-fired power plants. In this way it plays an effective role in helping Beijing reduce its total coal consumption from nearly 35 million tonnes at its peak to 4.2 million tonnes and achieving a level of coal use in the six districts of Beijing and the southern plains that is virtually zero. By the end of 2020, Beijing Gas had completed coal-to-gas switches for about 200,000 households in 468 villages, reducing coal burning by about 700,000 tonnes. China Gas implemented its rural coal-to-gas strategy by taking advantage of local government policies in regions such as Tianjin, Hebei, Shaanxi and Shandong to accelerate the phase-out of civil bulk coal while promoting value-added services to facilitate the coal-to-gas switch in rural areas.

KPI performance

In 2020, Beijing Gas sold **16.57** billion cubic meters of natural gas

and as of March 31, 2021, China Gas sold **31.21** billion cubic meters of gas throughout the fiscal year.

Compared to the use of coal, the supply of natural gas is equivalent to saving **6,354.74** tonnes of standard coal⁶.



Note: ⁶ Calculated based on comprehensive energy consumption at the conversion factor of one cubic meter of natural gas to standard coal provided in the *General Principles for Calculation of the Comprehensive Energy Consumption* GB-T2589 2020.



Feature

Partner with the Industry to Reduce Methane Emissions

After carbon dioxide, methane is the largest contributor to greenhouse gas emissions, whose 100-year global warming potential (GWP) is approximately 21 times that of carbon dioxide. Moreover, methane also contributes to the formation of ground-level ozone, which causes air pollution. Therefore, reducing methane emissions has the dual benefit of mitigating climate change and improving the environment. With the further development of the natural gas industry, controlling methane emissions will assume even greater significance.

With this in mind, Beijing Gas signed the *Guiding Principles on Reducing Methane Emissions across the Natural Gas Value Chain* back in 2018 during the 27th World Gas Conference, committing to further reduce methane emissions from the operation of natural gas facilities. To play a leading role in the industry, Beijing Gas calls on all members of the natural gas value chain to embrace green development, fulfil their methane reduction commitments and work together on cost-effective methane reduction measures.

In 2020, in order to promote technological innovation in emissions reduction in China's oil and gas industry and to support the development of relevant policies, Beijing Gas, together with the Environmental Defense Fund and the Methane Guiding Principles (MGP) Partnership, jointly organized the launch of the Chinese edition of the *MGP Reducing Methane Emissions Best Practice Guides*, which has greatly raised the voice and influence of Chinese energy companies in international energy governance.



Beijing Gas held the China Gas Development Forum in November 2020 on the theme of reducing methane emissions

Contribute to Carbon Emissions Reduction with Solid Waste-to-Energy Incineration

In addition to methane emissions from production and transport in the oil and gas industry, landfills will also generate significant amounts of methane gas. The use of waste incineration as an alternative to landfill for the disposal of domestic waste not only avoids methane-based greenhouse gas emissions from landfill, but also reduces emissions such as carbon dioxide and nitrogen oxides from coal combustion by using waste incineration to generate electricity instead of thermal power.

Through BEHET and BE Environment, BEHL has built a strong presence in the solid waste industry. In 2016, it acquired the leading German waste-to-energy operator EEW GmbH and introduced its advanced thermal waste recycling technology, which has further strengthened plant operations with increased waste treatment capacity and enhanced energy efficiency. In 2020, BEHL treated 4.811 million tonnes of solid waste in the overseas via EEW GmbH, up 1.99% year-on-year, and 4.683 million tonnes in China, up 9.93% year-on-year.

KPI performance

During 2020, overseas unit EEW GmbH treated **4.811** million tonnes of solid waste and sold **1.818** billion kWh of electricity, **887** million kWh of heat and **2.096** billion kWh of steam; and in China, BEHL treated **4.683** million tonnes of waste and supplied **1.45** billion kWh of electricity to the grid.

Compared to domestic conventional thermal power generation, BEHL's solid waste incineration operations during the year were equivalent to saving:⁷

2,718,976 tonnes of carbon dioxide	522.88 tonnes of sulphur dioxide	584.97 tonnes of nitrogen oxides	104.58 tonnes of soot
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Note:⁷ Calculated based on the amounts of carbon dioxide, sulphur dioxide, nitrogen oxides and soot generated per unit of thermal power generation in the *China Power Industry Annual Development Report 2021*.

In addition, with the establishment and launch of the national carbon emissions trading market, waste incineration, as an important project of the historical Chinese Certified Emissions Reduction (CCER) program, could be included in the emission reduction system again. According to the *China GHG Voluntary Emission Reduction Project Monitoring Report*, each tonne of waste incinerated can reduce emissions by 0.3-0.5 tonne of carbon dioxide equivalent. Waste incineration projects will bring considerable benefits in terms of carbon emissions reduction.

Corporate Governance

Compliance is the foundation of sound corporate development. BEHL strictly complies with the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited* ("the Listing Rules") and other relevant laws and regulations, and adheres to the principles of standardized, scientific, open and efficient corporate governance. It adopts an effective governance structure to enhance the operational efficiency of the Board of Directors and strengthen internal control and risk management. It has established a sound integrity and anti-corruption system to further strengthen compliant operations and safeguard the sustainable development of the company.



Material Issues Addressed in this Chapter

Legal and regulatory compliance
Anti-corruption

SDGs Addressed in this Chapter



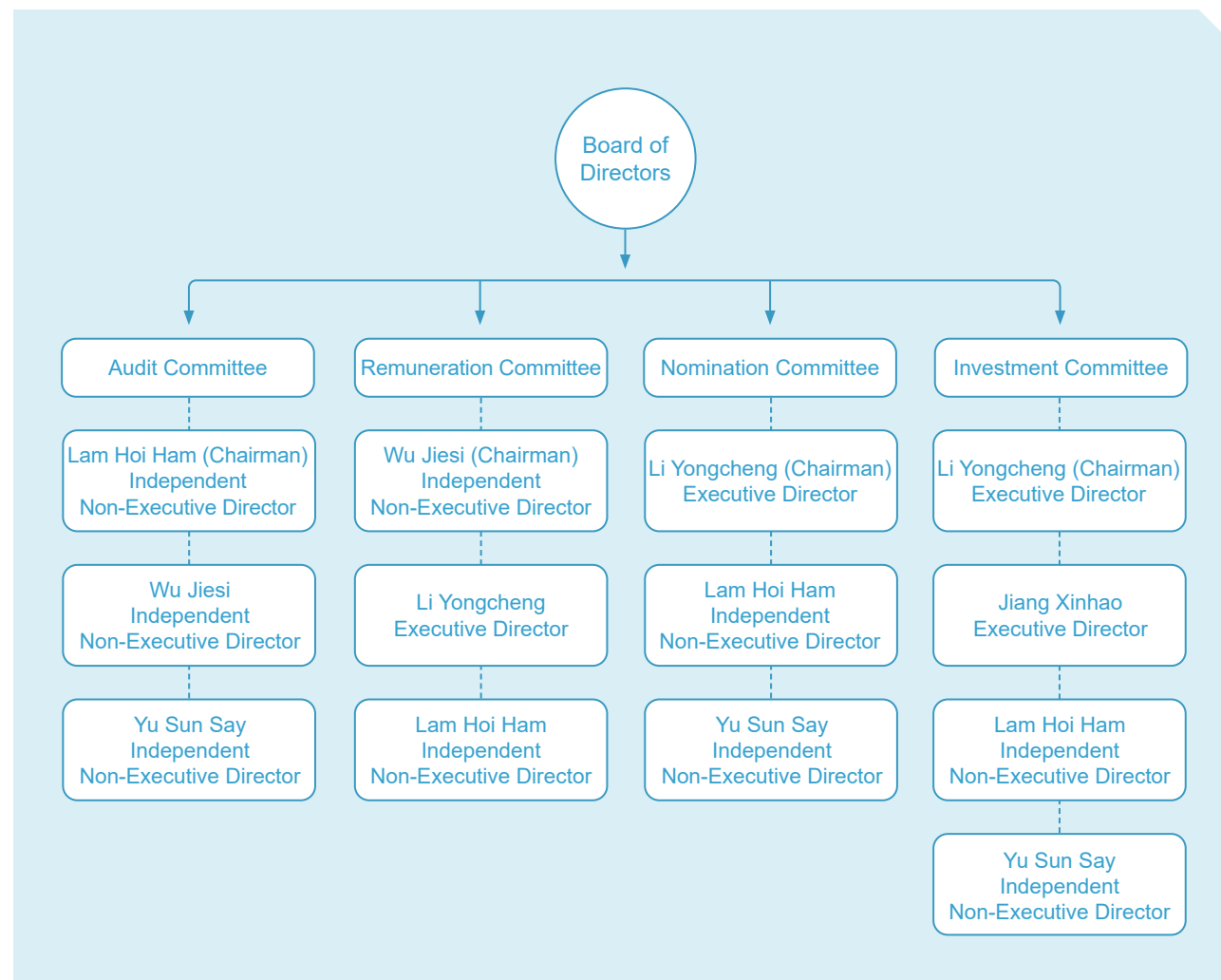
Governance Structure

BEHL has established a governance structure based on clearly defined authorities and responsibilities that enables standardized, stable, and efficient management. The Board of Directors consists of a team of professionally capable and strategically visionary elite members. As of the date of this report, the Board has 9 members, including 6 executive directors and 3 independent non-executive directors. The Board composition complies with the requirement that the number of independent non-executive directors shall constitute one-third or more of the Board as set out in the *Hong Kong Listing Rules*. The Board has an Audit Committee, a Remuneration Committee, a Nomination Committee and an Investment Committee, which are responsible for formulating corporate policies, setting strategic directions, determining the Group's internal control environment and overseeing the management responsible for day-to-day operations. The Audit Committee and the Remuneration Committee, which are mainly comprised of independent non-executive directors, are responsible for monitoring the allocation of resources and the operational performance of the company.

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9 members 

including 6 executive directors and 3 independent non-executive directors



In order to enhance the effectiveness of the Board and corporate governance, as well as to achieve the Group's business objectives, the company has made increasing diversity at the Board level a key element in supporting the company's sustainable development. BEHL has adopted a board diversity policy and will consider diversity on the Board in determining its composition. To do so, it will take into account a variety of perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and tenure of service, and other factors that the Board considers relevant and applicable. All appointments to the Board are made on the basis of merit, and candidates are considered on the basis of objective criteria, including due consideration of the diversity they bring to the Board.

During the reporting period, the company had directors with diverse perspectives and different educational backgrounds and expertise areas, both professional and complementary present a diversity of characteristics and ensure scientific decision-making by the Board. All of the directors have extensive experience in their respective expertise areas and have used their experience and talents to drive the industry forward and bring about continued growth for the company.

During the year, the company and its fellow listed companies held a training seminar at the end of the year on the theme of "Spin-offs of Infrastructure REITs: Regulatory Requirements and Approval Procedure of the Hong Kong Stock Exchange", which was attended by 13 directors and middle and senior management members of the company. This training seminar enhanced their understanding of the listing rules and relevant legal provisions and strengthened their ability to carry out their duties in their respective roles.

Anti-Corruption

Besides strictly complying with all applicable laws and regulations, including the *Supervision Law of the People's Republic of China* and the *Anti-Money Laundering Law of the People's Republic of China*, BEHL is committed to upholding compliant operations, fostering an integrity culture, continuously improving the effectiveness of supervision for all issues, and building an operational environment based on compliance with all applicable laws, regulations and standards.


Anti-Corruption Regulation

BEHL has anti-corruption and supervisory mechanisms in place for employees and suppliers. In 2020, BEHL revised and improved the *Statement of Accountability for Improving Party Conduct and Upholding Integrity* and the *Letter of Commitment to Integrity*, and signed 241 copies of the *Statement of Accountability for Improving Party Conduct and Upholding Integrity* with its management members and the management members of its subsidiaries and the key officers of project companies and 830 copies of the *Letter of Commitment to Integrity* with all its staff members and the personnel of its subsidiaries with decision-making power on business matters. In addition, suppliers were required to sign the *Statement of Accountability for Integrity in Project Management* as part of the signing of business contracts, so that the contractual parties can check and supervise each other to eliminate all kinds of abuse of power in construction projects.


BEHL conducts regular integrity education activities and special inspections to ensure the effectiveness of anti-corruption and anti-bribery measures. In 2020, BEHL organized seven integrity education sessions, providing young cadres with a course on the eight-point frugality code of the CPC Central Committee and leading Party-member management members in conducting integrity and self-discipline activities, which covered nearly 300 management members and employees. During the reporting period, BEHL did not have any no litigation cases arising from corruption.



In 2020, BEHL organized

7 integrity education sessions 

covered nearly

300 management members and employees 

In 2020, the company mainly conducted the following integrity and anti-corruption work:



Implement the main responsibility for strengthening Party self-discipline

- Convening the annual Party-building & "improving party conduct and upholding integrity" work meeting, which identified key tasks and assigned specific assignments
- Introducing an integrity reminder mechanism for the company's management team and Party organisation leaders



Special integrity and anti-corruption supervision and inspection

- Strict supervision of the selection and appointment of cadres to prevent "illegitimate appointments"
- Pre-appointment integrity interview and integrity test for newly appointed leaders and cadres
- Consolidating the achievements of implementation of the "eight-point frugality code" by interviewing officers of the General Office, the Funds and Finance Department and the trade union and enforcing the requirements for "six areas of scrutiny" such as business reception, vehicle use, and gifts for special events



Integrity education activities

- Carrying out the "BEHL Exemplary Posts for Integrity" activity
- Organizing a visit to the Chinese People's Anti-Japanese War Memorial Hall as part of integrity education
- Organizing the 2020 training workshop for secretaries of primary-level party organizations of companies based outside Beijing
- Organizing the "Party Committee Centre Group (Enlarged)" study session
- Organizing the "Learning Lessons from Past Cases and Making Improvements" study session



Reporting and Whistleblowing

In order to give full play to the supervisory role of employees, BEHL has set up whistle-blowing channels and complaint boxes in subsidiaries in accordance with the *Measures for Implementing Discipline Inspection and Supervision and for Handling Whistle-blowing and Reports*. After receiving complaints, the company will quickly set up an investigation team and held a complaint analysis meeting, and deal with the matter in a timely manner according to the investigation conclusion, so as to ensure the quality and efficiency of the supervision and whistle-blowing mechanism. In addition, the company implements whistleblower protection in the process of handling complaints in strict accordance with the *Work Rules for Discipline and Supervision Organs' Investigation and Handling of Reports and Accusations, Regulation on Complaint Letters and Visits*, and other relevant laws and regulations. Where a staff member has a direct interest in a matter complained about or an accuser, the principle of avoidance will apply. In 2020, BEHL received a total of 17 anti-corruption complaint letters and visits with a processing rate of 100%. After verification, one case was opened for a safety accident, and the person assuming main responsibility for the accident was given a Party disciplinary penalty.

BEHL's whistleblowing channels

- Whistleblowing Hotline: 010-85879113
- Whistleblowing Email: Jubao@behl.net.cn

Business Ethics

BEHL complies with business ethics and is committed to compliant operations and fair competition in accordance with the *Anti-Unfair Competition Law of the People's Republic of China*. The company has a complete supervision and auditing mechanism for business ethics and corruption. In accordance with the *Supervision Liaison System for Project Companies of Beijing Enterprises Holdings Limited(Trial)*, it appoints supervision liaisons in project companies of subsidiaries to further strengthen internal supervision and management of project construction and business operations of project companies, promote the Party organization and disciplinary inspection organization development of project companies, identify and solve violations in a timely way, and effectively prevent and control integrity risks.

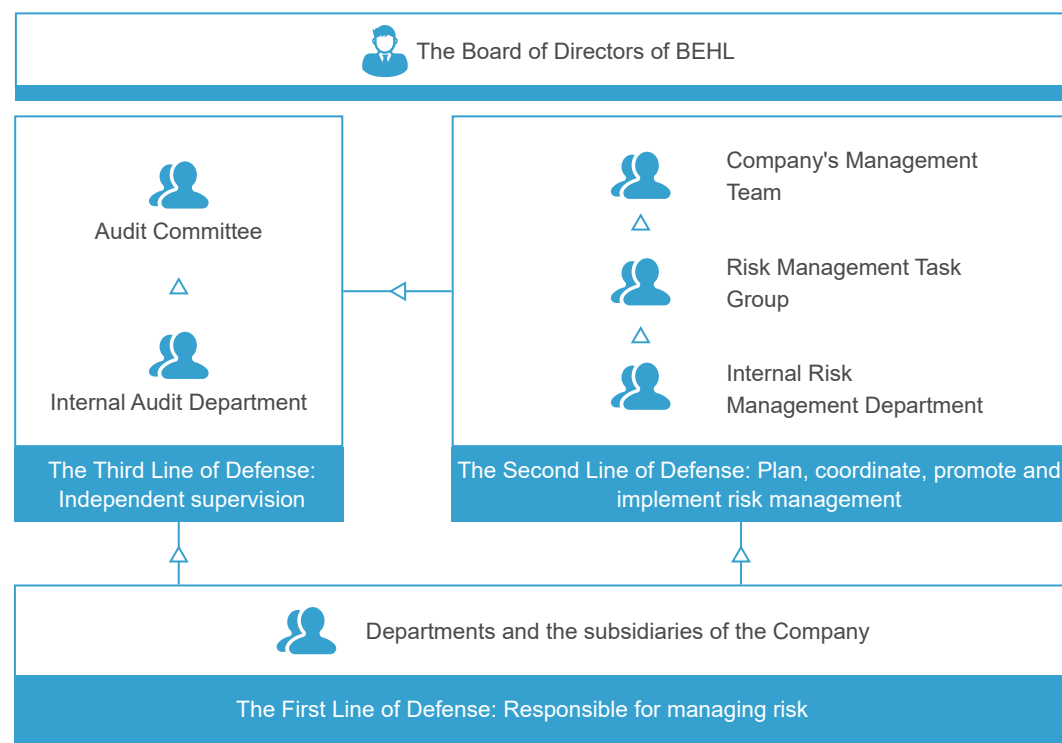


Risk Management

BEHL attaches importance to risk prevention and management and has put in place comprehensive internal controls in accordance with the *Risk Management Measures of Beijing Enterprises Holdings Limited* and the *Risk Management Manual of Beijing Enterprises Holdings Limited* and *BEHL's Three Lines of Defense for risk management*, implementing comprehensive ex-ante, ongoing and ex-post risk management work to protect the overall interests of the company and its shareholders and to promote sustainable business development.



BEHL's Three Lines of Defense for Risk Management



We have worked proactively to enhance our risk management capabilities. During the reporting period, we conducted a special risk survey of environmental projects based on questionnaire, interview, and other methods, which analyzed risks such as policy risk, equipment risk, environmental risk, competition risk and human resources risk and provided risk management suggestions for specific risks. At the end of the reporting period, we issued the internal *2020 Risk Management Report and 2021 Risk Control Plan of Beijing Enterprises Holdings Limited*, which summarized the company's risks in such fields as strategic investment management, corporate management, financial management, legal affairs and external information disclosure and their impact, and set forth risk prevention plans for 2021 (including new risks such as epidemic).

In order to strengthen internal control and risk management communication, enhance the capacity building of the audit team, and effectively promote the improvement of risk control of the company, we invited external risk management experts to provide risk management and audit training on risk management concepts and values, the relationship between risk management and internal control, interpretation of relevant regulatory policies, risk management framework, risk management organization and roles, risk management audit methodology, etc. In 2020, the audit teams of BEHL and its subsidiaries participated in internal and external professional training for about 150 person-times.



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150 person-times



Excellent Operation

BEHL shoulders the social responsibility and mission to “Invest for a better life” and provides clients with stable and high-quality products and services. We drive industry development with our scientific research and innovation. We adhere to safety standards and guard the safety and health of our employees. We work with our partners for mutual benefit and empower our suppliers.



Material Issues Addressed in this Chapter

- Product and project quality
- Sustainable profitability
- Product and technology innovation
- Occupational health and safety
- Supply chain management

SDGs Addressed in this Chapter



Quality Creates Value

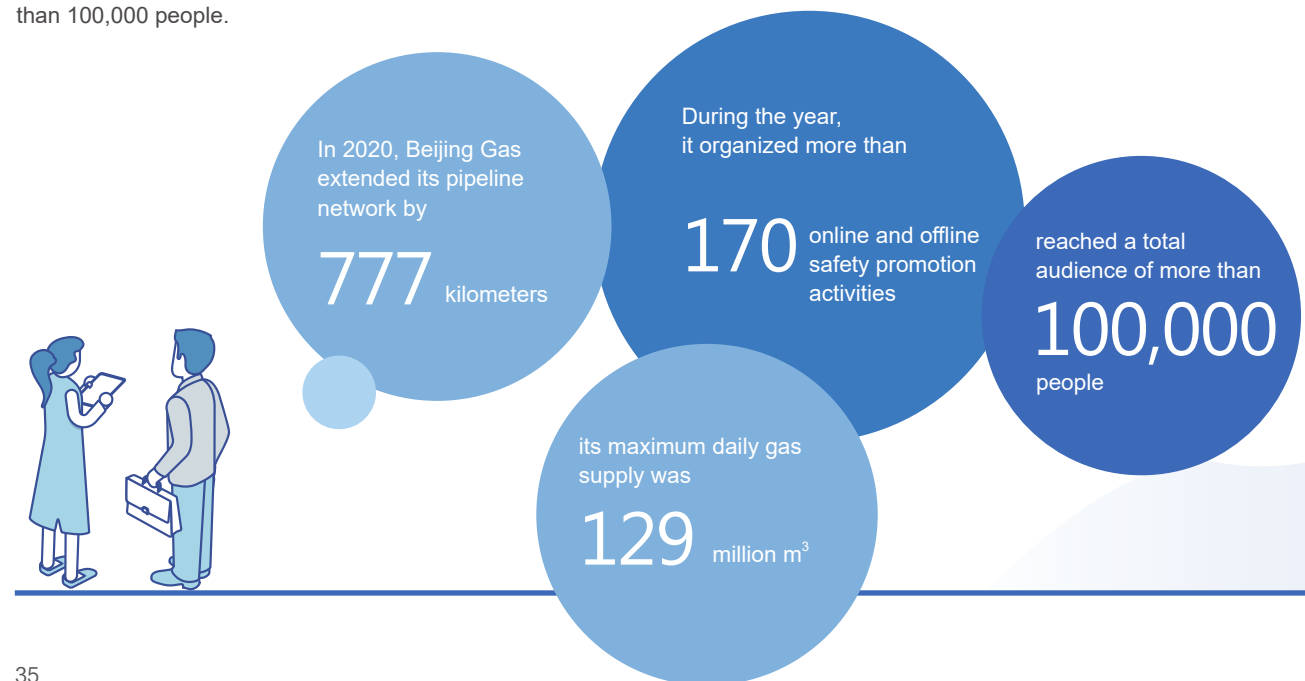
As a comprehensive public utility company, BEHL's main business is centered on public utility segments such as urban gas, urban water, and solid waste treatment. In addition, we have created value by investing in consumer products such as Yanjing Brewery. The company continues to improve the quality of its products and services and gives back to customers and consumers.

Gas Business

Beijing Gas continues to meet the increasing gas demand of residential, industrial, and commercial users. In 2020, the Emergency Peak Shaving and Supply Project of Tangshan LNG Receiving Station (the "Tangshan LNG Project") was completed, with a reserve capacity of 190 million m³. The Tianjin Nangang LNG Emergency Reserve Project (the "Tianjin Nangang Project") saw steady progress. After completion, it will have a reserve capacity of 1.2 billion m³ to further guarantee the gas supply in the Beijing-Tianjin-Hebei region. In addition, Beijing Gas actively implements the Central Government's instructions regarding the construction of a system of production, supply, storage, and marketing of natural gas, all the while accelerating the construction of natural gas infrastructure. In 2020, it completed the north-south tunnel section of the natural gas project in the middle section of the West Sixth Ring Road in Beijing. It also completed the gas supply facility for the No. 1 Energy Station of the Xiong'an High-speed Railway Station and the High-quality Living Area. In 2020, Beijing Gas extended its pipeline network by 777 kilometers to a total length of 25,069 kilometers. Its annual purchase of natural gas exceeded 10 billion m³ for seven consecutive years, and its maximum daily gas supply was 129 million m³.

To better support the operation, Beijing Gas has established a sound operational management system as well as a system that features multiple layers of detection and protection. It has established a dispatching and monitoring system that coordinates upstream and downstream to comprehensively ensure the safe and stable supply of the gas pipeline network, making it a domestic leader in this regard. In 2020, Beijing Gas took the lead in applying the Beidou-enabled precise positioning technology to the management of the entire gas business chain. Relying on this technology, it can quickly obtain accurate and detailed information on gas pipelines, forming a closed safety loop comprised of precise positioning, operation and maintenance, and support. During both gas installation and use, the company regularly conducts safety inspections on its devices. This includes regular inspections to ensure safe gas use.

The company continues to carry out safety promotion campaigns aimed at users. In 2020, for the prevention and control of the COVID-19 pandemic, it delivered lectures on gas safety via the Internet. It intensified safety promotion in key areas where visits failed in more than two cycles. It also promoted emergency awareness in businesses and emergency science popularization. During the year, it organized more than 170 online and offline safety promotion activities that reached a total audience of more than 100,000 people.



Aiming to improve service quality, Beijing Gas provides a package that includes "gas + products + services" to meet customers' diversified service needs. In 2020, its customer satisfaction reached 98.38%.

In 2020, its customer satisfaction reached

98.38%



Intelligent

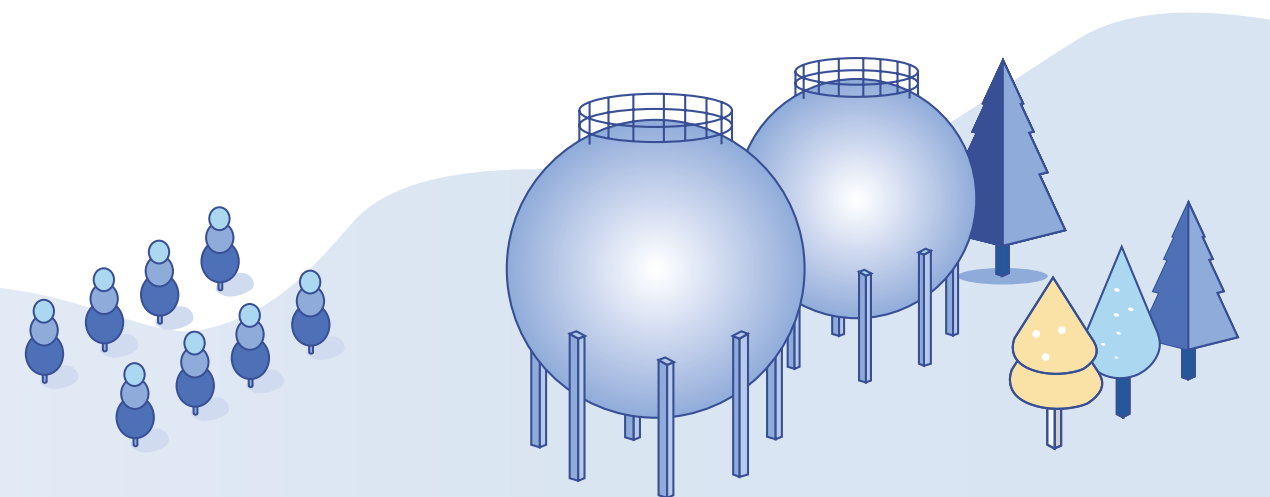
Beijing Gas has built an Internet + smart city service platform and increased online services while promoting the application of information technology. It has opened six payment channels, promoting online, telephone, self-service gas business handling. In addition, it has launched the Beijing Gas mobile application, so that users can efficiently handle gas business without leaving home.

Standardized

In order to provide more targeted and effective services, Beijing Gas has established a coordination mechanism with the Beijing municipal administration departments of government affair services, the citizen service hotline of 12345, and primary-level units. It has developed service standards to improve response speed and shorten processing time. For the municipal work orders "to be handled once received", it implements 100% follow-up and comprehensively rectifies common problems. It has strengthened the analysis and anticipation of user demands, aiming to locate problems before customer complaints arise.

Diversified

Beijing Gas provides diversified services based on the characteristics of different customer groups. For example, it provides presbyopic glasses and charging ports where the elderly can plug in their mobile phones. It has also increased the frequency of security checks and inspections. It has built the Beijing Gas Life Experience Hall and launched a full range of home kitchen and bathroom solutions to provide customers with a good lifestyle experience integrating "safety, energy use, products, and services".





Case Beijing Gas organizes assessment of service centers

At the beginning of 2020, Beijing Gas kicked off the assessment of gas service centers 2020, aiming to enhance the quality of customer service. Nearly 8,000 employees from 106 service centers participated in the assessment. Through the assessment of gas service centers, the company accumulated practices and services to effectively improve service quality and user experience, which were shared with all service centers. For example:

The Wangjing West Road Gas Service Center of the Second Branch effectively optimized the management of key tasks and maximized efficiency with precise basic data management, targeted value-added services, and refined window services.

The Customer Service Center of Tengxian Company comprehensively improved the general skills of employees by optimizing performance management and formulating performance appraisal standards.

Beijing Gas values information security and cybersecurity. Its Board of Directors and executive management engage in the whole review process of relevant strategies. Beijing Gas' Information Archive Center reaches international standards in terms of the construction and implementation of the information security management system. It obtained ISO27001 information security management system certification in 2016 and renewed the certificate during the reporting period. Beijing Gas has introduced and implemented many systems concerning this issue, including the *Cybersecurity Management Regulations*, the *Management Measures for Cybersecurity Incidents*, the *Management Measures for Information System Security*, the *Management Measures for Information Security Risks*, the *Management Measures for Cybersecurity Emergency*, the *Management Measures for Mobile Terminal Cybersecurity*, and the *Management Measures for Information System Data Security*. In terms of the security protection of classified information, Beijing Gas has established an Information Secrecy Committee. It also issued the *Regulations on Information Secrecy Management* and incorporated it into the privacy policy system under Beijing Gas Group's risk and compliance management. The policy clearly stipulates the disciplinary sanctions against secret-related personnel who violate the information secrecy regulations.

Beijing Gas has also done an important job in protecting customer privacy. Beijing Gas has formulated the *Beijing Gas Regulations on Information Secrecy Management*, which explicitly regulates the properties of customer information, conditions of use, user's power to determine the way that information is used (including the right to join and exit, access to company data, transmission, correction, and deletion), information retention time, and third-party disclosure policies. Beijing Gas requires all employees with access to user information to sign an information secrecy commitment letter and clearly assigns responsibilities at all levels. In this way, it has formed a long-term mechanism for user information protection, which effectively safeguards user privacy and information security. In 2020, it received no complaints related to violations of customer privacy.

Beer Business

Yanjing Brewery aims to provide consumers with safe, green, and healthy products. It enriches product categories and enhances product quality. Yanjing Brewery strictly abides by the relevant provisions in the *Product Quality Law of the People's Republic of China* and the *Food Safety Law of the People's Republic of China*. It also performs strict quality management and control of each manufacturing process according to the *Monitoring and Measurement Control Procedures for Process and Products* and other quality management documents. In terms of internal management, Yanjing Brewery attaches importance to the source of production and regulates the procurement process. In the production process, it earnestly implements the primary responsibility of the company for product quality and safety, strictly controls the procurement of raw materials, production management, and technical processes, and promotes quality improvement in an orderly manner.

In the *Yanjing Brewery Product Recall Management System*, Yanjing Brewery clearly regulates the process, level, and information sources for product recall; the identification, confirmation, and disposal of recalled products; and simulated recall drills. It has also set up a dedicated after-sales service department to collect feedback and demands from distributors and consumers on the company's products. During the reporting period, the company incurred no major accidents concerning product quality.



- It was named among the China's Top 100 Benchmarks of Quality Inspection Integrity and the China's Benchmark of Quality Integrity by China Association for Quality Inspection.
- It was awarded the Food Safety Demonstration Enterprise by the Organizing Committee of the Annual Conference on Social Responsibility of Chinese Food Enterprises.



- In the 17th World Brand Summit and the News Release for China's 500 Most Valuable Brands, it was named one of the 17th China's 500 Most Valuable Brands (2020).
- It was named one of the Top 500 Asian Brands in 2020 by World Brand Lab and World Entrepreneur Group.
- The Eight Great Sights of Yanjing cultural and creative craft products: In World Beer Grand Prix 2020, Yanjing Original Weissbier won the Country Winner in the German wheat category; Yanjing Ginger Saison, the Bronze Award in the flavor enhancement spice category; Yanjing Amber Ale, the Bronze Award in the American brown ale category; and Yanjing Raspberry Weisse, the Bronze Award in the flavored fruit beer category. In domestic beer competitions held in the year, Yanjing Brewery won nine individual awards.



The brand value of Yanjing Brewery and its sub-brands reached RMB

193.721 billion

Water and Environment Business

BE Water drives industrial advancement through self-upgrades. It also leads industry development, paving a unique path of technology-driven and intelligent operation. Its early deployment in Guangdong and three other provinces in Southern China provides a new impetus for sustainable development, adding to the coordinated industrial development of the city cluster in the Guangdong-Hong Kong-Macao Greater Bay Area. Following the strict requirements of the Central Government on environmental governance, BE Water Southern Region actively implements the group's deployment and puts forward requirements for water product delivery and service capabilities that adhere to these standards. BE Water strengthens its "product power" and "service power", puts effort into providing customers with standardized and innovative products with BE Water characteristics, and strives to build national "benchmark water environment projects" and a "benchmark water plant". The company has significantly improved its product quality through several measures. It has established a set of water environment standards and a classification and evaluation system for water plant products. It has initiated the construction of a standardized management demonstration plant, established a product center, and systematically collated product categories to form eight product sequences, including water source management and water source protection. It has formed an evaluation system of "quality evaluation + joint acceptance" for construction projects and has upgraded the construction quality delivery standards. The company evaluates its subordinate water plants in a star-rating system, builds a national "benchmark water plant", and creates the excellent operating brand of BE Water. It also promotes the upgrading and transformation of sewage treatment plants and achieves high-quality reuse of sewage to meet the increasingly higher standards for discharge in the region.

In 2020, the fourth phase of BE Water's Yonghe Sewage Treatment Plant in Zengcheng, Guangzhou passed the completion acceptance and was put into use, effectively expanding urban sewage treatment. This high-standard "garden-styled" sewage treatment plant has increased the daily sewage treatment capacity of Zengcheng by 50,000 tonnes. This project was rated as a high-quality project with a score of 90.49 in the joint acceptance of BE Water.

BE Water adheres to the principle of "services and customers first". It requires the service hotline of its water supply companies to be accessible 24 hours a day. It has also improved the transference rate of customer water use problems submitted via the Mayor's Hotline, social media platforms, and urban construction platforms. It promptly handles customer inquiries, complaints, and business handling needs. As of the end of December 2020, 84% of customers chose "very satisfied" or "satisfied" when responding to BE Water's customer satisfaction survey.

BE Water attaches great importance to customer information security and privacy protection. It regulates the organization, procedures, and standards of information security management personnel, covering areas such as cybersecurity, data security, system security, and employee security. It does so to safeguard the group's data privacy and security in a comprehensive way. The company has established an Information Security Management Committee to supervise the implementation of internal information security policies. As of the end of 2020, its Smart Water Platform had passed third-party software tests (CMA and CNAS certification).



Solid Waste Treatment Business

The solid waste business earnestly implements refined, regulated, digital, and standardized management. It also conducts in-depth research and continues to optimize the process flow. During the COVID-19 pandemic, all project companies strengthened equipment maintenance and overhaul, increased unit stability and equipment intact rate, and prepared for the stable production that would come during subsequent recovery.

In 2020, overcoming the pandemic and other unfavorable factors, BEHET completed the construction of the Xixian Project at the end of the year, with an additional completed scale of 3,000 tonnes per day. By carrying out the "defect-free kick-off" innovative management, it shortened the project kick-off and debugging time, reduced the kick-off and debugging costs, and cut down on the number of unplanned shutdowns. This also prevented faulty operation, equipment damage, fire, personal injury, and environmental pollution incidents during the debugging process. The Xixian Project ultimately passed the 72 + 24-hour trial operation on its first attempt and was quickly put into production and operation.

As of the end of the reporting period, BEHL's waste incineration treatment capacity reached 29,932 tonnes/day, and its hazardous waste treatment capacity reached 115,000 tonnes/year.

As of the end of the reporting period, BEHL's waste incineration treatment capacity reached

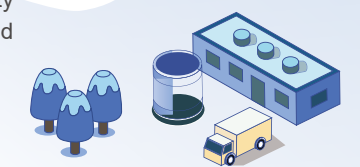
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Case Shuangqi Environmental's refined management achieves good results

Under the influence of climate, geographical location, and other factors, Harbin Shuangqi Environmental Resources Utilization Co., Ltd., an affiliate of BEHET, was seriously challenged by the difficulty to operate normally in winter due to the climate impact on waste fermentation.

In 2020, the company carried out refined management of the Shuangqi Project. Based on the operation in previous winters and the combustion conditions and status of the unit after technical transformation, the project company developed solutions for the steam supply and waste fermentation of the plant. It strengthened the front-end management of incoming waste, improved the quality of incoming waste, and added crushers to enhance fermentation. The company also adjusted the production and operation management structure and improved the technical skills of operators and maintenance technicians. It implemented the shift-leading and accountability system of specialized workers, defined areas of accountability, and assigned fixed maintenance personnel led by specialized workers to eliminate defects in the sector.

With the above-mentioned refined management measures, the Shuangqi Project improved its product quality and project management and solved the operational problem. Even in lower temperatures than usual, the project company can guarantee a daily external steam supply of more than 150 tonnes per day, a waste-to-energy generating capacity of more than 320kWh/tonne, and a power generation load basically maintained at more than 75% of the rated load.

Case The newly-built Zhangjiagang Waste Incineration Project

In 2020, BEHL successfully applied for a new waste incineration power generation project in Zhangjiagang Veinous Technology Industrial Park, with a planned long-term waste treatment capacity of 3,000 tonnes/day.

The project adopts advanced incinerator technology and medium-temperature sub-high-pressure parameters. As one of the national key research and development projects organized by Tsinghua University, it uses a high-speed steam turbine generator unit with an estimated power generation efficiency of 26%, which is at the leading level in the industry. The waste incineration project adopts an advanced BIM construction management model and will become a demonstration project for resource recycling and popular science education.

Innovation Drives Development

BEHL has a sound innovation management system. It strengthens its capabilities in technological development and innovation and applies cutting-edge technology to drive company growth. We consolidate and protect our intangible assets and build intellectual property advantages by establishing a patent and trademark management system. We also engage in major research projects in the industry and prepare industry standards to contribute to the sustainable development of the industry. In 2020, BEHL invested RMB 1.67 billion in research and development. We submitted 184 patent applications and obtained 155 patent authorizations.



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184

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155

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Gas Business

Beijing Gas continues to increase the proportion of investment in scientific research, encourages scientific research innovation, and cultivates new impetus for enterprise development. The company develops and implements the *Management Measures of Beijing Gas Group for Employees' Innovation Studios* and forms a "5+4" management model. In this way, the construction of employees' innovation studios has effectively transformed "from individual and spontaneous to teamwork", "from independent construction to group progress", and "from focusing on quantity and scale to improving quality and efficiency". Relying on the innovation studios, we produced a large number of outstanding innovation results. In 2020, Beijing Gas was deeply engaged in scientific research and innovation and won many awards and recognitions.



- Beijing Gas was qualified as a High and New Tech Enterprise for the fourth time and successfully passed the Beijing Municipal Enterprise Technology Center qualification review.
- Beijing Gas teamed up with Beijing University of Posts and Telecommunications and Beijing Municipal Institute of Labor Protection to carry out research. Their research report, "Research and application of key technologies for risk monitoring and control of gas pipeline networks in megacities", won the second prize of the Beijing Municipal Science and Technology Award. Beijing Gas became the first municipal state-owned enterprise to receive the award for four consecutive years.
- Beijing Gas's "Construction and Practice of the Customer Data Analysis Platform" won the China Innovation Award for Information Management of Energy Enterprises.
- Beijing Gas's Metrology and Assurance Center obtained the laboratory accreditation certificate of China National Accreditation Service for Conformity Assessment, realizing the international mutual recognition of measurement data.

Beijing Gas gives full play to its role as a leader in the industry. It was involved in the preparation of more than 30 national, local, and industry standards, including the *Technical Specifications for Urban Gas* and the *Code for Construction and Acceptance of City and Town Gas Distribution Works*, which promote industry progress.

Case Innovation achievements by employees at Beijing Gas win gold and silver awards

In 2020, according to the company's development strategy, Beijing Gas insisted on carrying out innovation activities for employees and vigorously encouraged them to participate in innovation competitions at all levels. In September of the year, seven achievements of Beijing Gas won one Gold Award, one Silver Award, and five Finalist Awards of the Invention and Innovation Award in the 14th Beijing Invention Competition.

Among them, the "Automatic and visualized technological device for gas boring in gas pipelines", an innovative device developed by Beijing Gas No. 5 Branch relying on Sun Dezhi's Innovation Studio, won a gold award. The "Query panel for metrology information in public services" project submitted by the No. 2 Branch Metrology Innovation Studio won a silver award.

Beer Business

Yanjing Brewery insists on technological innovation. Every year, it invests heavy manpower and material resources in research, development, and innovation. The company is recognized as a High and New Tech Enterprise and National Enterprise Technology Center. Relying on Lin Zhiping's Studio and Cao Yijie-Chief Technician's Studio, Yanjing Brewery develops new products and continues to improve the core competitiveness of the company. In 2020, Yanjing Brewery was selected as the Model of Product Innovation 2020 by the Organizing Committee of China Quality Converge Summit.

Lin Zhiping's Studio focuses on major technical issues in the industry and trains innovative scientific and technological professionals and leading experts. It accelerates the development of the core and key technologies of the enterprise and promotes the technological progress of Yanjing Brewery Group and even the entire industry. Cao Yijie-Chief Technician's Studio focuses on ensuring the traits and vitality of yeast strains. It comprehensively monitors and manages yeast and microorganisms in beer production and experiments to support the quality improvement of large-scale beer production. In addition, Yanjing Beer and China National Research Institute of Food & Fermentation Industries Co., Ltd. conduct joint research and development in the development of raw material application, production process control management, and product and consumer studies. They carried out beer production technology research including the development of detection technology for hop variety purity and the research on acetaldehyde control technology.



Water and Environmental Business

BE Water continues to innovate and is committed to deepening corporate reform. At the same time, the company continues to promote its scientific research and innovation with the strategic goal of “building a dual platform for asset management and operation management”. Oriented by high industry standards, BE Water has catalyzed and accelerated the intelligent development of the environmental protection industry and realized the transformation and upgrading of the industry. BE Water has developed the *Management System of BE Water for Intellectual Property*, which stipulates the responsibilities of organizations and the application and approval, transfer and commercialization, management and use, confidentiality, rewards and punishments of various types of intellectual property. At the same time, the company continues to increase its awards for intellectual property. It issued the *Notice on Declaration of Intellectual Property and Achievements of Standard Setting and Their Rewards*, rewarding patents, software works, trademarks, and national, industry and local standards, to raise the enthusiasm for innovation and sense of technological responsibility among all employees.

The Smart Brain is the core component of BE Water’s digital transformation. BE Water Southern Region launched a number of smart construction and digital transformation projects. With optimized process design, optimized equipment and instrument configuration, and improved automatic control systems, it realizes the automatic operation of each process unit of the whole plant, replacing human work with systems. By constructing inspection, video, and security systems and using the Internet of Things and Internet technologies, it realizes the interconnection, intercommunication and interaction of different systems. Relying on the system information platform, operation, inspection, maintenance, and repair staff can effectively coordinate with each other and provide multi-layer protection to ensure the secure and stable operation of water plants and enhance system security. In 2020, the Smart Water of BE Water covered 22 groups, with 77 water plants, more than 400 pumping stations, more than 600 village and township sewage treatment sites, and more than 1,320 kilometers of pipelines under its jurisdiction. The data of its 170 water plants and videos of its 130 water plants were uploaded to the cloud in real time.

Case ▶ The second Beidou Cup innovation competition of BE Water

BE Water is deeply aware of the importance of training innovative talents and incubating innovative capabilities. It holds a number of scientific research and innovation events to stimulate internal innovation capabilities. In 2020, BE Water held the second Beidou Cup innovation competition. The competition consisted of production innovation, technological innovation, and management innovation. The technological innovation section received 67 eligible candidate projects, of which 10 were awarded, involving smart water services, energy conservation and consumption reduction, water environment management, water supply management, and odor management.

BE Water applies and promotes the outstanding results of award-winning projects in the Beidou Cup throughout the company. For example, the award-winning “Intelligent overall solution for leakage control of the water supply pipe network” was applied to the Dashatian Smart Water Project in Nanning. This practice not only improves the technology and operation of BE Water’s projects but also significantly saves investment and operation inputs.



Solid Waste Treatment Business

The solid waste treatment business frequently exchanges with and visits universities and research institutes to track and learn cutting-edge process technology and management models in the industry. It introduces advanced technology in the industry to optimize its treatment process and improves the efficiency of solid waste treatment with technological innovation.

To implement the action plan of the General Office of the State Council on the improvement of vocational skills, the solid waste treatment business vigorously promotes university-enterprise cooperation. It bridges the gap between practice and theory with technical exchanges and trains high-caliber professionals for the industry. In 2020, Changde Project Company signed an industry-university-research cooperation agreement with the School of Chemistry and Materials Engineering of Hunan University of Arts and Science. Tsinghua University and Zhangjiagang Project Company kicked off cooperation on the “Demonstration of the development and integration of solid waste park-based coordinated disposal technology in Zhangjiagang” project under the national key research and development plan of “Solid waste recycling”.

Case ▶ Gao’antun Project Company completes the technical transformation of the flue gas deacidification process

Gao’antun Project Company adopts the NID (new integrated desulfurization) semi-dry exhaust gas purification technology of Alstom. It directly sprays lime powder into the reactor and water at the circulating ash port for humidification to reduce the exhaust gas temperature and ensure the efficiency of desulfurization and deacidification.

Thanks to this technological transformation, Gao’antun Project Company’s lime consumption per tonne of waste in 2020 decreased by 26.3% and 36.8% on a year-on-year basis compared with 2018 and 2019, respectively. The lime consumption for ensuring that the flue gas indicators meet the standards has been greatly reduced. Based on 500,000 tonnes of garbage to be burnt, 1,500 tonnes of lime can be saved every year. It greatly reduces the lime consumption and fly ash generation and mitigates the environmental impact caused by the treatment of domestic garbage.

Safety as Foundation

BEHL attaches great importance to work safety. We follow a preventative and safety-first approach to work safety policy and strictly abide by the *Safety Production Law of the People's Republic of China* and the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*. We created company-wide safety management systems, including the *BEHL Safety Production Management Regulations*, the *BEHL Administrative Measures for Investigation and Management of Hidden Dangers of Production Safety Accidents*, and the *Emergency Management System*. Related affairs are handled by a dedicated working group. In 2020, BEHL suffered no major or more serious accidents or deaths at work, while lost 1,737 days to work injuries.

In 2020, BEHL invested a total of RMB

918.28 million

in safety

During the reporting period, BEHL organized

173 thousand

inspections at all levels

in various types and eliminated a total of

33 thousand

hidden risks

Safety Management

BEHL has established a Work Safety Production Management Committee. As the company's safety management and supervision body, it is responsible for regular work safety management. This body supervises, guides, and assesses all work relevant to the company. To establish and improve the safety accountability network, BEHL and our subsidiaries signed a letter of safety production responsibility that held all parts of the group accountable for safety production goals. Responsibilities were decentralized to all levels where units were urged to implement the safety responsibilities system. The subsidiaries and business units at all levels signed the letter of responsibility for safety production, and comprehensively built a responsibility network system of "horizontal and vertical integration" to make sure that safety responsibility runs through all aspects of production and operation. The company improved the due diligence assessment system and strengthened the centralized responsibility assessment.

The company continues to promote the construction of the occupational health and safety management system and standardized safety management. Beijing Gas took the lead in the industry by obtaining the ISO45001 international qualification certification. 13 subsidiaries obtained the OHSAS18001 system certification and 16 obtained the Level 2 certification of safety standardization. In 2020, four companies in the solid waste treatment business obtained the OHSAS18001/ISO45001 certification.

The company enhances work safety management. We developed and issued the *Three-Year Action Plan for Special Remediation of Work Safety* and fully launched the three-year action regarding special remediation of work safety. With various forms of safety supervision and inspection, we carried out an in-depth, system-wide investigation and management of work safety hazards. BEHL dug deep into the front line of projects to investigate the safety of the project area. Through comprehensive collating, inspection, and investigation, we located problems and ascertained the safety management status of each project. We then carried out rectification. During the reporting period, BEHL organized 173 thousand inspections at all levels and in various types and eliminated a total of 33 thousand hidden risks.

Case Promoting the full-dimensional safety risk assessment for the solid waste treatment business and improving the dual prevention system

In 2020, to promote the dual prevention system of graded management and control of safety risks and the detection and management of hidden dangers, BEHL overcame the impact of the COVID-19 pandemic and carried out safety risk assessments for 24 project companies in the solid waste treatment business. As of the end of the reporting period, the company completed all assessments and proposed rectification measures for potential risks. We prepared an independent evaluation report for each project company. Moreover, we will complete corresponding rectification and standardization upgrades.

The risk assessment provided full-dimensional and interdisciplinary technical support for the project companies. A large number of hidden dangers and risks were investigated and managed in a short period. This has significantly improved the company's overall safety risk prevention and control and laid a solid foundation for the company's long-term safe and stable production.

BEHL continues to improve the construction of an emergency rescue system for work safety. We not only improve the system of industrial health emergency plans but also consolidate the foundation for emergency rescue by organizing emergency rescue drills. Throughout the year, the company carried out 2,252 emergency drills on fires, restricted spaces, falls from heights, and pandemic prevention and control. These have greatly improved the project companies' ability in many areas, including organization, command, response time, and rescue in the face of emergencies.

Safety Culture

It is important for the company to increase safety awareness among employees, as well as their skills in safety management. BEHL provides employees with safety training and publicity in various forms and themes every year, thereby creating a strong atmosphere of safety culture. In this way, we effectively familiarize employees with safe operating procedures and provide them with a basic knowledge of emergency response. In 2020, the company focused on promoting the “online + offline” integrated safety education and training model. Under the theme of “Eliminating Hidden Dangers of Accidents and Strengthening the Line of Defense for Safety”, we tried VR interaction and organized a series of activities for Safety Production Month. During the reporting period, BEHL organized education and training for 216,000 trainees in total.

Case The second Ankang Cup competition of BE Water

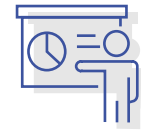
In September 2020, BE Water held the second Ankang Cup competition. Three sections were set up in this competition, namely the Safety Knowledge Assessment for Project Company Directors, the Safety Quiz for Safety Managers, and the Limited Space Operations and Emergency Rescue Drills for Emergency Response Personnel. This competition adopted an online and offline integrated form. It comprehensively improved employees' emergency response capabilities and enhanced their safety awareness and knowledge.



During the reporting period, BEHL organized education and training for

216,000

trainees in total



Occupational Health

BEHL regulates occupational safety and health management. We actively carry out occupational disease prevention and industrial health management to eliminate potential occupational health hazards for employees. Our employees undergo regular health checks and occupational disease prevention protocols. The company strictly abides by laws including the *Occupational Disease Prevention Law of the People's Republic of China*. We continuously improve our occupational health management system. For example, the headquarters created the *Regulations of BEHL on the Management and Response to Employee Accident Emergency*. Likewise, Yanjing Brewery's business sector created internal systems including the *Position Standard System*. Besides improving system construction, we continue to increase our investment in occupational health and safety and learn from advanced occupational health management systems at home and abroad to guard the health and safety of employees.

In practice, the company regularly inspects occupational hazards. We provide employees with free labor protection products for their positions according to the regulation. We also require employees to wear and use corresponding labor protection equipment according to the potential occupational hazards involved in production in order to prevent or mitigate the impact of occupational hazards. In addition, the company actively monitors the health of employees. We organize employees for routine physical examinations every two years and provide employees in occupational hazards with occupational disease screenings every year. In 2020, our occupational health examination coverage rate reached 99%.

Case The China Gas Safety Production Month

In June 2020, China Gas launched the Safety Production Month campaign. Focusing on project construction, hidden danger investigation and remediation, safety risk prevention, and safety guidance services, it carried out training on safety accident prevention and accident cases, safety education and inspections, and comprehensive emergency drills. In the campaign, the company enhanced the awareness of safety red lines, continued to investigate and handle hidden dangers, and resolutely curbed the “three violations”, for the purpose to better serve citizens.



Cooperation for Mutual Benefit

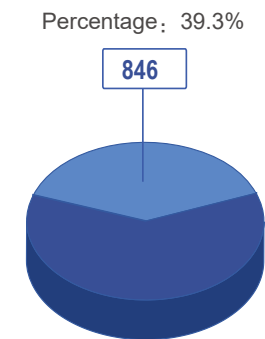
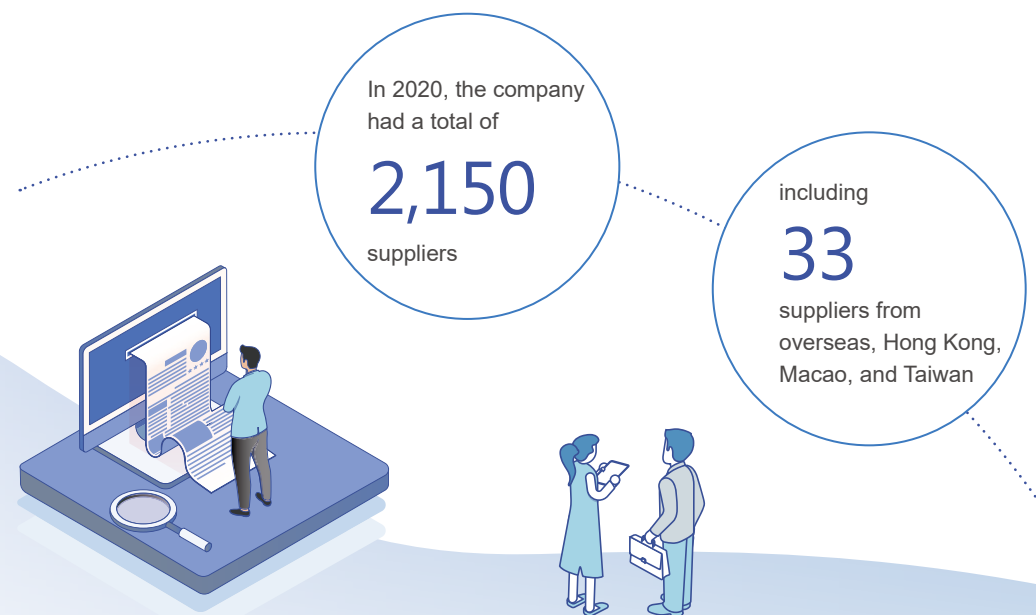
Supply chain management is essential to BEHL. The company strengthens supplier management in the upstream direction. We incorporate the specific requirements of sustainable development into the supplier review system and management system to ensure the fulfillment of social responsibility, environmental responsibility, and ethical standards in the supply chain.

Procurement Standards and Philosophy

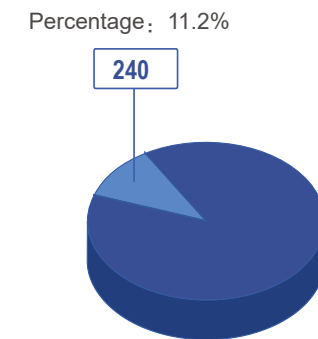
BEHL has a sound bidding management system and strict bidding procedures. We strictly manage and review the qualifications and quality assurance capabilities of suppliers in accordance with our supplier management process. The company strictly implements the *Labor Contract Law*, the *Contract Law*, and the *Law on Work Safety* of the People's Republic of China and other laws and regulations. We only sign labor agreements and work safety agreements with suppliers who abide by qualifications required by the state, and we regularly check their compliance. To make the supplier management rule-by-regulation and to assess and evaluate suppliers in a timely manner, the project companies have developed the management measures and implementation rules for the supplier directory in accordance with the material procurement management system and related requirements.

We attach importance to supplier management and are committed to reducing procurement risks and costs. When selecting suppliers, the company will conduct comprehensive research and evaluation in order to gauge the supplier's qualifications and capabilities regarding quality assurance, process management, supply, and production process control. We then admit the best one. In the procurement process, we will collect information on the supplier's supply quality, delivery date, technical support, and after-sales service and conduct follow-up evaluation. We continue to improve the procurement process and mechanism. By supervising the procurement system, we ensure that the procurement process is open, fair, and just, creating a favorable competitive environment for suppliers. BEHL evaluates suppliers every year. Suppliers with problems in quality, service, or business must complete rectification within a specific time limit. Furthermore, we identify key suppliers and conduct dynamic supervision and inspection of suppliers who play a key role in the production and construction process, or with those who provide production materials for the project. After the project is complete, we will summarize, analyze, and evaluate the performance of the key supplier.

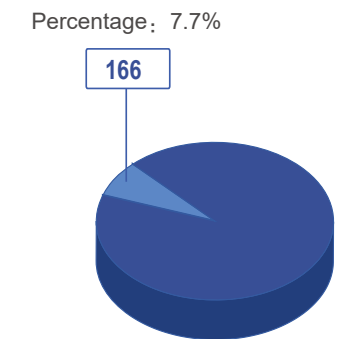
To ensure that all suppliers attach great importance to and earnestly fulfill their social responsibility, the company requires suppliers to provide ISO9001 certification (quality management system), ISO14001 certification (environmental management system), and OHSAS18001 certification (occupational health management system) in the qualification review of bidding and procurement. In this way, we ensure that our suppliers guarantee product quality, strengthen environmental protection, and value occupational health. In 2020, the company had a total of 2,150 suppliers, including 33 suppliers from overseas, Hong Kong, Macao, and Taiwan.



ISO9001 certified supplier



ISO14001 certified supplier



ISO18001 certified supplier

To enhance integrity and regulate the activities of both parties; to prevent all kinds of violations of law and to discipline those who seek illegitimate interests; and to protect the legitimate rights and interests of the state, the people, and both parties; the company will sign an Integrity Agreement and an Integrity Contract with the supplier in order to ensure that both parties will maintain integrity and self-discipline.

Promoting the Development of Suppliers

BEHL takes a strategic view for the cooperation with suppliers and attaches importance to communication with them. In regular exchanges and technology sharing, we reduce information barriers, take into account suggestions for innovation, and promote the common growth of the company and partner suppliers.

For the identified key suppliers, the company will increase support and assistance in terms of technical support and management improvement. In 2020, BEHL Ecological Company, under the company's solid waste treatment business, organized special business trainings on garden construction, maintenance, and cost budgeting. It invited experts in different fields to deliver special introductions and training sessions on specific skills, addressing directors and senior managers of key suppliers.

Case The first Supplier Conference of BE Water

On 18 November, 2020, the first Supplier Conference of BE Water was held in Beijing. More than 100 delegates from suppliers and financial institutions from home and abroad attended the conference.

The conference was themed by "Lean innovation, ecological common progress". It was designed to lay the foundation for BE Water's innovating its supply chain management model and promoting the healthy development of the industry. The conference interpreted BE Water's transformational development strategy and the new concept for supply chain management. At the conference, BE Water's digital supply chain service platform, BE Water Smart Chain, was officially released. Driven by business needs, BE Water Smart Chain coordinates high-quality resources in the industry with digital technology and innovative models. It has built four core capabilities, namely, supply chain value-adding, supply chain finance, data value, and industry incubation, at the levels of new genes, new systems, and the new ecosystem.

Besides, based on the actual application results in our more than 1,000 water plants, we conducted comprehensive, multi-level, and rigorous evaluation and selection from product quality, use cost in the full lifecycle, and user satisfaction. We selected eight Outstanding Suppliers of BE Water 2020 (Equipment and Materials) and awarded them at the conference.

Environmental Protection

BEHL upholds the environmental protection concept that “the environment is crucial to the wellbeing of the public, since blue skies and verdant surroundings allow us to feel the beauty and joy of life”. Based on our business characteristics, we actively respond to the Central Government’s strategic policy of building an ecological civilization. We improve our management system, save energy and reduce consumption, build green factories, and advocate for green office space. BEHL attaches great importance to conserving resources and minimizing environmental impact while contributing to the construction of a beautiful China.



Material Issues Addressed in this Chapter

Clean energy supply

Ecology and biodiversity conservation

Waste emissions management

Response to climate change

Resources and energy conservation

Promotion of environmental protection

SDGs Addressed in this Chapter



Enhancing Management System

BEHL strictly abides by the *Environmental Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on Prevention and Control of Air Pollution*, the *Law of the People's Republic of China on Prevention and Control of Water Pollution*, and the *Law of the People's Republic of China on Prevention and Control of Solid Waste Pollution* among other state and local laws and regulations. Each of our business sectors has established a sound environmental management system based on its business characteristics.

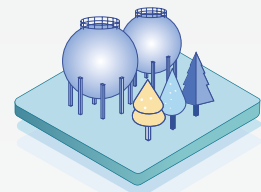


As the global environmental management concept changes and environmental countermeasures and development strategies continue to deepen, BEHL needs to continuously strengthen environmental management and improve its green production management system. In 2020, Yanjing Brewery continued to increase investment in environmental protection technology and established an MES energy management system. BE Water organized and carried out revision training and certification audits for the ISO 14001:2015 system. In the solid waste treatment business, BE Environment, BEHET, and many other project companies carried out environmental management innovations, effectively improving the comprehensive utilization of energy and natural resources.

Case BEHET establishes an operation supervision system for refined environmental management

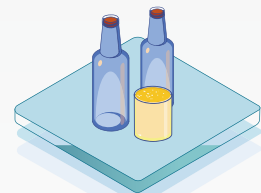
In 2020, BEHET draws on the mature production and operation management of the power system and established or improved 12 technical supervision and management systems for the refined operation and management of equipment and facilities. Based on the long-term accumulation of data, BEHET summarized the best control indicators for the production and consumption costs of its project companies and developed detailed statistical analysis charts and ledgers from the bottom to the top. In this way, the units clearly recorded the source and destination of their energy consumption costs, which promoted the company's quality and efficiency and improved cost control.

Environmental management systems of BEHL's business sectors



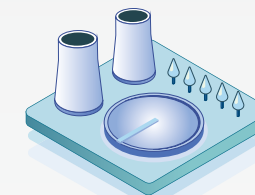
Gas

- Created the *Energy Management System* to regulate energy management and reduce unnecessary energy consumption



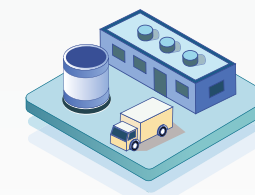
Beer

- Passed the GB/T24001-2016 environmental management system and GB/T23331 energy management system certification
- Established a centralized management platform and a joint inspection mechanism for exhaust gas and wastewater to improve the joint environmental prevention and control system
- Established a department of environmental protection and energy conservation, responsible for guiding and supervising production units for clean production
- Developed the *Environmental Emergency Response Plan*, the *Special Environmental Emergency Response Plan*, and the *On-site Environmental Emergency Response Plan of Beijing Yanjing Brewery*
- The first company in the industry to obtain the ISO14001 environmental management system certification



Water and Environment

- Created environmental management systems including the *Practices and Measures of Key Control Nodes in Traditional Water Construction Projects*, the *Design Regulations for Urban Sewage Treatment Projects*, and the *Environmental Index Evaluation System* in accordance with the *National Quality Management Systems (GB/T19001: 2016)* and the *Environmental Management Systems: Requirements (GB/T24001: 2016)*



Solid Waste Treatment

- Developed documents including the *Environmental Management System*, the *Standards for Environmental Assessment*, and the *System of Rewards and Punishment for Environmental Protection* to assign responsibilities and define rewards and penalties
- BE Environment's waste incineration power generation project in Shuyang County, Jiangsu Province obtained the ISO14001 environmental management system certification

Case BE Environment strengthens pollution monitoring and promotes the standardization of its work on environmental protection

In 2020, BE Environment strengthened environmental protection management and completed the automatic monitoring of key pollutant discharge units and the marking of the basic data system (enterprise side). This effectively improved the reliability of environmental protection compliance, boosted the progress of work safety and environmental protection standardization of project companies, and improved the operation.

• Beijing Gao'antun Waste Incineration Project



To implement the requirements in the *Management Regulations on the Application of Automatic Monitoring Data for Domestic Waste Incineration Power Plants* and to ensure meeting the environmental protection standards, Gao'antun Project Company developed and implemented several management systems and measures, including the *Guarantee Management and Assessment Measures to Ensure Key Environmental Protection Work Meeting the Standards*, the *Technical Measures for the Organization of Standard Emissions of Smoke Dioxins, Conventional Indicators, and Heavy Metals*, and the *Technical Measures for the Organization of Standard Emissions of Ambient Air*. It achieved the least time for exemption of incinerators, and all of its environmental monitoring indicators met the standards.

• The Renewable Energy Power Plant Project in the Circular Economy Industrial Park of Haidian District, Beijing



Haidian Project Company prepared, revised, and issued the *Management Measures for Pollution Discharge Permits*, the *Management Measures for Environmental Protection Data*, and other safety and environmental protection management systems and regulations. It also improved the reporting of pollution permits and environmental protection data. Its overall work was recognized by competent government departments and the company's management.

• The Waste Incineration Power Generation Project in Shuyang County, Jiangsu Province



To ensure the timely automatic monitoring of key pollutant discharge units and data monitoring of the basic database system and accurate marking, Shuyang Project Company signed a *365 On-duty Service Agreement for Enterprise Environmental Protection* with an external professional service company. This professional service company provided 24/7 data monitoring and expert services of policy interpretation. In case of problems such as abnormal or missing data in background monitoring, the project company would receive reminders in time, which minimized the possibility of over-emissions and data abnormalities.

• The Domestic Waste Incineration Power Plant Project in Zhangjiagang City, Jiangsu Province



For today's increasingly stringent requirements for environmental protection, Zhangjiagang Project Company tightened its management of "one input and four outcomes". It organized training sessions, supervision, and assessments for operating personnel to strengthen the supervision and management of emission indicators and the capacity building of relevant personnel. In this way, it ensured the effective and accurate detection and recording of emission indicators.

Optimizing Resource Use

Adhering to the guiding policy of prioritizing environmental protection, BEHL continuously improves its production technology, promotes resource and energy utilization efficiency, and advocates for green office space. Our business sectors have established organizations and mechanisms for energy consumption and resource management according to their operational development characteristics. In this way, we comprehensively promote green corporate development and build corporate ecological advantages.



- Beijing Gas established a smart energy management platform and a regional multi-energy coupling energy network, leading green, low-carbon and circular development.
- China Gas built a coal-to-gas control system to enhance technical expertise in natural gas storage and transportation.



- Established an Environmental Protection and Energy Conservation Department as the major competent department for environmental protection and promoted the construction of a green manufacturing system; we benchmarked energy consumption and continued to study energy consumption and use to tap the potential for energy saving.
- Strictly followed the principles of reduction, reuse, and recycling, launched a special CO₂ recycling program, improved the energy metering system and the EMS energy system.



- Each project company created its own group for energy conservation and emission reduction, incorporating energy conservation into the corporate agenda.
- We use online monitoring of the exhaust gas generated during operation and connected our network with environmental protection departments for real-time data delivery.



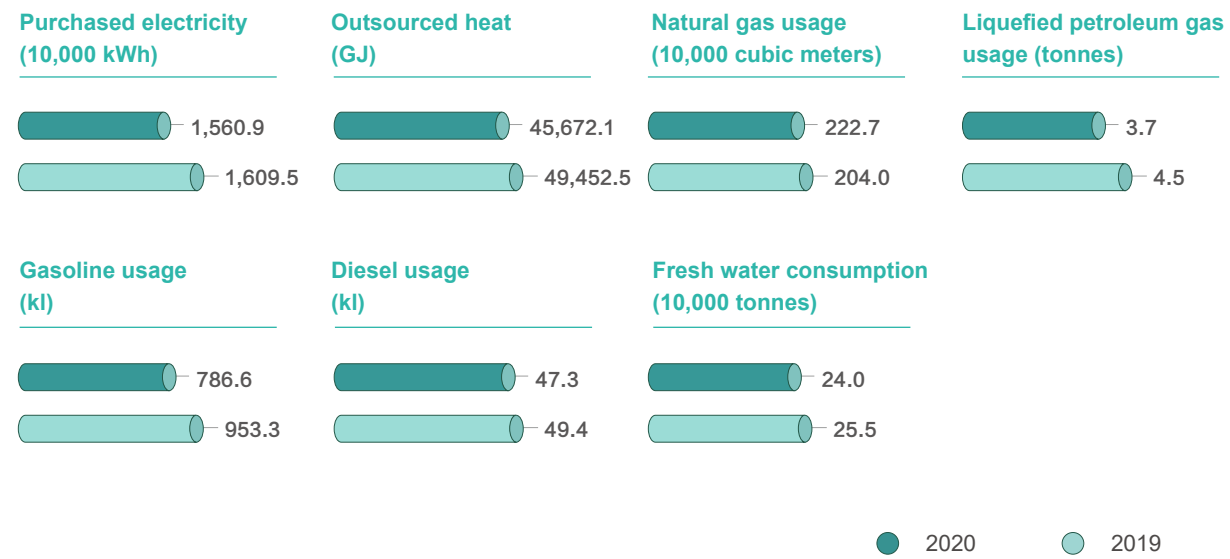
- Created standard procedures such as the *Procedures for Project Operation Control* and the *Procedures for Performance Monitoring and Control* to continuously optimize energy and resource consumption.

Energy Conservation and Consumption Reduction

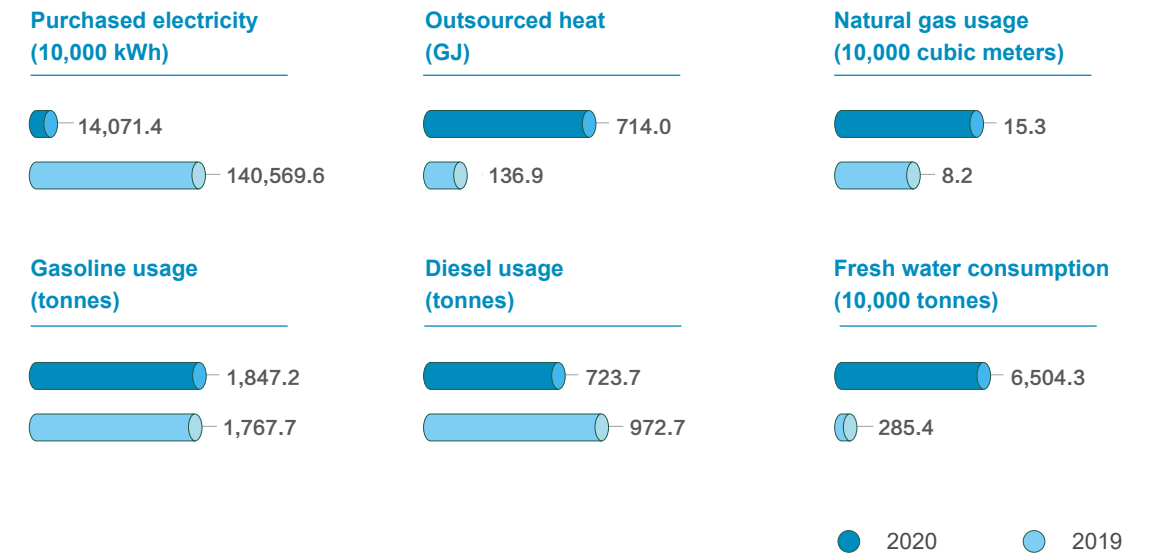
BEHL strictly abides by the *Energy Conservation Law of the People's Republic of China* and other relevant laws and regulations. We also focus on improving energy efficiency in the production process. In 2020, taking into account the goal of peaking carbon emission before 2030, as well as the requirement that Beijing become the first to reach the peak, Beijing Gas monitored the energy consumption of all units. It also extended the application of energy-saving transformation technology and set a goal of comprehensive energy consumption not exceeding 8,000 tonnes of standard coal. Project companies in the solid waste treatment business implemented technological transformations for energy conservation. BEHET continued to reduce the coal blending ratio in the circulating fluidized bed waste incineration project. It also strengthened the combustion control adjustment of the operating personnel and reduced the consumption of environmentally friendly materials by 5%. BE Environment carried out investigations concerning high energy-consuming equipment, strengthened the management of energy consumption reduction, increased energy utilization efficiency, and continued to improve unit energy consumption indicators. It actively built itself into a resource-saving enterprise.

2019-2020 Main Resources and Energy Use of BEHL Business Segments

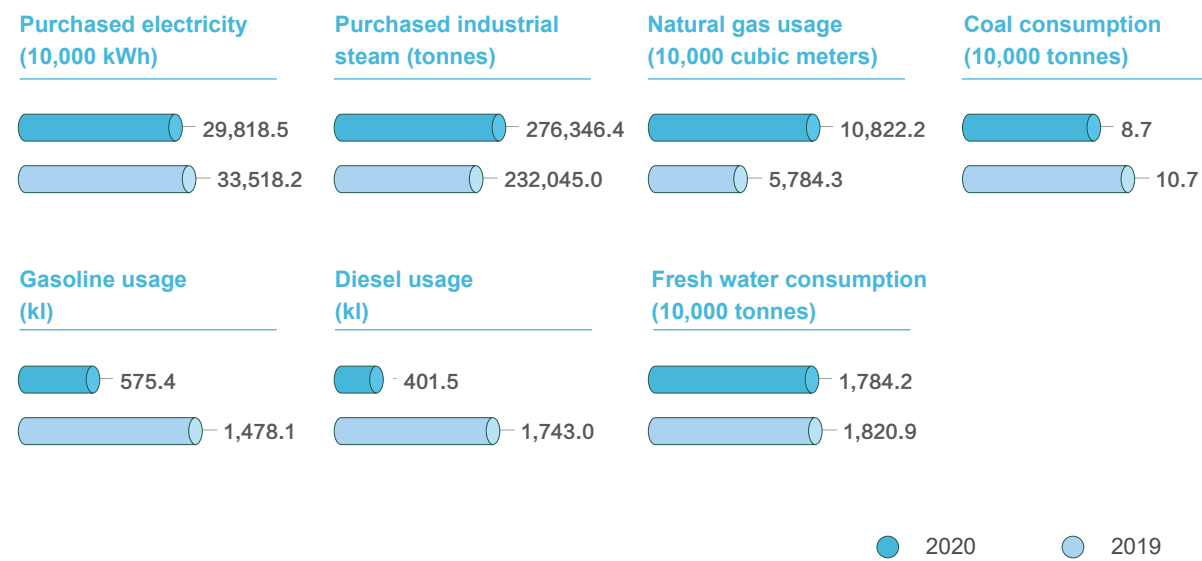
Gas Business ⁸



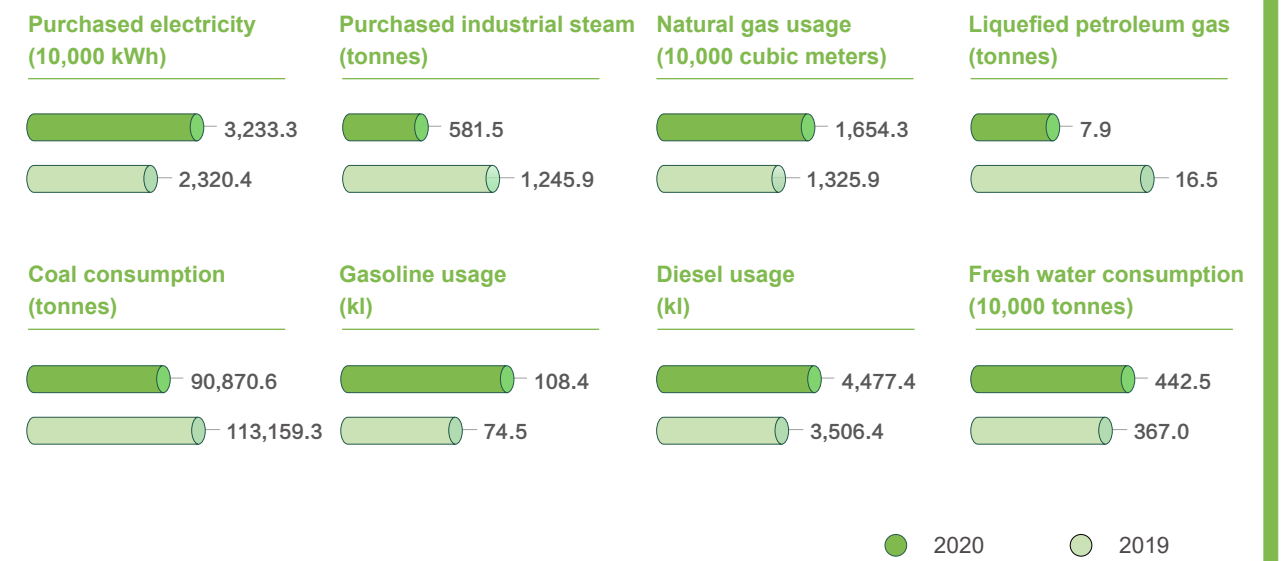
Water and Environment Business



Beer Business



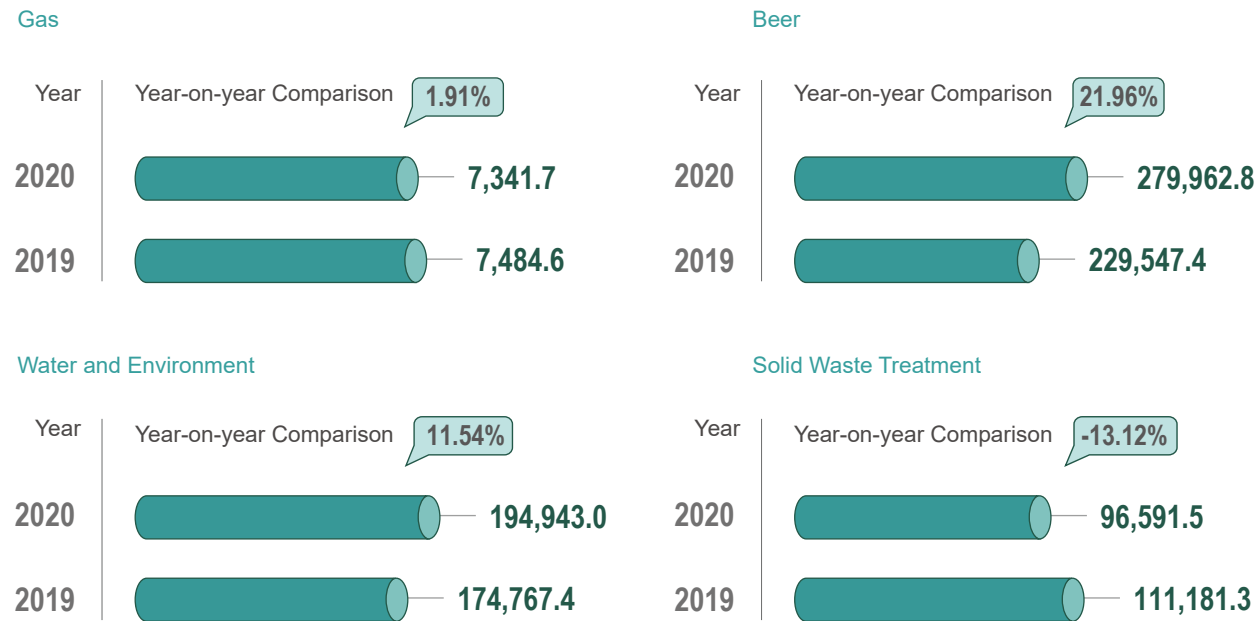
Solid Waste Treatment Business ⁹



Note: ⁸ All gas business data in the Environmental Protection section covers only Beijing Gas.

Note: ⁹ Solid waste business data covers BE Environment, BEHET, and EEW GmbH. Fresh water consumption statistics do not include EEW GmbH.

Total Energy Consumption of BEHL Business Segments in 2019-2020
(Tonnes of Standard Coal)¹⁰



Note: ¹⁰ The comprehensive energy consumption was calculated according to the *General Principles for Calculation of the Comprehensive Energy Consumption* (GB-T2589 2020)

Total Greenhouse Gas Emissions of BEHL Business Segments in 2020
(Tonnes of Carbon Dioxide Equivalent)¹¹

	Scope I	Scope II	Total
Gas	6,685.5	15,649.1	22,334.6
Beer	437,371.4	368,961.8	806,333.2
Water and Environment	6,189.0	1,061,212.0	1,067,401.0
Solid Waste Treatment	258,861.2	22,530.3	281,391.5

Note: ¹¹ Calculation of Scope I GHG emissions was based on the *Guidelines for the Calculation and Reporting Methods for Greenhouse Gas Emissions of Other Industrial Enterprises*, and the data was derived from conversion of gasoline, diesel, natural gas, liquefied gas, raw coal, and residual oil. Calculation of Category II GHG emissions was based on the *Emission Factors for China's Regional Grid Baseline for Emission Reduction in 2012* and the *Reporting Guidelines for HKEx ESG Environmental Performance Index*, and the data was derived from the conversion of purchased electricity, heating and industrial steam. Please note: The water and environment business segment is not included in the consolidation of BEHL.

BE Environment



Tai'an Project Company develops a training program on energy conservation

The domestic waste incineration power generation project in Tai'an, Shandong Province, has developed a training program on energy conservation and emission reduction. In the program, the energy conservation team regularly organizes plant-wide training sessions energy conservation every quarter on the government's current policies and the updates concerning energy conservation. In addition, Tai'an Project Company has established a target-based accountability system for energy conservation, which clearly stipulates the responsibilities and assessment methods of the target-based accountability management of energy conservation to ensure that the work is effective.

Gao'antun Project Company replaces high-energy-consuming equipment

The Waste Incineration Project Company in Gao'antun, Beijing, conducted a one-by-one investigation on the company's motors in use according to the *Catalog for the Elimination of High Energy-consumption Electromechanical Equipment (Products)* and replaced all 20 backward motors with new energy-saving motors.

Zhangjiagang Project Company implements the energy audit plan

The Solid Waste Incineration Power Plant Project Company in Zhangjiagang City, Jiangsu Province, strictly implements the *Energy Management System* and organizes its departments to carry out all aspects of energy management.

A project company in Haidian District implements system transformation

can save about **3,446.61** tce every year

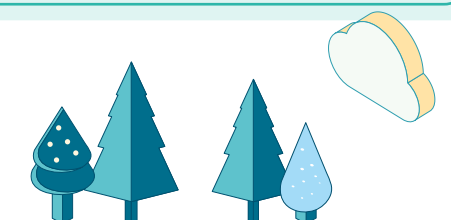
The Renewable Energy Power Plant Project at the Circular Economy Industrial Park in Haidian District, Beijing implemented a transformation project for waste incineration and the auxiliary systems. In the project, the leachate treatment system after energy conservation upgrades can save about 3,446.61 tce every year.

Shuyang Project Company improves energy efficiency of the circulating water pump motor

the annual electricity consumption will be reduced by

438,000 kWh

The Shuyang project modified the circulating water pump motor. The energy consumption of the unit is reduced from 280 kW to 180 kW, and the annual electricity consumption will be reduced by 438,000 kWh.



Resource Utilization

BEHL attaches importance to the efficiency of resource utilization and urges all business segments to improve the comprehensive efficiency of resource utilization. As a National Green Factory, Yanjing Brewery is committed to the construction of a circular economy and vigorously develops energy recycling of water, gas, and heat. Among these, water resources are recycled four times. The by-products of beer production, such as biogas generated in sewage treatment, heat in the saccharification workshop, distillers' grains, waste yeast, and sludge, are all recycled. In addition, Yanjing Brewery has established a glass bottle management department to coordinate the centralized procurement plan for new bottles and bottle recycling. This has been done with the purpose of accurately controlling the number of glass bottles that are purchased. In 2020, Yanjing Brewery purchased 913,930.56 tonnes of glass bottles in a centralized manner.

Case The water conservation management of BE Environment's Zhangjiagang Project Company takes initial effect

In 2020, Zhangjiagang Project Company in the solid waste treatment business implemented water conservation management in the production process in strict accordance with the *Water Management System*. By adopting advanced water-using technologies to increase the reuse rate of water, the company used water resources effectively and reasonably. It successfully passed the water balance test and declared to create a water-conservation enterprise.

Green Office

To reduce energy consumption and the use of paper while maintaining the efficiency of office work, we created documents including the *Regulations for the Management of Official Vehicles and Clerks (Trial)*, the *Administrative Measures for Video Conference Systems*, and the *Regulations for the Management of Local Area Networks and Office Automation Systems*. These help us regulate the management of official vehicles and office consumables and encourage the construction of an IT-based office system.

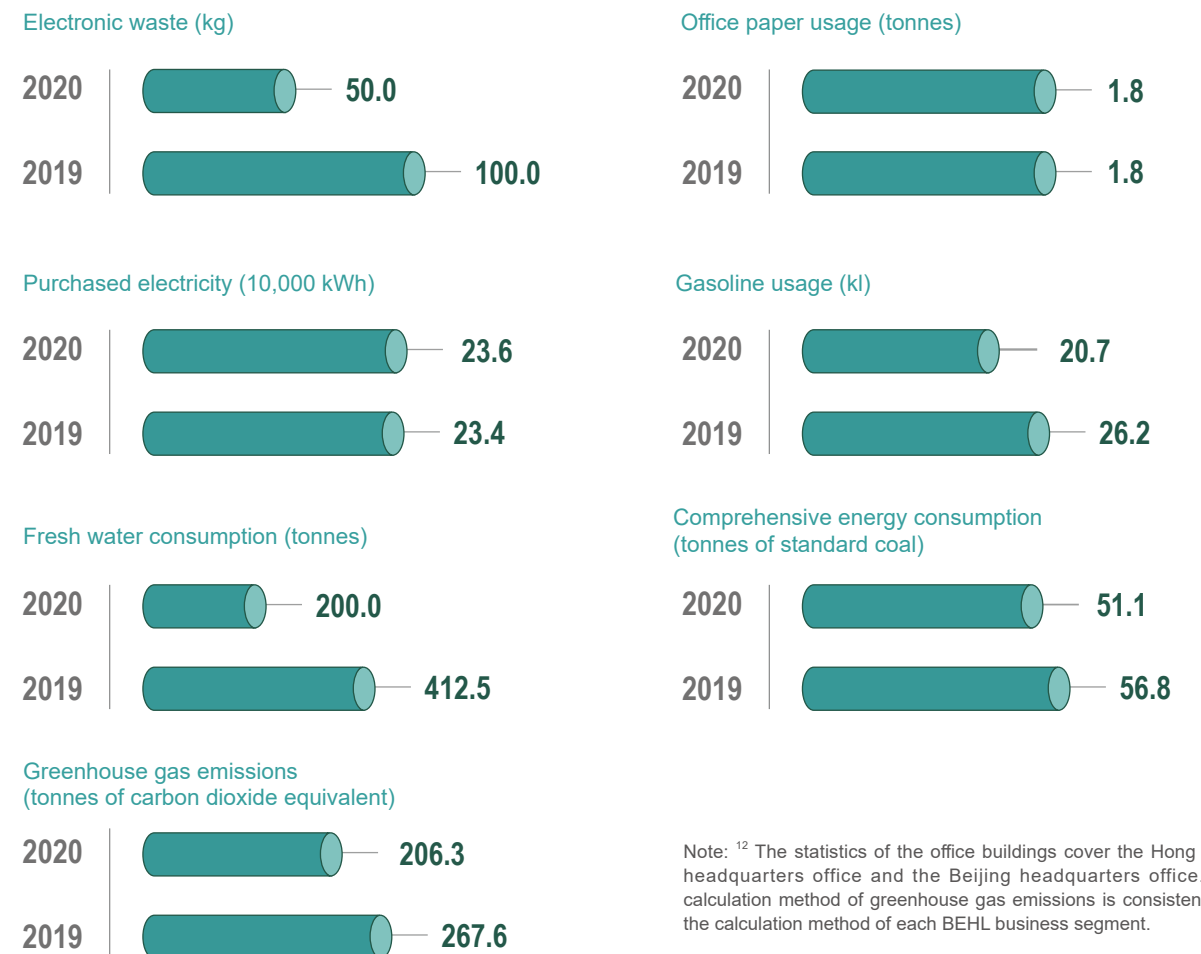
In 2020, BEHET in the solid waste treatment business kicked off IT construction. By introducing a paperless, contactless, and IT-based remote management and control method, the company established a three-dimensional video conferencing approach integrating video hardware, computer software, and mobile APP, which supports remote conferencing, file sharing, and paperless approval, improving its work efficiency.



Green Office Measures of the Company

Electricity conservation	Water conservation	Consumption reduction
<ul style="list-style-type: none"> Strengthening the management of electrical equipment to avoid long-term standby Replacing energy-saving bulbs and using more energy-efficient office equipment Controlling air conditioning time and temperature and setting the temperature of air conditioning in winter and summer 	<ul style="list-style-type: none"> Strengthening the regular maintenance of water-using equipment, distributing and posting water-saving signs, and advocating multipurpose use of water 	<ul style="list-style-type: none"> Implementing online paperless processes in offices Centralized procurement of office supplies in unified specifications to reduce replacement and maintenance loss Unified management of official vehicles, reducing unnecessary trips, and replacing gasoline vehicles with electric energy models

Main Environmental Data of BEHL Headquarters Offices 2019-2020¹²



Note: ¹² The statistics of the office buildings cover the Hong Kong headquarters office and the Beijing headquarters office. The calculation method of greenhouse gas emissions is consistent with the calculation method of each BEHL business segment.

Reducing Environmental Pollution

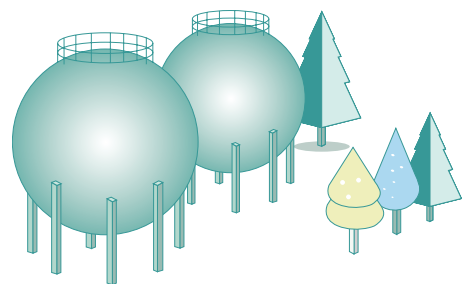
BEHL contributes to building an ecological civilization and an environmentally-friendly society by continuing to apply the environmental protection strategy of comprehensive prevention in both the production process and product manufacturing. We continue to improve ecological efficiency and carry out ecological restoration in order to reduce the impact on the environment and ecology.

Treatment and Management of "Three Wastes"

BEHL cooperates with local environmental bureaus to monitor wastewater, exhaust gas, and solid waste. We have minimized the amount and density of pollutant emissions through scientific project design, effective operation management, and strict terminal control. BEHL strictly follows regulations including the *National Hazardous Waste List*. We achieved a 100% classification, recycling, and bio-safety disposal rate for solid waste. In 2020, no environmental incidents occurred in BEHL's business segments.

Gas

- Signed the *Guiding Principles on Reducing Methane Emissions across the Natural Gas Value Chain*.
- Counted and calculated methane emissions.



Beer

- Established a centralized control platform for exhaust gas and wastewater in line with industry standards such as the *Clean Production Standards for Brewing Industry* and the *Discharge Standards for Pollutants of Beer Industry* (GB 19821-2005) to ensure that all indicators meet the standards, meanwhile, strengthened the control of pollutant discharge and improved sewage treatment capacity.
- Carried out special recycling and treatment on residual trademarks and the waste materials of broken bottles.

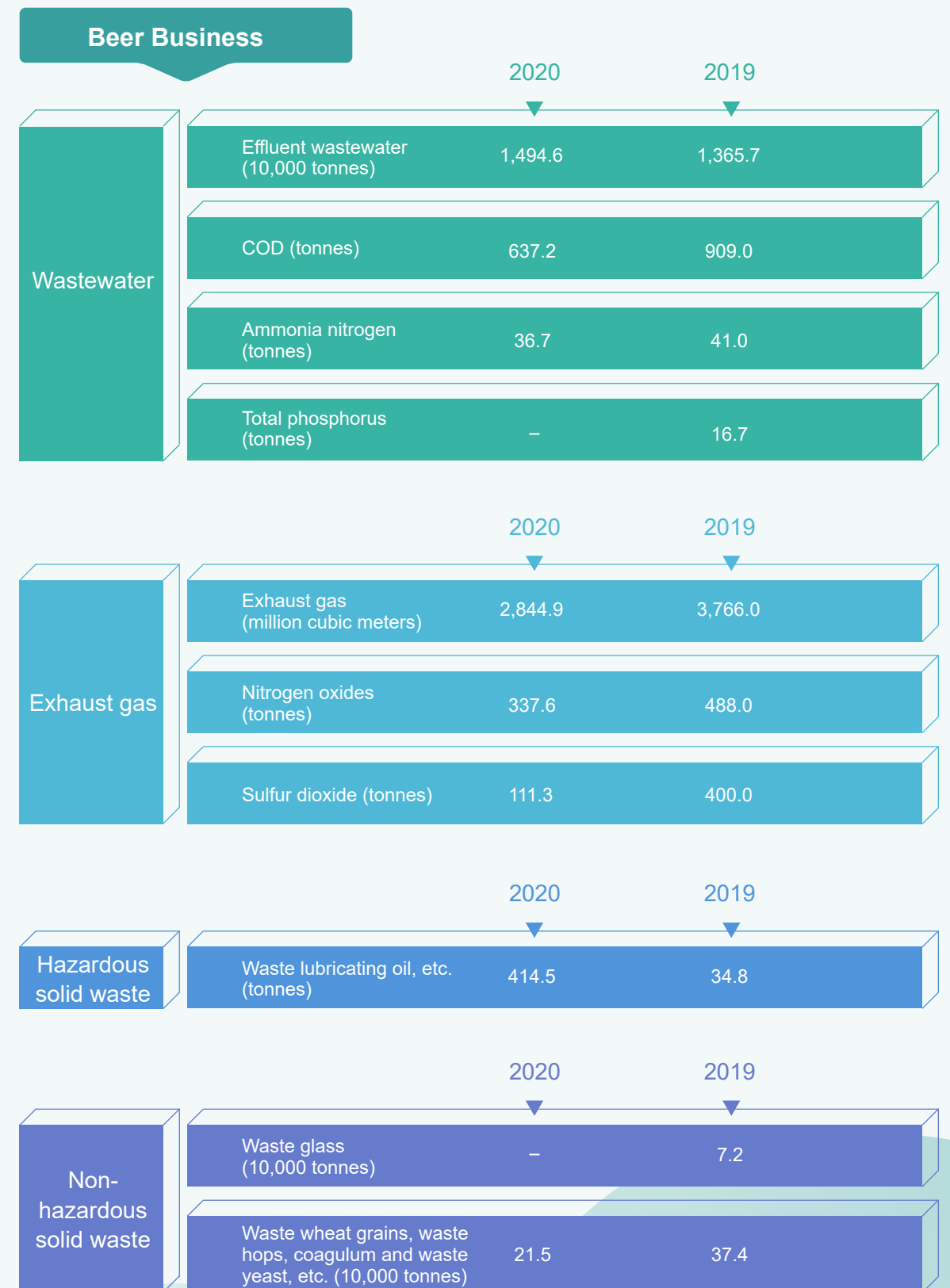
Solid Waste Treatment

- Worked in accordance with regulations including the *Standards for Pollution Control on the Municipal Solid Waste Incineration* (GB18485-2014), the *Pollution Control Standards for Hazardous Waste Incineration* (GB18484-2001), and EU 2000/76/EC & 2010/75/EC, monitored the exhaust gas generated during operation online and reported to the environmental protection department in real time, and continuously upgraded the exhaust gas purification process and equipment to reduce the concentration of pollutants in the exhaust gas.
- All solid wastes such as fly ash and slag generated after incineration are treated in a harmless manner before being landfilled or made into environmentally friendly bricks for comprehensive utilization.
- Reused leachate to help ensure discharge compliance and achieve zero discharge of wastewater.

Water and Environment

- Strictly abode by relevant national and local standards such as the *Discharge Standards of Pollutants for Municipal Wastewater Treatment Plants* (GB18918-2002), implemented strict operational emission management, and controlled five kinds of pollutants: atmospheric, water, noise, light, and waste.
- Set up emission reduction teams for construction projects to control the discharge of various pollutants.

Waste Discharge of BEHL's Business Segments in 2019-2020¹³



Waste Discharge of BEHL's Business Segments in 2019-2020 ¹³

啤酒业务

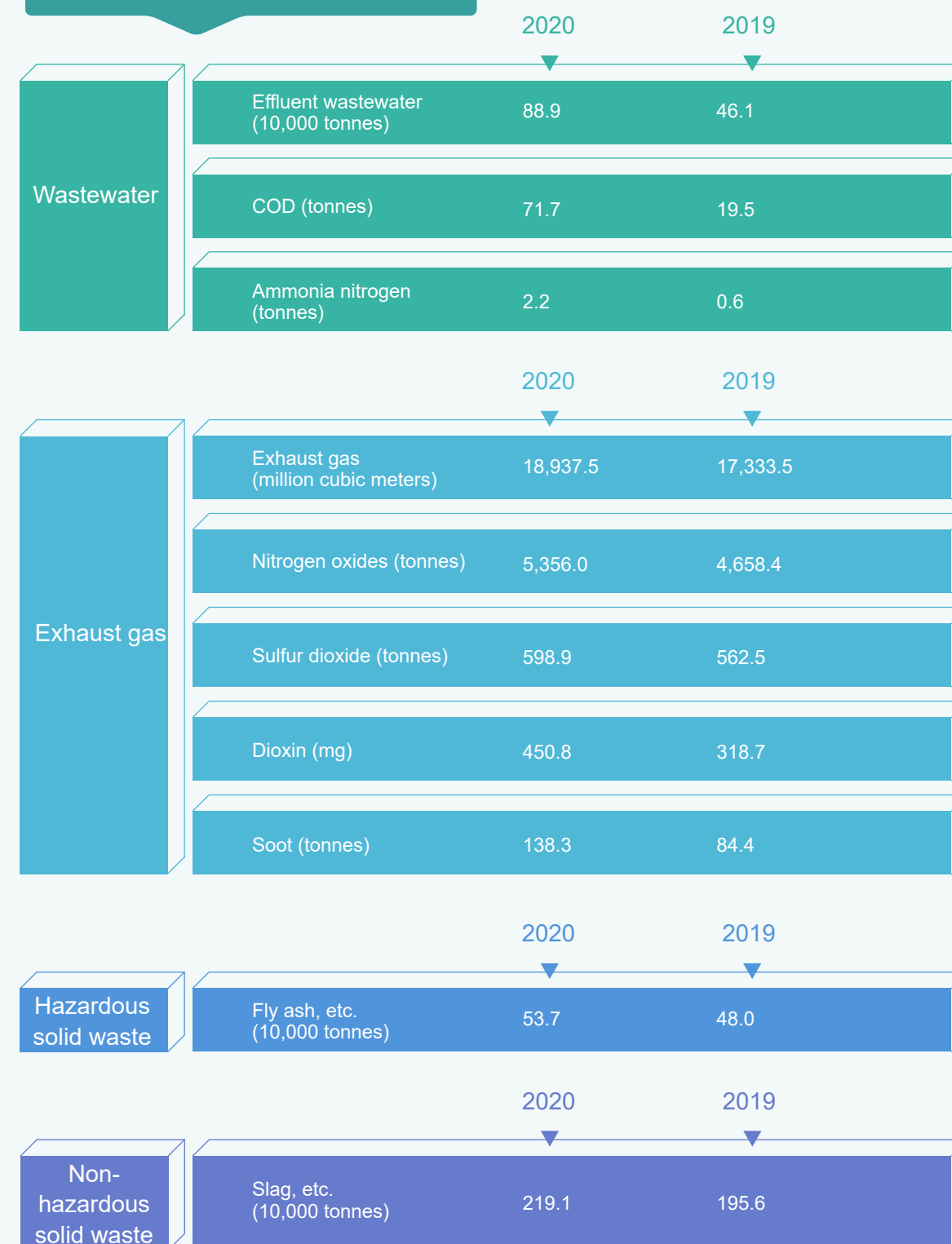
Water and Environment Business



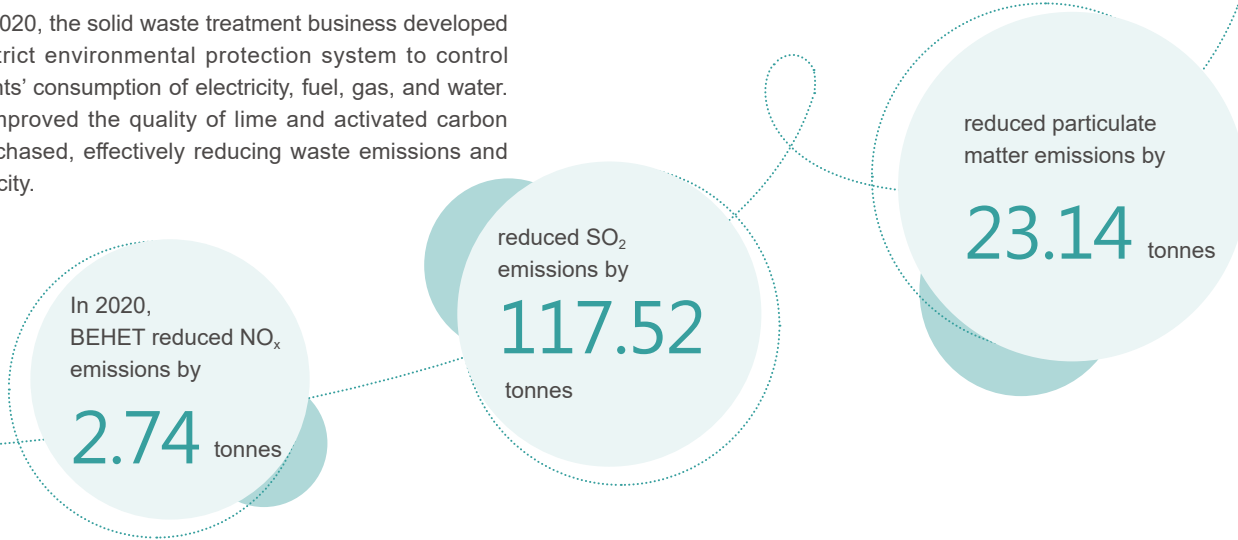
Note: ¹³ Due to the materiality principle of the ESG Reporting Guide and current statistics of affiliated BEHL companies:(1) Waste emissions in the gas segment, as a low-materiality issue, is not disclosed due to the characteristics of gas business (mainly natural gas distribution and gas transmission). (2) The water and environment segment data covers BE Water's major subsidiaries domestically and overseas. In terms of wastewater indicators, due to changes in the statistical method in the past two years, the amount of wastewater discharged in 2020 dropped significantly from that in 2019. (3) The solid waste treatment segment data covers BE Environment, BEHET, and EEW GmbH, where exhaust gas statistics do not include EEW GmbH.

Waste Discharge of BEHL's Business Segments in 2019-2020 ¹³

Solid Waste Treatment Business



In 2020, the solid waste treatment business developed a strict environmental protection system to control plants' consumption of electricity, fuel, gas, and water. It improved the quality of lime and activated carbon purchased, effectively reducing waste emissions and toxicity.



Case BEHET builds a garden-styled household waste incineration power plant with advanced technology

The bio-safe treatment project of domestic waste in Xixian New Area is a key livelihood project in Xi'an City and Xixian New Area. It is also the largest treatment project of BEHL. The project adopts modern and mature waste incineration technology.

- >>> On the side wall of the garbage pit, a far-infrared temperature measurement imaging system is installed to scan the pile height and temperature.
- >>> The incinerator adopts the flue gas recycling technology.
- >>> For flue gas denitrification, SNCR+SCR combined denitrification and wet deacidification are adopted to achieve ultra-clean emissions.
- >>> The circulating water is recycled to achieve zero discharge of sewage.

In June 2020, all 4 mechanical grate incinerators and 2 steam turbine generator units for the project were put into commercial operation. We have completed a garden-styled household waste incineration power plant that features advanced technology, mature technology, and the world-class and domestically-leading position.

Case BE Environment's Wenchang Project Company reduces exhaust emissions from the source

In 2020, to achieve the goal of energy conservation and emission reduction, Wenchang Project Company improved the quality of lime and activated carbon purchased. Throughout the year, it reduced emissions of:



Case BEHET's project company in Wuhan comprehensively strengthens the management of wastewater, exhaust gas, and solid waste

In 2020, Wuhan Borui Environmental Protection Energy Development Co., Ltd. increased its investment in technological transformation for environmental protection and implemented a number of technological transformation projects to comprehensively reduce the company's discharge of wastewater, exhaust gas, and solid waste.

Exhaust gas management

- o An auxiliary burner was installed in the incinerator to ensure that the temperature of the furnace can be maintained above 850°C during the operation of the waste incinerator, thereby avoiding the generation of harmful exhaust gas due to incomplete combustion.
- o Some screw feeding devices were replaced by the drum feeding devices, which has achieved stable feeding, stable combustion, and ultra-low CO emissions of the boiler. The average daily CO emissions was reduced from about 60mg/m³ to below 20mg/m³.

Management of odor within the plant's boundary

- o The company installed on-line automatic odor monitors by the fences of the factory boundary to monitor and control odor in real time, effectively alleviating the problem.

Wastewater management

- o Collection trenches and wells were installed on the garbage transportation route. The leachate is transported to the treatment station by gravity flow (pumping) to ensure that all sewage and wastewater on the road are collected and treated.

Solid waste management

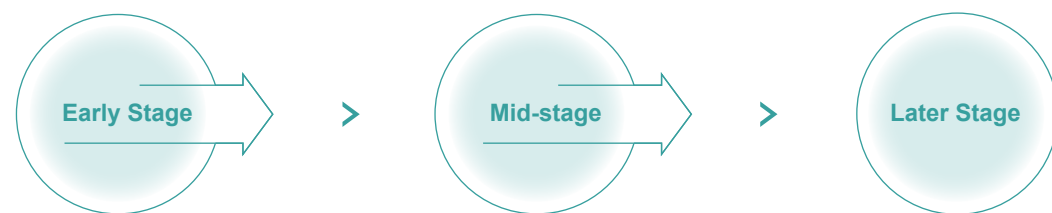
- o The hazardous waste warehouse was remodeled to collect and store scattered hazardous waste such as waste oil drums, thereby achieving the standardized management of scattered hazardous waste.
- o Dust removal equipment was installed in the fly ash curing operation room to solve the problem of ash leakage and dust from the equipment in the fly ash curing workshop.



Ecological Conservation

To minimize the impact on the environment and conserve the ecology and biodiversity, BEHL practices the concept of mitigating environmental and ecological impacts throughout all aspects of its business operations. Following the *China National Biodiversity Conservation Strategy and Action Plan (2011-2030)*, we are actively involved in biodiversity conservation and ecosystem restoration. Based on the characteristics of its business, BE Water has formulated the *BE Water Water Source Management System* and the *BE Water Biodiversity Protection Policy*. In overseas operations, it also actively cooperates with the local government and strictly implements the local biodiversity protection policy, establishing the image of a responsible multinational.

BEHL's ecological conservation measures covering the whole process of a project



- Fully identifying environmental factors
- Scientific and reasonable site selection
- Expelling the wild animals inhabiting the project construction area in advance

- Developing operation and maintenance plans for environmental protection facilities
- Carrying out regular inspections for environmental hazards
- Carrying out targeted education on environmental protection and animal protection to employees to improve their awareness of ecological conservation

- Restoring the vegetation and green landscape in the project area to avoid damage to the local ecosystem

In 2020, BEHL Ecological Company focused on the surrounding markets of Beijing and developed new businesses such as ecological restoration and environmental management in addition to its traditional urban landscaping construction projects. Adhering to the original aspiration of contributing to the motherland, benefiting the people, and being highly responsible for the history it creates, it organized this construction whole-heartedly. Many company projects were highly recognized.

Construction planning of Xiong'an New Area

BEHL Ecological Company undertook the tree planting project in Xiong'an New Area in the autumn of 2020. For its high engineering quality, it was awarded the title of Company of Excellence in the 2020 Tree Planting "Striving for the First and Creating Excellence" Competition in Xiong'an New Area by China Xiong'an Group Ecological Construction Investment Co., Ltd.

Public green landscaping of Beijing World Horticultural Exposition

During the construction of the World Horticultural Exposition project, BEHL Ecological Company upheld the ecological civilization development concept that "mountains, rivers, forests, farmlands, lakes, and grasslands are a life community". It applied new materials, technologies, and techniques, adopted unique processes and construction methods, and developed many innovative and guiding measures. It not only completed the construction with high technical quality and efficiency but also provided valuable experience for other companies and the development of landscape architecture.

The expropriated green-land project of Fangshan New Town

Adhering to the principle of "people-centric and green-oriented", BEHL Ecological Company built this green space into a community park suitable for rich activities, with beautiful green landscape, and featuring leisure, recreation, and sightseeing. Besides meeting the needs of residents for leisure and recreation, the company implemented the concept of sponge city. With vertical combing and rational organization of the recessed green space, grass ditch, and rainwater gardens, and collecting rainwater to replenish the underground, it created a unique and wild wetland garden. This project won for the company the third prize of planning and design of the Science and Technology Award 2020 of Chinese Society of Landscape Architecture.

Haidian Science and Technology Park

BEHL Ecological Company Design Institute undertook the second phase construction engineering design project of Haidian Science and Technology Park. The park is the world's first AI smart park and consists of two parts, Haidian Park and Madian Park. Relying on its smart management platform, BEHL Ecological Company built four technology experience areas and a healthy walkway. With the feature of "three hills and five gardens", it created a green and smart demonstration garden for the scientific and technological education for citizens and boosting a harmonious society. The project won the third prize of planning and design of the Science and Technology Award 2020 of the Chinese Society of Landscape Architecture.

Case

The ecological restoration of Xinfeng River Project in Daxing District, Beijing sees remarkable progress

In 2020, BE Water's Xinfeng River project in Daxing District, Beijing eliminated black and odorous water bodies in the entire basin. The project has greatly improved the water quality. The water environment of the river basin has been upgraded from the inferior Grade V to the surface water Grade IV, seeing remarkable progress in water ecological restoration.

In the Xinfeng River Basin, macrobenthos have recovered well, the species and number of birds have gradually increased, and the biodiversity of the aquatic ecosystem has increased significantly. At present, its comprehensive water ecological health index has increased by 330% compared to before the treatment. The construction projects of Xinfeng River, Laofeng River, Nanyuan Irrigation Canal, and Xinxifeng Canal have been completed and opened to the public.

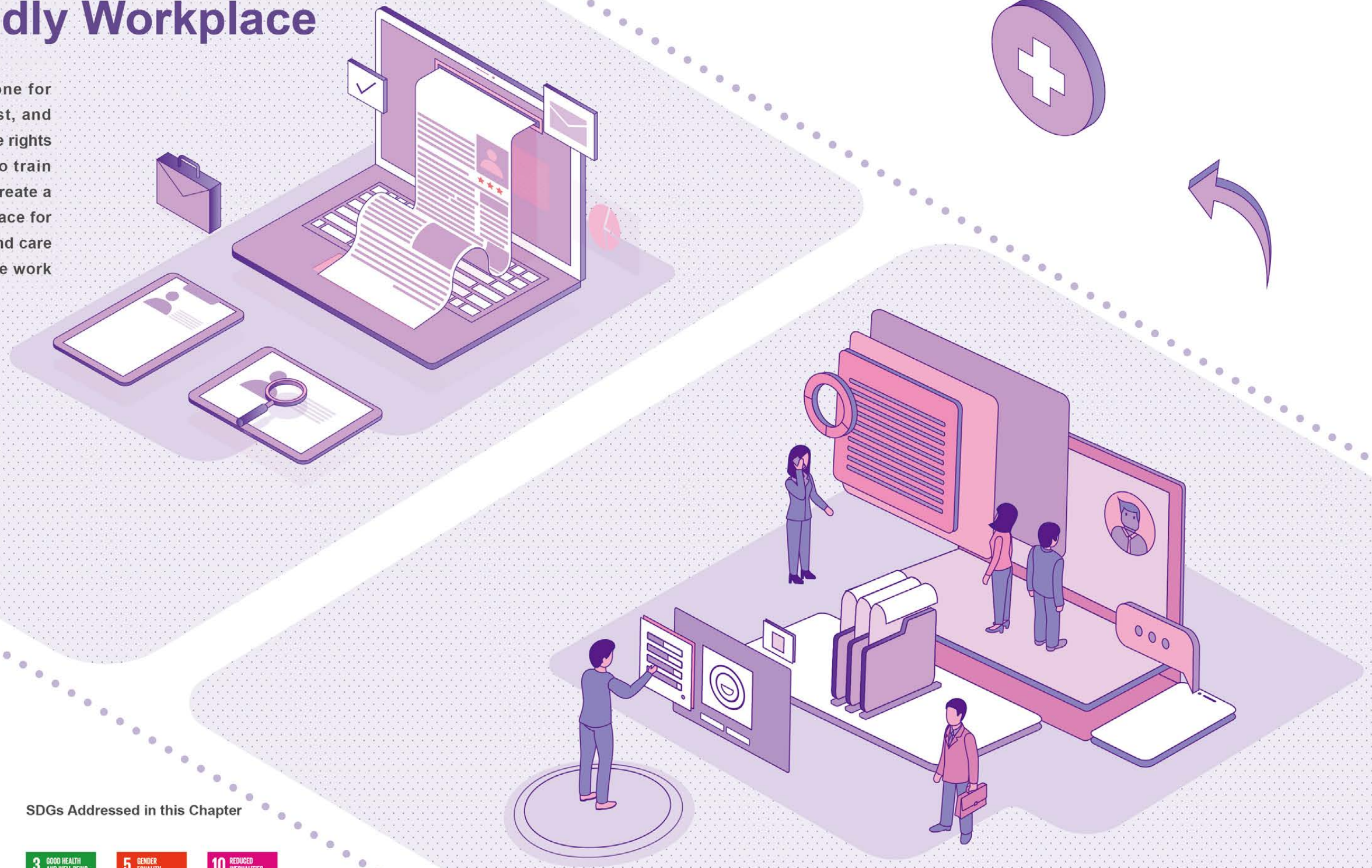
This project was the first PPP (public-private partnership) project for comprehensive management of water environment in the whole river basin in Daxing District. With the help of advanced green technology and design concepts, it has greatly promoted the effect and efficiency of comprehensive management of the water environment, effectively improved the outcome of ecological civilization and environmental protection in Daxing District, and achieved good ecological benefits.



Ecological restoration of Xinfeng River

Employee-Friendly Workplace

BEHL regards employees as the cornerstone for corporate development. We pursue fair, just, and non-discriminatory employment and protect the rights and interests of employees. We continue to train industry leaders and business experts. We create a fair, open, harmonious, and inclusive workplace for employees, and provide them with the help and care they need in a timely manner. In this way, we work with our employees to create a better future.



Material Issues Addressed in this Chapter

- Employee rights protection
- Employee training and development
- Equal employment opportunity and diversity
- Employee care

SDGs Addressed in this Chapter



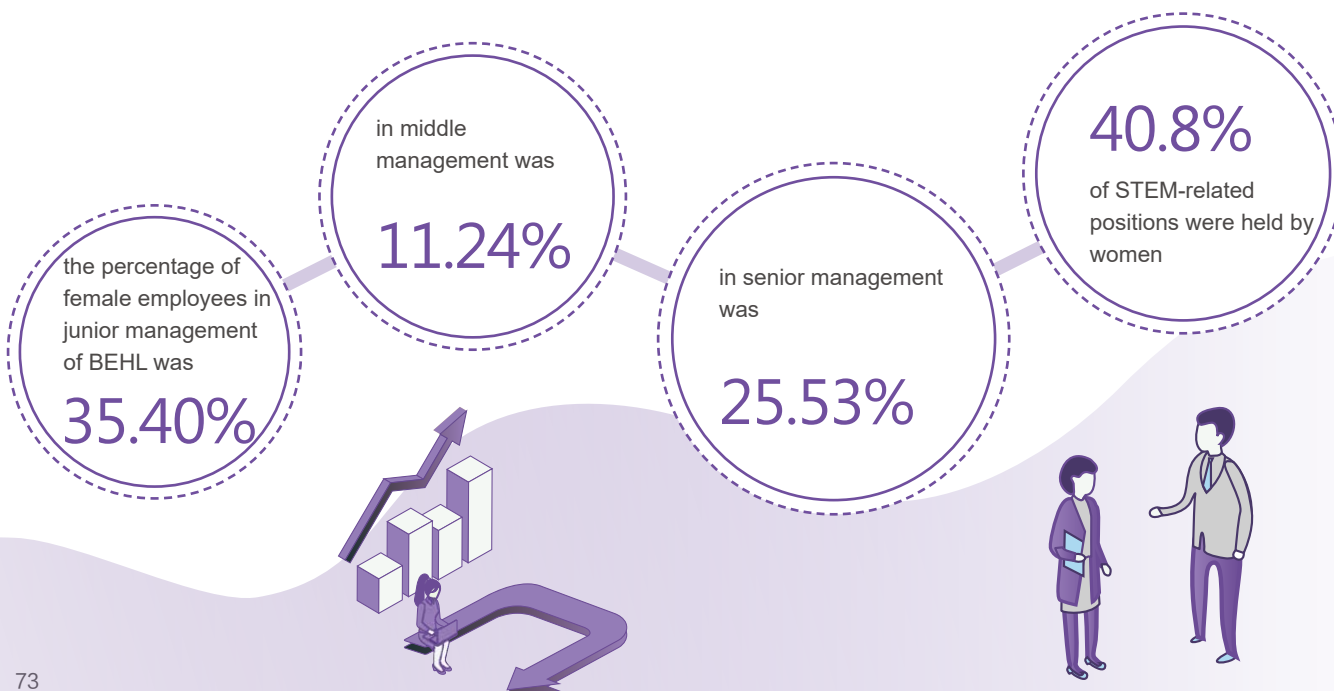
Regulating Employment Management

BEHL is committed to respecting all internationally recognized human rights related to its business. We support the *Universal Declaration of Human Rights*, the *United Nations Guiding Principles on Business and Human Rights*, and the *International Labor Organization Declaration on Fundamental Principles and Rights at Work*. We resolutely resist any behaviors that ignore and trample on human rights. Our subsidiaries have started to develop commitment system on human rights based on their business characteristics and operation-related legal requirements, such as the *BE Water Statement on Employee Rights*. The statement covers respect for the basic rights and interests of employees and undertakes to respect human rights in its operations and in the products and services it provides. It also requires its suppliers and partners to respect human rights and take actions and procedures to fulfill their commitments.

BEHL strictly abides by the laws and regulations prohibiting child labor and forced labor in the countries and regions where it operates and explicitly prohibits child labor and forced labor. The company strictly abide by laws and regulations including the *Labor Law of the People's Republic of China* and the *Labor Contract Law of the People's Republic of China*. We created systems concerning recruitment and employment, including the *Regulations on the Management of Labor Contracts and Personnel Files of Beijing Enterprises Holdings Limited* and the *Regulations on Recruitment Management of Beijing Enterprises Holdings Limited*, to regulate recruitment, staffing, appointment and removal, position transferring, and retirement. We stipulate labor conditions, treatment, vacation, and other rights in the contract in accordance with the law to ensure that the rights and interests of employees are not infringed.

We practice diversified employment and equal opportunities. In recruitment, remuneration, training, and promotion, we prohibit discrimination based on factors including gender, region, ethnicity, religion, age, pregnancy or marital status, disability, and political position. We have created a diversified, harmonious, and easing workplace, in which employees can give full play to their individual characteristics and their worth. As of the end of the reporting period, the company had 2,148 ethnic minority employees and 1,246 overseas employees, marking our diversified recruitment. Among all employees in management positions, ethnic minorities accounted for 4.92%, and overseas employees accounted for 0.78%.

We protect the legitimate rights and interests of female employees. We strictly abide by the *Constitution of the People's Republic of China*, the *Law on the Protection of Women's Rights and Interests*, and the *Rules on the Labor Protection of Female Employees*, and implement the regulations on female employees' leave during pregnancy and lactation. We adhere to the principle of equality between men and women and ensure that female employees enjoy equal labor rights and social security rights with male employees. In promotion, rank lifting, and evaluation of professional and technical positions, we ensure equal opportunities for men and women, and strive to increase the representation of women in management. As of the end of the reporting period, the percentage of female employees in junior management of BEHL was 35.40%, that in middle management was 11.24%, that in senior management was 25.53%, and 40.8% of STEM-related positions were held by women.



We have instigated whistleblowing channels for employees who have suffered discriminated treatment at work. Employees can report related issues to our legal department safe in the knowledge that we will keep their information confidential to protect their privacy when handling the case. In 2020, we upgraded the labor mediation committees of our subsidiaries and set up labor law supervisors. In this way, we listen to the demands of employees and safeguard their legitimate rights and interests.

In 2020, we recruited 1,524 new employees. As of the end of the reporting period, BEHL had 39,833 employees. Brain drain is a prominent problem in corporate talent management. BEHL has kept track of the employee turnover rate, summarized the reasons for employee turnover, and made targeted optimization and improvement to retain key employees. In 2020, the company's employee turnover rate was stable at 3.61%.

In 2020, we recruited

1,524 new employees

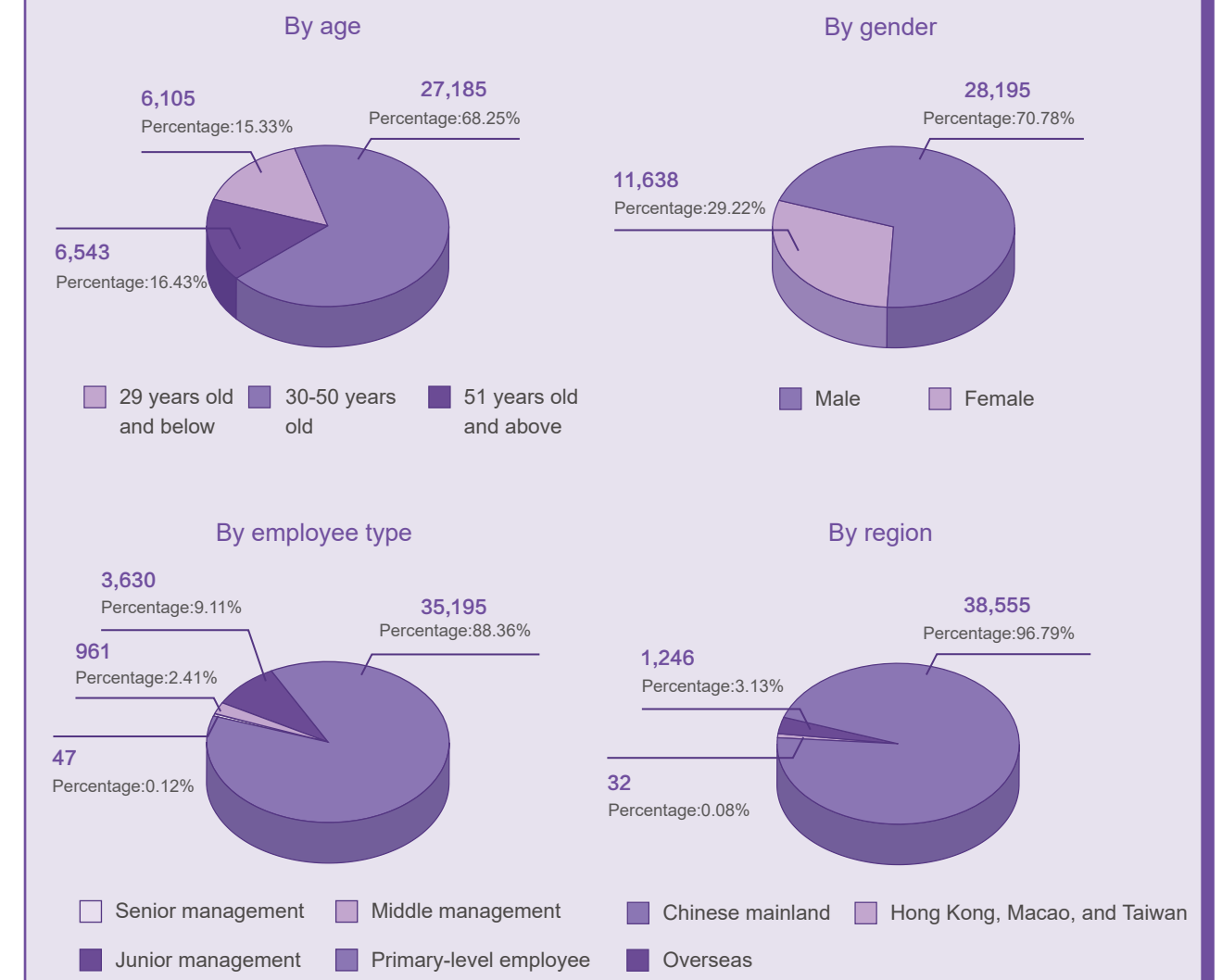


As of the end of the reporting period, BEHL had

39,833 employees



In-service Employees Classification in 2020



Helping Employees to Grow

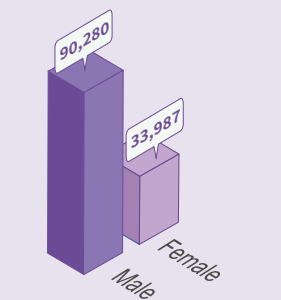
We attach importance to our employees' career planning. We build fair and transparent career development channels, upgrade and deepen the talent training mechanism, provide special training for employees of different types and at different levels, and continue to improve the setting of personnel units. In this way, we strengthen the construction of our team to ensure a sufficient number, reasonable level setting, and optimized structure of talents.

We have a sound promotion mechanism for employees, carry out scientific performance evaluation, and provide fair and remuneration that is competitive in the industry. Outstanding employees will be recognized and motivated and more employees will get help to develop themselves and prove their worth. In 2020, the company formulated a quarterly assessment plan and scientifically optimized the weights in it. Based on job responsibilities and annual key tasks, we comprehensively evaluate the performance, abilities, and work performance of employees, aiming at a virtuous circle of mutual promotion between the company and employees' performance. In addition, we set up incentives such as year-end awards, presidential special awards, and engagement awards for employees to encourage them to improve their professional capabilities, commend outstanding employees, and award their hard work.

The company values employee training. We have set up comprehensive training forms and rich training content, which have received good results. Our *Training and Management Regulations of Beijing Enterprises Holdings Limited (Revised Edition)* and other relevant regulations cover all employees and meet their needs for professional skills and career development. We provide training programs in line with these regulations including specialized courses for customer service and operation, training on measurement management, and on-the-job training for primary-level employees. In 2020, besides regular offline intensive training and out-of-office training, the company actively explored personnel training methods against the ongoing COVID-19 pandemic prevention and control. We encouraged employees to continue learning by organizing online training, live streaming conferences, and pushing online learning resources. In 2020, BEHL trained employees of 124,267 person-times, for over 601,096 hours in total, covering 100% of the employees. We invested an average of RMB 1,699.65 in the training and development of each full-time employee.

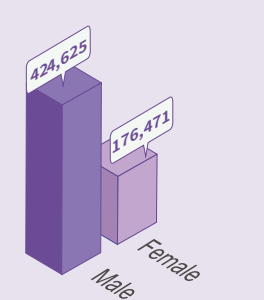
Employee Training Grouped by Gender in 2020

Number of trained employees grouped by gender
(Unit: Person-time)



Male Per Capita: 3.20
Female Per Capita: 2.92

Employee training hours grouped by gender
(Unit: Hour)



Male Per Capita: 15.06
Female Per Capita: 15.16

In 2020, BEHL trained employees of



124,267 person-times

for over



601,096 hours in total

covering



100% of the employees

We invested an average of RMB



1,699.65

in the training and development of each full-time employee

Case ▶ Beijing Gas' on-boarding training for new entrants

In July 2020, Beijing Gas organized training on theoretical knowledge for new entrants. In the training, heads of relevant units and key employees served as instructors. They delivered lectures on the company's corporate culture, organizational structure and division of responsibilities, human resources system, and basic knowledge of safety with PowerPoint presentations, interactive mini games, inspiring short stories, and quizzes. From the training, the new entrants were familiarized with the corporate culture and their rights and interests. At the same time, during the training, the company exchanged ideas with the trainees on issues such as the corporate development strategy, the impact of the global economic structure on corporate development, corporate development opportunities and challenges, and the capability training for new entrants.

Case ▶ BE Water holds the Water Plant New Momentum Program Bootcamp

In October 2020, BE Water held the Water Plant New Momentum Program Bootcamp. 46 trainees from the five major operating lines of the group and the first line of water plant operations participated in the program and completed the courses. The Water Plant New Momentum Program Bootcamp is a personnel training program for building a new first-line production and operation team. Focusing on high-potential talents in environmental protection graduating from a three-year college or university, it trained them into compound talents who understand management, technology, and operations in a short time through high-standard screening, customized training, and targeted position training. The Water Plant New Momentum Program Bootcamp facilitated the implementation of the group's dual-platform strategy, enhanced our personnel training, and helped accelerate employees' development.



BE Water holds the Water Plant New Momentum Program Bootcamp





Caring for Employee Life

The company advocates work-life balance, cares for the physical and mental health of employees, and creates a joyful workplace. Trade unions at all levels use the Internet and SMS to establish communication channels with employees, listen to their demands, and comprehensively enhance the happiness and sense of belonging of every BEHL team member.

We offer insurance for pensions, unemployment, work injury, and medical maternity needs along with a housing provident fund for employees in accordance with national regulations. We also provide reasonable remuneration pursuant to a sound salary management system. Following policies on personnel and labor and relevant regulations on salary and welfare of the Central Government and the local government and based on the company's actual conditions, we developed a welfare system for all employees. In 2020, the company optimized its supplementary medical social security plan for employees and completed the selection of insurance companies and insuring.

To better serve our employees, we create the *Employee Satisfaction Survey Management System of BEHL* and conduct an employee satisfaction survey every two years among all employees. The survey is about training and recommendations, performance management, career development, and personal conditions. The survey results will help us upgrade our employee management system and improve our employee management.

Case BEHL is awarded the Good MPF Employer by MPFA, Hong Kong

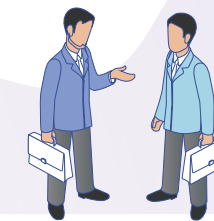
The Good MPF Employer recognition program was launched in 2015 and was held the sixth session in 2020. It aims to encourage employers to provide employees with better retirement benefits and to commend model employers who are committed to protecting and enhancing employee retirement benefits. So far, nearly 1,800 companies and institutions have been awarded this honor.

On September 30, 2020, the results of the 6th Good MPF Employer recognition program were announced. BEHL was awarded the Good MPF Employer by the Mandatory Provident Fund Schemes Authority (MPFA) for the first time. BEHL has attached importance to employees' benefits and ensured the guarantee for employees. This award proved employees' satisfaction with the company's retirement support scheme.



We care for employees in need. We have introduced a targeted assistance policy and implemented assistance. In 2020, the company applied for assistance for financial difficulties from the Sunshine special fund of the BEHL Group Labor Union for six employees in need, and applied for medical assistance from the fund for one employee suffering from serious illness. The total amount of assistance was RMB 55,000.

We set up baby care rooms, organize physical examinations for female employees, and meet their special needs. The labor unions of the headquarters and the affiliated carry out a variety of special events for female employees to mobilize and stimulate the enthusiasm of female employees, which bring a positive impact on the company's employee culture.



In 2020, the company applied for assistance for financial difficulties from the Sunshine special fund of the BEHL Group Labor Union for

6 employees in need



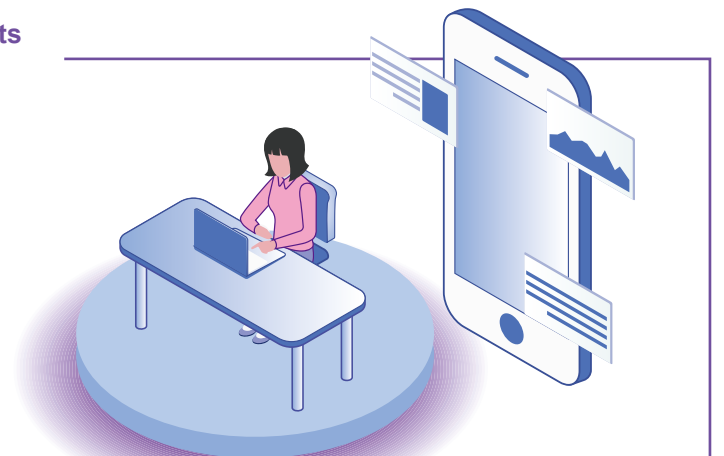
applied for medical assistance from the fund for one employee suffering from serious illness. The total amount of assistance was RMB

55,000



Case BEHL organizes Women's Day events

To enrich the cultural activities of female employees during the COVID-19 pandemic and to care for their physical and mental health in special times, BEHL organized various online competitions and quizzes on female employees' rights, in which they got relaxed and relieved stress.



Case Beijing Gas builds a Mind Lounge for employees

In regular operations, we care about the work and life of our employees. In 2020, Beijing Gas set up a Mind Lounge for employees. It is equipped with many VR games and a "stress reliever" to lead the employees to relieve stress. Beijing Gas has initially established a mental care structure for employees, which features "strengthening the construction of hardware facilities for care services, strengthening the training of care service personnel, carrying out mental care service activities, and focusing on building a long-term mental service mechanism". Under this structure, the company helps employees maintain a positive attitude.

Harmonious Community

BEHL gives back to the society while creating economic benefits. We have been long devoted to various fields of public welfare and charity. In material donations, charity campaigns, sports, and support for environmental protection education, we fulfill our corporate social responsibility, give back to local communities, and promote harmony between local communities and the company.



Material Issues Addressed in this Chapter

Contribution to community development
Maintenance of community relations

SDGs Addressed in this Chapter



Engaging in Social Undertakings

BEHL leverages its advantages to be a promoter of social undertakings, in the hope to lead more people to engage in social welfare with its efforts, and provide more people with help within its capacity. In 2020, BEHL was awarded the Caring Company logo by the Hong Kong Council of Social Service for the third consecutive year.

BEHL, through the Mingxi Charity Foundation and its affiliated organization Mingxi Volunteer Team, carries out a number of charity services in Hong Kong to give back to Hong Kong society and help young people grow.



BEHL was awarded the Caring Company logo in 2020

Mingxi Charity Foundation's Major Social Welfare Projects in 2020



- Supported the holding of the 3rd Hong Kong Youth Innovation and Entrepreneur Cup
- Operated the 2nd session of Youth Innovation and Entrepreneurship Fund
- Participated in organizing the Hong Kong qualification trial of the 1st HICOOL Global Entrepreneur Summit and Entrepreneurship Competition
- Sponsored and supported the 6th Hong Kong University Student Innovation and Entrepreneurship Competition

3rd Hong Kong Youth Innovation and Entrepreneur Cup

The 23rd Beijing Hong Kong Economic Cooperation Symposium Zhongguancun Special Session and the Grand Final of 3rd Hong Kong Youth Innovation and Entrepreneur Cup co-organized by Mingxi Charity Foundation were held on November 20, 2020 in Beijing and Hong Kong in an online and offline combined method. The competition, themed by "Hand in Hand to Create a Better Future", focused on the interconnection of innovative elements in Beijing and Hong Kong and the development of youth innovation and entrepreneurship. The competition was designed to enhance the cooperation between Beijing and Hong Kong, stimulate the vitality of innovation and entrepreneurship, experience exchanges, and result sharing between the two cities, and create a platform for exchanges and cooperation between young people from Beijing and Hong Kong.

Mingxi and the Hong Kong New Generation Cultural Association selected four high-quality projects from the winning projects in the 6th Hong Kong University Student Innovation and Entrepreneurship Competition and the Preliminary of the 3rd Hong Kong Youth Innovation and Entrepreneur Cup to form the Hong Kong team. They competed with the four projects of the Beijing team in online and offline roadshows. After fierce competition, the first prize was won by the "Mapollo 5G Space Intelligent Engine" project of Seengene Inc., a Beijing-based company. LaSense Technology Limited's "High Sensitivity Gas Sensing and Control System" project and PhoMedics Limited's "CHAMP Microscopy Technology" project, both from the Hong Kong team, won the second and third prizes, respectively.



Chen Wenqi, Level 2 Inspector of the Administrative Committee of Zhongguancun Science Park, presents the Second Prize award to the LaSense team



- Sponsored Mingxi Scholarship 2020
- Participated in organizing the Hong Kong Young Historian of the Year Award 2020 and Hong Kong Middle School Chinese History Study Award Scheme
- Participated in organizing the Beijing-Hong Kong University Photography Competition
- Organized activities of Mingxi Alumni Association
- Participated in organizing the Selection of Chinese Historical Figures 2020

Hong Kong Young Historian of the Year Award 2020 and Hong Kong Middle School Chinese History Study Award Scheme

In November 2020, Mingxi Charity Foundation, the Alumni Association of Masters in Chinese History of Hong Kong University, the Chinese National History Education Center, and the Hong Kong Education Bureau jointly organized the Hong Kong Young Historian of the Year Award 2020 and Hong Kong Middle School Chinese History Study Award Scheme. The scheme aimed at prospective college students and middle school students of all grades. It was designed to encourage students to study ancient Chinese history and write articles on topics related to Chinese history. It aroused the interest of Hong Kong middle school students in studying Chinese history, created the atmosphere for studying Chinese history among them, promoted the national sentiment of young people in Hong Kong, and deepened their understanding about the motherland.

Selection of Chinese Historical Figures 2020

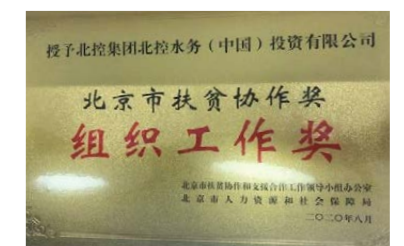
In August 2020, Mingxi and the Chinese National History Education Center (Hong Kong) jointly organized the Selection of Chinese Historical Figures 2020. The event was supervised by an advisory group consisting of well-known historians in Hong Kong. They identified five candidate historical figures under the theme of "Science and Technology Rejuvenating the Country, Economy, and the People". After that, teachers and students from Hong Kong primary and secondary schools were invited to vote to select the most representative one as the historical figure of the year. The event was designed to popularize national history education among young people, teachers, and the public, enhance national identities from all walks of life in society, and strengthen the sense of belonging through history and culture.



- Actively participated in charity and public welfare and organized volunteer activities
- Donated health kits to schools to jointly fight the COVID-19 pandemic

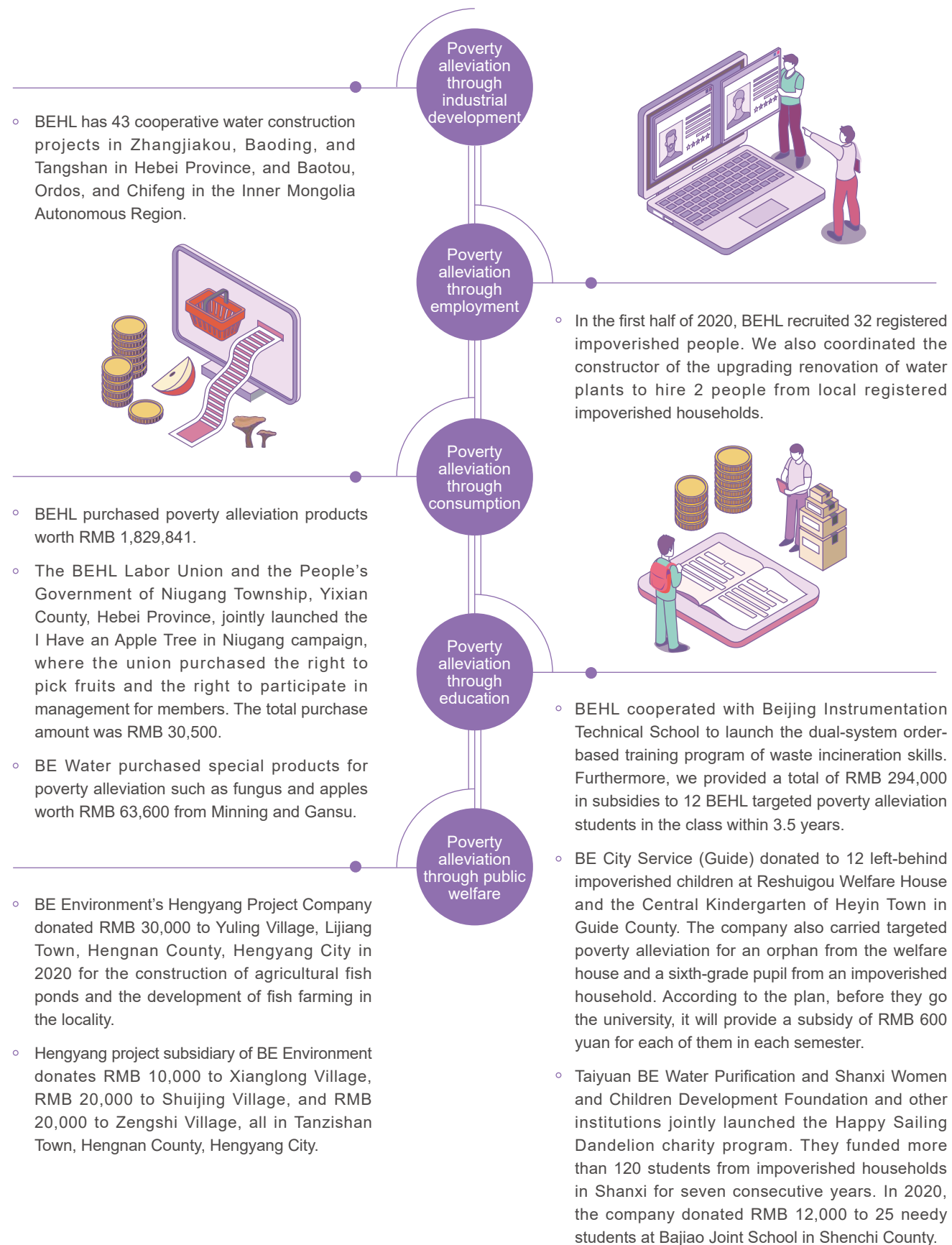
Poverty Alleviation

To achieve the goal set by the Communist Party of China (CPC) Central Committee to build a comprehensively building a moderately prosperous society and win the battle against poverty, BEHL attaches great importance to targeted poverty alleviation. We thoroughly implement the instructions of the Beijing Municipal State-owned Assets Supervision and Administration Commission (Beijing SASAC) on poverty alleviation according to the work arrangements of the CPC Beijing Municipal Committee and Municipal Government and Beijing SASAC. We lead all segments to persist in carrying out poverty alleviation through industrial development, employment, education, and public welfare, and do a solid job of targeted poverty alleviation. In 2020, BE Water won the Poverty Alleviation Collaboration Award of Beijing.



BE Water won the Poverty Alleviation Collaboration Award of Beijing

Performance in Poverty Alleviation of BEHL in 2020



Support for Sports

BEHL continues to support the development of sports. Yanjing Brewery and the Chinese Football Association (CFA) have carried out the Seeds Project campus charity event for 6 consecutive years. It supports the development of Chinese youth football in terms of football education and sports material donations. In 2020, Mingxi Charity Foundation organized or participated in events such as Special Olympics Hong Kong and Hong Kong Youth Basketball Open. In this way, it actively supports the development of sports in Hong Kong and continues to contribute to the healthy development of young people and the training of prospective Chinese basketball players.

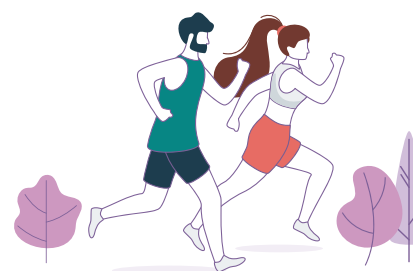
Case Yanjing Brewery holds the Yanjing Brewery 2020 CFA Cup Seeds Project campus charity event

In December 2020, Yanjing Brewery and CFA organized the annual Seeds Project campus charity event and delivered a training session for a school football team. The 5 football players participating in the event taught the children football skills and played a football match with 30 young players from the school's boys' and girls' football teams. The organizers also donated 100 footballs to Fangzhou Primary School in Suzhou Industrial Park. The Seeds Project aims to allow more children to exercise and experience the fun of football.



Case Mingxi Charity Foundation engages in and sponsors the 44th SOHK Regional Athletic Meet

In January 2020, Mingxi Charity Foundation engaged in and sponsored the 44th Special Olympics Hong Kong (SOHK) Regional Athletic Meet. About 200 students, more than 200 parents, and 150 volunteers participated in the meet. Players were grouped for multiple competitions such as races, high jumps, long jumps, and softball throws.



Case Mingxi Charity Foundation holds the 2nd HK InnoVision Hong Kong Basketball Open

In January 2020, Mingxi Charity Foundation and HK InnoVision, a local youth organization in Hong Kong, organized the 2nd HK InnoVision Hong Kong Basketball Open. This Hong Kong Basketball Open organized young people from all walks of life in Hong Kong with an aim to unite the younger generation with sports competition as a common language. In addition, the organizers led the top four teams of the competition to the Guangdong-Hong Kong-Macao Greater Bay Area for exchanges between young people in Guangdong, Hong Kong and Macao, and promote the integration of sports and culture between cities in the Greater Bay Area.



Environmental Education

Leveraging its business advantages, BEHL cooperates with local communities to carry out knowledge popularization, education, and campaigns on environmental protection with community publicity, corporate opening, and university-enterprise cooperation. In this way, we help local residents raise awareness of environmental protection and promote public engagement in ecological environmental protection.

Case BEHL carries out the On the Way - BEHL Green Seeds Project

In September 2020, BEHL carried out the On the Way-BEHL Green Seeds Project 2020 with Laishui County, Gaoyang County, and Wei County, Hebei. BEHL donated environmental protection school-based courses and teacher award funds worth over RMB 250,000 to Laishui County, Gaoyang County, and Wei County, and invited educational experts to conduct professional training on the Green Seeds Project course for hundreds of teachers in the three counties. In the future, BEHL will continue to promote the Green Seeds Project in Beijing, Tianjin, and Hebei. We will also solidly carry out other public welfare education programs on environmental protection based on our industrial advantages, and work with more teachers and students in Laishui County and Gaoyang County to protect the environment and the beautiful landscape of the motherland.



Case The solid waste treatment business launches the “Act for a Beautiful China” environmental protection knowledge campaign

On June 5, 2020, the World Environment Day, Shuangqi Company in the solid waste treatment business and the Environmental Protection Volunteer Association of Heilongjiang Province completed the editing and production of a course under the theme of “Act for a Beautiful China”. The course is broadcasted for free on public platforms. It was designed to popularize the knowledge of domestic waste disposal, drive the joint efforts of everyone to reduce the generation of waste from the source, and guide the public to care for the environment and help garbage sorting.



Tai'an Company in the solid waste treatment business established a June-5th Environmental Protection Publicity Working Group. It organized environmental protection volunteers to take to the streets to promote environmental protection knowledge and waste sorting and disposal methods to the citizens and answered their environmental questions. It guided citizens to engage in environmental protection practices and build a beautiful home together.



Case BE Water builds the Pengjiang Smart Water Exhibition Hall

In 2020, BE Water built a high-tech and high-quality exhibition center for environmental protection and water conservation, science, focusing on displaying the advanced concepts and technologies of the water management in Pengjiang. The Pengjiang Smart Water Exhibition Hall serves as a venue of nearly 1,000 m² for environmental protection education for teenagers and children in Jiangmen City and surrounding regions. The center carries out publicity and education of environmental protection science to the public with various methods such as the Environmental Protection Open Day, regular events themed by environmental protection, and the WeChat official account, making contributions to the construction of an ecological civilization in Pengjiang District, Jiangmen City.



Public Welfare Undertakings

BEHL put efforts in charity and public welfare. The company encourages employees to engage in volunteer services and show love and responsibility through social donations and serving as young volunteers. In 2020, BEHL's external charitable donations totaled HK\$ 25.744 million. 47 employees from the Beijing and Hong Kong headquarters invested 131 hours in public welfare projects.

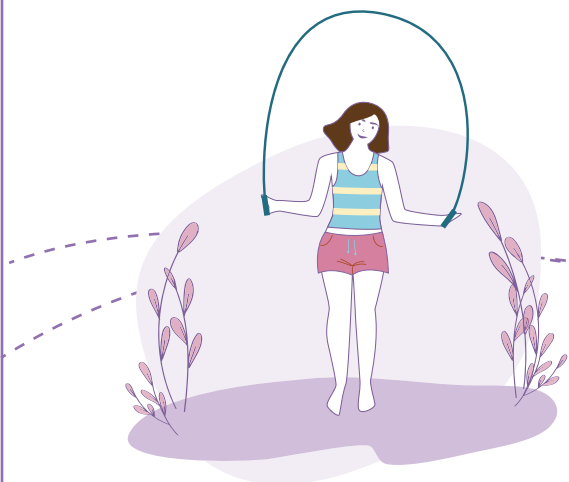
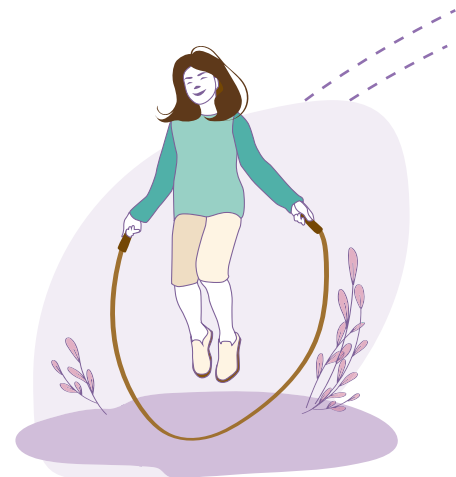
In 2020, BEHL's external charitable donations totaled HK\$

25.744 million



Case BEHL sponsors Food Angel's 1-minute Jump for Love Challenge

During the COVID-19 pandemic in 2020, Food Angel, an organization that promotes food recycling and assistance, launched a fundraising activity called 1-minute Jump for Love Challenge to help disadvantaged groups solve their food and clothing problems. BEHL donated HK\$ 3,000 for 250 hot meals. The company also encouraged its employees to shoot a 1-minute rope skipping video and upload it to raise more donations. The 1-minute Jump for Love Challenge raised HK\$ 200,000 for Food Angel, enough to make 17,000 meals. This activity encouraged everyone to keep exercising during home-quarantine and provided care and assistance to those in need.



Case BEHL and Sowers Action jointly launch the Connected Kids computer and Internet access funding program

In September 2020, BEHL and Sowers Action launched the Connected Kids computer and Internet access funding program. It purchased online learning devices for 200 students from low-income families for them to engage in e-learning more effectively while staying at home. BEHL donated HK\$ 100,000 for 33 computers. Supported by BEHL and volunteers from Sowers Action, the Connected Kids computer and Internet access funding program raised more than HK\$ 1 million.



Case BE Ecological Company organizes the Good Books for Growth book donation program

In 2020, to help primary and middle school students in Hotan, Xinjiang solve the practical difficulty of the lack of Chinese books, BE Ecological Company organized the Good Books for Growth book donation program. The company encouraged employees to participate in the program and show the care and strong sense of social responsibility of BEHL for children in Xinjiang with practical actions.





Feature

Working as One to Combat COVID-19

Since the outbreak of the COVID-19 pandemic in early 2020, BEHL has earnestly implemented the countermeasures to ensure strict prevention and control. We also played an active role in primary-level community governance, organized fund and supply donations, got deeply involved in pandemic prevention and control in the community, fully demonstrating the responsibility of the state-owned enterprise.

Strengthening Organization and Fulfilling Responsibilities of Prevention and Control

After the outbreak of the pandemic, BEHL immediately established a BEHL Special Leading Group for Pandemic Prevention and Control to coordinate the company's efforts in pandemic prevention and control. The leading group focused on strengthening personnel management and control, regional health management, security of anti-pandemic supplies, and pandemic prevention and control communication, actively fulfilling its political and work responsibilities in this regard.

BEHL formulated and implemented the *BEHL Emergency Plan for the Prevention and Control of the COVID-19 Pandemic* and the *BEHL Plan for the Pandemic Prevention and Control in Resumption of Work and Production*. These plans and systems set pandemic prevention and control measures and clarified the responsibilities of all parties, establishing a systematic and solid line of defense for pandemic prevention and control.

In addition, BEHL established a reporting mechanism of overseas pandemic information in accordance with the requirements of superior authorities. We summarized the pandemic situation in countries and regions such as Malaysia, Singapore, Botswana, Portugal, Australia, Germany, the Netherlands, Luxembourg, and Hong Kong. We also promptly organized companies in these countries and regions to watch the lectures and learn the guidance on overseas pandemic prevention and control given by medical experts China.



Regular Pandemic Prevention to Protect Employees

During the pandemic, BEHL strengthened the management of employees of the group and projects. Our employees signed the *Employee's Letter of Commitment for Pandemic Prevention and Control* and the *Employee's Letter of Responsibility for Pandemic Prevention and Control*. For personnel entering and leaving the company and factories, we strictly took body temperature, scanned QR codes, made registration, and required them to wear masks and not to gather. In this way, we made every effort to ensure the normal work of the group and production projects. We disinfected all places and entering and exiting vehicles regularly every day. We also took pandemic prevention measures such as queuing at one-meter intervals, reducing the density of employees in the office area, and setting up temporary quarantine areas.



Regular disinfection by our staff

BEHL fully guaranteed the supply of materials. We provided employees with anti-pandemic supplies such as N95 masks, disinfectants, and chlorine dioxide disinfection tablets, and provided complete protective measures for employees who were at risk of exposure at work, such as goggles, protective clothing, rubber gloves, and rubber shoes. Furthermore, BEHL provided anti-pandemic material support to company employees abroad and in pandemic-hit areas. We sent 8,950 masks to EEW from China and assisted EEW to purchase 100,000 N95 masks from China for regular operations in Europe. The company also helped Wuhan Borui Company by facilitating the purchase of N95 masks and other anti-pandemic supplies. We also allocated a special fund of more than RMB 90,000 for pandemic prevention, effectively ensuring that the anti-pandemic supplies met the needs of employees.



Strict management on building entry and exit

BEHL also kept pandemic prevention for retired employees in mind. We fully cooperated with superior authorities to collect the information about pandemic prevention and purchase and distribute labor protection supplies. In 2020, BEHL regularly distributed surgical masks to retired employees nine times. We distributed anti-pandemic disinfection products to retired and in-service employees in a centralized manner and reminded them to take regular protective measures.

In addition, BEHL widely communicated pandemic information and pandemic prevention requirements with electronic screens, publicity boards, and WeChat chatgroups. We also trained employees on pandemic prevention knowledge remotely via the Internet. In this way, we actively promoted pandemic prevention and control, increased employees' awareness of pandemic prevention, and combated the pandemic.

In 2020, BEHL regularly distributed surgical masks to retired employees

9 times





Feature

Overcoming Difficulties and Guaranteeing City Services

BEHL organized all affiliates to deploy health security work in the first place. We formulated and issued the *Notice of BEHL on Safe Production During Pandemic Prevention and Control*, the *Precautions for Safe Production During Pandemic Prevention and Control*, and 20 relevant targeted guides. We required gas, water, and solid waste treatment companies that undertook the task of guaranteeing urban operation services to put efforts in regular production and business to ensure safe and stable operation while maintaining pandemic prevention and control. In particular, we focused on tracking the projects in the Hubei business area and Beijing to ensure work safety under the conditions of pandemic prevention and control. In this way, we did our best to ensure the operation of city services.

Beijing Gas provides people-oriented services and secures gas supply

Beijing Gas put every effort to in user services against the backdrop of pandemic prevention and control. Beijing Gas cooperated with more than 100 key pandemic prevention and control institution, including hospitals and Centers for Disease Control and Prevention, to establish a security mechanism and added more than 2,900 gas purchase devices to facilitate residents' purchase of gas. After the COVID-19 outbreak in Xinfadi, Beijing, Beijing Gas immediately organized force for service guarantee in high-risk areas. It fully mobilized resources to purchase anti-pandemic supplies and gave priority to ensuring the health and safety of front-line employees at the primary level. It also strictly implemented prevention and control measures and carried out publicity and education. In this way, Beijing Gas achieved zero infection or suspected case of COVID-19 among all employees.

During the pandemic, Beijing Gas completely suspended meter reading and charging for residents. For resident users who need meter reading for paying fees, the account period was extended accordingly. Users could use the Beijing Gas APP to report their reading and pay fees. Arrears caused by this measure would not be charged overdue fine. When a user found a problem with gas, Beijing Gas would provide door-to-door gas delivery service to ensure normal gas usage. Meanwhile, the company promoted self-service Bluetooth-enabled recharge machines in communities, so that users could purchase gas without going out of the community.

In addition, to ensure the fastest response to the demands of enterprises or residents, the Beijing Gas service hotline of 96777 was uninterrupted 24 hours a day. Users could call the service hotline or apply on the Beijing Gas APP for gas repairs. The service personnel of Beijing Gas, with full anti-pandemic prevention and health protection gears, responded promptly and provided door-to-door services. During the pandemic, Beijing Gas provided convenient services to residents at minimized movement of people.



Hunan Hengxing Company in the solid waste treatment business guarantees efficient treatment of local medical waste during the pandemic

Hunan Hengxing Environmental Protection Technology Development Co., Ltd. (Hengxing Company) provides the entire process of medical waste disposal services for the Hengyang region, including collection, transportation, and bio-safe disposal. During the pandemic, besides the regular collection and transportation of ordinary medical waste, Hengxing Company added seven vehicles for the collection and transportation of special medical waste and cleared all special medical waste on a daily basis. The company collected, transported, and disposed of special medical waste from 11 designated hospitals and the fever clinics of 22 hospitals every day. Furthermore, Hengxing Company arranged special personnel to collect information about the medical waste collected every day and regularly report to the provincial, municipal, and county departments to ensure that government departments obtained real-time information about the collection and disposal of medical waste in Hengyang region.

Hengxing Company added **7** vehicles for the collection and transportation of special medical waste and cleared all special medical waste on a daily basis and disposed of special medical waste from **11** designated hospitals  and the fever clinics of **22** hospitals every day

Huairou Project Company in the solid waste treatment business operates three shifts during the pandemic to ensure uninterrupted operation of household waste incineration and power generation

The Huairou project undertakes the incineration and power generation of domestic waste and the disposal of kitchen and fecal waste in Huairou District. During the pandemic, the amount of waste received by Huairou Project Company significantly decreased. To ensure the uninterrupted operation of domestic waste incineration and power generation and the normal city function of Huairou District, the project operated three shifts on duty for incineration operations in accordance with the needs of pandemic quarantine and the actual conditions of personnel on leave from Beijing. The maintenance personnel on duty in the production department were re-assigned to the operating department.

BE Water ensures the security of water plants in multiple locations with intelligent operation layout

During the pandemic, BE Water strictly followed the *Notice on Supervision of Medical Sewage and Urban Sewage Against the COVID-19 Pandemic* issued by the Ministry of Ecology and Environment, and rigorously controlled the medical sewage undisinfected or undergoing non-compliant treatment with smart operation technology, and strengthened the disinfection of urban sewage treatment plants. BE Water deployed more than 50 unmanned water plants or water plants with minimized staffing in Guangdong, Zhejiang, Beijing, and Yunnan. With the help of the digital twin system function, the company accurately restored the surrounding environment and landform of the actual water plant and realized the seamless and lossless integration of BIM model and GIS information, which supported browsing from outdoor to indoor, from ground to underground. Inspectors did not need to go to the site. They could use the data monitoring system on the mobile APP to view the entire plant and accurately check relevant data and status in real time. This not only reduced gathering but also improved management efficiency. The company successfully guaranteed production and pandemic prevention and used "intelligence" to create a barrier to block COVID-19.



Feature

External Aid Demonstrating the State-owned Enterprise's Responsibility

In the face of the shortage of anti-pandemic supplies became a major social problem. BEHL actively carried out external aid while ensuring its normal operation. We called on our subsidiaries and foundations to donate supplies to peer companies and disadvantaged groups to demonstrate the demeanor of the state-owned enterprise with practical actions.

Yanjing Brewery donates funds and supplies for pandemic prevention and control

300 employee volunteers from Yanjing Brewery participated in pandemic prevention and control. They set up makeshift sheds for the nucleic acid testing of residents in Guangming Sub-district. They also formed 12 teams to serve in the lockdown community of Henan Village. In 2020, the service hours of employee volunteers involved in pandemic prevention and control totaled 70,931 hours.

Yanjing Brewery leveraged its advantages and provided the electro-oxidizing water, alcohol, and other disinfection products that it produced to partner companies. During the two sessions (of the National People's Congress and the Chinese People's Political Consultative Conference), Yanjing Brewery produced 5 million bottles that totaled more than 39 tonnes of emergency water, which was sent to the site of the two sessions. In this way, it completed the mission of the emergency reserve for the bottled water market in Beijing and the mission of national food security supply during the two sessions with high quality. In addition, Yanjing Brewery donated funds and supplies worth RMB 13.5 million via Beijing Red Cross, Beijing Shunyi District Red Cross, Hubei Yicheng Red Cross, and Hubei Xiantao Red Cross.

BEHL donates 1,600 health kits to two middle schools with profound "national sentiment and concept"

In August 2020, BEHL, together with Mingxi Charity Foundation and the Hong Kong Education Convergence, donated 1,600 health kits to the teachers and students at Elegiantia College (sponsored by the Education Convergence) and the Church of Christ in China Heep Woh College. In addition, volunteers from BEHL participated in anti-epidemic assistance.



Mingxi Charity Foundation donates masks to a nursing home

In February 2020, Mingxi Charity Foundation donated 1,000 masks to Dragons Home, a nursing home in North Point, to help alleviate the lack of masks in the aged care industry. The foundation encouraged the senior to continue to implement pandemic prevention measures and jointly defeat the pandemic.



ESG Key Performance Data

Key Performance Indicator	2018	2019	2020
Revenue (HK\$ billion)	67.76	67.78	68.41
Basic earnings per share (HK\$/share)	6.00	6.38	4.19
R&D investment (RMB 100 million)	14.4	15.6	16.7
Safety investment (RMB 10,000)	90,000	96,883	91,828
Greenhouse gas emissions (10,000 tonnes of CO ₂ e)	125.3	112.0	111.0
Greenhouse gas emissions per HK\$ 10,000 of revenue (kg/ HK\$ 10,000)	185.0	165.2	162.3
Energy consumption (10,000 tonnes of standard coal, including: coal, electricity, nature gas, gasoline and diesel)	39.0	34.8	38.4
Energy consumption per HK\$ 10,000 of revenue (kg/ HK\$ 10,000)	57.6	51.4	56.1
Fresh water consumption (10,000 tonnes)	2,231.6	2,213.4	2,250.8
Fresh water consumption per HK\$ 10,000 of revenue (kg/ HK\$ 10,000)	3,293.4	3,265.5	3,290.2
Hazardous waste emissions (10,000 tonnes)	47.0	48.0	53.7
Hazardous waste emissions per HK\$ 10,000 of revenue (kg/ HK\$ 10,000)	69.3	70.8	78.6
Non-hazardous waste emissions (10,000 tonnes)	234.7	240.2	240.7
Non-hazardous waste emissions per HK\$ 10,000 of revenue (kg/ HK\$ 10,000)	346.4	354.3	351.8
Total number of regular employees	41,751	41,454	39,833
Employee training hours	1,701,650	9,281,893	601,096
Percentage of employee physical examination (%)	100	100	99
Number of suppliers	1,641	3,434	2,150
Donation (HK\$ 10,000)	300	482	2,574.4

Note: All statistics are based on consolidated statements. Fresh water consumption statistics are exclusive of EEW GmbH.



HKEx ESG Reporting Guide

Subject Areas, Aspects, General Disclosures and KPIs		Responses
A: Environment		
Aspect A1: Emissions		
General disclosure		P53-54
A1.1	The types of emissions and respective emissions data.	P64-66
A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P59
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P64-66 P94
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P64-66 P94
A1.5	Description of measures to mitigate emissions and results achieved.	P63-68
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	P63-68
Aspect A2: Use of resources		
General disclosure		P61
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).	P57-58 P94
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	P57-58 P94
A2.3	Description of energy use efficiency initiatives and results achieved.	P56-62
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	P61-62
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	P64
Aspect A3: Environment and natural resources		
General disclosure		P69
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	P70
B: Society		
Employment and Labor Standards		
B1: Employment		
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B1.1	Total workforce by gender, employment type, age group and geographical region.	P74
B1.2	Employee turnover rate by gender, age group and geographical region.	P74

Subject Areas, Aspects, General Disclosures and KPIs		Responses
B: Society		
B2: Health and Safety		
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B2.1	Number and rate of work-related fatalities.	P45
B2.2	Lost days due to work injury.	P45
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	P46-48
Aspect B3: Development and training		
General disclosure		P75-76
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	P75
B3.2	The average training hours completed per employee by gender and employee category.	P75
Aspect B4: Labor guidelines		
General disclosure		P73
B4.1	Description of measures to review employment practices to avoid child and forced labor.	P73
B4.2	Description of steps taken to eliminate such practices when discovered.	P73
Operation Management		
Aspect B5: Supply chain management		
General disclosure		P49
B5.1	Number of suppliers by geographical region.	P50
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	P49-50
Aspect B6: Product responsibility		
General disclosure		P35-39
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	P36
B6.2	Number of products and service related complaints received and how they are dealt with.	P37 P39
B6.3	Description of practices relating to observing and protecting intellectual property rights.	P41-43
B6.4	Description of quality assurance process and recall procedures.	P49
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	P39
Aspect B7: Anti-corruption		
General disclosure		P28
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.	P28
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	P28-30
Community		
Aspect B8: Community investment		
General disclosure		P81
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	P81-93
B8.2	Resources contributed (e.g. money or time) to the focus area.	P87



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