



# 北控城市資源集團有限公司

BEIJING ENTERPRISES URBAN RESOURCES GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock code : 3718



Environmental, Social and  
Governance Report **2023**

# CONTENTS

- 2 About the report
- 3 Statement of the Board of Directors
- 4 Chairman's statement
- 6 CEO's statement
- 8 About the Group
- 11 Beijing Enterprises Urban Resources Group Limited: Statistics & Facts
- 12 ESG management system

**17**

Topic: Banan District governance integration to provide steward-type services

**22**

Corporate governance and development with digital and intelligence measures

**45**

Strive wholeheartedly and tirelessly to uphold green practices

**91**

Build a people-oriented common prosperity with harmony

**118** Appendix: United Nations Sustainable Development Goals practice

**122** Appendix: the *Environmental, Social and Governance Reporting Guide* (《環境、社會及管治報告指引》) index table by the Stock Exchange Of Hong Kong Limited



# ABOUT THE REPORT

## INTRODUCTION TO THE REPORT

This report sets out to present the performance of Beijing Enterprises Urban Resources Group Limited (“Beijing Enterprises Urban Resources”, the “Company”) and its subsidiaries (collectively referred to as the “Group”, “we”) on Environmental, Social and Governance (“ESG”) in 2023. The report is prepared in accordance with the *Environmental, Social and Governance Reporting Guide* 《環境、社會及管治報告指引》, the “ESG Reporting Guide”) set out in *Appendix C2 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited* 《香港聯合交易所有限公司證券上市規則》, the “Listing Rules”).

## REPORTING PERIOD

Unless otherwise specified, the report covers the period from 1 January 2023 to 31 December 2023 (“this year”).

## REPORTING LANGUAGE

This report is published in both Chinese and English. In case of any discrepancies, the Chinese version shall prevail.

## REPORTING GUIDE

The content of this report complies with the “comply or explain” provisions set out in the *ESG Reporting Guide* 《ESG報告指引》 issued by the Hong Kong Stock Exchange in accordance with the principles of materiality, quantitative, balance and consistency. The content index is set out in the appendix of this report.

“Materiality”: In preparing this report, the Group has identified key stakeholders and key ESG topics of their concerns, and made targeted disclosure according to the materiality of these topics.

“Quantitative”: In this report, key performance indicators (“KPIs”) in respect of the environmental and social areas are shown in the form of quantitative data, and the measurement standards, methods, hypotheses and/or calculation tools, sources of conversion coefficients for the KPIs are explained in their respective places.

“Consistency”: Unless otherwise specified, no major adjustments are made to the disclosure scope hereof compared with that of the Group’s previous ESG reports, and the statistical methods for disclosure remain consistent.

## CONFIRMATION AND APPROVAL

This report was approved by the Board of Directors on 25 March 2024.

Besides this report, the Group publicly discloses a series of ESG policy statements, including the *Low-Carbon Operations Management Measures of BEUR*, the *Biodiversity Protection Management Measures of BEUR*, the *Statement of Employee Rights and Benefits of BEUR*, the *Supplier Management Policies of BEUR*, the *Code of Business Conduct of BEUR*, the *Board Diversity Policy*. Details can be obtained by visiting the Group’s official website (<https://www.beur.net.cn/kechixufazhanzc.html>).

## STATEMENT OF THE BOARD OF DIRECTORS

As a leading enterprise in the environmental protection industry in China, the Group is committed to becoming a trusted and industry-leading digital intelligent urban operation integrated service provider, adhering to the values of “being committed, creating value, and sharing with others”, and actively undertaking environmental, social and governance responsibilities. The Board of Directors believes that establishing and improving the ESG governance system will facilitate the Group’s sustainable development.

The Board of Directors has established the Sustainability Committee<sup>1</sup> to monitor the implementation and results of ESG management, identify material ESG matters, and assess risks and opportunities related to climate change. In addition, the Committee reviews and monitors the achievement of environmental goals, evaluates the impact of the Group’s ESG performance on the stakeholders (including employees, shareholders, customers, suppliers, business partners and local communities), and reviews and considers other sustainable development matters as required, and reports to the Board of Directors.

The Group regularly assesses the materiality of ESG topics, with the assessment processes and results detailed in the section of “Stakeholder communication and materiality analysis” in the Group’s annual ESG report, and reviewed by the Board of Directors. The Group has integrated ESG risk management into its daily risk management system to identify and prevent material ESG risks in daily operations and production. The Sustainability Committee reviews such risks and reports the risk management status to the Board of Directors on a regular basis. During the reporting period, the Group has set environmental targets related to business operations, which have been reviewed and discussed by the Board of Directors. The achieved progress of targets formulated in the previous year has also been reviewed.

In addition, this report has detailed the above-mentioned ESG matters, which have been reviewed and approved by the Board of Directors on 25 March 2024.

<sup>1</sup> On 7 June 2023, the Group established a Sustainability Committee under the Board of Directors pursuant to the resolution of the Board of Directors.

## CHAIRMAN'S STATEMENT

2023 is a crucial year bridging the gap between the past and the future for the “14th Five-Year Plan” and it marks a pivotal year for the Company in its efforts to fulfill the vision of “becoming a trusted and industry-leading digital intelligent urban operation integrated service provider”. In 2023, in response to the country’s call to “build green, intelligent and digital ecological conservation”, the Group continued to strengthen ESG governance with focus on digital intelligent innovation to improve its comprehensive competitiveness. The Company invested in cities, served cities, improving citizens’ urban environment guided by an eco-friendly philosophy and actively reciprocating the attention and support from shareholders and various segments of society.

**Digital intelligent transition driven by innovation.** We are committed to the mission of “making the living environment better”, and adhere to the core values of “being committed, creating value, and sharing with others”, aiming to build an excellent operation system compatible with the future urban governance concept through technological innovation and digital intelligent transition. We have been systematically carrying out the construction of a smart sanitation services system, and create the smart urban management platform to provide digital intelligent solutions to difficulties and pain points in urban management. We continue promoting the “1+N” innovative service model and the city steward service model. By incorporating artificial intelligence (AI), Internet of Things (IoT), big data, cloud computing and other technologies, we provide customers with more comprehensive, intelligent and integrated services. With a forward-looking perspective, we keep a close eye on the innovation trend of intelligent and unmanned technology in the sanitation industry, engaging in deep discussions and collaborations with leading enterprises, and actively participating in the new wave of industry development driven by digital and intelligent innovation.

**Excellent management with steady efficiency enhancement.** While continuing to promote standardization across the Group, we further strengthen internal control audits and expand audit coverage to better identify, assess and rectify potential management risks, and consolidate the Company’s organizational management and control capabilities. We continue to enhance safety and environment management and improve emergency response capabilities. To this end, we provide hazard troubleshooting guidelines to projects, and organize education on safety and environment for all employees, to ensure smooth operation of projects, protect the health and safety of employees, and foster steady and healthy development of the Group. Additionally, we are accelerating the creation of green and digital supply chains, deepening the application of our customer relationship management system, addressing all customer feedback and complaints to achieve 100% resolution, and fostering harmonious and mutually beneficial partnerships. We organize anti-corruption training, maintain strict confidentiality over the informant’s information by improving the means and process of complaints and reporting, and enhance anti-fraud management in supply chains. In this way, we safeguard the overall steady operation of the Group and build a strong foundation for management.

## CHAIRMAN'S STATEMENT

**Green development guided by “carbon peaking and carbon neutrality” strategy.** We practice the green development concept that “lucid waters and lush mountains are invaluable assets”. Following the national “carbon peaking and carbon neutrality” goals closely, we are committed to promoting the green and low-carbon development of the Group’s production and operation, as well as the rural and urban ecological environment. We increase the use of new energy operation vehicles and mechanized operation equipment. We also enhance inspection and monitoring of pollutant discharge. Meanwhile, we adopt innovative solutions to update the process and technology for hazardous waste disposal, and explore multiple means for its recycling. Through the implementation of distributed photovoltaic (PV), waste heat power generation, steam utilization, and other means, we rigorously advance energy mix transition, and contribute to the green and sustainable development of society. All these measures provide strong support for the achievement of the “carbon peaking and carbon neutrality” goals.

**Common progress with the people-oriented concept and a sense of responsibility in mind.** We implement the “people-oriented” principle, care about the physical and mental health of employees, and protect their rights and interests. We attract, cultivate and retain outstanding talents of the Group, and enhance the sense of belonging, gain, and happiness of employees. We provide employee training in many aspects. In addition, we have further upgraded talent cultivation plans such as the “Young Talent Cultivation Plan” and the “Echelon Plan”. We also adopt the “Mentoring” model to support employees’ development, and establish a comprehensive incentive system to provide a platform for employees to achieve their career dreams. Active in shouldering corporate social responsibilities, we are devoted to social and public services. Besides serving as a competent “steward” for urban services, we also contribute to rural revitalization by providing professional and conscientious services, playing our part in building a community with a shared future for mankind together.

“The breadth of enterprise constitutes a grand endeavor, and the pursuit of daily renewal embodies great virtue.” We are dedicated to leveraging digital intelligence to empower urban governance, establishing our industry position through quality services, guiding social progress through innovation capabilities, and serving sustainable development with green concept, to support high-quality development of the Group and write a new chapter for excellent living environment.

**Zhou Min**

*Chairman of the Board*



## CEO'S STATEMENT

In 2023, we took multiple measures and steadily advanced all work with concrete actions. We made consistent progress in business development, and constantly improved safety management. Besides, we levelled up digital intelligence establishment, obtained outstanding results in team building, and well managed all innovative achievements. All these have helped us to adapt to the new circumstances of economic recovery and development, as well as the new trend of industry development driven by digital intelligent innovation.

**Ushering in new chapter of services with steady progress and quick actions.** We make the most of self advantages and strive to write a new chapter in the Group's development. The Group's operating income was RMB5.058 billion by the end of 2023, with a year-on-year increase of 18.9%. We continuously improve "digital intelligence, integration and professionalism" in the urban services business and are committed to improving customer satisfaction and operation efficiency. We have operated 186 urban services projects, and the area covered by comprehensive road cleaning services is about 339 million square meters. We have achieved a total revenue of RMB4.344 billion, with a year-on-year increase of 25.5%. We have won enterprise awards such as "the Top 10 Influential Sanitation Enterprises in 2023" awarded by the 17th Solid Waste Strategy Forum in 2023, "Top 10 Cleaning Service Brands" awarded by CNPP, "The Most Influential Enterprise of Urban Sanitation Operation and Maintenance" "The Most Influential Enterprise of Intelligent Sanitation Integrated Operation" awarded by the Certification for Cleaning Industry System (CCIS). In the hazardous waste treatment business, we provide help for key business operations and conduct investment survey. We also improve the process of waste recycling projects, and promote the normalized operation of the continuous improvement mechanism for all projects. In 2023, the total treatment capacity of the hazardous waste treatment segment was 284,900 tonnes, and the operating income was RMB547 million.

**Adapting to changes and driving development through innovation.** Facing drastic market changes, we adhere to the innovation facilitation strategy and seek breakthroughs in service models and technological innovation. We enhance our core competitiveness in response to market demand. In 2023, we obtained 7 invention patents and 42 software copyrights. We have established innovation platforms and mechanisms to boost technological research and innovation, and participated in the formulation of relevant industry standards. We also actively explored the construction of integrated intelligent platform. By establishing one network management, one key connection, and digital and intelligent management systems, we achieved refined, scientific and standardized management for urban services operations. In addition, we focused on the innovation areas for hazardous waste disposal by updating and developing relevant technology and process, and exploring new recycling methods. We also improved the long-term mechanism, focused on the Group's reform and innovation, as well as core businesses, conducted thematic and special audits in a scientific and rational manner, effectively promoted systemic problem resolution, and created an internal control environment combining prevention and punishment to reduce operational risks.

## CEO'S STATEMENT

**Demonstrating a sense of responsibility through actions.** The national development of ecological civilization has witnessed historic, transformative and comprehensive shifts from theory to practice. Great strides have also been made in building a beautiful China. We actively implement the country's "carbon peaking and carbon neutrality" strategy, and pay attention to risks and opportunities brought by climate change. Therefore, we promote the Group's transition to green and low-carbon development by developing clean energy, optimizing the energy mix, and driving the development of recycling investment projects. In addition, we enhance safety and environment management by stressing supervision for key projects and control over key risks to reduce safety and environmental risks. We also maintain a higher standpoint and advance safety work with a broader vision. Furthermore, we uphold the "people-oriented" core concept and commit ourselves to continuously improving the individual development platform for employees. Through the talent cultivation strategy reaching grassroots employees, we improve employees' professional skills and business capabilities in an all-round way. We also take an active part in public welfare and disseminating the culture of environmental protection to help improve urban and rural living environment, demonstrating the Group's social value and sense of responsibility.

We stick to sustainable development and take environmental protection as the key task. 2024 is a pivotal year for the implementation of the 14th Five-Year Plan objectives. It is also an important year for embracing the concept of ecological civilization and for fully facilitating the building of a beautiful China. We will continue developing our core competitiveness to simultaneously promote the high-quality economic development and high-level ecological environment protection, and steadily improve the quality of ecological environment. We will constantly explore the new model for urban production and life and ecological environment protection through management services featuring a higher level of professionalism, integration and digital intelligence, and contribute to the building of a more beautiful and habitable living environment.

**Zhao Kexi**

*Chief Executive Officer*



## ABOUT THE GROUP

We are an integrated solution provider for hazardous waste disposal and urban services in China, focusing on providing urban services, hazardous waste treatment services and waste electrical and electronic equipment treatment services. The Group is headquartered in Beijing, China, with service areas covering 25 provinces, municipalities and autonomous regions in China, and over 50,000 employees.

In terms of urban services business, we take the development direction of “leading the way in development and promoting the high-end development of the industry”. We contribute to sustainable development of urban and rural environment by establishing systematic platform solutions to urban operation and management services, and providing “one-stop” environmental hygiene services through the “Urban Steward” model. We had operated and managed 186 urban services projects as of 31 December 2023. We have formed a characterized “three-in-one” (production, life and ecology) urban development model. We will continue to strengthen the integration of resources with specialized companies in various fields to adapt to the requirements for urban services business in the new era through continuous improvement and optimization of core business capabilities.

In terms of hazardous waste treatment and waste electrical and electronic equipment treatment services, we closely follow national regulations and market changes, and focus on promoting lean management of projects. We improve operation methods and processes to effectively enhance operation quality. We also facilitate research on small scale recycling investment projects and explore the feasibility of recycling hazardous waste, to support the sound circular development of hazardous waste treatment business. As of 31 December 2023, the Group had 11 hazardous waste treatment projects in operation. The total treatment facilities in operation that engaged in biosafety disposal had a total designed treatment capacity of 423,400 tonnes per annum, and treatment facilities of projects that engaged in recycling and reuse had a total designed treatment capacity of 270,000 tonnes per annum. As of 31 December 2023, the Group also had 2 revenue-generating waste electrical and electronic equipment treatment projects, which had a total designed treatment capacity of 2.15 million units per annum.

We fully exploit the significant advantages of brand building, capital operation, technological innovation and operation management, and adhere to the corporate mission of “making the living environment better”. We conduct urban services and hazardous waste treatment businesses through high-quality and highly efficient innovation. By doing these, we strive to achieve the integration of corporate development and social responsibilities, and create premium natural ecological and social environment for the survival and development of mankind.

## ABOUT THE GROUP

### THE GROUP'S MAJOR HONORS AND AWARDS IN 2023

- "Top 10 Influential Sanitation Enterprises in 2023" awarded by the 17th Solid Waste Strategy Forum in 2023
- "Top 10 Cleaning Service Brands" awarded by CNPP data research department
- "The Most Influential Enterprise in Urban Sanitation Operation and Maintenance" "The Most Influential Enterprise in Intelligent Sanitation Integration Operation" "Top 10 Sanitation and Environmental Services" and "Top 100 Brands in the Sanitation and Environmental Industry" awarded by CCIS
- "CAUES Expo 2023 – Special Support Unit" awarded by China Association of Urban Environmental Sanitation
- "Hainuo Award – 2023 ESG Practice Role Model" awarded by the organizing committee of the Brand Innovation Development Conference
- "2023 Digital Innovation Leading Award" awarded by the 12th China Finance Summit (CFS)
- "Construction Guide of Facility Service System – Excellent Standardization Enterprise" "2022 – 2023 Highest Popularity Index Award for Municipal Sanitation" "2022 – 2023 Most Influential Enterprise in the Integrated Operation of Smart Sanitation" "2022 – 2023 Most Influential Enterprise in Urban Sanitation Operation and Maintenance" "2022 – 2023 Top 10 Sanitation and Environmental Service Enterprises" and "2022 – 2023 Top 100 Brands in the Cleaning, Sanitation and Environmental Industries" awarded by Institute of Technology Research (Beijing) for China Clean Industry
- "2023 Shenzhen (International) Urban Environment and Landscape Industrial Exhibition – Innovation (Urban Sanitation Category) in the City Appearance Industry" awarded by the organizing committee of Shenzhen (International) Urban Environment and Landscape Industrial Exhibition
- "2023 Top 10 Influential Companies in Urban Services" awarded by Huanwei Science and Technology Network (環衛科技網)



## ABOUT THE GROUP

### THE GROUP'S MAJOR QUALIFICATIONS IN 2023

- 38 system certifications: *Compliance Management System Certification* 《合規管理體系認證證書》, *Contract Performance Capability Evaluation System Certification* 《履約能力評價體系認證證書》, *Property Service System Certification* 《物業服務體系認證證書》, *Environmental Hygiene Quality Standard System Certification* 《環境衛生質量標準體系認證證書》, and *Garbage Classification and Transportation and Collection Service Standard System Certification* 《垃圾分類及運收服務規範體系認證證書》, etc.
- 42 software copyrights: *Urban Operation Service Platform V1.0* 《城市運營服務平台 V1.0》, and *City Appearance AI Identification and Warning Information Push app V1.0* 《市容環境 AI 識別告警消息推送 appV1.0》, etc.
- 4 qualification certificates: *Zhongguancun High-tech Enterprise* 《中關村高新技術企業》, *Third-level Production Safety Standardization Enterprise (Property Management)* 《安全生產標準化三級企業(物業管理)》, *Second-level Qualification for General Contracting of Municipal Public Works Construction* 《市政公用工程施工總承包貳級資質》, and *Work Safety Permit* 《安全生產許可證》
- Multiple personnel qualifications: “Emergency Manager for Cleaning and Sanitation (Senior)”, and “Skilled Personnel in Housing and Urban-Rural Development Industries”, etc.

## BEIJING ENTERPRISES URBAN RESOURCES GROUP LIMITED: STATISTICS & FACTS



### Our power

- Total number of employees: **56,776**
- Coverage of services: **25** provinces, municipalities and autonomous regions
- Number of urban services projects: **186**
- Area covered by comprehensive road cleaning services: **339** million square meters
- Water cleaning area of about **28.52** million square meters, greening management area of about **42** million square meters, and total daily garbage removal volume of about **22,000** tonnes
- Total designed treatment capacity of biosafety disposal: **423,400** tonnes/year in operation and **15,000** tonnes/year to be operational
- Designed treatment capacity of recycling business: **270,000** tonnes/year
- Approved capacity of waste electrical and electronic equipment treatment: **2.15** million units/year



### Our value

- The Group's waste heat power generation project at Shandong Pingfu is expected to generate approximately: **127.8** MWh
- The VOCs deep treatment project in the incineration workshop of the Group's Yichang Beikong Project has achieved a reduction in volatile organic gas emissions: approximately **15** tonnes
- The Group's Yichang Resource Recycling Project has achieved **100%** recycling of hazardous waste, without generating secondary hazardous waste.
- The Group has achieved **100%** reuse of industrial wastewater from at least one operational project, realizing **"zero emissions"**
- The proportion of new energy sanitation vehicles to total of sanitation vehicles: **14%**



### Our responsibility

- Proportion of female employees: **49%**
- Average training time of employees: **78.22** hours/person, up **62.96%** from 2022
- Charitable and other donations: RMB **661,900**

# ESG MANAGEMENT SYSTEM

## ENVIRONMENTAL, SOCIAL, AND GOVERNANCE CONCEPTS

Living environment is a vast system encompassing cities, towns, and rural areas where people reside, functioning as a multifaceted organic complex, and it is a multifunctional organic synthesis, in which clean and tidy spatial space and high quality ecological environment are important elements. We are committed to providing digital, intelligent and professional urban services to help make people's living environments cleaner, more comfortable, safer, and more beautiful, and ensure their sense of gain and happiness.

We actively undertake our environmental, social, and governance (ESG) responsibilities, continue to improve the ESG work concept, implement work in the four key ESG areas, gradually improve the Group's ESG governance capability and management level, and effectively prevent and control ESG related risks, to promote the high-quality development of the Group.



### IMPROVE ESG GOVERNANCE STRUCTURE

We build a systematic ESG governance structure at the governance, management and execution levels. We have established a Sustainability Committee under the Board of Directors to monitor the implementation and effect of ESG management including Climate Change, Employee Safety and Health, Labour Management, Waste Management and Pollutant Discharge, Information Security, Business Ethics, and Sustainable Supply Chain Building, etc., address major ESG issues, identify ESG opportunities and risks, assess the impact of the Group's ESG matters on stakeholders and regularly report to the Board of Directors. Management is responsible for the specific implementation of ESG strategies and goals. The functional departments of the headquarters form an ESG working group, which is responsible for the development of specific ESG work in their respective working areas. Each project company conducts ESG work in its territories guided by the ESG working group.

## ESG MANAGEMENT SYSTEM

### **STRENGTHEN THE ENVIRONMENTAL AND SAFETY RISK MANAGEMENT**

A sound environmental and safety risk management system is the basic guarantee of long-term and stable operation of the Company. We attach great importance to environmental and safety risk management capabilities, continuously improve the HSE (Health, Safety, and Environment) management system and the Company's safety and environmental protection work, and prevent environmental protection risks. Through strict control of hidden dangers, we have gradually set up internal safety and environment management and control structure and implemented various environmental and safety risk investigation mechanisms. The urban services business piloted a territorial administration management model, increased the development and utilization of new energy vehicles and driverless vehicles, and increased the use of recycled water, thereby gradually reducing the impact of the Company's business on the environment. The hazardous waste treatment business ensures that waste water, waste gas and solid waste meet the standards of discharge, and gradually increases the recycling rate to reduce consumption of resources.

### **ENSURE FULFILLMENT OF SOCIAL RESPONSIBILITY**

Devoted to the principle of "people-oriented", we strengthen caring for employees, solve difficult problems for employees and give them substantial help to make sure our employees have a sense of gain, belonging and honor, and promote the creation of corporate value through the realization of employee value. We actively fulfill social responsibilities and carry out rural revitalization projects. We passionately publicize environmental protection laws and policies, organize various environmental charity publicity activities, and spread scientific knowledge of environmental protection among the community, continuously gathering the power of environmental protection culture. In the future, we will boost the spread of environmental protection culture, continue to popularize environmental hygiene knowledge, create a beautiful environment, and practice the corporate mission of "making the living environment better".

### **GUARANTEE COMPLIANCE OPERATION**

While promoting business development, we continue to improve our risk management and control capabilities, create a risk management culture to ensure the balance of the realization of business goals and risk control and implement various management policies. We continue to improve the internal control and anti-fraud system to create a clean and upright atmosphere. We make full use of monitoring and auditing methods and continuously improve audit coverage, and regulate the behavior of both management and ordinary employees, to keep the bottom line of compliance.

## ESG MANAGEMENT SYSTEM

## STAKEHOLDER COMMUNICATION AND MATERIALITY ANALYSIS

## (1) STAKEHOLDER ENGAGEMENT

Our main external stakeholders include government and regulators, shareholders and investors, customers, business partners, suppliers and subcontractors, public figures/public welfare organizations, news media and community residents, and our internal stakeholders mainly include members of the Board of Directors, senior management and employees. We have established effective communication channels with various stakeholders to actively collect and understand their concerns on the Group's ESG issues.

Stakeholders	Major communication channels	Key concerns
Government and regulators	<ul style="list-style-type: none"> <li>Major meetings</li> <li>Policy consultation</li> <li>Event reporting</li> <li>Institutional visits</li> <li>Information disclosure</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with laws and regulations</li> <li>Tax payment on time</li> <li>Legal compliance</li> <li>Energy conservation and emission reduction</li> <li>Production safety</li> </ul>
Shareholders and investors	<ul style="list-style-type: none"> <li>Investors' meetings</li> <li>Shareholders' meetings</li> <li>Corporate announcements and circulars</li> <li>Investor relations column</li> <li>Questionnaire surveys</li> </ul>	<ul style="list-style-type: none"> <li>Corporate governance</li> <li>Financial performance</li> <li>Stable returns</li> <li>Risk management</li> </ul>
Customers	<ul style="list-style-type: none"> <li>Customer meetings</li> <li>Customer satisfaction survey</li> <li>Customer complaint channels</li> <li>Questionnaire surveys</li> </ul>	<ul style="list-style-type: none"> <li>Customer service</li> <li>Privacy protection</li> </ul>
Business partners	<ul style="list-style-type: none"> <li>Assessment and evaluation</li> <li>Field trips</li> <li>Cooperation meetings</li> <li>Questionnaire surveys</li> </ul>	<ul style="list-style-type: none"> <li>Business ethics</li> <li>Mutual benefit and win-win cooperation</li> <li>Equal competition</li> </ul>
Suppliers and subcontractors	<ul style="list-style-type: none"> <li>Bidding and procurement activities</li> <li>Field trips</li> <li>Regular assessment and review</li> <li>Questionnaire surveys</li> </ul>	<ul style="list-style-type: none"> <li>Business ethics</li> <li>Mutual benefit and win-win cooperation</li> <li>Payment process</li> </ul>

## ESG MANAGEMENT SYSTEM

Stakeholders	Major communication channels	Key concerns
Members of the Board of Directors	<ul style="list-style-type: none"> <li>Meetings of the Board of Directors</li> <li>Committees meetings</li> <li>Company annual reports</li> <li>Questionnaire surveys</li> </ul>	<ul style="list-style-type: none"> <li>Strategic plans</li> <li>Risk management</li> <li>Financial performance</li> <li>Code of ethics</li> </ul>
Senior management	<ul style="list-style-type: none"> <li>Meetings and talks</li> <li>Employee activities</li> <li>Telephone lines/emails</li> <li>Work reports</li> <li>Questionnaire surveys</li> </ul>	<ul style="list-style-type: none"> <li>Strategy implementation</li> <li>Financial performance</li> <li>Operational efficiency</li> <li>Public relations</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Working meetings</li> <li>Staff meetings</li> <li>Performance appraisal</li> <li>Employee complaint channels</li> <li>Questionnaire surveys</li> </ul>	<ul style="list-style-type: none"> <li>Compensation system</li> <li>Employee rights</li> <li>Health and safety</li> <li>Communication mechanism</li> </ul>
Members of public/public welfare organizations	<ul style="list-style-type: none"> <li>Public welfare activities</li> <li>Public Open Day</li> <li>Questionnaire surveys</li> </ul>	<ul style="list-style-type: none"> <li>Community investment</li> <li>Communication mechanism</li> </ul>
News media	<ul style="list-style-type: none"> <li>Performance briefings</li> <li>Press release</li> <li>Questionnaire surveys</li> </ul>	<ul style="list-style-type: none"> <li>Technological innovation</li> <li>Ecological protection</li> </ul>
Community residents	<ul style="list-style-type: none"> <li>Public Open Day</li> <li>Corporate announcements and circulars</li> </ul>	<ul style="list-style-type: none"> <li>Community investment</li> <li>Compliance with laws and regulations</li> </ul>

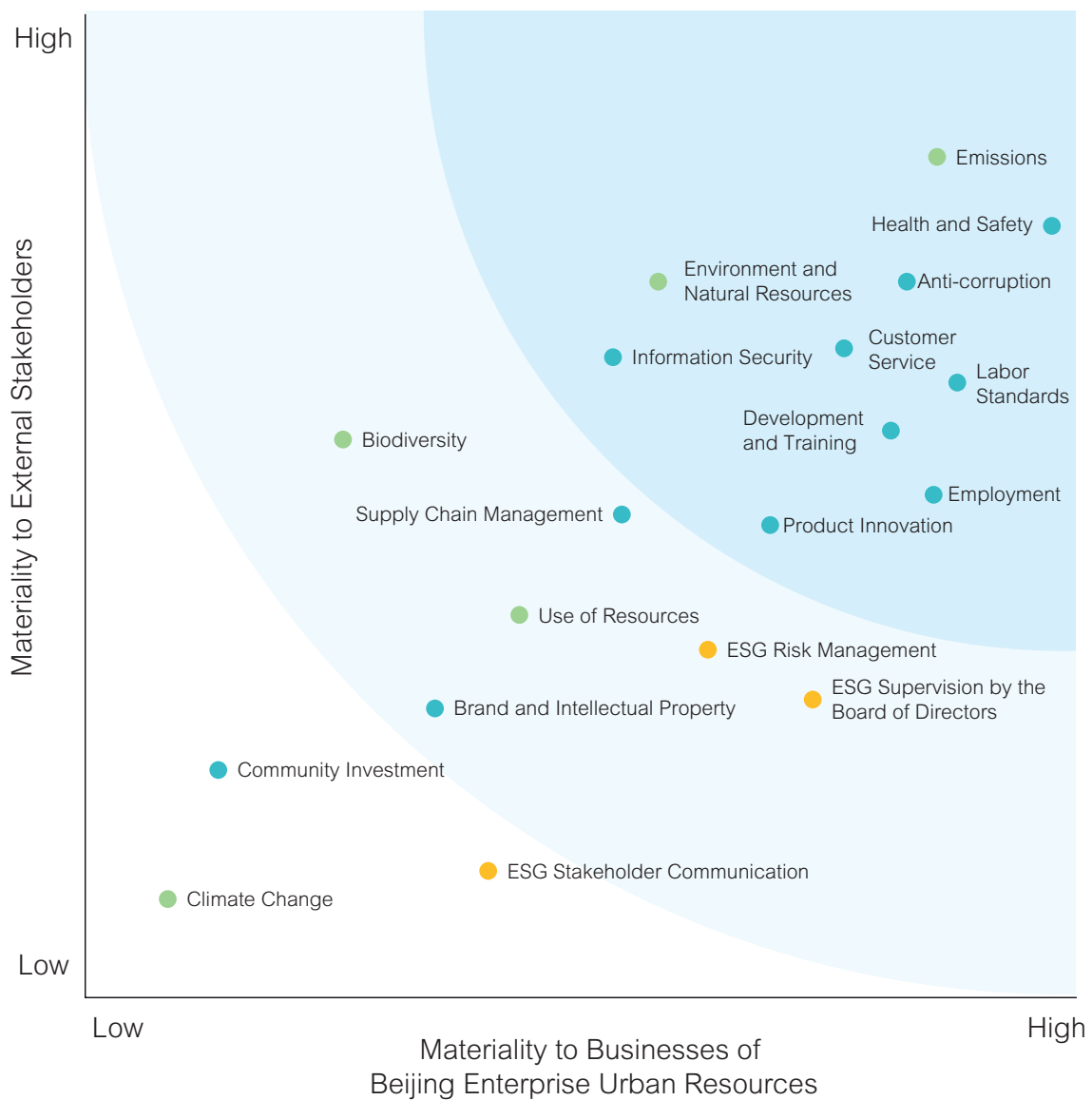
## (2) ANALYSIS OF MATERIAL ISSUES

The Group integrates the assessment of materiality issues into the overall risk management process. In order to further clarify the key areas of corporate ESG practices and satisfy the needs of stakeholders, we learned about their opinions and expectations on the Group's response to ESG issues by means of questionnaire surveys, meetings and in-depth interviews. We also determine the importance of these issues based on the impact of our business activities on the environment and society, and use this as an important reference for the level and scope of issue disclosure.



## ESG MANAGEMENT SYSTEM

Based on the feedback, we established an analysis matrix for 2023 ESG material issues with a total of 19 topics in the three aspects: environmental, social and governance. Material issues identified during the year included emissions, health and safety, labour standards, anti-corruption, customer service, development and training, environment and natural resources, employment, information security and product innovation. Related topics identified included biodiversity, supply chain management, use of resources, ESG risk management, ESG supervision by the Board of Directors, brand and intellectual property, ESG stakeholder communication, community investment and climate change.



## TOPIC: BANAN DISTRICT GOVERNANCE INTEGRATION TO PROVIDE STEWARD-TYPE SERVICES

With increasingly higher requirements for modernization in urban governance, the trend towards digital, intelligent, professional and diversified urban services is becoming more and more evident. We integrated advanced technology in Banan District of Chongqing and completed the urban steward integrated service project (“Banan project”). In this project, we launched the smart urban management platform to monitor and manage general urban services data, which greatly promoted the refined and intelligent urban management of Banan District.

### A DIVERSIFIED, INTEGRATED STEWARD-TYPE SERVICE TO BUILD A BETTER HOMELAND UNDER INTENSIFIED AND EFFECTIVE EFFORTS

The Banan project covers five streets in the main urban area and Dongcheng Avenue of Banan District, serving an area of over 14 million square meters and more than half a million people. The project has established an all-region service system featuring diversification and multiple dimensions, intelligent regulation and green operation. With sanitation and cleaning as its core business, and greening and municipal services as its strengths, it comprises 15 business segments, including sanitation and cleaning, garbage classification, garbage collection and transportation, public toilet management, facility management and maintenance, greening management and maintenance, and the establishment and management of an intelligent urban management service platform. It facilitates the modernized development of urban governance system and capabilities, and serves as a typical example and highlight brand of the Group’s “1+N” innovative service model.



#### Case: Jointly painting a picture of green ecological conservation through technological innovation

The Banan project focuses on the maintenance and management of public green spaces and parks to create an urban environment more suitable for living and traveling. The project adopts an ingeniously designed comprehensive service strategy that uses innovative technology to enhance greening efficiency, and achieve digital intelligent urban management. It ensures a clean and hygienic urban green space environment with high-standard services and responsible attitude, enabling the city to take on a new look and bringing excellent living experience to residents.



Maintenance and management of public green spaces and parks

## TOPIC: BANAN DISTRICT GOVERNANCE INTEGRATION TO PROVIDE STEWARD-TYPE SERVICES



### Case: Optimizing configuration to build a model for municipal management and maintenance

The Banan project is committed to upgrading the quality of urban facilities and enhancing road safety. The project maintains and monitors road facilities such as car lanes, sidewalks, guardrails, tunnels and bridges to ensure a smooth traffic environment. It also carefully maintains lighting facilities, including functional lighting, landscape lighting, building illumination and festive lighting fixtures, to effectively protect the traveling safety of citizens and help create a safe, comfortable and beautiful urban environment.



Conducting road maintenance



Installing municipal Spring Festival lights

## AN INTELLIGENT AND UNMANNED OPERATION MODEL TO EMPOWER THE GREEN CITY THROUGH HIGHER QUALITY AND EFFICIENCY

We adhere to the development concept of digital intelligence, professionalism and integration. We have established an urban operation and management service platform with four functions of "one network management, one screen display, one key connection and one end service" to elevate the of digital governance in Banan District. Meanwhile, the Banan project has increased the use of unmanned and mechanical equipment for roads and river channels. Besides, it gradually increases the proportion of new energy vehicles such as deep cleaning vehicles, cleaning trucks, mist cannon trucks and guardrail cleaning vehicles, to continuously improve the mechanization and intelligence level of road operations and promote the green and low-carbon transition of energy.

## TOPIC: BANAN DISTRICT GOVERNANCE INTEGRATION TO PROVIDE STEWARD-TYPE SERVICES



### Case: Building platforms to enhance the intelligence and capability for urban governance

By establishing the digital intelligent service platform for urban operation and management, the Banan project achieves online monitoring of heart rate and blood pressure for sanitation workers, video surveillance in operation areas, gas alarm detection in septic tanks and garbage classification. The platform elevates the intelligent level of sanitation operations, ensures operation safety, increases work efficiency, and enhances the intelligence and capability for comprehensive urban governance.

Meanwhile, sub-centers have been established based on the central control room command center of the District Urban Management Bureau. Through the operation and management service system, it inspects urban operation safety supervision, command and coordination, public services, smart sanitation and smart gardens in an all-round way. This reduces the need for on-site human inspection, improves management and control efficiency, and lowers labour intensity and risks.



Sanitation workers wearing monitoring watches



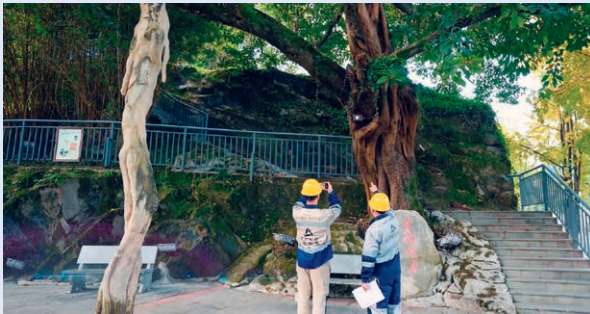
Platform operation monitoring

## TOPIC: BANAN DISTRICT GOVERNANCE INTEGRATION TO PROVIDE STEWARD-TYPE SERVICES



### Case: Enhancing the quality and efficiency of greening maintenance through smart gardening

The Banan project has embedded a smart gardening platform in the urban operation and management service platform to monitor municipal bridges, famous and ancient trees and garden maintenance in real time. The platform is equipped with attitude sensors, automatic sprinkler systems and soil monitoring equipment, which provides real-time information on the growth, dynamic changes and soil moisture of famous and ancient trees, and helps to precisely control the irrigation time and amount to foster healthy plant growth and enhance the efficiency of garden maintenance.



Monitoring of old and valuable trees



Automatic sprinkler system



Soil temperature and humidity monitoring equipment



Soil moisture monitoring equipment

## TOPIC: BANAN DISTRICT GOVERNANCE INTEGRATION TO PROVIDE STEWARD-TYPE SERVICES



### Case: Upgrading road cleaning with unmanned machinery

The Banan Project adopts autonomous intelligent road sweepers and autonomous river cleaners for sanitation operations in public squares, commercial districts and urban rivers, mechanizing 100% operations at main and secondary roads and sidewalks. Tailored to Chongqing’s unique topography, the project innovatively adopts various modes of mechanized collaboration, such as “human-machine collaboration”, “dual-machine collaboration” and “triple-machine-based cooperation”, achieving more efficient road cleaning with highly unmanned operations.



Autonomous intelligent road sweepers



Autonomous river cleaners



Human-machine collaboration



Coordinated machinery operations

# CORPORATE GOVERNANCE AND DEVELOPMENT WITH DIGITAL AND INTELLIGENCE MEASURES

The Group has always adhered to a fair, transparent and honest business and co-operation model. We promote industrial upgrading in line with the concept of digitalization, intelligence, specialization, integration and professionalism. In this way, we implement green procurement policies and responsible supply chain management, driving the Group's high-quality development through a sustainable management mechanism.

## STRENGTHEN COMPLIANCE MANAGEMENT

### (1) INTERNAL CONTROL AND COMPLIANCE

A robust risk prevention and control system serves as the fundamental guarantee for the Group's long-term and stable operation. The Group has established a closed-loop mechanism, which is continuously monitored and regularly reviewed by the Board of Directors, and independently assessed by the Audit and Supervision Center, to ensure the internal control system is compliant and effective.

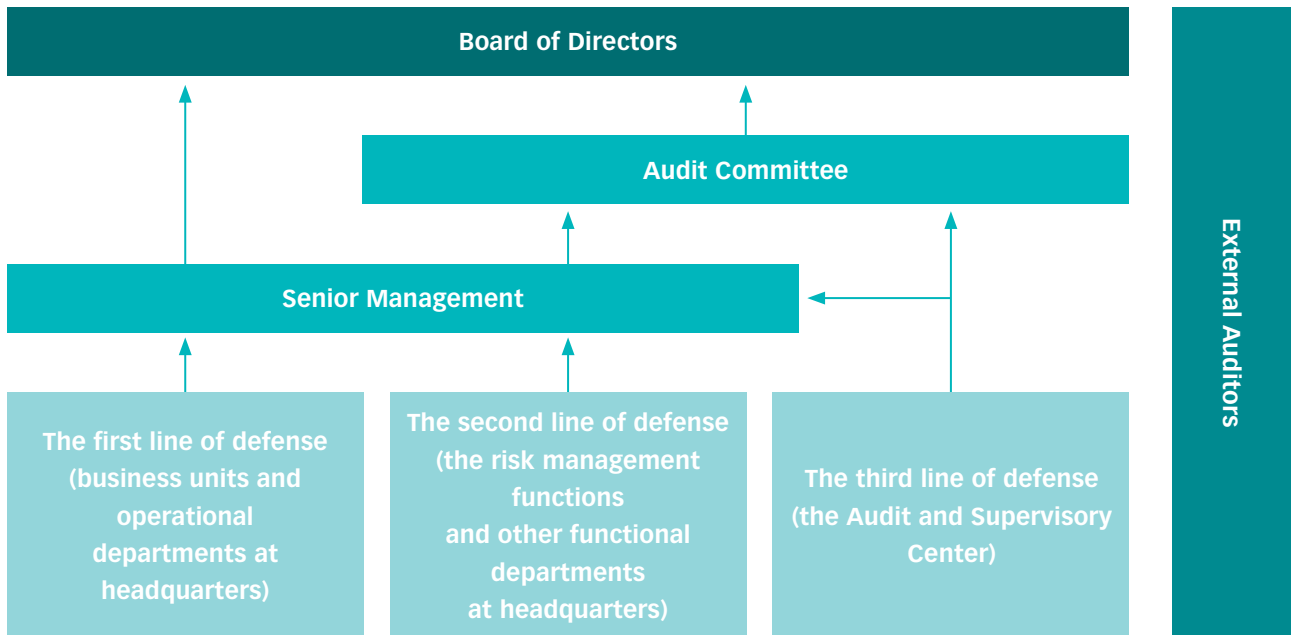
#### *System construction*

With reference to the Enterprise Risk Management Integrated Framework developed by COSO<sup>2</sup>, the Group established a risk management structure of "three levels + three lines of defense". The first line of defense consists of business units and operational departments at headquarters, which are responsible for identifying, evaluating and monitoring their own risks. The second line of defense comprises the risk management functions and other functional departments at headquarters, which are responsible for developing a risk management mechanism that fits the corporate goals, to identify, control, determine and manage the risks faced by the Group. The third line of defense is the Audit and Supervisory Center, which is responsible for the independent review of the major business procedures and monitoring in accordance with relevant evaluation.

The Group conducts regular training on the Listing Rules regarding directors' responsibilities (including risk management) and other related matters, and the Audit Committee, comprising independent non-executive directors, meets regularly twice a year to consider the Group's risk management auditing and monitoring work.

<sup>2</sup> COSO: Committee of Sponsoring Organizations of the Treadway Commission, also known as the Committee of Sponsoring Organizations of the Commission on Fraudulent Financial Reporting.

## CORPORATE GOVERNANCE AND DEVELOPMENT WITH DIGITAL AND INTELLIGENCE MEASURES



“Three levels + three lines of defense” risk management structure

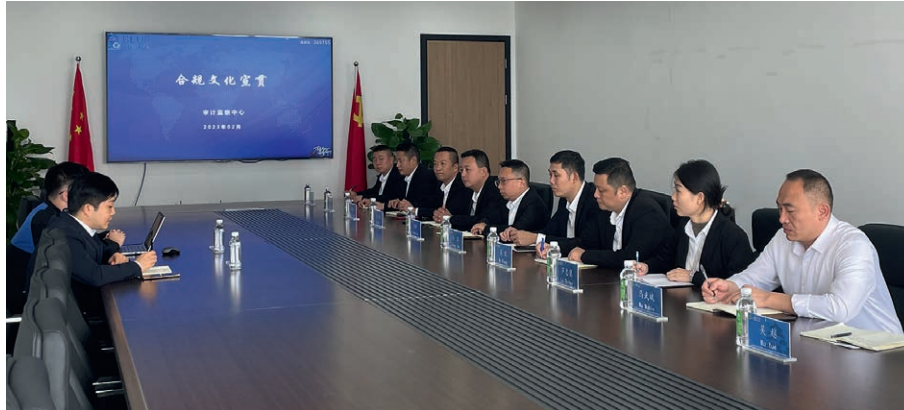
### **Internal control and compliance**

The Group adheres to the basic principles of the *Five Key Components of Internal Control* 《内部控制五要素》, establishes a correct concept of internal control and compliance from the design level, continuously improves management to establish various standardized processes and management systems, continuously optimizes governance, and builds a comprehensive internal control and compliance system that meets regulatory requirements. The internal control is carried out on the basis of the relevant regulations of the Group.

In 2023, the Group strengthened the execution of internal control audits, compliance management, establishment of systems and processes, the scope of audits, and follow-up of audit rectification and cross-departmental collaboration. In this way, we achieved closed-loop management of internal control audits. The Group strengthened the building of internal control and compliance culture and organized 18 training sessions on the compliance culture in 2023. Meanwhile, the compliance concept was fully established and enforced through online platforms, training videos and other channels.



## CORPORATE GOVERNANCE AND DEVELOPMENT WITH DIGITAL AND INTELLIGENCE MEASURES

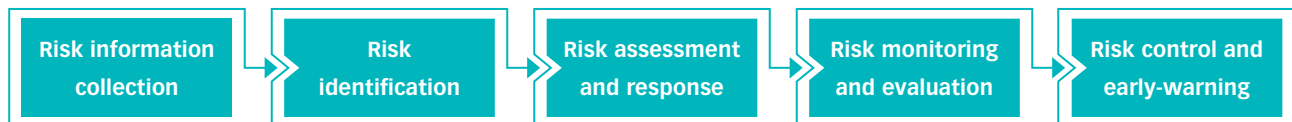


Compliance culture promotion at the Chongqing Banan Project

### *Risk management*

The Group carries out risk identification work based on the *Risk Management System* 《風險管理制度》, and closely centered around the principles of strategic orientation, comprehensiveness, grading and classification, and risk-benefit matching. Every year, the Group collects the risks identified from the departments in charge of the Company's risk management and its subsidiaries, evaluates the importance of the risks, scores and ranks the risks in order of importance based on the degree of risk impact and likelihood of occurrence, and formulates countermeasures.

The Group regularly organizes relevant departments to carry out risk management inspections in key areas, focusing on risk identification and early prevention, and continuously promotes the improvement of the Group's risk management system.



## CORPORATE GOVERNANCE AND DEVELOPMENT WITH DIGITAL AND INTELLIGENCE MEASURES

The Group fully integrates ESG factors and concepts including climate change related risks into the overall risk management process of its projects:

- Summarize various ESG risks identified by the Group, such as health and safety and extreme weather events in the *Internal Control Report* 《內控報告》. Conduct qualitative and quantitative assessments of each risk based on the gravity of its implications on the Group's strategic and operational objectives and its probability;
- In the selection of project vehicle equipment, new energy vehicles are actively used to reduce emissions;
- Fully consider employees' salary, welfare benefits and other rights and interests in the project review process;
- During the investment and merger process, combined with national laws and regulations and paying attention to local regulations, the party under investigation is required to issue a written statement on whether it has been subject to environmental protection administrative penalties or has potential penalties, and provide relevant materials;
- Establish the *Management System of Accident and Incident* 《事故事件管理制度》 to standardize the specific process for employees to identify and report risks, and for higher-level units to manage and respond to the risks;
- Set up the timetable for the rectification and treatment of identified risks. The functional department for risk management monitors the progress of rectification by the responsible departments.

## CORPORATE GOVERNANCE AND DEVELOPMENT WITH DIGITAL AND INTELLIGENCE MEASURES

### (2) CUSTOMER SERVICE

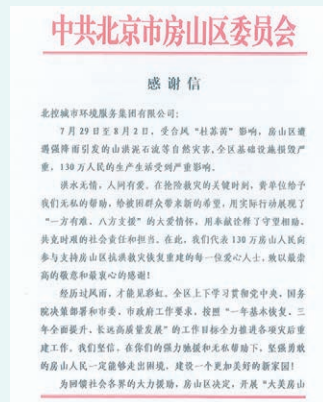
The Group adheres to the mission of “making the living environment better” and actively constructs and improves a service system that is aligned with its mission. We insist on high standards of service quality, pursue a harmonious relationship between customers and us, create high-quality services with “being committed, creating value, and sharing with others”, comprehensively improve customer experience, and work with customers to build a harmonious society with vitality.

The Group abides by the *Consumer Rights Protection Law of the People’s Republic of China* 《中華人民共和國消費者權益保護法》 and other laws and regulations, always adhere to the customer-centric service concept, proactively collect customers’ opinions and feedbacks, continuously optimize the service process, and strive to improve the ability of refined management, in order to provide our customers with more convenient and efficient high-quality services. This year, the Group deepened the application of CRM customer relationship management system, improved the management of basic customer information, established a comprehensive customer database and realized multi-level information sharing. In 2023, the Group migrated the CRM system to a third-party office platform, and all project companies have opened access to it. By the end of December, 326 customers for the urban services business and 5,556 customers for the hazardous waste treatment business had been recorded into the platform. Meanwhile, through regular maintenance and visits to customers, collecting feedback from customers, the Group accurately controls customers’ needs, and timely adjusts relevant service programs around the customer-centric service concept. For different types of customer complaints, the Group defines the workflow, clarifies the division of responsibilities, and communicates rapidly within internal offices to form a unified and effective control and handling mechanism. In 2023, the Group’s urban services and hazardous waste treatment businesses did not have any major complaints arising from product quality and services.

The Group’s urban services business mainly caters to customers in government agencies. We understand and lead the needs of our clients, setting quality management standards that are higher than those required by our clients, strengthen technical support for our operational specialties, carry out in-depth project inspections, and promote the implementation of important matters while paying due attention to the individual needs of our clients.

## CORPORATE GOVERNANCE AND DEVELOPMENT WITH DIGITAL AND INTELLIGENCE MEASURES

The Group has won wide acclaim from customers and local governments for its operational excellence and service quality. In 2023, the Group was honored as an “Advanced Entity” by the Anyue County Comprehensive Administrative Law Enforcement Bureau and the Quannan County Urban Management Bureau, and was awarded as a “Special Supporting Entity” by the China Association of Urban Environmental Sanitation and the China Sanitation Expo. Meanwhile, the Group also received letters of appreciation from the People’s Government and Committee of Fangshan District of Beijing Municipality, the Urban Administration Bureau of Zibo City, the Organizing Committee of Shenzhen International Urban Environment and Landscape Industry Exhibition, etc., which fully affirmed and highly praised the Group’s support and contribution to the high-quality development of the city and meticulous governance efforts.



Appreciation letter from the People’s Government and Committee of Fangshan District of Beijing Municipality



Appreciation letter from the Organizing Committee of Shenzhen International Urban Environment and Landscape Industry Exhibition



“Advanced Entity” award granted by the Anyue County Comprehensive Administrative Law Enforcement Bureau

## CORPORATE GOVERNANCE AND DEVELOPMENT WITH DIGITAL AND INTELLIGENCE MEASURES

In 2023, we conducted regular customer satisfaction questionnaire surveys in the urban services business segment through the following six dimensions and 24 subjective and objective questions, and promptly addressed any issues based on customer feedback, optimized the project operation plan, tracked and supervised the implementation of the plan, and achieved a month-on-month improvement in customer evaluation satisfaction scores.



The Group's hazardous waste disposal business is primarily targeted at clients generating waste. We have formulated a comprehensive mechanism for the management and prevention of customer complaints, kept customer communication channels open, taken the initiative to understand customer needs, and communicated with customers in advance and adopted corresponding solutions for special circumstances such as untimely hauling and transportation due to production reasons. If we receive customer complaints, we will verify the relevant information at the first time, solve the problems in a timely manner, and hold the relevant business personnel accountable to improve the quality of customer service. During the reporting period, a number of the Group's project companies received letters of appreciation from local customers.

## CORPORATE GOVERNANCE AND DEVELOPMENT WITH DIGITAL AND INTELLIGENCE MEASURES

Zhongyan Property Management, a subsidiary of the Group, adheres to the service concept of “owners’ needs first, owners’ satisfaction first”, and strictly implements the *Beijing Enterprises Zhongyan Property Management Citizen Service Hotline Management Measures* 《北控中燕物業市民服務熱線管理辦法》, the *Beijing Enterprises Zhongyan Property Management Complaint Management System* 《北控中燕物業投訴管理制度》, the *Owner Satisfaction Evaluation Management System* 《業主滿意度測評管理制度》, and the *Citizen Service Hotline Administrative Measures on Receiving Complaints* 《市民服務熱線「接訴即辦」管理辦法》. Dedicated personnel shall be responsible for the work of the citizen service hotline, and take measures such as “visiting twice per day, finishing the work of the day before tomorrow”, project manager responsibility system, and “handling the complaint immediately” work meeting. Measures have also strengthened work discipline, standardized the relevant procedures for resolving complaints, improved the three rates of hotline work orders (response rate, resolution rate, and satisfaction rate), and reduced the risk of public opinion among residents. In 2023, Zhongyan Property Management received a total of 43 work orders from the Public Service Hotline throughout the year, a further decrease from 2022, and the response rate, resolution rate and satisfaction rate of the Public Service Hotline for the year were all 100%.



Service window of Zhongyan Property Management

### (3) ETHICAL PRACTICE

The Group strictly abides with relevant laws and regulations such as the *Anti-Unfair Competition Law of the People’s Republic of China* 《中華人民共和國反不正當競爭法》 and *Anti-Money Laundering Law of the People’s Republic of China* 《中華人民共和國反洗錢法》, and implements the *Measures for the Administration of Rewards and Punishments in Auditing and Supervision* 《審計監察獎懲管理辦法》, the *Anti-fraud Management Regulation* 《反舞弊管理制度》, the *Supervision and Audit Regulation* 《監察審計制度》, and the *Code of Business Conduct* 《商業行為準則》 to standardize the work procedures of audit and supervision and prohibit misconducts such as abusing power, insider trading, money laundering, and conflicts of interest.

In 2023, the Group has no judicial litigation cases related to corruption or bribery, money laundering or insider trading, or conflicts of interest.

## CORPORATE GOVERNANCE AND DEVELOPMENT WITH DIGITAL AND INTELLIGENCE MEASURES

### *Integrity risk prevention and control*

The Group has formulated and released the *Code of Business Conduct* 《商業行為準則》. In this way, we focus on strengthening management and prevention of matters such as ethics and integrity, bribery and interests, gifts and hospitality, insider trading and fraud. We will issue warning, demerit, demotion, dismissal, termination of labour contract in accordance with the *Measures for the Administration of Rewards and Punishments in Auditing and Supervision* 《審計監察獎懲管理辦法》. Those whose violations constitute a criminal offense will be handed over to the judicial authorities according to the law. In this way, we will work together with all parties to create a clean and fair working environment.

To avoid damage to the Company due to conflicts of interest, the Group strictly prevents integrity risks in all aspects of daily operations, implements a list of prohibited practices in important operations such as procurement and capital transfer, and manages key personnel through interest declarations. During the year, we focused on anti-fraud inspections of project companies, and conducted four unannounced surprise audits. Following these inspections and audits, we engaged in thorough discussions with the project companies, formulated corrective measures, and supervised the implementation of these corrective measures to ensure their full compliance.

### *Complaint and whistle-blowing procedures*

The Group continued to strengthen the daily supervision of anti-fraud activities, revised the *Management Measures for Complaints and Reporting* 《投訴舉報管理辦法》, refined the reporting management work involved in the audit and supervision system, and announced reporting channels publicly. All related parties can report via a variety of channels, including emails, reporting telephones, audit site announcements, letters, and interviews. Meanwhile, we place importance on safeguarding the confidentiality of whistleblower information. We are committed to the confidentiality of the informant's personal information and the content of the report.



### **Report handling and whistleblower protection**

For complaints and reports received, our group will analyze and assess the reported situation within five working days to determine whether the conditions for investigation are met. For those reports that meet the conditions for investigation, an investigation team will be immediately established to commence the investigation process, and an investigation report will be produced upon completion. The results of the investigation will be handled in accordance with applicable company policies and national laws and regulations. In subsequent management and operational audits, companies with a history of fraud will be given special attention, and more comprehensive and in-depth management audits will be conducted on them.

We firmly oppose any form of impeding or suppressing whistleblowing activities, as well as retaliatory behavior against whistleblowers. Should any infringement upon the legal rights and interests of whistleblowers or individuals assisting in investigations be discovered, we will handle the matter seriously in accordance with the *Measures for the Administration of Rewards and Punishments in Auditing and Supervision* 《審計監察獎懲管理辦法》 and, if necessary, refer the case to judicial authorities.

## CORPORATE GOVERNANCE AND DEVELOPMENT WITH DIGITAL AND INTELLIGENCE MEASURES

### *Supplier integrity management*

The contract signed by the Group and the supplier clearly lists the “Prohibition of Fraudulent Behavior” clause, which states that neither party shall provide benefits outside the contract to the other party’s handler or other personnel, and it also clearly defines the acceptance of reports by the Group Department, including dedicated reporting department, reporting telephone number, and reporting mailbox. This action makes supplier cooperation fairer and more transparent and effectively avoids integrity risks in the supply chain management process. In addition, during the business management audits, the Group conducts appropriate inspections on the suppliers for their performance in compliance with laws and regulations, integrity management, and anti-corruption policies. In this way, we provide further guarantee for the building of a clean supply chain.

### *Training on integrity awareness*

The Group has been running a comprehensive anti-corruption training program persistently. In 2023, the Company conducted integrity training for all employees, combining offline training, online self-study, and prerecorded training videos. This training further promoted the knowledge of anti-fraud related laws and regulations, as well as the Company’s policies, and reinforced the integrity awareness of employees at all levels through analysis of industry cases. For board members, the Group deepens the directors’ understanding and awareness of anti-corruption and integrity responsibilities by distributing anti-corruption and integrity training materials and conducting training seminars related to the responsibilities of directors under the Listing Rules. This initiative covers all members of the board.

## **(4) INFORMATION SECURITY**

The Group always strictly adheres to by the *Cybersecurity Law of the People’s Republic of China* 《中華人民共和國網絡安全法》, the *Personal Information Protection Law of the People’s Republic of China* 《中華人民共和國個人信息保護法》, the *Civil Code of the People’s Republic of China* 《中華人民共和國民法典》, and other laws and regulations. in accordance with the aforementioned laws and regulations, we have established the Group-wide internal management systems, including the *Information System Data Backup and Recovery Management System* 《信息系統數據備份與恢復管理制度》, the *Information Security Incident Management System* 《信息安全事件管理制度》 and the *Information System Emergency Response Plan* 《信息系統應急預案》 to safeguard information security. Zhongyan Property Management, a subsidiary of the Group, strictly complies with the *Property Management Regulations of Beijing Municipality* 《北京市物業管理條例》 and other relevant regulations and is committed to the principle of protecting the privacy of its customers. In addition, Zhongyan Property Management also has its employees sign confidentiality agreements and service commitment letters to ensure that the privacy of customers is fully protected during its property management services.

In 2023, the Group has not experienced any incidents of customer privacy data leaks.



## CORPORATE GOVERNANCE AND DEVELOPMENT WITH DIGITAL AND INTELLIGENCE MEASURES

### *Information security governance*

The executive management of the Group is responsible for approving security plans and security management systems, coordinating and directing the emergency response to information security incidents, and overseeing the execution of information security management. Heads and technicians of the information management department are responsible for the specific tasks of information security. Additionally, open channels are established to allow employees to report information security risks and potential hazards identified in their work processes. The Group places great emphasis on information security and integrates it into employee performance evaluations. Employees who violate information security or cybersecurity will face penalties in the form of downgrades in their performance ratings.

### *Information security measures*

The Group continuously implements and optimizes the existing security protection measures and ensures that the operating systems are regularly updated with security patches based on the results of security scans. To further prevent disruptions of IT systems and cyber-attacks, the Group has formulated the *Information System Emergency Response Plan of Beijing Enterprises Urban Resources Group* 《北控城市資源集團信息系統應急預案》 as well as an off-site data backup strategy, setting up an effective emergency response mechanism and conducting two data recovery tests annually. In addition, the Group actively engages in third-party vulnerability analysis, using vulnerability scanning services (VSS) to scan application systems for vulnerabilities and generate analysis reports, and sending the reports to application system vendors for vulnerability fixes. Concurrently, we use enterprise host security (HSS) services to detect and fix host operating system security vulnerabilities, thereby enhancing our ability to handle information system security emergencies and ensuring business continuity and stability.

At the same time, we periodically send security reminder emails to employees, alerting them to guard against viruses, phishing, fraud, and other email threats, maintaining vigilance and effectively preventing information risks.



### **Case: Conducting cloud bastion host application and accountability mechanism training to enhance information security protection level**

To standardize the internal department system administrators' review processes for accessing application system resources and further enhance employees' information security awareness, the Group conducts in-depth analysis and exploration of application scenarios for cloud bastion host solutions. The aim is to achieve fine-grained control of permissions, ensure that resource operations leave a complete trace, effectively audit user actions, and trace and hold accountable for potential incidents. By strengthening operational procedures, we reduce the risk of illegal operations such as non-compliant actions and abuse of authority, ensuring information security and achieving a fully traceable information security accountability mechanism, thereby comprehensively improving the level of information security management.

## CORPORATE GOVERNANCE AND DEVELOPMENT WITH DIGITAL AND INTELLIGENCE MEASURES

### *Information security certification*

The Group's systems are hosted on a third-party cloud platform, which holds ISO 27001 Information Security Management System Certification and ISO 27017 Cloud Services Information Security Management System Certification, to further ensure the security of the Group's data and information. Furthermore, the Group regularly undergoes digital audits and IT audits of its IT infrastructure and information security management system relevant to the financial statements audit conducted by external auditors. Based on the audit results, we continuously optimize our management level to ensure compliance and security.

### **(5) INTELLECTUAL PROPERTY**

The Group strictly abides by the relevant laws and regulations such as the *Patent Law of the Peoples' Republic of China* 《中華人民共和國專利法》, the *Rules for the Implementation of the Patent Law of the People's Republic of China* 《中華人民共和國專利法實施細則》 and the *Anti-Unfair Competition Law of the People's Republic of China* 《中華人民共和國反不正當競爭法》, and regulated our practices in line with the *Patent Management Measures* 《專利管理辦法》 to avoid infringement of the intellectual property rights of others while protecting our patents in accordance with relevant laws.

To strengthen intellectual property management, the Group implements strict approval and review processes for invention achievements in project management, and collaborates with Intellectual Property Administration and patent agencies to ensure timely completion of patent applications. To decrease the risk of intellectual property infringement in the business process, we added intellectual property disclaimers in the procurement agreements, aiming to effectively mitigate the potential intellectual property risks faced by the Group and its subsidiaries during procurement and utilization.

In 2023, the Group had no judicial litigation case related to intellectual property.

### **(6) BRAND MANAGEMENT**

The Group places a high value on brand image and reputation, strictly adheres to laws and regulations such as the *People's Republic of China Advertisement Law* 《中華人民共和國廣告法》 and the *People's Republic of China Trademark Law* 《中華人民共和國商標法》, and have developed the management systems, such as the *Management Measures for VI Manual of Beijing Enterprises Urban Resources Group* 《北控城市資源集團 VI 手冊管理辦法》, the *Management Measures for Correspondents of Beijing Enterprises Urban Resources Group* 《北控城市資源集團通訊員管理辦法》 and the *Information Release Management System of Beijing Enterprises Urban Resources Group* 《北控城市資源集團信息發布管理制度》, to promote and publicize the Company in accordance with regulations, raise the awareness of the Company's service tenets, capability, and strength among the public, and enhance the Company's brand influence.

## CORPORATE GOVERNANCE AND DEVELOPMENT WITH DIGITAL AND INTELLIGENCE MEASURES

The Group uses sustainable management to strengthen the organization of brand communication. In 2023, the BECS WeChat video account was officially launched, featuring the first series “Salute to the Most Beautiful Women” special program for International Women’s Day. Additionally, we planned and carried out interactive activities such as garbage classification and excellent sanitation workers selection, actively engaged in short video production, and utilized multiple channels to showcase the Group’s professional and trustworthy brand image to the market.



The series of video programs “Honoring the most admirable woman workers”

## CORPORATE GOVERNANCE AND DEVELOPMENT WITH DIGITAL AND INTELLIGENCE MEASURES

At the 2023 Shenzhen (International) Urban Environment and Landscape Industry Exhibition, the Group made an appearance with the theme of “Revitalizing Urban Services, Empowering a Better Living Environment.” From three perspectives—“business focus, environmental sanitation technology, and practical application”—it comprehensively showcased innovative service products and practical achievements. With its “Urban Operation Digital Management Service Platform,” the group once again won the “Urban Appearance Industry Innovation Award (Urban Environmental Sanitation Category),” further enhancing its brand influence and market recognition.



The Group won the “Urban Appearance Industry Innovation Award (Urban Environmental Sanitation Category)”

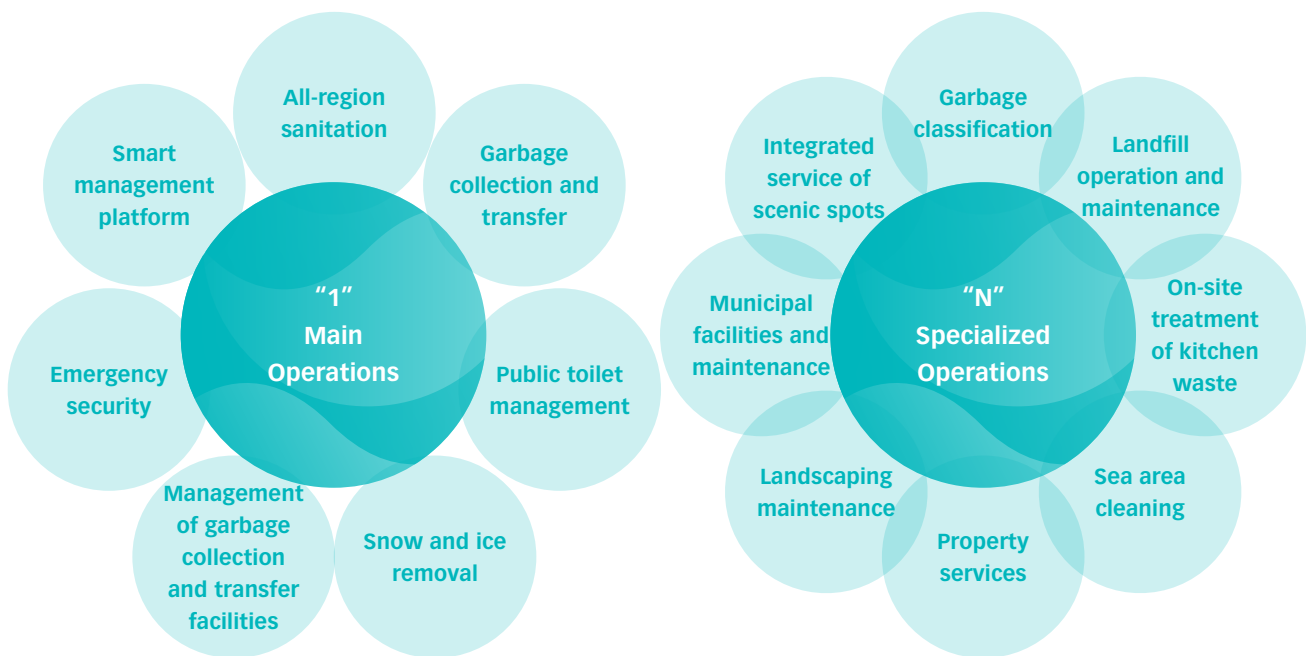
## PROMOTE DEVELOPMENT THROUGH INNOVATION

### (1) DIGITAL INTELLIGENCE INNOVATION PROMOTES ENVIRONMENTAL SANITATION

With a focus on customer needs, the Group actively expands more service scenarios, continues to deepen the “1+N” innovative service model, builds smart platforms such as urban operation and management services platform, and explores the application of new energy environmental sanitation equipment and unmanned environmental sanitation machinery. We conduct research on user-end treatment technologies, processes and equipment such as small-scale incineration and construction waste recycling, so as to increase the quality and efficiency of the city services business. We are committed to becoming a trusted and industry-leading digital intelligent urban operation integrated service provider.

## CORPORATE GOVERNANCE AND DEVELOPMENT WITH DIGITAL AND INTELLIGENCE MEASURES

**In terms of service model innovation,** the Group strives to drive the efficient transformation of sanitation services by actively applying the “1+N” model in different project scenarios, continuously expanding the application scope of “1+N” service model, actively exploring composite operation models and meticulously arranging the processes of environmental sanitation operations. Additionally, in conjunction with technological innovation, we have developed an integrated urban stewardship service model, facilitating the efficient transformation of urban services. We have successfully established an intelligent and efficient urban services system, achieving coordinated development across diverse business areas, and enhancing the efficiency of urban management as well as the quality of life for residents.



Schematic diagram of “1+N” model

**In terms of digital intelligence management innovation,** the Group further expands the functionalities of smart sanitation systems and builds smart management platforms such as urban operation management service platforms to enhance service quality and efficiency. This year, the Beijing Jingliang Road Project has innovatively adopted the “Urban Steward” new service model, which integrated online and offline approaches. It focused on two key areas of all-region sanitation and waste recycling, combining “sprinkling, sweeping, vacuuming, flushing” into an integrated operation mechanism. Advanced technologies such as 5G, AI, the Internet, IoT, big data, and cloud computing were applied to build a smart sanitation digital supervision platform based on “one map, one system and one platform” for sanitation operations, so as to realize the whole-process intelligent management and visualized operation of personnel, vehicles, materials, and incidents. This system integrated comprehensive, three-dimensional, digital, and intelligent supervision and assessment, forming an integrated “intelligent” management approach.

## CORPORATE GOVERNANCE AND DEVELOPMENT WITH DIGITAL AND INTELLIGENCE MEASURES

### Smart application target

#### Target set in 2022

We will further integrate the use of Internet, IoT, cloud computing, big data, AI, 5G and other technologies to provide services for urban public space management, public security management, community services, property management, and emergency assistance. We plan to complete the construction of Phase II smart sanitation system in 2023 and put it into use in the pilot in South China.

#### Target completion progress in 2023

In 2023, the group's Smart Sanitation Phase II system was piloted and implemented in the South China region;

The first phase of the supply chain information system project was successfully completed, passed inspection and acceptance, and has been running smoothly.

### Future target

By 2024, the construction of the second phase of the supply chain information system project will be completed and put into operation. By upgrading the system functionalities, we aim to enhance the efficiency of contract approval management, streamline the process of price inquiry and comparison, and establish a comprehensive lifecycle management framework for supplier information.

By 2025, the Urban Services Operation Machinery Management System will be developed and launched. By applying dynamic modeling, simulation optimization, and other techniques, we can accurately calculate the investment of project operational resources, automatically plan the mechanical operation paths, and achieve optimization of operational costs.

**In terms of equipment application innovation,** with the continuous improvement of urban governance and the rapid development of emerging technologies, the application of Internet+, big data, new energy facilities, and autonomous driving has brought about significant changes to the sanitation industry. The Group actively seeks cooperation and application of new energy sanitation equipment and autonomous sanitation equipment to jointly build a clean and intelligent sanitation industry chain. In 2023, The Group reached a strategic cooperation agreement with Zhengzhou Yutong Heavy Industries CO., LTD. to jointly explore the use of autonomous sanitation vehicles, promoting the upgrade and transformation of the sanitation industry.

## CORPORATE GOVERNANCE AND DEVELOPMENT WITH DIGITAL AND INTELLIGENCE MEASURES



### Case: Autonomous driving equipment for sanitation and supervision application

The Group's Shenzhen Xinqiao Project has adopted autonomous driving mechanical equipment. Since the autonomous sweeping robot was put into operation in June 2023, it has maintained good operational status in terms of operation duration, quality, and supervision maintenance. The Jiangmen Xinhui Project of the Group utilized drones to inspect every inch of greenery maintenance areas, to achieve all-round, precise and real-time monitoring. This approach facilitated the formation of electronic records for road greenery maintenance, and enhanced the effectiveness and efficiency of supervision. Additionally, the air-ground cooperation and human-machine cooperation enabled the rapid detection of and response to issues like fires and pest infestations. Additionally, our Pinghu Project, Maluan Project, and Longgang Street Project are equipped with unmanned intelligent cleaning equipment, promoting mechanized and intelligent urban sanitation operations.



Application of autonomous driving equipment



Drone equipment aerial view

## CORPORATE GOVERNANCE AND DEVELOPMENT WITH DIGITAL AND INTELLIGENCE MEASURES



### Case: Large-scale application of new energy vehicles to the goal of “carbon peaking and carbon neutrality”

The Shenzhen Bao’an Urban Steward Project is the Group’s first large-scale initiative to deploy new energy vehicles, and embody green environmental principles. Utilizing technologies such as 5G, AI, the IoT, big data, and cloud computing, this project introduces autonomous sanitation vehicles for mechanized cleaning, achieving mechanical operations for 100% of main and secondary roads. The project explores combined operational models, promoting efficient operational transformation while helping realize the goal of “carbon peaking and carbon neutrality”.



New energy vehicles

## (2) TECHNOLOGICAL INNOVATION DRIVES THE TRANSFORMATION OF HAZARDOUS WASTE MANAGEMENT

This year, the Group explored the application of large-scale modelling technology for the design of hazardous waste incineration operation compatibility schemes, to promote the specialization and standardization of hazardous waste treatment processes. The Group organizes project companies to optimize and revise the main process and key equipment parameters in the harmless treatment of hazardous waste, forming a standardized technical process package.

The Group explores the feasibility of using hazardous waste recycling to better promote the overall circular economy while realizing reduction, harmless treatment and recycling of hazardous waste through normal technologies such as incineration, physicochemical treatment, resource recycling and landfill.



## CORPORATE GOVERNANCE AND DEVELOPMENT WITH DIGITAL AND INTELLIGENCE MEASURES

In 2023, the Group conducted various experiments and explorations on the recycling of hazardous waste:

- The slurry and copper-containing waste slag recycling projects of Shandong Pingfu and Zigong Pingfu have passed the Group's investment review
- The Shandong Pingfu Project and Yichang Project actively studied the process technology for cracking crude oil from used hazardous waste plastic barrels and waste oily sludge
- Several small resource based experiments on the concentration and extraction of sodium iodide and sodium iodide waste liquid were conducted.

### (3) EXCHANGES ON INNOVATION TO LEAD THE INDUSTRY

The Group deepens its scientific and technological innovation mechanism based on business needs, motivates innovation across all levels to enhance the driving effect of innovation, and strengthens the joint innovations in strategic collaboration with enterprises and scientific research institutions. In 2023, the Group conducted frequent technical exchanges and continuous research practices, obtained important innovative patent achievements, and led the formulation of relevant standards and specifications to promote the common development of the industry.

In the field of urban services business, in 2023, the Group took part in exhibitions such as the "2023 China Clean Expo (CCE)", the "23th China International Environmental Protection, Sanitation Facilities and Municipal Cleaning Equipment Exhibition" in Beijing and the "24th IE Expo China" in Shanghai, where discussions and exchanges were held with manufacturers in various fields such as small-scale incineration, on-site treatment of kitchen waste, domestic and construction waste recycling, rural sewage treatment and leachate treatment, and unmanned driving equipment and garbage classification. Additionally, we conducted application tests of unmanned sweeping robots at the XinQiao Project to better understand the performance and actual operational effects of unmanned sweeping robots.

In the field of hazardous waste treatment business, the Group participated in multiple industry conferences in 2023, such as the Lithium Iron Phosphate Industry Conference and the China Non-ferrous Metals Industry Ecological Environmental Protection Conference to understand the current development status, technological innovation, and market trends of the lithium iron phosphate industry and closely followed the latest developments and challenges in the ecological environmental protection of the non-ferrous metal industry. Discussions and exchanges were conducted with multiple parties on the development directions for the hazardous waste recycling in the non-ferrous metal industry, to further build the knowledge and technology base in relevant fields, and enhance the Group's technical power for the further upgrades and transformation in the hazardous waste treatment business.

## CORPORATE GOVERNANCE AND DEVELOPMENT WITH DIGITAL AND INTELLIGENCE MEASURES

### IMPROVE SUPPLY CHAIN MANAGEMENT

Consistently regarding suppliers as important business partners, Beijing Enterprises Urban Resources attaches great importance to establishing a good, win-win, and close business relationship with them in a bid to integrate resources of both sides to enhance service quality. In 2023, the Group revised and supplemented the *Supplier Management System* 《供貨商管理制度》, the *Inventory Material Management Measure* 《庫存物資管理辦法》, and the *Collected Material Acceptance Standards* 《集採物資驗收標準》 and formulated the *Supply Chain Management System* 《供應鏈管理制度》, and *Supplier Management Policy* 《供應商管理政策》, comprehensively promoting the standardization, digitization, and greening of supply chain management.

#### (1) ADVOCATE GREEN SUPPLY

The Group strengthens and standardizes the management of suppliers, categorizing suppliers into three main types: qualified suppliers, reserve suppliers, and blacklisted suppliers. Qualified suppliers are further divided into strategic suppliers, Class A suppliers, Class B suppliers, and trial suppliers based on various considerations such as enterprise qualifications and performance, after-sales service capabilities, on-site inspections, quality management, progress management, receipt inspection, labour use, environmental protection, and safety risks. The *Supplier Management Policy* of the Group requires all suppliers to adhere to labour standards, human rights protection, health and work safety, environmental protection, and business ethics.

#### *Lowering supply chain risks*

The Group abides by the requirements of relevant internal regulatory document such as the *Supplier Management Policy* to deepen the control of environmental and social risks at various stages of the supply chain. During the shortlisting and selection stage, the Group fully implements the online registration and approval system of the recruitment system, and formulates shortlisting standards based on the different suppliers, requiring all suppliers to optimize the use of natural resources, avoid the use of prohibited substances, and properly manage waste. Suppliers with significant quality issues, administrative penalties or dishonest records, or major safety production accidents and other environmental and social risks will not be included in the qualified supplier database. Furthermore, the Group vigorously promotes the development of a green supply chain, giving priority to excellent suppliers with good ESG performance. Suppliers with green credentials, such as ISO9001 quality management system certification, ISO14001 environmental management system certification, OHSAS18000 occupational health and safety management system certification, and SA8000 social responsibility certification will receive audit bonus points and preferred recommendations.

## CORPORATE GOVERNANCE AND DEVELOPMENT WITH DIGITAL AND INTELLIGENCE MEASURES

### *Strengthening supplier evaluation*

During the supplier cooperation phase, the Group conducts annual supplier evaluations as a routine, assessing project companies' suppliers of equipment, materials, engineering construction, technical consulting and other business, to ensure compliance with the *Supplier Management Policy*. In 2023, 272 suppliers participated in the evaluation. Furthermore, the Group employs a combination of online and offline methods to comprehensively assess suppliers. Multi-dimensional supplier data are collected through the procurement system's supplier management module, and supplier on-site assessments are conducted by the Supply Chain Management Center in coordination with other functional departments and regional/project companies. The Group carries out class-based management for suppliers with differentiated policies applied based on evaluation results, aiming to comprehensively reduce cooperation risks and environmental and social risks in the supply chain and achieve strategic cooperation and mutual development with high-quality suppliers.

### *Enhancing supply chain performance*

The Group encourages suppliers to obtain ESG-related certifications and participate in ESG training. We offer suggestions for improving ESG management and provide support to suppliers through information sharing, two-way communication, high-level discussions, supplier incentives, and assistance. We also conduct ESG-related training for employees in the procurement department to enhance the capabilities of both parties in terms of technology, cost, service, response efficiency, and ESG performance, thereby co-creating value with our suppliers.

### *Supplier-related KPIs<sup>3</sup>*

Indicator	2023
Total number of suppliers	272
<b>Number of suppliers by region</b>	
Number of suppliers in East China	106
Number of suppliers in Central China	43
Number of suppliers in North China	52
Number of suppliers in Northwest China	12
Number of suppliers in South China	51
Number of suppliers in Northeast China	8

<sup>3</sup> The scope of supplier data statistics is limited to the contract suppliers of the Group, with supplier regions based on their registered locations.

## CORPORATE GOVERNANCE AND DEVELOPMENT WITH DIGITAL AND INTELLIGENCE MEASURES

Indicator	2023
<b>Number of suppliers by classification</b>	
Number of strategic suppliers	28
Number of Class-A suppliers	211
Number of Class-B suppliers	33
<b>Number of suppliers by procurement category</b>	
Number of direct procurement suppliers	171
Number of indirect procurement suppliers	101
<b>Number of suppliers by risk</b>	
Number of suppliers identified with high ESG risks and significant business impact in direct procurement	28
Percentage of above suppliers participating in online/on-site evaluations	100%
Number of above suppliers assessed to have significant actual/potential negative impacts	0
Number of above suppliers subject to corrective actions/termination of cooperation	0
Number of suppliers identified with high ESG risks and significant business impact in indirect procurement	4
Percentage of above suppliers participating in online/on-site evaluations	100%
Number of above suppliers assessed to have significant actual/potential negative impacts	0
Number of above suppliers subject to corrective actions/termination of cooperation	0

### (2) MANAGE HAZARDOUS WASTE TRANSPORTATION

In order to further refine logistics transportation management and control environmental pollution risks and social risks, as well as preventing accidents, the Group adheres to rules and regulations such as the *Hazardous Waste Transfer Management Measures* 《危險廢物轉移管理辦法》, the *Management System for External Logistics Companies* 《外僱物流公司管理制度》 and the *Logistics Transportation Process Management System* 《物流運輸流程管理制度》 to strictly control logistics transportation management requirements and ensure logistics transportation links safe and controllable.

## CORPORATE GOVERNANCE AND DEVELOPMENT WITH DIGITAL AND INTELLIGENCE MEASURES

- The Group's project companies implement a bidding system for outsourcing transportation units, adopting strict review and management mechanisms to ensure that transportation companies have professional qualifications and licenses, as well as capabilities in quality assurance, risk resistance, compensation for cargo loss, and a rigorous cargo safety protection system.
- The Group organizes inspections in accordance with relevant laws and regulations on the transportation of hazardous waste, strengthens the connection between various stages such as collection, transportation, storage, disposal, and transfer of hazardous waste, records and retains relevant documents, regularly reports operational conditions to relevant departments, and avoids environmental risks in the transportation of hazardous waste.
- The Group conducts regular special safety production inspections on outsourcing transportation units, requiring companies with identified issues to rectify potential hazards, ensuring that transportation company monitoring platforms display comprehensive alarm types, firefighting equipment is inspected on time, safety responsibility agreements are signed according to regulations, emergency plans and operating procedures are clear, and safety drills are completed regularly.
- During the loading and unloading process of hazardous waste, The Group strictly adheres to system requirements, strictly regulates the packaging of hazardous waste to ensure that all labels are present and accurate, proactively provides protective materials such as PE film to transportation companies, to avoid leakage of hazardous waste, and prevent secondary pollution.

# STRIVE WHOLEHEARTEDLY AND TIRELESSLY TO UPHOLD GREEN PRACTICES

Shouldering the responsibilities for environment and safety, the Group continues to implement comprehensive safety and environmental management system, deepen the implementation of responsibilities, and strengthen key project supervision and key risk control. Moreover, the Group makes concurrent efforts in pollution reduction, carbon reduction and response to climate change, boosting high-quality sustainable development.

## STRENGTHEN HSE MANAGEMENT

The Group attaches importance to safety, environment, and occupational health management, and fully implements a long-term HSE management mechanism. In 2023, to improve the effective implementation of management mechanisms in operations, the Group's urban services business segment has formulated the *QHSE Meeting Management System* 《QHSE 會議管理制度》 and the *Stakeholder Safety Management System* 《相關方安全管理制度》. We have improved and revised the *HSE Meeting Management System* 《HSE 會議管理制度》, the *HSE Accountability System* 《HSE 問責制度》, the *HSE Education and Training Management System* 《HSE 教育培訓管理制度》, the *HSE Inspection and Hidden Danger Investigation and Treatment System* 《HSE 檢查及隱患排查治理制度》, the *Personal Labour Protection Supplies Management System* 《個人勞動防護用品管理制度》, the *Safety Production Cost Management System* 《安全生產費用管理制度》 and other HSE management systems according to actual management needs; The hazardous waste treatment business segment has formulated the *Stakeholder Management System* 《相關方管理制度》, and focused on strengthening the safety risk control of various stakeholders to ensure the safe and stable production and operation activities.

To effectively protect the safety and health of employees during production and operation activities, we have established a Safety Production Committee ("Safety Committee"), with the Chief Executive Officer of the Company as the director, the vice president as the deputy director in charge of urban services and hazardous waste treatment, and the responsible personnel of departments serve as members. The Group has established HSE management teams led by project managers in each project. These teams are staffed with safety management personnel according to the scale of various regional business units, operation centers, and project companies; Specialized work mechanisms with safety management personnel from project companies and front-line safety officers are formed, and we continuously enhance the professional skills and capability of project leaders and safety management personnel through professional training and assessments. This helps strengthen the organizational functions of safety management and standardize the management of HSE matters throughout the project lifecycle.

## STRIVE WHOLEHEARTEDLY AND TIRELESSLY TO UPHOLD GREEN PRACTICES

### IMPLEMENT SAFE OPERATION

The Group remains vigilant in ensuring safety in production, maintaining strict and meticulous supervision without any slack. We consistently adhere to the fundamental policy of “safety first, prevention-oriented, and comprehensive management.”, and continuously strengthens employees’ occupational health protection and management. We strictly abide by the *Work Safety Law of the People’s Republic of China* 《中華人民共和國安全生產法》, the *Law of the People’s Republic of China on the Prevention and Control of Occupational Diseases* 《中華人民共和國職業病防治法》, the *Fire Protection Law of the People’s Republic of China* 《中華人民共和國消防法》, the *Regulations on the Safety Management of Hazardous Chemicals* 《危險化學品安全管理條例》, the *Regulations on Emergency Responses to Work Safety Accidents* 《生產安全事故應急條例》 and other laws and regulations related to occupational health and safety production. With reference to the *ISO 45001: 2018 Occupational Health and Safety Management System Requirements and Guidelines* 《ISO 45001: 2018 職業健康安全管理體系要求及使用指南》, we continuously improve the *Occupational Health and Safety Management Systems Manual* 《職業健康安全管理體系手冊》, the *Personal Safety Labour Protection Management System* 《個人安全勞動防護用品管理制度》, the *Safe Production Expense Management System* 《安全生產費用管理制度》, the *Interim Management Measures for Hazardous Operations* 《危險作業暫行管理辦法》 and other safety management systems, and strictly implement safety production management and standardize production behavior, to reduce safety production accidents, and ensure employees’ health and safety.

By the end of 2023, the Group’s hazardous waste section:



During the year of 2023, all levels of management personnel of the Group signed the *2023 Annual Safety Management Target Responsibility Letter* 《2023 年度安全管理目標責任書》, establishing safety performance assessment goals. Within the assessment period, the occurrence of safety accidents and the implementation of management actions were evaluated across all business units and project companies. The Group implemented a reward and punishment mechanism, effectively linking the evaluation results with the performance assessment and salary income of management personnel at all levels.

## STRIVE WHOLEHEARTEDLY AND TIRELESSLY TO UPHOLD GREEN PRACTICES

### 2023 Work Safety Targets

- “Zero” production safety accident
- “Zero” major traffic accident
- “Zero” environmental pollution accident
- “Zero” incidence rate of occupational disease
- “Zero” concealed or underreported incident

### (1) STRENGTHEN SAFETY CONTROL

In 2023, the Group continued to safeguard the bottom line of safety production. Focusing on on-site safety and environmental management, we took a series of measures to improve safety operating capabilities of employees, eliminate various safety hazards, and ensure the fulfillment of safety production targets at all levels, such as further defining the safety production responsibilities of all staff, solidly promoting the three-year special rectification for safety production, and conducting on-site safety and environmental inspections and supervision.

#### *Safety management construction*

The Group strengthens comprehensive safety rectification and pursues standardized safe construction sites to eliminate man-made safety accidents and minimize various types of safety accidents, striving to achieve the goal of zero major safety accident.

Strictly abiding by national laws, regulations and safety operating procedures, the Group have established robust safety regulations and systems; we have established efficient and lean safety organizational structures, and formulated practical safety technical measures; we conduct thorough safety inspections to eliminate hidden safety hazards, identify safety risks, and timely resolve safety issues in construction; we strengthen safety education to enhance the safety awareness and accident prevention capabilities of project participants.

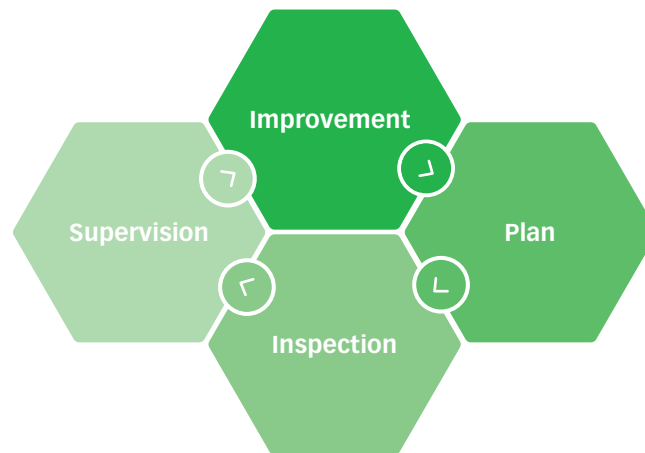


## STRIVE WHOLEHEARTEDLY AND TIRELESSLY TO UPHOLD GREEN PRACTICES

### *Safety risk prevention*

The Group carries out in-depth safety production rectification actions, focusing on the implementation of safety and environmental responsibilities, the operation of equipment and facilities, site management and hazardous operations, hidden hazards identification and risk control, and other aspects of supervision and inspection of various project companies.

In the field of urban services business, the Group implements a regular risk reporting mechanism, with each region required to report the risks identified in subsidiaries on a monthly basis. The Group uses the LEC method to semi-quantitatively evaluate risks based on the likelihood of accidents, the frequency of workers' exposure to hazardous environments, and the severity of accidents, classifying risks into levels 1-5. In addition, we have formulated corresponding prevention and control measures as well as risk identification and prevention manuals according to the level of risk, and conducted specialized trainings. The Group conducts irregular safety inspections, and continuously supervises the implementation of risk prevention and control measures of various units, forming a closed-loop management of safety risk hazards. In 2023, the Group conducted supervision and inspection on 28 project companies, and supervised the rectification of 117 hidden hazards in systems within limited time period.



Closed-loop Management

In the field of hazardous waste management, the Group follows the *HSE Hazard Investigation and Rectification Management System* 《HSE 隐患排查整改管理制度》 to determine hazards levels based on the evaluation of the consequences, difficulty of rectification, required expenses and other factors, establish hazard management records, and require project companies to rectify hazards, with the five aspects of rectification measures, responsible persons, funds, time line and temporary disposal measures clearly specified.

## STRIVE WHOLEHEARTEDLY AND TIRELESSLY TO UPHOLD GREEN PRACTICES

By the end of December 2023, the Group's hazardous waste treatment business segment:

- Conducted 52 on-site safety and environmental inspections and supervisions, achieving 100% coverage of all project companies within the hazardous waste segment;
- Issued 45 HSE inspection reports;
- Identified 412 management issues and on-site hazards, and proposed 172 management requirements.

### (2) IMPLEMENT SAFETY PRECAUTIONS

The Group regards employee health and safety as the important foundation for its own development and creates a safe and healthy working environment for employees through measures such as upgrading and improving safety facilities and equipment, occupational health protective equipment.

**Conduct regular occupational health and safety risk and hazard assessments.** The Group's project companies carry out normalized occupational health and safety risk and hazard assessments, detect and evaluate factors that may cause occupational hazards in the workplace through methods such as job risk identification, safety status evaluation, occupational disease hazard factor identification, evaluation of the control effect of occupational disease hazards, and evaluation of the current status of occupational disease hazards, strengthening the implementation of occupational disease prevention and screening work. The Group regularly organizes occupational health examinations for in-service employees. Strictly implementing the requirement of "no insurance, no work", the Group allocates special safety management expenses and purchases accidental death and injury insurance for employees. Moreover, the Group continuously optimizes insurance application management, and expands the range of public insurance coverage to provide comprehensive safety guarantees for employees.

## STRIVE WHOLEHEARTEDLY AND TIRELESSLY TO UPHOLD GREEN PRACTICES

**Strengthen project site occupational health management.** The Group continuously improves occupational disease prevention measures, and equips hazardous waste treatment business employees with various types of protective equipment according to project conditions, such as protective clothing, respirators, dust masks, earplugs, gloves, first aid kits; for tunnel operations and night special scenarios, we equip urban services business employees with high visibility safety protection equipment such as shoulder lights and reflective vests. In addition, we increase the number of monitoring and alarm equipment in areas with high occupational health risks, monitor toxic gases such as hydrogen chloride and hydrogen sulfide, and take timely deodorization and ventilation measures to prevent occupational health hazards.

**Implement a closed-loop management mechanism for accident investigation.** The Group formulated the *HSE Accident Management System* 《HSE 事故管理制度》, which clearly defines responsibilities for accidents, accident levels, and investigation procedures. For accidents at level three and above, an emergency team is dispatched to the accident site to assist government authorities in the investigation and evidence collection. For accidents at level four and below, the company where the incident occurred organizes the investigation and submits an investigation report to the Group, forming a closed-loop management mechanism for accident investigation, resolution, experience summarization, and accountability with rewards and penalties.

The causes of the Group's work-related fatalities from 2021 to 2023 were mainly traffic accidents, the details of which are set out in the table below.

### KPIs related to work-related fatalities and injuries<sup>4</sup>

Indicator	Data	
Number and rate of work-related fatalities in 2021	1 person	0.024‰
Number and rate of work-related fatalities in 2022	2 persons	0.039‰
Number and rate of work-related fatalities in 2023	2 persons	0.035‰
Total lost days due to work injury in 2023	5,670 days	

<sup>4</sup> In accordance with the standards for fulfilling the procedures of work-related injuries, the number of working days lost due to work-related injuries is calculated based on the actual number of days off work of the injured person.

## STRIVE WHOLEHEARTEDLY AND TIRELESSLY TO UPHOLD GREEN PRACTICES

### (3) SAFETY TRAINING AND PUBLICITY

The Group has formulated the *HSE Education and Training System* 《HSE 教育培训制度》 to conduct well-prepared safety training on various themes in diverse forms for all employees, and encouraged employees' aspiration to learn safety knowledge and skills to further improve the overall safety awareness and accident prevention capabilities of all employees.

In the urban services business segment, the Group explores new training formats, breaks through new training models, and expands new training contents.

- We have upgraded and enhanced the "Safety and Environment Micro-Sharing" platform to the "QHSE Micro-Sharing" platform, and introduced a new live training model to enhance the interactivity of training and deepen learning outcomes. In 2023, the Group's business services business segment completed the production of 28 specialized training courses, with a total of 11,846 attendances, achieving full coverage of leaders from regional and project companies, as well as safety and environmental leaders.
- We adopt a tiered teaching format of "Group – Region – Project," empowering employees at all levels.
- We have established more than 20 training topics, including risk identification and hazard investigation, new project induction, greening operations, accident analysis, emergency management, transfer station operating procedures, and confined space operations.
- We deeply summarize and share safety management experiences, carefully compile training materials, strictly control the quality of teaching, and organize training sessions for regional and project company leaders, as well as safety and environmental management department heads to deeply promote the spread of good practices.

## STRIVE WHOLEHEARTEDLY AND TIRELESSLY TO UPHOLD GREEN PRACTICES

In addition to course training, this year, we organized various activities such as “Safety Production Month”, “Hundred Days of Safety”, “Safety and Environmental Guardian”, and “119 Harmonious Fire Protection”.

In 2023, during the “Safety Production Month” activities:

- Over 25,000 managers and frontline workers participated;
- More than 57,100 safety oaths were taken;
- Over 35,000 safety commitment letters were signed;
- More than 1,100 safety banners were produced.

In the hazardous waste treatment business segment, the Group fully utilizes internal training platforms to conduct various safety training sessions using safety and environmental accident case databases and knowledge bases, thereby improving the efficiency of training. In addition, the Group’s project companies also hold a variety of training sessions, including the study of target responsibility letters, safety management, standardized management of hazardous waste, dangerous operations, use of safety facilities, emergency response and escape, occupational health, traffic safety, and accident case education, with a cumulative total of 16,673 attendances, effectively enhancing their safety awareness and skills.



### **Case: “Driving School Retraining” for all employees to create a traffic safety atmosphere**

In 2023, the Group organized the “Driving School Retraining” traffic safety special rectification action for all employees. Using a combination of theoretical knowledge tests and practical assessments for motorcycle, C1, and B2 vehicle operations, employees’ awareness of traffic safety and vehicle driving skills were further improved, and efforts were made to prevent traffic accidents. This special action involved over 110,000 participants, covering all employees in the urban services business segment.

## STRIVE WHOLEHEARTEDLY AND TIRELESSLY TO UPHOLD GREEN PRACTICES



### Case: Multi-scenario emergency drills to enhance the responsibilities of on-site personnel

To improve the self-protection abilities of front-line personnel in emergency situations, various emergency drills were organized by the Group's subsidiaries, including fire drills, hazardous chemical incident handling drills, electric shock emergency drills, vehicle injury rescue, high-altitude fall rescue, transfer station machinery injury rescue, and extreme weather response drills such as heavy rain, flood, and high temperature. A total of 57,100 employees participated in the drills, significantly enhanced their emergency response and handling capabilities.



Firefighting emergency drills



Sulfuric acid burn accident response drills

## STRIVE WHOLEHEARTEDLY AND TIRELESSLY TO UPHOLD GREEN PRACTICES



### Case: Nurturing a safety culture to ensure “Safety Awareness for All, Emergency Response Skills for Everyone”

In 2023, the Group closely followed the themes of “Obeying the Safety Production Law and Being the First Responsible Person” and “Safety Awareness for All, Emergency Response Skills for Everyone”, and carried out a series of diverse and engaging safety education promotion activities and trainings in depth.

- “Safety Publicity and Consultation Day”, safety commitment oaths, safety knowledge contests, and fire-fighting skills competitions
- Comprehensive hazard inspections, emergency drills, and cautionary education with accident cases
- Specially invited professional organizations such as the traffic police detachment and the Red Cross to provide employees with special training on vehicle accident prevention, emergency response, and first-aid skills

Through these activities, the safety awareness and emergency response capabilities of employees have been strengthened, their safety awareness and safety quality have been improved, a strong safety culture atmosphere has been created, and a solid foundation has been laid for the continuous stability of the Group’s safety production situation.



Firefighting skills competition



First aid training

## STRIVE WHOLEHEARTEDLY AND TIRELESSLY TO UPHOLD GREEN PRACTICES

### DEEPEN GREEN DEVELOPMENT

With firm resolve and confidence for green development and low-carbon development, the Group actively responds to the national “carbon peaking and carbon neutrality” strategic goal. To this end, the Group pays close attention to climate change and fully exploits our business advantages to help improve ecological environment. With all these efforts, we contribute to the national goal of “carbon peaking and carbon neutrality” goals.

#### (1) TACKLE CLIMATE CHANGE

Climate change has a profound impact on socioeconomic development and business development while changing and affecting the global ecosystem and natural environment. The Group integrates climate change management into the company’s business development through more systematic governance, more comprehensive strategies, more robust risk management, and clearer objectives. This approach aims to effectively adapt to and mitigate the impacts of climate change. In 2023, the Group carried out its work on climate change response in aspects of governance, strategy, risk management, and metrics and targets in line with the TCFD recommended disclosure framework.

#### *Governance*

The Group has established an ESG management system in which the Board of Directors takes responsibilities, the management takes a leading role, departments make joint efforts through flexible inter-departmental cooperation and top-down linkages, aiming to comprehensively improve climate change management. The Board of Directors is responsible for the overall management and supervision of the establishment of climate change strategies and targets; management is responsible for the establishment and implementation of climate change strategies and targets, and the identification and assessment of climate-related risks and opportunities; the Group’s relevant departments and project companies are responsible for specific climate change management in their respective fields of work based on their own situations. During the year of 2023, the Sustainability Committee was established under the Board of Directors of the Group, which is responsible for identifying potential risks and opportunities related to climate change, and assessing the impact of such risks or opportunities on the Company to ensure that material risks are covered by the Company’s risk management framework. Moreover, the committee conducts once per annum reviews to find whether climate change-related risks of the Company are effectively controlled.



## STRIVE WHOLEHEARTEDLY AND TIRELESSLY TO UPHOLD GREEN PRACTICES

### Strategy

The Group further embraces the philosophy of green development in response to the overall plan and the strategy of “carbon peaking and carbon neutrality” of China. We make diligent efforts in promoting new energy equipment and facilities and advancing energy conservation and consumption reduction in five dimensions of human resources, machinery, raw materials, method and environment based on our actual situation. In addition, we strive to explore resource cycling business and increase resource utilization efficiency to advance comprehensive energy transformation of the Company and fulfil the goal of “carbon peaking and carbon neutrality”.

During the process of business development, we focus on the impact of our own production and operation on the environment, and actively identify and assess the major physical risks and transition risks as well as opportunities brought by climate change to the Company’s operations and business, with relevant responses made accordingly.

Physical risks	Potential impact	Time frame of impact	Responses
Increased frequency and magnitude of extreme weather events (e.g., typhoons, heavy snow, flooding, heavy pollution)	Increased risk of damage to construction equipment, resulting in property losses and delayed construction schedules	Short-term	Pay attention to weather warnings and evacuate equipment in advance before the extreme weather (typhoons, rainstorms, etc.) and rebuild the walls with reinforced concrete and install drainage, reducing the risk of equipment damage
	Frequent extreme weather has significantly increased the Group’s costs on emergency operations or activities, increasing the financial risk to the Group	Short-term	Pay attention to weather warnings, make plans in advance, and optimize costs while ensuring the operation results and personnel safety
	Increased risk in employees’ health and safety	Medium-term	Formulate emergency plans for different extreme weather phenomena  Pay attention to weather warnings, adjust working arrangements in time and evacuate personnel on site in advance  Provide appropriate protective gears  Establish an emergency communication mechanism to enhance safety instructions and training for employees

STRIVE WHOLEHEARTEDLY AND TIRELESSLY TO UPHOLD GREEN PRACTICES

Physical risks	Potential impact	Time frame of impact	Responses
	Water and heat pipelines crack with the cold in living area, affecting the normal life of residents	Medium-term	Improve anti-freezing and anti-coagulation measures such as thermal insulation cotton and electric tracing, and carry out emergency plan drills for extremely cold weather
	Frost damage to or death of green plants, affecting the landscape of the community		Pay attention to weather warnings and take timely countermeasures
	Clogged drainage in the plants due to floods and rainstorms, resulting in increased risk of siltation and leachate	Medium-term	Follow relevant standards and specifications for plant site selection, fully consider the environmental factors (such as the local "once in a century" flood stage, the intensity of heavy rainfall, etc.), take into account the climate impact based on the results of the follow-up survey, and take proper countermeasures, such as appropriately raise the level of the factory floor, supplement fire sand, customize flood control boards, etc.
	Increased risk of hazardous waste projects being shut down due to damage to hazardous waste treatment facilities		Conduct flood prevention drills and provide flood prevention materials at project sites
Significant greenhouse effect resulting in gradual increase in temperature	Increased risk to the safety and health of employees on site due to influence of ambient temperature	Long-term	Provide labour protective gears, drinks, medicines, etc.
	Increased risk of odor, mosquitoes and flies in the landfill plant due to ambient temperature and increased damage to the occupational health of employees	Long-term	Enhance deodorization and mosquito control measures such as fog cannons and insecticides  Equip employees with appropriate labour protective gears and medicines, etc.

## STRIVE WHOLEHEARTEDLY AND TIRELESSLY TO UPHOLD GREEN PRACTICES

Transition risks	Potential impact	Time frame of impact	Responses
Tightening local policies on emission and energy use	Increased risk of project production reduction and shutdown due to local environmental protection and energy conservation measures	Long-term	Strengthen the communication with various regulatory departments and take the initiative to adjust business planning based on policy and regulatory changes in a timely manner
Higher requirements of national and industry technical specifications	The new version of landfill construction specifications has higher requirements for the impermeability coefficient of the bottom of the landfill, resulting in difficulties in site selection and higher construction costs (e.g., many areas are not suitable for building flexible landfills, so we have to invest more in building rigid landfills)	Long-term	Research and develop resource-saving and cost-saving construction programs
	The new version of hazardous waste incineration pollution control standards has higher requirements for incineration gas emissions, inlet standards, etc., resulting in increased pretreatment costs and waste gas treatment costs	Long-term	Research and develop efficient pretreatment technology and upgrade exhaust gas treatment facilities

## STRIVE WHOLEHEARTEDLY AND TIRELESSLY TO UPHOLD GREEN PRACTICES

Opportunities	Potential impact	Time frame of impact	Responses
Trend of IoT, cloud computing, communication technology and big data in the context of climate change	Emerging trend of intelligence, informatization, refinement and integration in the urban services market	Long-term	Monitor and analyze sanitation workers and vehicles based on big data to improve efficiency and emergency response capabilities
Frequent extreme weather events	The frequent occurrence of events such as blizzards and rainstorms provides direction of expansion of the Group's business scope	Medium-term	<p>Establish diverse service modes to adapt to the weather in different regions</p> <p>Adopt the strategy of advance preparation, quick handling and refined operation, and provide special services such as snow and ice removal</p> <p>Carry out special rainstorm services, such as rapid post-rain garbage cleaning, overall cleaning and dredging, as well as urban recovery and reconstruction</p>
Air quality control policies and standards continue to tighten	As the government's requirements for air quality continue to increase, the Group's efforts to improve the quality of human settlements in cities and towns are of great significance	Long-term	Carry out work beneficial to the improvement of air quality in response to requirements of local government, such as sweeping and dust reduction, landscaping, etc.
The city carries out comprehensive measures of reducing and sorting waste at the source in order to cope with climate change	In order to improve the environmental quality of residential living areas, waste sorting is being actively carried out in all regions, providing a business expansion opportunity for the Group	Medium-term	Develop waste sorting business for communities under the guidance of local government and increase investment in human resource, materials and financial resources

## STRIVE WHOLEHEARTEDLY AND TIRELESSLY TO UPHOLD GREEN PRACTICES

Opportunities	Potential impact	Time frame of impact	Responses
Tightening local policies on vehicle emissions and energy consumption	Under the impact of local regulations for energy conservation and electricity consumption, the vehicle industry and other equipment supply industries have further upgraded equipment and promoted vehicles with low-energy consumption. Accordingly, we reduce the consumption of oil, electricity and labour, ultimately lowering costs and increasing benefits of enterprises	Long-term	Increase the level of mechanization by investing in advanced machinery and equipment, raise the rate of mechanized operations, reduce the intensity of manual operations, thus improving quality and efficiency
Changing market preferences in the context of climate change	The market prefers effective and sustainable waste treatment solutions	Long-term	Optimize process flow, strengthen technological innovation, and create integrated systematic waste treatment service solutions

## STRIVE WHOLEHEARTEDLY AND TIRELESSLY TO UPHOLD GREEN PRACTICES

### *Risk management*

The Group considers climate change-related risks as an indispensable part of the overall risk management process, adopting a proactive strategy to comprehensively identify, assess, monitor, and respond to various potential risks associated with climate change.



#### **Risk identification**

We conduct thorough analysis of the global climate change trends, combine with the characteristics of our business, to identify potential risk points such as extreme weather events, resource shortages, and ecological damage. Through scientific methods and tools, we ensure that no risk factors that can potentially affect the operation and development of the company were overlooked.

#### **Risk assessment**

Based on the severity of the impact of risks on the realization of the Group's strategic and operational goals, as well as the likelihood of risk occurrence, we conduct both qualitative and quantitative assessments of various risks.

#### **Risk monitoring**

We have established a comprehensive risk monitoring mechanism, ensuring dynamic awareness of climate change-related risks through real-time monitoring and regular reporting. Once there is a trend of increasing risks or the emergence of new risk points, we will immediately activate the emergency response mechanism and take prompt measures to address them.

#### **Risk response**

We have developed detailed climate risk response strategies, clarifying the responsibilities and action plans of organizations and personnel at all levels. We focus on cross-departmental and cross-sectoral collaboration to jointly address the challenges brought by climate change. At the same time, we actively carry out risk mitigation and adaptation efforts, reducing the impact of risks on the company's operations through technological innovation, resource optimization, and other means.

## STRIVE WHOLEHEARTEDLY AND TIRELESSLY TO UPHOLD GREEN PRACTICES

**Case: Strengthening snow removal capabilities**

The Group has established a “unified command, standardized and orderly, scientific and efficient” winter snow removal emergency management system, coordinating snow removal preparations and initiating snow removal across all regions and projects. We have strengthened the emergency response to winter snow removal by organizing comprehensive snow removal operation training, compiling detailed operation manuals, and strictly supervising snow removal drills in each project. This ensures that in actual operations, we can “prepare in advance, rehearse in advance, and be in place in advance.” Faced with three major temperature drops in November of 2023 and extreme cold weather in December of 2023, the Group successfully completed snow removal operation tasks across various regions and projects including Beijing, Hebei, Shandong, Inner Mongolia, Shanxi, Shaanxi, Gansu, and Ningxia, earning high praise from local governments.



Snow removal scene

## STRIVE WHOLEHEARTEDLY AND TIRELESSLY TO UPHOLD GREEN PRACTICES



### Case: Upgrading heatstroke prevention and cooling measures, and setting a new benchmark for a cool working environment

In response to the increasingly severe challenges of climate change, the Group actively upgrades heatstroke prevention and cooling measures, with refined optimization for positions with high physical labour intensity. In the Jiangxi Beikong project, the team paid special attention to the particularities of the disassembly workstation. By extending the water-cooled air ducts, the cooling effect was enhanced to ensure that employees remain comfortable in high-temperature environments. At the same time, work hours were flexibly adjusted to avoid peak heat periods, with increased rest times to safeguard employee health and work efficiency. Additionally, we equipped disassembly workers with air-conditioned vests equipped with fans, effectively reducing body surface temperatures and providing a cool working environment, which set a good example for summer heatstroke prevention and cooling efforts.



Cooling duct lengthened



Refrigerating work uniform



## STRIVE WHOLEHEARTEDLY AND TIRELESSLY TO UPHOLD GREEN PRACTICES

**Metrics and targets**

The Group sets climate change-related targets in aspect of energy structure transformation and emergency response to extreme weather, and evaluates the progress of the targets on an annual basis.

Energy structure optimization targets	Target completion progress in 2023
By 2025, the Group's stock of new energy sanitation vehicles will account for more than 16% of all sanitation vehicles, and more than 25% by 2028.	<p><b>[In progress]</b></p> <p>In 2023, the Group's stock of new energy sanitation vehicles accounted for 14% of all sanitation vehicles.</p>
By 2025, the Group will replace at least 80% existing fossil fuel hook-arm trucks with LNG ones for the projects in Shenzhen.	<p><b>[In progress]</b></p> <p>In 2023, the Group started to replace existing fossil fuel hook-arm trucks with LNG ones for the projects in Shenzhen.</p>
In 2024, the Group's waste heat power generation project at Shandong Pingfu will be able to produce approximately 3 million kWh of electricity.	<p><b>[In progress]</b></p> <p>In 2023, the Group's Shandong Pingfu project is capable of producing about 1.278 million kWh of electricity per year.</p>
Extreme weather response targets	Target completion progress in 2023
By 2025, the project companies of the Group will develop more comprehensive emergency plans for extreme weather events.	<p>In 2023, all project companies of the Group have already established emergency plans for production safety and sudden incidents. Additionally, based on the different conditions of each region, they have formulated specialized emergency plans for heavy rain and flood control, snow and ice removal, high temperatures, and fire emergencies.</p>

## STRIVE WHOLEHEARTEDLY AND TIRELESSLY TO UPHOLD GREEN PRACTICES

### (2) STRICTLY CONTROL POLLUTION EMISSIONS

The Group carries out various businesses in accordance with various laws, regulations and standards, including the *Environmental Protection Law of the People's Republic of China* 《中華人民共和國環境保護法》, the *Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes* 《中華人民共和國固體廢物污染環境防治法》, the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution* 《中華人民共和國大氣污染防治法》, the *Law of the People's Republic of China on Prevention and Control of Water Pollution* 《中華人民共和國水污染防治法》, the *Measures on the Management of Hazardous Waste Manifests* 《危險廢物轉移聯單管理辦法》, the *Pollution Control Standard for Hazardous Wastes Incineration* 《危險廢物焚燒污染控制標準》, the *Standard for Pollution Control on the Hazardous Waste Landfill* 《危險廢物填埋污染控制標準》 and the *Standard for Pollution Control on Hazardous Waste Storage* 《危險廢物貯存污染控制標準》.

In 2023, the Group specifically strengthened project management in hazardous waste treatment business, with a focus on enhancing the control of pollutant discharge. The Group optimized a range of manage processes, such as hazardous waste transfer documents management, hazardous waste label management, hazardous waste management plans, environmental protection facility management, environmental monitoring management, and emergency response. Moreover, the Group strengthened supervision in areas such as online monitoring, fugitive emissions, and leakage and spillage, to ensure that pollutant emissions meet the standards and prevent environmental pollution incidents.

In 2023, three subsidiaries of the Group have obtained ISO 14001 Environmental Management System Certification.

## STRIVE WHOLEHEARTEDLY AND TIRELESSLY TO UPHOLD GREEN PRACTICES

**Case: Comprehensive planning for the update of hazardous waste signs, strengthening the environmental safety defense**

On July 1, 2023, the national ecological environment standard HJ 1276 of Technical specification for setting identification signs of hazardous waste was officially implemented. The Group attaches great importance to this and has invited experts in the field of environmental protection to give lectures, actively carrying out systematic environmental protection training to ensure that all employees of each project company fully understand and master the requirements of the new standard. At the same time, before the implementation of the new regulations, the Group conducted comprehensive planning work, carried out the update of hazardous waste signs in the factory areas of each project company, and inspected and updated all hazardous waste identification signs within the factory area, ensuring the accuracy, clarity, and visibility of the signs, and the safety and compliance of the factory environment.



Special discussion session on the new standards for the setting of hazardous waste signs



Update of hazardous waste signs in the factory area

## STRIVE WHOLEHEARTEDLY AND TIRELESSLY TO UPHOLD GREEN PRACTICES

### *Air pollution control*

The air pollutants generated by the Group in the course of business operations mainly include dust from the environmental hygiene cleaning and waste gas emissions from hazardous waste treatment facilities.

In terms of the urban services business, we have incorporated dust control into the day-to-day operation, and taken a series of measures while carrying out routine operations to strengthen mechanized wet sweeping and sprinkling on the built-up areas and surrounding main roads and dust-prone road sections to effectively reduce dust and air pollution.

#### Road cleaning

We efficiently use wet sweeping vehicles, high pressure washing vehicles, sprinklers, mist cannon trucks, road maintenance vehicles and electric washing vehicles to carry out comprehensive and deep cleaning of the main and secondary roads and outer ring roads in the urban area, and regularly wash the bus stands, bus stops, public service billboards, traffic guardrails and green belts to ensure that public facilities are free of dust and stains with the normalized operation standard of urban road cleaning of “the roads are clean and the markings are clear”.

#### Scientific dust suppression

We actively adopt technological means to suppress road dust, add environment-friendly dust suppressant in the sprinklers, and carry out sprinkling to reduce dust on the main streets, to enhance dust reduction by sprinkling and using mist cannons. Meanwhile, we make realtime adjustment to the frequency of sprinkling and rationally arranged the plan for sprinkling to reduce dust according to the weather conditions. We continuously carry out sprinkling and spraying within 500 meters of the urban core area to keep the roads moist and dust free to effectively reduce road dust.

In response to the air pollution in the hazardous waste treatment business, the Group strictly enforces the *Standard for Pollution Control of Hazardous Waste Incineration* 《危險廢物焚燒污染控制標準》 and local air pollutant emission standards in the process of hazardous waste incineration and disposal. For incineration waste gas containing nitrogen oxides, sulfur dioxide and particulate matter, we adopt various control measures such as waste heat recovery, combined purification and online monitoring.

## STRIVE WHOLEHEARTEDLY AND TIRELESSLY TO UPHOLD GREEN PRACTICES

**Waste heat recovery**

The flue gas from the hazardous waste incineration line is fully combusted in the secondary combustion chamber at a temperature above 1,100°C and then fed into the waste heat boiler to recover the flue gas heat.

**Flue gas purification**

The flue gas is mainly treated through combined purification process which is "SNCR + Quenching + Dry Reactor + Bag Dust Remover + Wet Deacidification".

**Online monitoring**

We set up online monitoring system at the discharge port to monitor exhaust emissions in real time, and transmit real-time monitoring data to the control room and the ecological environment supervision department to monitor and record data.

**Fugitive emission control**

In order to effectively control the fugitive emissions, project companies strengthen the management of the airtightness of equipment and facilities and the hazardous waste packaging, install waste gas collection and disposal facilities in temporary storage of hazardous waste and production workshop, and treats the waste gas through combined treatment process which is "Alkali Washing + UV Photolysis + Activated Carbon Adsorption" to ensure the discharge up to the standard.



Exhausted gas pollution treatment facility

## STRIVE WHOLEHEARTEDLY AND TIRELESSLY TO UPHOLD GREEN PRACTICES

### Air pollution emission target

From 2023 to 2025, Yichang Project is expected to reduce volatile organic gas emissions by 15 tonnes per year.

### Target completion progress in 2023

#### [In progress]

In 2023, the Volatile Organic Compounds (VOCs) deep treatment project in the incineration workshop of the Yichang Project Company was constructed and put into operation, achieving a reduction of approximately 15 tonnes in the emission of volatile organic gases.

### Water pollution control

The potential impacts the Group may have on water environment mainly include the leachate generated in the hazardous waste treatment business and sewage discharged by projects, as well as leachate generated during the operation of the urban services business and sewage discharge from washing and sweeping vehicles.

The Group's urban services business focuses on project leachate discharge and the establishment of sewage discharge points for washing and sweeping vehicles.

- Leachate is transported to the sewage treatment plant by qualified third parties or member companies. We have established the leachate treatment record to regularly check the quantities of leachate transported and treated at the treatment plant, strictly monitoring the management of the environment protection data record;
- The sewage generated by washing and sweeping vehicles are treated through three-stage sedimentation and discharged at the designated points after it has reached discharge standards;
- The Group establishes and regularly checks environmental protection data records to manage key environmental protection data as normal operation and give regular feedback on the monitoring of environmental protection data, to ensure the accuracy and traceability of records as well as emissions compliance.

In 2023, the Group carried out the supervision of leachate and sewage discharge from washing and sweeping vehicles of projects in Xishan, Ganhe, Lintao, Longnan, Anyue, Xuyong, Zigong and Banan.

## STRIVE WHOLEHEARTEDLY AND TIRELESSLY TO UPHOLD GREEN PRACTICES

In terms of hazardous waste treatment business, the Group focuses on leachate, liquid waste and project wastewater treatment.

- Strictly adheres to the the *Standard for Pollution Control on the Hazardous Waste Landfill* 《危險廢物填埋污染控制標準》 during the landfill disposal process, and manages the landfill in accordance with the regulations. The Group provides adequate daily coverage for non-landfill operation areas, with rain and sewage diversion to reduce leachate production;
- Ensures that the pollutants in the waste liquid are gradually removed through the refined management and control of each link of physicochemical treatment, and that the pollutant indicators of the treated waste water meet the discharge standards;
- For the sewage generated by hazardous waste treatment projects, the project companies construct their own sewage treatment plant and uses the “physicochemical + biochemical” method to treat the self-generated sewage during operation, and discharge into the sewage treatment park after meeting the management standards of the *Wastewater Quality Standards for Discharge to Municipal Sewers* 《污水排入城鎮下水道水質標準》. For example, Shandong Pingfu Project is designed to recycle all the sewage which is treated by the sewage treatment facilities to achieve zero external discharge; and Weifang Project, Xuzhou Pingfu Project and Zigong Project recycle sewage to the largest extend to reduce wastewater discharge and water consumption.

## Sewage discharge target

Targets set in 2022	Target completion progress in 2023	Future target
A new harmless disposal project of hazardous waste in Zhejiang Province achieved “zero discharge” and 100% reuse of sewage containing heavy metals in 2022.	<b>[Completed]</b> In 2023, at least one new operation project achieved 100% reuse of production wastewater and “zero discharge”.	By 2024, Yichang Hazardous Waste Recycling Phase II Project will achieve “zero discharge” of wastewater.

## STRIVE WHOLEHEARTEDLY AND TIRELESSLY TO UPHOLD GREEN PRACTICES

### *Soil pollution control*

The potential impacts on the soil environment during the Group's business operations include hazardous waste dust and particles falling onto the soil surface and subsequently penetrating into the soil, thereby contaminating it; liquid and semi-solid hazardous waste spilling on the ground and infiltrating the soil during storage. In 2023, the Group took the troubleshooting of soil pollution hazards as one of its key tasks. Ten project companies including Shandong Pingfu developed a management system for the troubleshooting of soil pollution hazards, and entrusted a professional third party to assist in the troubleshooting of soil pollution hazards based on required frequency. Through data collection, personnel interviews, determination of key places, key facilities and equipment, and on-site inspection, the Group conducted a comprehensive troubleshooting of key pollution hazards in the plant area, prepared the soil hidden danger investigation report, determined the work plan for self-monitoring of soil and groundwater, and implemented the soil pollution prevention and control measures.

### *Hazardous waste treatment*

The newly generated hazardous wastes during the operation of the Group mainly include slag, fly ash, waste packaging materials and filter residue. We continue to reduce waste generation while effectively controlling and reasonably disposing of newly generated hazardous waste through technological updates and process optimization.



## STRIVE WHOLEHEARTEDLY AND TIRELESSLY TO UPHOLD GREEN PRACTICES

### Landfill

In order to ensure the standardized operation of hazardous waste solidification and safe landfill, the Group has developed the *Solidification Operation Procedures* (《固化操作規程》), the *Safe Landfill Operation Procedures* (《安全填埋場操作規程》), *Solidification Workshop Emergency Response Measures* (《固化車間應急處理措施》) and other rules. Hazardous waste for landfill is sampled and tested when received by the plant, and specific disposal plans are developed. Waste that meets the requirements of direct landfill enter the landfill, waste that does not meet the requirements of direct landfill are stabilized and solidified to meet the requirements for landfill.

### Incineration

The Group has formulated the *Industrial Waste Incineration Operation Procedures* (《工業廢物焚燒處理操作規程》), the *Incineration Workshop Emergency Response Measures* (《焚燒車間應急處理措施》), the *Special Waste Handling Procedures of Incineration Workshop* (《焚燒車間特殊廢物操作規程》), the *Flue Gas Online Monitoring System Operation Procedures* (《煙氣在線監測系統操作規程》) and other systems, to send combustible waste to the incineration workshop for incineration, ensuring the stable operation of hazardous waste incineration and treatment process and the compliance of emission of pollutants with standards. At the same time, the Group collects the scrap metal generated from the incineration and treatment process in accordance with the exemption list of the *National Catalogue of Hazardous Wastes (2021 Edition)* (《國家危險廢物名錄(2021年版)》) and engages qualified metal smelting enterprises for the smelting, so as to release landfill storage capacity while recovering metal resources.

### Physicochemical treatment

For hazardous waste liquid, the Group adopts the physicochemical treatment, and has established Instructions on the *Special Hazardous Treatments in Physicochemical Treatment Workshop* (《物化車間特種廢物處置作業指導書》), the *Instructions on Operating Systems of Physicochemical Reaction* (《物化反應系統作業指導書》), the *Instructions on Triple-effect Evaporating Operations* (《三效蒸發系統作業指導書》), the *Instructions on Biochemical Operation for Wastewater*, (《廢水生化處理系統作業指導書》) and the *Instructions on Operating Systems for Tail-Gas* (《尾氣處理系統作業指導書》), to standardize the physicochemical treatment for the hazardous waste.

## STRIVE WHOLEHEARTEDLY AND TIRELESSLY TO UPHOLD GREEN PRACTICES

### *Noise pollution control*

In 2023, project companies continued to strengthen equipment maintenance, reasonably control noise intensity, while enhancing safety training for employees, and equipping them with protective gears such as earplugs. We engage third-party agencies on an annual basis to conduct noise intensity testing around the plant boundary, and the test results meet requirements. By doing so, we ensure that the noise of the project operation does not affect the local environment.

### *Emergency actions control*

To prevent the potential accidents, such as fire explosion, hazardous waste leakage, poisoning and suffocation, electric shock, and high-altitude falling in the production process, and the possibly caused significant environmental risks, the Group has established the *Emergency Act on Work Safety Accidents* 《生產安全事故應急預案》, the *Emergency Plan for Road Transport of Dangerous Goods* 《危險貨物道路運輸應急預案》 and the *Emergency Act on Environmental Accidents* 《突發環境事件應急預案》, covering emergency material storage, as well as the triggering, processing and ending of emergency plans. Moreover, the Group has made specific arrangements for the emergency rescue management of a series of key positions, and clarified the emergency rescue responsibilities and requirements of personnel at all levels. In 2023, the Group organized training and emergency drills in a bid to ensure orderly rescue in the event of safety and environmental accidents, minimize casualties and property losses, and reduce environmental damage and social impact.

### **(3) OPTIMIZE RESOURCE SAVING**

The Group actively advances energy conservation, consumption reduction and resource recycling by enhancing the energy management of project companies, and improving resource use efficiency with technological innovation. We also promote water conservation and water recycling, increasing the energy and resource utilization efficiency of the Company.

### *Optimize energy structure*

Promoting the use of clean energy is an important task to improve energy structure, ensure energy security, and promote environmental protection. In response to national policies, the Group vigorously promotes the use of new energy vehicles, and has purchased a large number of new energy equipment such as electric tricycles and LNG vehicles. Moreover, according to the relevant preferential policies introduced by the project companies locally, the Group encourages them to use new energy vehicles in a bid to boost the comprehensive energy transformation and the green and sustainable development of the Group.

## STRIVE WHOLEHEARTEDLY AND TIRELESSLY TO UPHOLD GREEN PRACTICES

### *Deepen energy conservation and consumption reduction*

The Group attaches great importance to the scientific allocation of resources. Adhering to the philosophy of resource conservation and efficient utilization, the Group embeds energy conservation and environmental protection into all aspects of the project design from the initial stage. We conduct a comprehensive analysis of the project's energy consumption and energy conservation measures to demonstrate the advancement and room for improvement of such measures in accordance with national, local, and industry energy conservation design specifications and standards.

In 2023, the Group continued to implement the lean principle of "elimination of waste, continuous improvement, and perfection", and promoted the refined management of each project and the normalized improvement mechanism. By finding and analyzing problems, the Group's energy conservation and consumption reduction are promoted in five dimensions, including human resources, machinery, raw materials, method, and environment. The Group organized the projects to consider their own business characteristics to improve energy efficiency, production technology, and employee responsibility, and made concerted efforts to save energy and reduce consumption, as well as strive for weekly improvement and weekly output.



### **Case: New models of waste heat steam power generation and photovoltaic power generation ushering in a new era of energy saving and consumption reduction**

The Group has always been committed to promoting the development of the circular economy. Through technological innovation and management optimization, we actively explore various methods of energy saving and consumption reduction, continuously improve the energy utilization efficiency of the hazardous waste disposal projects, and inject new momentum into the sustainable development of the Group.

In the Shandong Pingfu project, we reduced unnecessary energy consumption and improved overall energy utilization efficiency by taking measures such as installing frequency converters on adjustable equipment, optimizing operation methods, and reasonably configuring equipment. On the basis of these measures, we successfully converted the waste heat from the waste heat boilers into electrical energy and advanced the implementation of the steam power generation project. In July 2023, the waste heat steam power generation project successfully achieved grid connection for the first time, generating a total of 1.278 million kWh of electricity throughout the year, saving the Group over 900,000 yuan in external power costs.

In the Weifang project, we actively promoted the photovoltaic power generation project. In the first half of 2023, the project was officially put into operation, generating approximately 300,000 kWh of electricity throughout the year and saving approximately 70,000 yuan in external power costs.

The successful practices of the Shandong Pingfu and Weifang projects have created a brand-new model of energy saving and consumption reduction. They not only improve energy utilization efficiency and reduce energy consumption, but also inject new vitality into the development of the Group's circular economy.

## STRIVE WHOLEHEARTEDLY AND TIRELESSLY TO UPHOLD GREEN PRACTICES

### *Innovative conservation of water resources*

The Group pays close attention to the updating of policies related to water consumption and water conservation, while also strengthening water resource management and striving to save water resource consumption in various business steps. The Group had no major issues in obtaining suitable water sources in 2023.

The Group gives full play to digital and intelligent technologies in its urban services business. It can connect to smart cities, traffic management, and meteorological systems via the smart environmental sanitation platform, and scientifically predict and plan the operating time and routes of sanitation vehicles based on real-time road traffic congestion and past experience, which can improve operational efficiency, reduce energy consumption. Moreover, it can rationally arrange the frequency and process of watering and dust removal operations in different regions and time periods based on changes in air humidity, surface temperature, and PM2.5 index to save water resources. In the field of landscaping, the Group monitors plant growth environment parameters such as soil temperature and humidity, pH value, and fertility using an IoT soil moisture sensor. These parameters as well as meteorological big data provide a reference for refined management. The smart irrigation system activates irrigation automatically based on detailed information such as plant or green space types, plant planting environment, planting soil humidity, seasonal atmospheric humidity, and future weather forecasts, which can significantly reduce garden irrigation water and manual irrigation costs. Our group has also made full use of reclaimed water resources. Project companies located near the reclaimed water plants use more reclaimed water for operations. On the basis of ensuring the normal operation, compliance and hygiene safety of the projects, we have implemented fine management of water resources.

For hazardous waste treatment facilities, the Group's project companies added sewage treatment facilities in accordance with the relevant requirements of local policies, and treated the factory's production wastewater, ground flushing water, and initial rainwater to meet the relevant reuse water standards. After membrane filtration, boiler feed water can be used as the circulating cooling water of the incineration system, reducing the use of fresh water sources in the plant.

## STRIVE WHOLEHEARTEDLY AND TIRELESSLY TO UPHOLD GREEN PRACTICES



### Case: Renovating pipelines to save more water resources

In 2023, we renovated the water pipeline of the alkali solution pipeline of the Group's Weifang Project, adding a pipeline from the outlet of the water circulation pump for alkali washing to the ultra-cold water tank. This ensures that the water in alkali washing pool is used by the ultra-cold sprinkler, reducing the alkali and tap water consumption. In addition, the project innovatively renovated the pipelines of circulating water and system flushing water of the three-effect system, feeding condensate water from the triple-effect steam condensate pipeline to the water tank, and then sent to the regulating tank after cooling down, greatly reducing tap water consumption. The renovation has reduced the tap water consumption from 9,538 cubic meters in 2022 to 1,657 cubic meters.

### Water conservation targets

In the future, the Group will continue to optimize water resource allocation through the smart sanitation platform, collect and summarize advanced water-saving technology and management experience, broaden the scope of application, and improve utilization rate of water resources both in urban services and hazardous waste treatment business, to reduce water consumption.

### Resource recycling

The Group actively explores resource recycling to increase the value and efficiency of resource use, and achieve green lifecycle management of all waste. Besides, we reduce emissions to air, water and soil through a comprehensive recycling and resource utilization plan, promoting the sustainable development of society.

In Yichang, Hubei Province, our project company has introduced the organosilicon waste recycling module to create economically advantageous products like copper, silicon powder, ferrous sulfate solution, or ferrous chloride solution, significantly increasing the value of the process tailings and the Company's benefits, and boosting the sustainable development of the Company's business. Other project companies learned from the successful experience of Yichang Phase II Project this year. They simultaneously promoted the implementation of resource utilization projects based on the characteristics of local materials, such as Shandong Pingfu Organosilicon Waste Recycling Project, Zigong Copper-containing Slag Recycling Project and Weifang Bromine Extraction Project. In addition, ongoing exploration and research are also being conducted in other resource utilization directions, for example, we have obtained initial progress in the process technology of cracking crude diesel from hazardous waste plastic barrels and waste oil sludge for Pingfu Project and Yichang Project.

## STRIVE WHOLEHEARTEDLY AND TIRELESSLY TO UPHOLD GREEN PRACTICES



### Case: Promoting sustainable operation by waste recycling

The Group's project companies vigorously promoted refined production management, and reduced material consumption by improving packaging methods and recycling bulk bags. In 2023, Weifang Project saved procurement costs of RMB50,000 by cleaning and reusing boxes and bulk bags; Jiangxi Project continued to recycle used items, saving bulk bag procurement costs of RMB90,000 by recycling about 5,000 used bulk bags.

#### Resource utilization targets

##### Targets set in 2022

From 2023 to 2025, the Group's Yichang Resource Recycling Project will achieve 100% recycling of hazardous waste, without generating secondary hazardous waste.

##### Target completion progress in 2023

##### [Completed]

In 2023, the Group's Yichang Resource Recycling Project has been put into operation, achieving 100% recycling of hazardous waste, without generating secondary hazardous waste.

##### Future target

In 2024, Shandong Pingfu Organosilicon Hazardous Waste Recycling Phase I Project will reach the total design processing capacity of 10,000 tonnes/year.

#### (4) BUILD A BEAUTIFUL ECOLOGY TOGETHER

The nation is well-off when grass and trees thrive. A pleasant natural ecological environment is the basis for the long-term and stable development of society. During all business activities, the Group assesses the biodiversity risks involved, such as the impact of hazardous waste treatment facilities on land occupation and local vegetation and ecosystems, as well as the fuel consumption and exhaust emissions during urban services and hazardous waste incineration, which may affect the local natural environment and natural resources. The Group, in accordance with the policy guidelines related to the ecological protection red line, strengthens the concept of the ecological protection red line, respects the "Convention on Biological Diversity," and conducts strict demonstrations on the site selection and layout of projects. In project construction, we protect natural habitats, wetlands, forests, wildlife corridors, and agricultural land, minimize the adverse impact of the company on the surrounding environment and communities, pay attention to the protection of ecosystems and biodiversity within the ecological protection red line, and ensure that all projects comply 100% with the requirements of the ecological protection red line.

## STRIVE WHOLEHEARTEDLY AND TIRELESSLY TO UPHOLD GREEN PRACTICES

Additionally, the Group fully utilizes resources, technological and industry advantages to continuously expand business boundaries and enhance greening service capabilities. As of the end of 2023, the Group has been managing approximately 42 million square meters of greening and landscaping, and cleaning approximately 28.52 million square meters of water bodies. Pursuing the eco-friendly idea, the Group also organizes environmental protection activities, support biodiversity conservation, and strengthens efforts to promote ecological progress, to contribute to the foundation of ecological civilization.



### Case: Green conservation in spring season

As part of the greening and conservation work in spring, the Quannan Project of the Group carried out pruning and replanting in a reasonable manner, and implemented greening and conservation on bare land and missing seedling areas. To prevent and comprehensively control plant diseases and insect pests, eco-friendly pesticides were used, and nitrogen, phosphate and potassium fertilizers were applied in a rational manner to provide nutrients required by plants, minimizing the negative impact on the environment, striving to promote diversity and stability of vegetation, and creating a more eco-friendly urban landscape.



Replanting missing seedlings



Pruning



Prevention and control of plant diseases  
and insect pests



Precision fertilization

## STRIVE WHOLEHEARTEDLY AND TIRELESSLY TO UPHOLD GREEN PRACTICES



### Case: Building and sharing the green homeland in a concerted efforts to ensure the coexistence of life and vegetation

In 2023, the Zibo Garden Project of the Group and the local government jointly launched the tree planting program in the theme of “building and sharing the green homeland”. This program was implemented to advocate the idea of tree planting and conservation from all walks of communities, and practice the ecological concept of “lucid waters and lush mountains are invaluable assets”. The project company organized the tree planting activity of “adding more green vitality in spring with the power of children” in the children’s park. Through this activity, the children understood the significance of tree planting and the common sense of caring for saplings, and felt fulfilled by contributing to a greener environment.

In response to the issue of foreign matters embedding in sidewalk planting, the Zibo Garden Project conducted a special action of “untying” trees. For the delayed removal of tree support bindings, the winding of branches with wire lamp strips, the binding of tree trunks with wire, and the nails in tree trunks, actions were taken promptly. The follow-up measures including wound repair, dead skin removal and pest control were conducted for the “unbound” trees to promote their growth and health recovery. Thus, the urban ecosystem was protected and the common responsibility of preserving the ecological environment was conveyed to the society.



The “Big Hands Holding Little Hands, Welcoming Spring with New Greens” Tree planting activity



Special action of “unbinding” trees



## STRIVE WHOLEHEARTEDLY AND TIRELESSLY TO UPHOLD GREEN PRACTICES

### (5) STANDARDIZE CONSTRUCTION MANAGEMENT

During the construction of all projects, the Group strictly abides by the *Law of the People's Republic of China on the Prevention and Control of Soil Contamination* 《中華人民共和國土壤污染防治法》, the *Law of the People's Republic of China on Environmental Impact Assessment* 《中華人民共和國環境影響評價法》, the *Regulations on the Administration of Pollution Discharge Permits* 《排污許可管理條例》, and the "14th Five-Year Plan" *National Standardized Environmental Management Evaluation of Hazardous Wastes* 《"十四五"全國危險廢物規範化環境管理評估工作方案》, the *Guidelines for Soil Pollution Hazard Investigation of Key Regulatory Units (Trial Implementation)* 《重點監管單位土壤污染隱患排查指南(試行)》 and other laws and regulations, timely revises the system according to the requirements of the regulations, and publicizes and implements them.

All the new construction, renovation and expansion projects of the Group strictly implement the national environmental protection "three simultaneous" system.

- During the project approval stage, the Group conducts environmental impact assessment in accordance with the regulations;
- During the preliminary design of the construction project, the Group entrusts a design firm with corresponding qualifications to carry out environmental protection facilities design for the construction project, which must comply with the requirements of laws, regulations, standards and specifications, and adopt advanced and applicable technologies, techniques and reliable equipment and facilities as much as possible;
- In the construction stage of the project, a construction contractor with corresponding qualifications is entrusted to be responsible for strictly following the design drawings, and relevant construction technical standards and specifications shall be carried out to ensure the quality;
- In the stage of project trial operation and completion acceptance, the supporting environmental protection facilities shall be checked and accepted at the same time as the main project, and put into use at the same time;
- In the production process, the Group tries to increase the integrity rate and utilization rate of environmental protection facilities, to make the most use of them.

## STRIVE WHOLEHEARTEDLY AND TIRELESSLY TO UPHOLD GREEN PRACTICES

In the process of building and rebuilding sanitation facilities such as garbage transfer stations and public toilets, the Group entrusts firms with corresponding qualifications to carry out the preliminary design of the project, and at the same time carry out the design of environmental protection and energy-saving facilities for project construction according to government requirements.

During the construction of waste transfer stations:

- Chooses low-decibel level compression equipment and new decorative materials such as sound absorbing and sound-insulating materials to reduce noise
- Uses spray deodorizing equipment to reduce dust and odor
- Sets up three-stage filtration to treat sewage to meet the discharge standards

During the construction and renovation of public toilets:

- Uses effective lighting equipment and the supporting electrical accessories to increase lighting efficiency and save electricity
- Regarding the type of sanitary ware, the priority is given to water-saving alternatives to improve the recycling water system and the water reuse rate
- New building materials such as hollow brick, fly ash block and light insulation partition are selected to reduce energy consumption
- Plastic steel windows with better air tightness and insulation are applied for building energy conservation

## STRIVE WHOLEHEARTEDLY AND TIRELESSLY TO UPHOLD GREEN PRACTICES



Waste transfer stations



Energy-saving appliances are used in public toilets



Optimize the environment of public toilets

## STRIVE WHOLEHEARTEDLY AND TIRELESSLY TO UPHOLD GREEN PRACTICES

During the construction process, the Group not only adopts a variety of environmental protection measures for construction but also strives to build project factory areas with higher standards in planning, construction, and environmental protection. By beautifying the layout of facilities, improving the level of greening, and upgrading environmental protection facilities, we create “garden-style” factories that blend with the natural environment, achieving harmonious coexistence between factories and nature, and promoting sustainable development and environmental protection.



Garden factory in Zigong Project

### (6) ENVIRONMENTAL KPIS<sup>5</sup>

#### GHG emissions<sup>6</sup>

Business	Indicator	Unit	2023
Urban services business	<b>GHG Emissions (scope 1&amp;2)</b>	tonnes	<b>96,138.62</b>
	<b>Direct GHG Emissions (scope 1)</b>	tonnes	<b>82,002.52</b>
	Gasoline	tonnes	8,337.53

<sup>5</sup> During the reporting period, due to changes in the situation, quantity, and scale of the Group’s urban service business and hazardous waste disposal business, the business volume and vehicle operation volume have increased. At the same time, the quality of the materials received by the hazardous waste disposal segment has changed. Consequently, there have been certain changes in greenhouse gas emissions, pollutant emissions, waste generation, energy consumption, and water consumption across various business segments of the Group compared to the previous year. In addition, purchased heat was included in the statistics for the first time in 2023, so the caliber of measurement of indirect GHG emissions and indirect energy consumption was expanded from previous years.

<sup>6</sup> Greenhouse gas emission data is presented by carbon dioxide equivalent, calculated based on the *2021 Emission Reduction Projects – Baseline Emission Factors for Regional Power Grids in China* published by the Ministry of Ecology and Environment of the People’s Republic of China and the *2019 Refinement to the IPCC 2006 Guidelines for National Greenhouse Gas Inventory* published by the Intergovernmental Panel on Climate Change (IPCC). The direct GHG emissions of urban services business mainly come from natural gas, gasoline and diesel consumed by vehicles during the operation of project companies, while the indirect GHG emissions mainly come from electricity and heat consumption during the operation of project companies. The direct GHG emissions of hazardous waste treatment business come from natural gas, gasoline and diesel consumption during the operation of project companies, while the indirect GHG emissions mainly come from electricity consumption during the operation of project companies. The direct GHG emissions of waste electrical and electronic equipment treatment business come from gasoline and diesel consumption during the operation of project companies, while the indirect GHG emissions mainly come from electricity and heat consumption during the operation of project companies. The direct GHG emissions of office building come from nature gas used in canteen and gasoline consumed by official vehicles during operation, while the indirect GHG emissions of office building come from electricity consumption during the operation of the headquarters.

## STRIVE WHOLEHEARTEDLY AND TIRELESSLY TO UPHOLD GREEN PRACTICES

Business	Indicator	Unit	2023
Hazardous waste treatment business	Diesel	tonnes	72,396.34
	Nature gas	tonnes	1,268.65
	<b>Indirect GHG Emissions (scope 2)</b>	tonnes	<b>14,136.10</b>
	Purchased electricity	tonnes	13,791.66
	Purchased heat	tonnes	344.44
	<b>GHG Emissions (scope 1&amp;2)</b>	tonnes	<b>67,608.75</b>
	<b>Direct GHG Emissions (scope 1)</b>	tonnes	<b>5,950.34</b>
	Gasoline	tonnes	350.36
	Diesel	tonnes	2,465.48
	Nature gas	tonnes	3,134.50
Waste electrical and electronic equipment treatment business	<b>Indirect GHG Emissions (scope 2)</b>	tonnes	<b>61,658.41</b>
	Purchased electricity	tonnes	28,206.94
	Purchased heat	tonnes	33,451.47
	<b>GHG Emissions (scope 1&amp;2)</b>	tonnes	<b>1,058.02</b>
	<b>Direct GHG Emissions (scope 1)</b>	tonnes	<b>157.65</b>
	Gasoline	tonnes	29.22
	Diesel	tonnes	128.43
	Nature gas		0.00

STRIVE WHOLEHEARTEDLY AND TIRELESSLY TO UPHOLD GREEN PRACTICES

Business	Indicator	Unit	2023
	<b>Indirect GHG Emissions (scope 2)</b>	tonnes	<b>900.37</b>
	Purchased electricity	tonnes	900.37
	Purchased heat	tonnes	0.00
Headquarters office building	<b>GHG Emissions (scope 1&amp;2)</b>	tonnes	<b>238.51</b>
	<b>Direct GHG Emissions (scope 1)</b>	tonnes	<b>6.52</b>
	Gasoline	tonnes	1.80
	Diesel	tonnes	0.00
	Nature gas	tonnes	4.72
	<b>Indirect GHG Emissions (scope 2)</b>	tonnes	<b>231.99</b>
	Purchased electricity	tonnes	231.99
	Purchased heat	tonnes	0.00
Total	<b>Total GHG emissions</b>	tonnes	<b>165,043.90</b>
	<b>GHG emissions per unit of operating revenue</b>	tonnes/ RMB10,000	<b>0.33</b>

## STRIVE WHOLEHEARTEDLY AND TIRELESSLY TO UPHOLD GREEN PRACTICES

*Pollutant<sup>7</sup>*

Business	Indicator		Unit	2023
Urban services business	Atmospheric pollutant	Sulfur dioxide	kg	418.54
		Nitrogen oxide	kg	242,251.57
	Sewage	tonnes	1,185,912.02	
Hazardous waste treatment business	Atmospheric pollutant	Sulfur dioxide	kg	3,807.12
		Nitrogen oxide	kg	74,103.31
		Hydrogen sulfide	kg	94.47
		Ammonia	kg	16,180.54
		Particulate matter	kg	6,212.60
		Carbon monoxide	kg	20,558.69
		Hydrogen chloride	kg	6,139.08
	Sewage	tonnes	86,277.10	
Waste electrical and electronic equipment treatment business	Atmospheric pollutant	Sulfur dioxide	kg	0.19
		Nitrogen oxide	kg	11.24
		Particulate matter	kg	2,069.34
	Sewage	tonnes	2,060.00	
Headquarters office building	Atmospheric pollutant	Sulfur dioxide	kg	0.01
		Nitrogen oxide	kg	0.26

<sup>7</sup> The atmospheric pollutant emissions of urban services business come from exhaust gas generated by environmental hygiene operation vehicles. The atmospheric pollutant emissions of hazardous waste treatment business come from exhaust gas generated from hazardous waste incineration and by official vehicles. The atmospheric pollutant emissions of waste electrical and electronic equipment treatment business come from exhaust gas generated by official vehicles. The atmospheric pollutant emissions of the headquarters come from exhaust gas generated by official vehicles. The exhaust gas generated by vehicles is calculated based on the *Technical Guide for the Compilation of Air Pollutant Emission List of Road Vehicles (Trial)* issued by Ministry of Environmental Protection of China.

## STRIVE WHOLEHEARTEDLY AND TIRELESSLY TO UPHOLD GREEN PRACTICES

### Waste<sup>8</sup>

Business	Indicator	Unit	2023
Urban services business	Hazardous waste	tonnes	0.00
	Non-hazardous waste	tonnes	20,540.04
Hazardous waste treatment business <sup>9</sup>	Hazardous waste	tonnes	39,816.56
	Non-hazardous waste	tonnes	25.36
Waste electrical and electronic equipment treatment business	Hazardous waste	tonnes	3,422.05
	Non-hazardous waste	tonnes	3.24
Headquarters office building	Hazardous waste	tonnes	0.00
	Non-hazardous waste	tonnes	11.64
Total	Total hazardous waste	tonnes	43,238.61
	Hazardous waste per unit of operating revenue	tonnes/ RMB10,000	0.09
	Total non-hazardous waste	tonnes	20,580.28
	Non-hazardous waste per unit of operating revenue	tonnes/ RMB10,000	0.04

<sup>8</sup> On the basis of the operation of the Company, hazardous waste mainly comes from the fly ash, furnace ash and bottom ash produced by the hazardous waste incineration project, as well as the sludge produced by sewage treatment in the hazardous waste treatment business. The fly ash, furnace ash, bottom ash and sludge are disposed into the auto-landfill after reaching the standards with compliance treatment. Non-hazardous waste mainly comes from the domestic waste generated during the operation of the Group, which is estimated according to the *Manual of Production and Discharge Coefficients of Urban Domestic Sources for the First National Census of Pollution Sources* issued by the State Council.

<sup>9</sup> In 2023, the Hazardous waste treatment business segment safely disposed of approximately 230,000 tonnes of hazardous waste.



## STRIVE WHOLEHEARTEDLY AND TIRELESSLY TO UPHOLD GREEN PRACTICES

*Energy and water consumption<sup>10</sup>*

Business	Indicator	Unit	2023
Urban services business	<b>Total energy consumption</b>	MWh	<b>332,320.91</b>
	<b>Direct energy consumption</b>	MWh	<b>306,397.13</b>
	Gasoline	MWh	32,746.77
	Diesel	MWh	267,703.10
	Nature gas	MWh	5,947.26
	Photovoltaic and waste heat electricity generation (self-generation for self-use)	MWh	0.00
	<b>Indirect energy consumption</b>	MWh	<b>25,923.78</b>
	Purchased electricity	MWh	25,053.91
	Purchased heat	MWh	869.87

<sup>10</sup> The energy consumption data is based on the consumption of electricity and fuel and the relevant conversion coefficient provided by the *General Principles on Calculation of Comprehensive Energy Consumption (GB/T 2589-2020)* published by the General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China and the Standardization Administration of the People's Republic of China for calculation.

The direct energy consumption of urban services business mainly comes from natural gas, gasoline and diesel consumed by vehicles during the operation of project companies, as well as the electricity generated through photovoltaic and waste heat power generation, while the indirect energy consumption mainly comes from purchased electricity and heat consumption during the operation of project companies. The direct energy consumption of hazardous waste treatment business comes from natural gas, gasoline and diesel consumption during the operation of project companies, as well as the electricity generated through photovoltaic and waste heat power generation, while the indirect energy consumption mainly comes from purchased electricity and heat consumption during the operation of project companies. The direct energy consumption of waste electrical and electronic equipment treatment business comes from gasoline and diesel consumption during the operation of project companies, while the indirect energy consumption mainly comes from electricity consumption during the operation of project companies. The direct energy consumption of the headquarters comes from nature gas used in the canteen and gasoline consumed by official vehicles during operation, while the indirect energy consumption of the headquarters comes from electricity consumption during the operation of the headquarters. The consumption of fresh water mainly comes from purchased municipal tap water and self-extracting water during the operation of the Group. The consumption of reclaimed water mainly comes from purchased municipal reclaimed water during the operation of the Group.

STRIVE WHOLEHEARTEDLY AND TIRELESSLY TO UPHOLD GREEN PRACTICES

Business	Indicator	Unit	2023
Hazardous waste treatment business	<b>Water consumption</b>	tonnes	<b>12,509,292.91</b>
	Fresh water	tonnes	10,099,857.59
	Reclaimed water	tonnes	2,409,435.32
	<b>Total energy consumption</b>	MWh	<b>158,294.44</b>
	<b>Direct energy consumption</b>	MWh	<b>27,336.36</b>
	Gasoline	MWh	1,368.88
	Diesel	MWh	9,184.32
	Nature gas	MWh	15,505.16
	Photovoltaic and waste heat electricity generation (self-generation for self-use)	MWh	1,278.00
	<b>Indirect energy consumption</b>	MWh	<b>130,958.08</b>
Waste electrical and electronic equipment treatment business	Purchased electricity	MWh	46,477.92
	Purchased heat	MWh	84,480.16
	<b>Water consumption</b>	tonnes	<b>283,072.75</b>
	Fresh water	tonnes	159,181.35
	Reclaimed water	tonnes	123,891.40
	<b>Total energy consumption</b>	MWh	<b>2,014.26</b>
	<b>Direct energy consumption</b>	MWh	<b>594.02</b>
	Gasoline	MWh	114.17
	Diesel	MWh	479.85
	Nature gas	MWh	0.00
Photovoltaic and waste heat electricity generation (self-generation for self-use)	MWh	0.00	

## STRIVE WHOLEHEARTEDLY AND TIRELESSLY TO UPHOLD GREEN PRACTICES

Business	Indicator	Unit	2023
	<b>Indirect energy consumption</b>	MWh	<b>1,420.24</b>
	Purchased electricity	MWh	1,420.24
	Purchased heat	MWh	0.00
	<b>Water consumption</b>	tonnes	<b>3,669.00</b>
	Fresh water	tonnes	3,669.00
	Reclaimed water	tonnes	0.00
Headquarters office building	<b>Total energy consumption</b>	MWh	<b>352.27</b>
	<b>Direct energy consumption</b>	MWh	<b>30.40</b>
	Gasoline	MWh	7.02
	Diesel	MWh	0.00
	Nature gas	MWh	23.38
	Photovoltaic and waste heat electricity generation (self-generation for self-use)	MWh	0.00
	<b>Indirect energy consumption</b>	MWh	<b>321.87</b>
	Purchased electricity	MWh	321.87
	Purchased heat	MWh	0.00
	<b>Water consumption</b>	tonnes	<b>3,613.00</b>
	Fresh water	tonnes	2,443.00
	Reclaimed water	tonnes	1,170.00
Total	<b>Total energy consumption</b>	MWh	<b>492,981.88</b>
	<b>Energy consumption per unit of operating revenue</b>	MWh/RMB10,000	<b>0.97</b>
	<b>Total water consumption</b>	tonnes	<b>12,799,647.66</b>
	<b>Water consumption per unit of operating revenue</b>	tonnes/RMB10,000	<b>25.31</b>

# BUILD A PEOPLE-ORIENTED COMMON PROSPERITY WITH HARMONY

Upholding the core values of “being committed, creating value, and sharing with others”, the Group follows the business philosophy of “reassuring the government, satisfying the public, earning profits, benefiting our employees, and winning together with partners”. We pay great attention to employee needs, strengthen the protection of employees’ rights and interests, cultivate a highly skilled team, and strive to become an attractive employer. As a responsible corporate entity, the Group, while pursuing corporate development, contributes to the society, and actively participates in various programs for public good. We endeavor to create greater value to show our care to people’s livelihood and undertake social responsibilities.

## ACHIEVE EMPLOYEES’ DEVELOPMENT

Employees are always the cornerstone of our growth. The Group implements the “people-oriented” principle, pays attention to the build-up of talent team to attract, cultivate and retain outstanding talents, and enhances employees’ sense of belonging. We advocate a diversified and inclusive corporate culture, fully protect employees’ rights and interests, provide fair and competitive salary and benefits, and create a healthy and safe working environment, broad career development space and abundant learning resources for our employees. In 2023, the Group further optimized the human resources management and control structure, improved the relevant systems for directly managed cadres, and actively promoted talent management informatization and the internal construction of the human resources management team to assist employee development in an all-round way.

### (1) PROTECTION OF EMPLOYEE INTERESTS AND RIGHTS

The Group strictly observes the *Labour Law of the People’s Republic of China* 《中華人民共和國勞動法》, the *Labour Contract Law of the People’s Republic of China* 《中華人民共和國勞動合同法》 and other laws and regulations. This year, the internal rules and regulations such as the *Labour Contract Management System* 《勞動合同管理制度》, the *Attendance and Leave Management System* 《考勤與休假管理制度》, and the *Employee Performance Management System* 《員工績效管理制度》 were optimized to regulate the management of recruitment and dismissal, employment, salary and benefits, attendance, performance, equal opportunity, anti-discrimination, workforce diversity, etc. For employees in Hong Kong, China, the Group also formulated the *Employment Contract* 《僱傭合同》 and *Employee Handbook* 《員工手冊》 in accordance with Hong Kong labour legislation and other local policies and regulations to create an inclusive and open environment for talent cultivation.

The Group also issued the *Statement of Employee Rights and Benefits of BEUR* 《員工權益聲明》, which elaborates our commitment and responsibility to the personal rights and interests of all employees on issues such as forced labour, child labour, employment diversity, workplace discrimination, protection of female employees, freedom of association, safe and healthy working environment, fair and favorable working conditions, corruption, and protection of employee privacy.

## BUILD A PEOPLE-ORIENTED COMMON PROSPERITY WITH HARMONY

### *Recruitment and dismissal*

Based on the requirements of the Group's overall strategy, we consider the present situation of talents, summarize the corresponding needs for talents, specify the recruitment demands and plans, and promotes the introduction of key talents, setting up the "Talent Portrait" to precisely control the competency model of each position, to promote a scientific and visualized recruitment development.

#### **Employee recruitment**

- Develop an interview question bank that better aligns with the value system of Beijing Enterprises Urban Resources, to better control the fit of candidates with corporate culture and job requirements;
- Continue to use psychological methods such as "Enneagram Personality Test", "Career Anchor Test", "4D Leadership" and "MBTI" into job analysis, interview selection, interviewer training and talent development for some management positions to improve the accuracy of talent selection;
- Standardize the hiring process, and enhance the interviewers' skills in identifying suitable candidates through a series of professional human resources courses and systematic training.

#### **Employee dismissal**

- Specify the termination clauses of the labour contract in accordance with legal provisions in the *Labour Contract* (《勞動合同》) to ensure that the dismissal process is standardized and clear, avoiding any labour compliance risks and labour disputes.

## BUILD A PEOPLE-ORIENTED COMMON PROSPERITY WITH HARMONY

### Employment KPIs<sup>11</sup>

Indicator categories	Secondary indicators	2023	Unit	
Number of employees	By employee type	Own full-time employees	56,776	Person
		Own part-time employees	11	Person
		External labour dispatch employees.	1,793	Person
	Own full-time employees by gender	Male employees	28,983	Person
		Female employees	27,793	Person
	Own full-time employees by age group	Employees aged 30 and below	1,382	Person
		Employees aged 31-50 (Inclusive)	12,563	Person
		Employees aged over 50	42,831	Person
	Own full-time employees by ethnicity	Minority ethnicity	2,865	Person
		Han ethnicity	53,911	Person
Own full-time employees by physical condition	Disabled employees	589	Person	
	Non-disabled employees	56,187	Person	

<sup>11</sup> Note: During this reporting period, the total number of employees is categorized by type of employment, with own full-time employees further classified by gender, ethnicity, age group, physical condition, functional level (management personnel, headquarters functional department personnel, regional and project functional department personnel, frontline production and operation personnel), functional category (administrative and management personnel, sales and marketing personnel, technical personnel, frontline production and operation personnel), and region.

## BUILD A PEOPLE-ORIENTED COMMON PROSPERITY WITH HARMONY

Indicator categories	Secondary indicators	2023	Unit	
Own full-time employees by functional level	Management personnel	235	Person	
	of which, female	26	Person	
	Headquarters functional department and regional project functional department personnel	2,044	Person	
	of which, female	980	Person	
	Front-line production operation personnel	54,497	Person	
	of which, female	26,787	Person	
Own full-time employees by functional types	Administrative personnel and managers	1,824	Person	
	Sales and marketing personnel	181	Person	
	Technical personnel	274	Person	
	Front-line production workers	54,497	Person	
Own full-time employees by geographical region	Domestic regions	56,771	Person	
	Overseas region (Hong Kong)	5	Person	
Formation of management personnel	By management level	Senior managers	29	Person
		Middle managers	206	Person
	By gender	Male	209	Person
		Female	26	Person
Number of new hires	By gender	Male	11,796	Person
		Female	10,851	Person

## BUILD A PEOPLE-ORIENTED COMMON PROSPERITY WITH HARMONY

Indicator categories	Secondary indicators	2023	Unit	
Employee turnover rate	Employee turnover Rate <sup>12</sup>	28.17	%	
	By gender	Male employees	29.72	%
		Female employees	26.55	%
	By age group	Employees aged 30 and below	39.07	%
		Employees aged 31-50 (inclusive)	22.15	%
		Employees aged over 50	29.58	%
	By geographical region	Domestic regions	28.17	%
		Overseas region (Hong Kong)	0.00	%

### Human rights protection

The Group strictly abides by the *Law of the People's Republic of China on the Protection of Minors* 《中華人民共和國未成年人保護法》, the *Provisions on the Prohibition of Child Labour* 《禁止使用童工規定》 and our *Statement on Employees' Rights and Interests* 《員工權益聲明》, building an equal, diverse, and healthy working environment for employees, ensuring the protection of human rights in all aspects.

### Prevent child labour and forced labour

Candidates are required to provide valid identity documents (such as ID cards and graduation certificates) during recruitment. We will stringently verify their age and identity information, and prohibit child labour under the age of 16. The Group respects employees' willingness to work, prohibits any forced labour, does not force employees to work overtime, and strictly controls overtime work beyond normal working hours. If employees indeed need to work overtime due to work requirements, it must be approved by the relevant supervisor, and it should be ensured that compensatory time off can be arranged in accordance with the company's regulations after the overtime work.

<sup>12</sup> This year, changes in large urban services projects in the South China region and elsewhere led to increased recruitment and turnover of frontline employees, resulting in a notable rise in the employee turnover rate compared to last year.



## BUILD A PEOPLE-ORIENTED COMMON PROSPERITY WITH HARMONY

### Oppose discrimination and harassment

The Group legally ensures the rights of employees to equal employment opportunities and the freedom to choose their occupation. We adopt reasonable measures for prevention, complaint acceptance, and investigation and handling to eliminate discrimination against job seekers based on differences in ethnicity, race, gender, physical condition, religious beliefs, marital status, etc., during the recruitment and hiring process. We maintain a zero-tolerance policy for workplace discrimination and harassment and provide employees with accessible reporting channels such as hotlines and email addresses. Upon receiving a report, we will report and handle the incident in accordance with relevant regulations. If violations of relevant regulations occur, the Group may be subject to administrative penalties ordered by labour security administrative departments to correct the violations (and may also be fined). If damages are caused to the parties involved, the Group shall bear the compensation responsibility. In 2023, there were no incidents of discrimination or harassment within the Group.

### Diverse and equal employment

A diverse talent team makes an enterprise more innovative and creative. The Group advocates for equal and diverse recruitment principles, comprehensively considering candidates' professional and personal abilities during the hiring process to ensure that individuals of different ages, genders, races, ethnicities, religions, or those with physical disabilities have equal employment and promotion opportunities. Many of the Group's positions are located in remote areas, and to promote local economic development and employment, we focus on local talents, with many new employees in the reporting period hailing from the project operation sites. The Group actively fulfills its social responsibilities by providing employment opportunities for people with disabilities, offering them positions within their capabilities, and ensuring equal treatment in the hiring process, guaranteeing equal pay for equal work.

### Construct democratic management system

The Group has established smooth communication channels for employees, with a distinctive employee communication system highlighted by the union, and has gradually promoted the construction of the trade union. In 2023, 48.13% of employees at all levels joined the union. The Group fully respects employees' right to be informed and to supervise, and has built a democratic management work mechanism channeled through the Workers' Representative Congress (WRC), to collect concentrated proposals from worker representatives and understand employee suggestions and requirements. In 2023, to further enhance communication with employees, improve their satisfaction and recognition of the company, and create a positive corporate atmosphere, the Group conducted satisfaction surveys among all employees, collecting multi-dimensional satisfaction levels and suggestions through online questionnaires regarding job content, participation in company management, working environment, as well as promotion, benefits, compensation, system standards, and career development. The questionnaire comprehensively collected valuable suggestions from employees of different genders, ethnicities, job levels, and age groups about the management and development of the company's headquarters and various regions, providing a direction and basis for the Company to optimize its management.

## BUILD A PEOPLE-ORIENTED COMMON PROSPERITY WITH HARMONY

### Human rights risk management

The Group regularly conducts self-inspection and self-correction activities on human rights risks at all levels, including the timely payment of wages to migrant workers. We pay attention to whether there are human rights risks related to women, children, migrant workers, and other groups in our own business activities, as well as among suppliers and partners. During the reporting period, the Group did not experience any complaints or incidents related to child labour, forced labour, discrimination or harassment, or violations of equal opportunity and diversity. If any of the above phenomena are discovered, they will be seriously investigated and held accountable in accordance with relevant laws and regulations.

### Salary and benefits

Strictly abiding by the laws and regulations such as the *Labour Law of the People's Republic of China* 《中華人民共和國勞動法》, and in accordance with the internal management systems including the *Employee Remuneration and Promotion Management Measures* 《員工調職調薪管理制度》 and the *Regulations for Employee Reward and Punishment* 《員工獎懲管理制度》, the Group provides competitive compensation and benefits system to attract, motivate and retain the outstanding personnel.

In line with the principle of equal employment, the Group provides fair and competitive salary and welfare and statutory benefits for our employees with adequate evaluation on their performance, occupational competence and market conditions.

## BUILD A PEOPLE-ORIENTED COMMON PROSPERITY WITH HARMONY

- The employees' remuneration consists of a fixed salary component and a performance-based component, and different pay mixes are set between fixed salary and floating performance bonus according to different ranks;
- Develop the *Performance Management System for Directly Managed Cadres* 《直管幹部績效管理制度》, set up multidimensional KPIs (including ESG-related indicators such as production safety, environmental protection and integrity performance) according to the roles and responsibilities of directly managed cadres, and conduct quarterly assessment;
- Carry out annual assessment for the performance of management teams other than the directly managed cadres, which is mainly based on the organizational performance;
- Implement on the floating portion of performance based on organizational performance and individual employee performance;
- Emphasize the issues of professional integrity and anti-corruption in the employee performance management system, and the confirmed integrity problem will seriously affect the performance evaluation and salary of employees;
- Regularly assess whether employee income meets their living needs. Upon evaluation, it was found that in this year, the wages of all employees at all levels within the Company are higher than the minimum wage standards set by the local labour security department, enabling them to earn a social income that satisfies their living needs.

In order to fully guarantee employees' lives and arouse their enthusiasm, not only meeting the social security and welfare standards set by the country and the region where the Group operates, we also provide staff with additional benefits such as communication fee subsidies, meal subsidies, transportation subsidies, festival subsidies, heat prevention and cooling fees, heating fees, free breakfast and overtime dinner, and operating front-line workers support station based on management level and regional conditions. Besides, our labour union will send birthday cards to employees on their birthdays, distribute union mutual aid funds, offer condolences and provide consolation money to employees facing life difficulties and serious illnesses, and apply for relevant fund support.

## BUILD A PEOPLE-ORIENTED COMMON PROSPERITY WITH HARMONY

### (2) TALENT DEVELOPMENT AND TRAINING

The Group attaches great importance to the cultivation of employees' professional competence, adheres to the strategy of "strengthening enterprises with talents", and improves the top-level design of staff training. We optimize the training mode for in-service employees, and establish a training program for reserve talents to attract excellent talent, provide training for professionals and foster inter-disciplinary talents, further promoting the systematic build-up of the whole lifecycle of talents. We conduct a systematic talent evaluation for on-duty employees at different levels and in different positions on an irregular basis, continuously driving their self-improvement, promoting their progress in professional abilities, and contributing to build a high-quality talent team.

#### *Management training*

The Group adheres to the "capacity building" talent strategic goal. To strengthen our talent supply chain and realize forward-thinking talent training, a number of management training projects were carried out in 2023, including the "4D Leadership" (the high-level management training), the "Echelon Plan" (the training project of reserve high-level management for subordinate companies), the "Talent Plan" (the training project of reserve middle-level management for subordinate companies), the "Red Pine Plan" (the military cadre training project), the "New Power Plan" (the management trainee project), and the "Young Talents Program" (for inter-disciplinary young reserve cadres). These projects included over 20 training sessions, and more than 230 trainees were enrolled, with over 50 talents assigned for crucial roles and over 50 high-potential personnel identified, providing talent support for our rapid business expansion.



#### **Case: Fully utilizing the "Echelon Plan" platform to empower employees' management competence in an innovative manner**

Based on the "Echelon Plan" platform, the Group simulated the urban services practices for employees in the form of scenario planning for the first time. Therefore, employees could move into the roles and give full play to their strength, and learn to establish a benchmark project as a project manager. Such program would help employees develop management thinking and a logical system, and improve their management ability.



Scenario planning of the "Echelon Plan" platform

## BUILD A PEOPLE-ORIENTED COMMON PROSPERITY WITH HARMONY

**Case: Empowering middle and senior leadership, and building excellence in leadership change together**

To support the implementation of the group's strategy and further enhance organizational vitality and the leadership of management personnel, the Group held the "2023 Middle and Senior Level Management Leadership Training." Over 50 middle and senior level management leaders from the headquarters, various regions, and project companies participated in this training. The training centered around "4D Leadership" as the core tool, following the "assessment-cognition-analysis-improvement-enhancement" approach, enabling middle and senior management personnel to engage actively, break communication barriers, gain a deep understanding of themselves and their teams, and build teams with exceptional leadership. During the training, participants, based on the company's actual business scenarios, engaged in in-depth discussions on topics such as "characteristics of respected leaders," "improving customer satisfaction," and "management of new-generation employees," injecting new vitality into middle and senior management personnel and broadening their management perspectives.



2023 Middle and Senior Level Management Leadership Training

**Special training**

The Group keeps a watchful eye on capacity building in all functional lines, and has organized special training engaging nearly 100 interviewers and lecturers. In addition, over 50 kinds of training sessions have been conducted on market line, safety and environmental protection line, and other business lines, covering more than 1,000 personnel, which has further improved the business level and competence of professionals from the Group's various lines.

BUILD A PEOPLE-ORIENTED COMMON PROSPERITY WITH HARMONY



**Case: Conducting special training on snow removal and ice shoveling to improve the corresponding skills**

In order to complete the 2023 winter snow removal and ice shoveling task with high quality, the Group well prepared in advance and organized a kick-off meeting. According to the *Urban Snow Removal and Ice Shoveling Operation Instruction Manual* 《城服除雪铲冰作业指导手册》, the Group provided special training at the meeting, focusing on the winter preparation of vehicles and equipment, the safety risk prevention of snow removal and ice shoveling, and the centralized purchase of snow removal equipment and materials. The project leaders shared the valuable experience of snow removal and ice shoveling from the perspectives of management process, operation organization, emergency mechanism, and snow transportation costs reduction. By promoting the standardization, normalization and lean development of snow removal and ice shoveling, the level of employees' specialist skills was also improved.



**Case: Taking part in the fun competition of skills and showcasing the competence as a skilled, practical, and inter-disciplinary talent**

In September 2023, Shenyang Huanggu Project successfully held the second Staff's Fun Competition of Skills and 2023 Autumn Mechanical Operation Center Games. Participants took on-site practical operation in car cleaning skills competition, sprinkler skills competition, hook-arm truck hooking and moving boxes skills competition, and other sessions. These games were designed to encourage employees to strive for excellent skills, which created an inspiring atmosphere of "learning to catch up", and injected new vitality into the development of the Group.



Staff's Fun Competition of Skills and 2023 Autumn Mechanical Operation Center Games

## BUILD A PEOPLE-ORIENTED COMMON PROSPERITY WITH HARMONY

*Training KPIs*

Indicator categories	Secondary indicators	2023	Unit
<b>Number and proportion of employees covered in training</b>	<b>Total number of own full-time employees receiving training</b>	56,776	Person
	<b>Number and proportion of employees by gender covered in training</b>		
	Male	28,983	Person
		100	%
	Female	27,793	Person
		100	%
	<b>Number and proportion of employees by functional level covered in training</b>		
	Management personnel	235	Person
		100	%
	Headquarters functional department and regional project functional department	2,044	Person
	100	%	
	Front-line production workers	54,497	Person
		100	%
<b>Per capita training hours</b>	<b>Average training hours among own full-time employees</b>	78	hours/person
	<b>By gender</b>		
	Total training hours of male employees	2,129,243	hours
	Average training hours of male employees	73	hours/person
	Total training hours of female employees	2,311,768	hours
	Average training hours of female employees	83	hours/person

## BUILD A PEOPLE-ORIENTED COMMON PROSPERITY WITH HARMONY

Indicator categories	Secondary indicators	2023	Unit
	<b>By functional level</b>		
	Total training hours of management personnel	11,823	hours
	Average training hours of management personnel	50	hours/person
	Total training hours of headquarters functional department and regional project functional department personnel	109,378	hours
	Average training hours of headquarters functional department and regional project functional department personnel	54	hours/person
	Total training hours of front-line production workers	4,319,810	hours
	Average training hours of front-line production workers	79	hours/person

### (3) CARE FOR EMPLOYEES

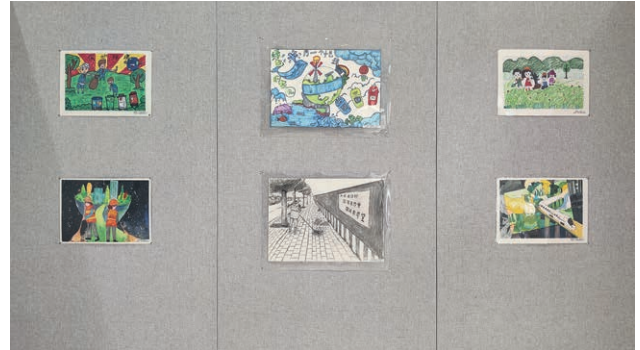
The Group places a high value on its employees' physical and mental health. Every year, the Group provides free physical examinations and occupational disease prevention inspections to employees. Employees are insured with supplemental medical insurance, including employer liability insurance and employee accident insurance, refining employee medical insurance system. We are committed to creating an open, authentic, and warm working environment, assisting employees in reducing work stress, strengthening team cohesion, and increasing employees' sense of belonging. This year, we organized a variety of staff care activities, including women care activities at Women's Day, May 1<sup>st</sup> Labour Day commendation, drawing competition for children of employees across the Group on June 1<sup>st</sup> Children's Day, work-break exercises, basketball games, badminton games, table tennis games, forum for young staff, book club, quarterly birthday party, and project photography selection. We also provided rice dumplings, moon cakes, and other festival gifts for everyone during festivals and were dedicated to making employees feel the "family culture".



## BUILD A PEOPLE-ORIENTED COMMON PROSPERITY WITH HARMONY



Exhibition board for Labour Day



Drawing exhibition board for June 1st Children's Day

Under the assistance of the "Sunshine" Special Fund of Beijing Enterprises Group, the Group applies for subsidies for employees who meet the standard of living assistance, and applies for solatium for employees who are injured at work in accordance with the level of injury confirmed by the Ministry of Human Resources and Social Security. In 2023, the "Sunshine" Special Fund allocated 3 special funds to Beijing Enterprises Urban Resources, lending hands to 8 employees with difficulties.

Pre-Spring Festival visits and consolation  
for employees in difficultyDistribution of Spring Festival welfares  
to front-line workers

## BUILD A PEOPLE-ORIENTED COMMON PROSPERITY WITH HARMONY



### Case: Caring for employees' physical and mental health and enriching their cultural and lifestyle experiences

Zhongyan Property Management, performing as a home of staff and a relaxing shelter, provides employees with a leisure place for book reading and fitness training. It organized the "Second Harmonious Endeavour Cup" table tennis trial, "Look Back at the Past and Strive for a New Journey" themed photography collection activity, "Stronger Together for a Better Future" walking, and other activities, in a bid to enrich employees' spare time life, and promote their physical and mental health.



The "Second Harmonious Endeavour Cup" table tennis trial



Photography themed activity

## BUILD A PEOPLE-ORIENTED COMMON PROSPERITY WITH HARMONY



### Case: Diligently holding each sanitation workers' day to pay tribute to our adorable city beauticians

On the occasion of the 30th Guangdong Sanitation Workers' Day, the project companies in South China carried out commendation conference for sanitation workers to reward the personnel who made outstanding hygiene contributions, and gave them holiday consolation gifts, to enhance the sanitation workers' sense of honor and fulfillment. At the same time, to enrich the spiritual and cultural activities of sanitation workers, the project companies in the South China region have also planned and organized fun activities such as waste classification knowledge contests and technical forums. While improving their skills and qualities, these activities aim to inspire employees' passion for striving and unity through an educational yet entertaining approach, all in the effort to contribute to the development of the sanitation cause.



Commendation conference for sanitation workers



"Garbage Sorting, Collection and Transportation" competition



Fun games and competitions



Skills competition

## BUILD A PEOPLE-ORIENTED COMMON PROSPERITY WITH HARMONY



### Case: Bringing cool to the city beauticians working in hot summer

In the summer of 2023, high temperatures persisted in many Chinese cities, and sanitation workers still stuck to their posts. Each project of the Group took active actions and sent refreshing drinks, sunscreen products and other supplies to sanitation workers. They also promoted the common sense of heatstroke prevention and cooling measures in summer in safety briefings to raise employees' awareness of such matters and ensure their safety and health under high-temperature conditions.

## PROMOTE COMMUNITY INCLUSION

The Group always keeps the corporate mission of “making the living environment better” in mind, and contributes to the maintenance of the community environment and the improvement of the urban and rural circumstances. We honor our commitments to social responsibilities, and bend ourselves to creating green, harmonious and livable living spaces for residents in a certain way of scientific planning, careful operation and strict management, so as to steadily improve people's well-being.

### (1) CARRY OUT ENVIRONMENTAL PROTECTION ACTIVITIES

Upholding the responsibility of “clean city, resource recycling, and co-creation of lucid waters and lush mountains”, the Group, based on the industry concept and business advantages, advocates laws and policies regarding environmental protection, organizes various pro-environment and public welfare activities, and popularizes environmental knowledge. Efforts have been made to gather the strength of environmental protection culture while sublimating the ideal of urban civilization.

## BUILD A PEOPLE-ORIENTED COMMON PROSPERITY WITH HARMONY

**Case: Cleaning up firecracker debris to keep the city clean**

The brilliant display of fireworks sets the mood for the festive season. Once the fireworks have burned out, sanitation workers step in to promptly clean up and transport the debris, ensuring proper waste classification to prevent the re-ignition of residues and avoid safety accidents. To fully ensure urban environmental cleanliness after the fireworks display during the Lantern Festival, Nanming Project of the Group and the local integrated administrative enforcement management departments conducted a special deployment of cleaning work before the festival, developed a cleaning plan, and made reasonable arrangements for sanitation workers and vehicles. Over 100 sanitation workers carried out comprehensive cleanup, including sweeping fireworks debris, and emptying and washing trash cans along streets, thus contributing to maintain a beautiful city.



Fireworks debris cleanup by sanitation workers

## BUILD A PEOPLE-ORIENTED COMMON PROSPERITY WITH HARMONY



### Case: Maintaining the cleanliness of Zibo City and preserve its new image

In 2023, Zibo barbecue shot to fame in China, attracting surging urban tourist flows. To provide a sound urban environment for tourists and citizens, Zibo Zhangdian Project of the Group strengthened the control measures in a multi-pronged effort. Efforts were made to conduct patrol inspection and prompt litter pickup, dispatch more garbage removal vehicles, execute 24-hour mechanical cleaning, and add special personnel to manage mobile public toilets to improve the hygienic environment of Zibo. In addition, a special working group was set up to guarantee that garbage removal, road cleaning and public toilet management were implemented during holidays, and that the human labour and mechanical equipment worked together smoothly to provide tourists with better travel experience. Zibo Zhangdian Project applied itself to protecting the city image of “Zibo Window” with high-quality endeavor, and welcoming visitors from all quarters with the most pleasant urban environment.



Environmental sanitation maintenance in Zhangdian District

## BUILD A PEOPLE-ORIENTED COMMON PROSPERITY WITH HARMONY

**Case: Cooperating with government to lead garbage classification in the new era**

In 2023, the Group's Fengrun Project once again cooperated with the local government to carry out popularization of science regarding street garbage classification through diversified activities such as fun quizzes, prize wheel and flying chess, and guided the residents and students to develop a healthy and civilized lifestyle in a relaxed atmosphere.

The Group's Lantian Project actively participated in the "New Tide of Garbage Classification, New Healthy and Civilized Life" themed publicity activity in Lantian County. Through self-written and self-performed skits, poetry recitations, solo singing and other programs, the concept of garbage classification was conveyed in a humorous and relaxed way. Moreover, we organized volunteers to distribute proposal letters to the public and conducted a waste sorting challenge fun game, which successfully conveyed the practical operation methods of garbage sorting, and prompted more people to understand and participate in environmental protection.



Garbage classification campaign in the community



Garbage classification themed activity in Lantian County

## BUILD A PEOPLE-ORIENTED COMMON PROSPERITY WITH HARMONY



### Case: “Swallowing” hundreds of tonnes of garbage a day, the largest compression scale waste transfer center in Gansu Province was opened

In May 2023, the Lintao Project of the Group held the operation start-up ceremony of the urban domestic waste transfer station. With a 200 tonnes/day compression scale, the urban domestic waste transfer station of Lintao County performs as the single largest one in Gansu Province. It has far-reaching significance for promoting the domestic waste collection and transfer system in urban and rural areas, and improving urban environmental hygiene and living environment.



The urban domestic waste transfer station project in Lintao County

## (2) BUILDING BEAUTIFUL RURAL VILLAGES

The Group, aiming to build a beautiful countryside, actively responded to the requirements of “production development, life tolerance, rural customs and civilization, village appearance and cleanliness, and democratic management”, and has intensified efforts to improve rural living environment, established and improved long-term mechanism for the construction and protection of rural living environment, and shaped a new pattern of beautiful village.



BUILD A PEOPLE-ORIENTED COMMON PROSPERITY WITH HARMONY



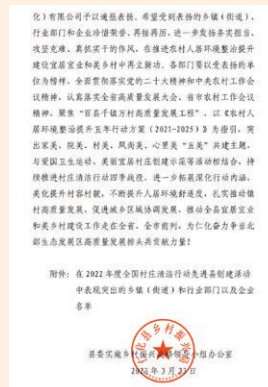
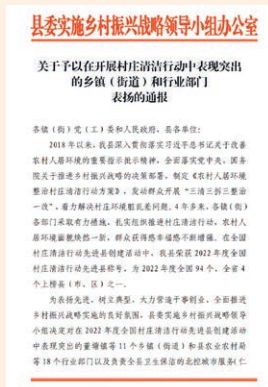
**Case: Becoming the Sanitation Pioneer at Taishan Temple Fair, Revitalizing the Beauty of Rural Life**

In June 2023, Qingxu County in Shanxi Province grandly held the traditional folk activity with a long history, the largest scale, and the widest influence in the area – the Taishan Temple Fair, themed “Gentle Breezes and Enduring Affection.” The event attracted a large number of the public and tourists. The Group’s Qingxu Project undertook the full sanitation and environmental protection work, coordinating personnel and vehicles comprehensively to increase cleaning frequency, and improve cleaning efficiency with around-the-clock, full-area cleanup efforts. This maintained the cleanliness and orderliness of the temple fair area, showcasing the new beauty of Qingxu County’s rural areas. Besides providing visitors with a pleasant experience, it also contributed to creating a livable, business-friendly, and tourist-friendly rural environment.



**Case: Enhancing the Quality of Contract Fulfillment to Improve Living Environments, Building Livable Rural Areas with Honor**

Renhua Project of the Group focused on the three key links of “cleaning, reforming, and building,” and centered around the “three cleanings, three demolitions, and three rectifications,” and actively promoted a pragmatic and responsible work style, tackling difficulties and working diligently to comprehensively carry out rural human settlement environment improvement actions, efficiently enhancing the local environmental quality. In March 2023, during the national village cleaning action advanced county creation activities, Renhua County was honored with the title of National Advanced County in Village Cleaning Action for 2022, being one of the 94 cities, districts, and counties listed nationwide for that year. Renhua project received high recognition and praise from the Renhua County Committee and the county government, making significant contributions to promoting rural human settlement environment improvement, building livable and business-friendly areas, and constructing beautiful rural landscapes.



Commendation Notice by the Renhua County Party Committee and Government

## BUILD A PEOPLE-ORIENTED COMMON PROSPERITY WITH HARMONY



### Case: On-site visit and inspection and instant evaluation of living environment improvement

To solidly promote living environment improvement, the Group's Quannan Project carried out two-day visit to 9 villages and towns in Quannan County in 2023 for on-site exchange of the living environment improvement. Following the principle of "looking for the reality, identifying the gap, competing with strength, and promoting the improvement", they took the approach of field inspection, exchange and report, scoring, and leadership review, made carefully assessment of the environmental sanitation of each area, and emphasized the need for improvement of roads, village paths, green areas and public toilets, so as to continuously enhance the rural environment quality and contribute to the rural ecology vitalization.



Living environment improvement

## BUILD A PEOPLE-ORIENTED COMMON PROSPERITY WITH HARMONY

### (3) BUILDING HARMONIOUS COMMUNITIES TOGETHER

Shouldering social responsibilities, the Group, fully leveraging our strength and resources, works with the local subdistrict offices to coordinate public resources in the community and enhance the quality of community environment.



#### Case: Working together to manage the community environment and create a beautiful homeland

In 2023, the Group's Zhongyan Property Management, together with the local government and the community residents committee upon careful research, promoted the comprehensive upgrading and renovation project of public facilities such as water supply, asphalt road and green areas in the community. Zhongyan Property, in cooperation with the Yanshan Housing and Urban-Rural Development Committee, carried out major waterproofing repairs for 36 buildings in the Yanshan area, as well as sporadic repairs for water leakage issues in 281 buildings, affecting a total of 4,598 households. They completed the maintenance of the sewage lifting system and heating systems, conducted regular inspections and repairs on elevators in the jurisdiction, unified the maintenance of 786 sets of street lighting systems, and performed lightning protection detection at 4,284 grounding points, striving to eliminate safety hazards in the community.



Community management work of Zhongyan Property Management

## BUILD A PEOPLE-ORIENTED COMMON PROSPERITY WITH HARMONY



### Case: Prompt response to flood to eliminate dangers in the flood season

In the summer of 2023, due to the heavy rainfall of Typhoon Doksuri, trees fell down in many places in Beijing, water flooded in low-lying areas, and a large amount of silt accumulated on the road surface. The Group promptly initiated company-level flood prevention emergency plan, carried out drainage system cleaning, basement inspection, rain leakage repair, road mud cleaning, basement disinfection and other work, with about 360 personnel engaged in flood prevention every day. While carrying out the flood control tasks, we also provided support to the severely affected communities in Fangshan District to ensure the safety of residents in an all-round way, maintain the normal operation of infrastructure, and contribute to the recovery of life for residents in the disaster area as soon as possible.



Supporting Fangshan District to ensure the safety of the city

## BUILD A PEOPLE-ORIENTED COMMON PROSPERITY WITH HARMONY

**Case: The warm guardians of winter to show our presence in the heavy snow**

Since December 2023, there was a cold wave across China with a drastic drop in temperature, and North China area was hit by heavy snow. Faced with the first snowfall in Beijing, Zhongyan Property Management, Yanqing Project and Jingliang Project of the Group prepared large professional multi-functional snow sweeper, rolling brushes, snow shovels, spreaders, snow melting vehicles and other equipment in advance, as well as snow melting agents and artificial snow removal tools, ensuring the safe travel of community residents.



Snow removal operation

**(4) ENHANCE PUBLIC WELFARE SERVICES**

The Group has long been engaged in charity and public welfare undertakings, and developed the *Donation Management Measures* 《捐贈管理辦法》 to strengthen donation management, standardize donation behavior, and better fulfill corporate social responsibilities. We actively carry out relief donations to earthquake-affected areas in Linxia, Gansu, designated aid areas, such as Xibailianyu Village. We also donated to the villages and towns under the jurisdiction of Tuoketuo County, and socially disadvantaged groups, as well as public welfare donations to social public welfare undertakings such as science, education, culture, health and sports, environmental protection, energy conservation and emission reduction, and other social welfare undertakings. In 2023, our group donated a total of RMB661,898 in charitable and other contributions.

## BUILD A PEOPLE-ORIENTED COMMON PROSPERITY WITH HARMONY



### Case: Hand in hand to help earthquake disaster relief and ensure timely delivery of relief materials

In 2023, a 6.2 magnitude earthquake jolted Jishishan County, Linxia Autonomous Prefecture, Gansu Province. Facing the sudden disaster, the Group quickly responded and actively participated in social assistance by urgently purchasing tents, beddings and other relief and thermal materials. The Group deployed more than 10 people from the northwest region to the front line to assist the local government and relief personnel in unloading, setting up tents and other work. The efforts put into relief, reconstruction after disaster and preparation for a peaceful winter helped unite the quake-affected people to tide over difficulties.



Supporting the earthquake-stricken area in Linxia, Gansu Province



### Case: Guarding the college entrance examination with acts of kindness, demonstrating the "Urban Steward" social responsibility

To provide strong support for the college entrance examination, the Group's South China region intensified the sanitation and environmental protection efforts around the examination sites and nearby roads, ensuring the cleanliness and tidiness of the pavement. At the same time, a "silent" operation mode was adopted, and work schedules were arranged off-peak to alleviate traffic pressure, creating a quiet and comfortable examination environment for the candidates. In addition, the South China region set up multiple service stations with volunteer police service teams to ensure the safety around the examination sites. Direct assistance vehicles were arranged to provide transportation services for candidates in need. At the critical moment of the college entrance examination, the South China region contributes to the harmony and prosperity of society with efficient and considerate services, showcasing the public welfare strength of Beijing Enterprises Urban Resources.



Ensuring the sanitation work around the examination sites



Direct assistance vehicles supporting the exam

# APPENDIX: UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS PRACTICE

In 2015, the United Nations Summit on Sustainable Development formally adopted 17 Sustainable Development Goals (SDGs), aiming to guide the global sustainable development work from 2015 to 2030. We actively respond to various sustainable development goals, identify priorities, and take diversified actions to achieve sustainable development.





SDGs	Actions taken by Beijing Enterprises Urban Resources	Chapter
<b>Priorities</b>		
 <p>3 GOOD HEALTH AND WELL-BEING</p>	<ul style="list-style-type: none"> <li>We established a solid HSE system, thoroughly implemented the safety production responsibility system, strengthened occupational disease prevention screening and safety protection, and implemented a variety of measures to effectively protect employees' health and safety.</li> <li>We can process 44 of the 46 major categories of hazardous waste on the National Hazardous Waste List, greatly reducing the health risks posed by hazardous waste exposure.</li> </ul>	<ul style="list-style-type: none"> <li>Strive wholeheartedly and tirelessly to uphold green practices – Strengthen HSE management</li> </ul>
 <p>5 GENDER EQUALITY</p>	<ul style="list-style-type: none"> <li>We guarantee that no gender discrimination exists in the recruitment and employment processes.</li> <li>By 2023, 49% of our workforce was female.</li> </ul>	<ul style="list-style-type: none"> <li>Build a people-oriented common prosperity with harmony – Achieve employees' development</li> </ul>
 <p>6 CLEAN WATER AND SANITATION</p>	<ul style="list-style-type: none"> <li>We strictly follow laws and regulations, as well as national and local standards, and treat the sewage and leachate generated during the operation process strictly to ensure that pollutant indicators of the treated wastewater meet discharge standards. We will hand over to a qualified third party for treatment for projects that do not have treatment conditions to maximize the avoidance of water pollution.</li> <li>In 2023, at least one new operation project achieved 100% reuse of production wastewater and "zero discharge".</li> </ul>	<ul style="list-style-type: none"> <li>Strive wholeheartedly and tirelessly to uphold green practices – Deepen green development</li> </ul>
 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	<ul style="list-style-type: none"> <li>We are still optimizing the energy structure. We continue to invest in Shenzhen and other locations to accelerate vehicle upgrades, and purchase a large number of new energy equipment, such as electric tricycles and LNG vehicles, to accelerate the construction of a clean, efficient, safe, and sustainable energy supply system.</li> <li>In 2023, the Group's fleet of new energy environmental sanitation vehicles accounted for 14% of all environmental sanitation vehicles.</li> </ul>	<ul style="list-style-type: none"> <li>Strive wholeheartedly and tirelessly to uphold green practices – Deepen green development</li> </ul>

## APPENDIX: UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS PRACTICE






SDGs	Actions taken by Beijing Enterprises Urban Resources	Chapter
 <p><b>8</b> DECENT WORK AND ECONOMIC GROWTH</p>	<ul style="list-style-type: none"> <li>We adhere to the “people-oriented” goal, continuously attracting, cultivating, and retaining exceptional talent.</li> <li>We thoroughly assess employees’ individual performance, working abilities and market conditions, to offer them fair and industry-competitive remuneration and benefits.</li> <li>A large number of positions in the Group are in outlying areas. We pay special attention to local talents in order to promote the local economic development and employment. During the reporting period, many new employees were hired from the project locations.</li> </ul>	<ul style="list-style-type: none"> <li>Build a people-oriented common prosperity with harmony – Achieve employees’ development</li> </ul>
 <p><b>9</b> INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	<ul style="list-style-type: none"> <li>We are committed to developing a new type of “digital intelligence” business by applying technological innovations such as mobile Internet, IoT, AI, big data, and cloud computing to business scenarios, as well as realizing the refinement, standardization and intelligent management of people, objects, and things in projects.</li> <li>We have consistently strengthened strategic cooperation with enterprises and joint innovation with scientific research institutions, conducted numerous technical exchanges, and achieved remarkable innovative patent achievements through our own continuous research and practice. We also take the lead in the preparation of standards and specifications, and are committed to leading the industry to mutual progress.</li> </ul>	<ul style="list-style-type: none"> <li>Topic: Banan District governance integration to provide steward-type services</li> <li>Corporate governance and development with digital and intelligence measures – Promote development through innovation</li> </ul>
 <p><b>10</b> REDUCED INEQUALITIES</p>	<ul style="list-style-type: none"> <li>Heading for beautiful villages, we have established and improved a long-term mechanism for the construction and protection of rural living environment. We have stepped up efforts to improve and manage rural living environment, and comprehensively improved the overall quality of the rural environment to create a new pattern of beautiful village.</li> </ul>	<ul style="list-style-type: none"> <li>Build a people-oriented common prosperity with harmony – Promote community inclusion</li> </ul>
 <p><b>11</b> SUSTAINABLE CITIES AND COMMUNITIES</p>	<ul style="list-style-type: none"> <li>Our urban services business, as a professional municipal operator, mainly covers all-region sanitation, sanitation facility management, city station (public toilet +) service system, garbage classification, water (sea) cleaning, landscaping, municipal facility management, public property, and urban emergency protection, all of which contribute to the sustainable development of cities and communities.</li> </ul>	<ul style="list-style-type: none"> <li>Topic: Banan District governance integration to provide steward-type services</li> <li>Strive wholeheartedly and tirelessly to uphold green practices – Deepen green development</li> </ul>



## APPENDIX: UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS PRACTICE

SDGs	Actions taken by Beijing Enterprises Urban Resources	Chapter
	<ul style="list-style-type: none"> <li>The Group adheres to customer-centricity, collects and responds to customer suggestions and feedback proactively, and continuously improves customer satisfaction.</li> <li>There were no major complaints about product quality or services in the Group's hazardous waste treatment and urban services business in 2023. The citizen service hotline of the subsidiary Zhongyan Property Management achieved a 100% response rate, solution rate, and satisfaction rate.</li> </ul>	<ul style="list-style-type: none"> <li>Corporate governance and development with digital and intelligence measures – Strengthen compliance management</li> </ul>
	<ul style="list-style-type: none"> <li>To reduce harm and pollution to people and the environment, we tackle climate change by strictly controlling pollution emissions, advocating energy conservation and consumption reduction, and controlling dust, wastewater, waste gas, noise, vibration, and construction lighting generated during project construction or operation.</li> <li>We calculate and disclose greenhouse gas emissions data on a regular basis to assess the impact of our business activities on climate change.</li> </ul>	<ul style="list-style-type: none"> <li>Strive wholeheartedly and tirelessly to uphold green practices – Strengthen HSE management</li> </ul>
<b>Other related items</b>		
	<ul style="list-style-type: none"> <li>The Group actively participated in rural revitalization efforts, establishing and improving a long-term mechanism for the construction and management of rural living environments, and comprehensively establishing the village cleaning system, to improve the rural environment, and shape a new pattern of beautiful villages.</li> </ul>	<ul style="list-style-type: none"> <li>Build a people-oriented common prosperity with harmony – Promote community inclusion</li> </ul>
	<ul style="list-style-type: none"> <li>The Group has developed the <i>Donation Management Measures</i> 《捐贈管理辦法》 to actively carry out relief donations to disaster-affected areas, designated poverty alleviation areas, designated assistance areas, or disadvantaged groups, as well as to social welfare endeavors such as science, education, culture, health and sports, environmental protection, energy conservation, and emission reduction, in a bid to better fulfill corporate social responsibilities.</li> <li>In 2023, the Group made charitable and other donations amounting to RMB661.9 thousand.</li> </ul>	

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SDGs	Actions taken by Beijing Enterprises Urban Resources	Chapter
 <p>4 QUALITY EDUCATION</p>	<ul style="list-style-type: none"> <li>We adhere to the strategy of “strengthening enterprises with talents”, and improve the top-level design of staff training. We optimize the training mode for in-service employees, and establish a training program for reserve talents to further promote the systematic build-up of the whole lifecycle of talents.</li> <li>In 2023, the Group’s per capita training time was 78.22 hours.</li> </ul>	<ul style="list-style-type: none"> <li>Build a people-oriented common prosperity with harmony – Achieve employees’ development</li> </ul>
 <p>14 LIFE UNDER WATER</p>	<ul style="list-style-type: none"> <li>We conduct an environmental impact assessment on the project in strict accordance with national laws and regulations, and we have stringent requirements on project site selection to avoid damage and impact on the habitat of surrounding organisms caused by project operation.</li> <li>We continue to expand our business boundaries by leveraging our resources, technologies and industry strengths. We maintain the cleanliness of key areas of ecological protection such as scenic spots, actively participate in forest fire rescue, mobilize employees to plant trees, and contribute to the protection of ecology and biodiversity.</li> </ul>	<ul style="list-style-type: none"> <li>Strive wholeheartedly and tirelessly to uphold green practices – Deepen green development</li> </ul>
 <p>15 LIFE ON LAND</p>	<ul style="list-style-type: none"> <li>We strictly adhere to national laws and regulations on anti-corruption, anti-money laundering, and anti-fraud, adhere to responsible business principles, and are committed to maintaining our reputation and continuously improving market competitiveness.</li> <li>There are no judicial proceedings related to corruption, fraud, or money laundering in the Group in 2023.</li> </ul>	<ul style="list-style-type: none"> <li>Corporate governance and development with digital and intelligence measures – Strengthen compliance management</li> </ul>
 <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p>	<ul style="list-style-type: none"> <li>We collaborate with suppliers to achieve win-win outcomes and are dedicated to increasing the level of environmental and social risk management in the supply chain.</li> <li>We vigorously promote the development of a green supply chain, giving preference to suppliers who present the well ESG performance.</li> </ul>	<ul style="list-style-type: none"> <li>Corporate governance and development with digital and intelligence measures – Improve supply chain management</li> </ul>
 <p>17 PARTNERSHIPS FOR THE GOALS</p>		

# APPENDIX: THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE (《環境、社會及管治報告指引》) INDEX TABLE BY THE STOCK EXCHANGE OF HONG KONG LIMITED

Mandatory disclosure	Disclosure	
<b>Governance Structure</b>	<p>A statement from the board containing the following elements:</p> <ul style="list-style-type: none"> <li>(i) a disclosure of the board’s oversight of ESG issues;</li> <li>(ii) the board’s ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer’s businesses); and</li> <li>(iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer’s businesses.</li> </ul>	<p>ESG management system</p> <p>Statement of the Board of Directors</p>
<b>Reporting Principles</b>	<p>A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report:</p> <p><b>Materiality:</b> The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer’s stakeholder engagement.</p> <p><b>Quantitative:</b> Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed.</p> <p><b>Consistency:</b> The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.</p>	<p>About the report</p>
<b>Reporting Boundary</b>	<p>A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.</p>	<p>About the report</p>

APPENDIX: THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE (《環境、社會及管治報告指引》) INDEX TABLE BY THE STOCK EXCHANGE OF HONG KONG LIMITED

"Comply or explain"			
Subject Areas	Topic	Performance indicators	Disclosure
Environmental	A1 Emissions	General Disclosure: Information on:	Deepen green development
		(a) the policies; and	
		(b) compliance with relevant laws and regulations that have a significant impact on the issuer	
		relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	
		<i>Note:</i> <i>Air emissions include NOx, SOx, and other pollutants regulated under national laws and regulations.</i>  <i>Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulfur hexafluoride.</i>  <i>Hazardous waste is defined by State regulations.</i>	
A1.1 The types of emissions and respective emissions data.	Deepen green development – Environmental KPIs		
A1.2 Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	Deepen green development – Environmental KPIs		
A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	Deepen green development – Environmental KPIs		
A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	Deepen green development – Environmental KPIs		

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### "Comply or explain"

Subject Areas	Topic	Performance indicators	Disclosure
		A1.5 Description of emission target(s) set and steps taken to achieve them.	Deepen green development – Strictly control pollution emissions
		A1.6 Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Deepen green development – Strictly control pollution emissions, and Optimize resource saving
	A2 Use of Resources	General Disclosure: Policies on the efficient use of resources, including energy, water and other raw materials.	Deepen green development
		<i>Note:</i> <i>Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.</i>	
		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).	Deepen green development – Environmental KPIs
		A2.2 Water consumption in total and intensity (e.g., per unit of production volume, per facility).	Deepen green development – Environmental KPIs
		A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them.	Deepen green development – Optimize resource saving
		A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Deepen green development – Optimize resource saving
		A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	The Group's businesses do not involve the use of packaging materials for finished products

APPENDIX: THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE (《環境、社會及管治報告指引》) INDEX TABLE BY THE STOCK EXCHANGE OF HONG KONG LIMITED

"Comply or explain"			
Subject Areas	Topic	Performance indicators	Disclosure
	A3 The Environment and Natural Resources	General Disclosure: Policies on minimising the issuer's significant impacts on the environment and natural resources.	Deepen green development – Build a beautiful ecology together, and Standardize construction management
		A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Deepen green development – Build a beautiful ecology together, and Standardize construction management
	A4 Climate Change	General Disclosure: Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Deepen green development – Tackle climate change
		A 4.1 Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Deepen green development – Tackle climate change
<b>Social</b>	B1 Employment	General Disclosure: Information on:  (a) the policies; and  (b) compliance with relevant laws and regulations that have a significant impact on the issuer  relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Achieve employees' development – Employment interests and rights protection
		B1.1 Total workforce by gender, employment type (for example, full – or part – time), age group and geographical region.	Achieve employees' development – Employment interests and rights protection

APPENDIX: THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE (《環境、社會及管治報告指引》) INDEX TABLE BY THE STOCK EXCHANGE OF HONG KONG LIMITED

“Comply or explain”

Subject Areas	Topic	Performance indicators	Disclosure
		B1.2 Employee turnover rate by gender, age group and geographical region.	Achieve employees' development – Employment interests and rights protection
	B2 Health and Safety	<p>General Disclosure:</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to providing a safe working environment and protecting employees from occupational hazards.</p>	Implement safe operation
		B2.1 Number and rate of work-related fatalities occurred in each of the past three years (including the reporting year).	Implement safe operation – Implement safety precautions
		B2.2 Lost days due to work injury.	Implement safe operation – Implement safety precautions
		B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Implement safe operation
	B3 Development and Training	<p>General Disclosure: Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.</p> <p><i>Note: Training refers to vocational training. It may include internal and external courses paid by the employer.</i></p>	Achieve employees' development - Talent development and training
		B3.1 The percentage of employees trained by gender and employee category (e.g., senior management, middle management).	Achieve employees' development – Talent development and training
		B3.2 The average training hours completed per employee by gender and employee category.	Achieve employees' development – Talent development and training

APPENDIX: THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE (《環境、社會及管治報告指引》) INDEX TABLE BY THE STOCK EXCHANGE OF HONG KONG LIMITED

"Comply or explain"			
Subject Areas	Topic	Performance indicators	Disclosure
B4 Labour Standards		General Disclosure:	Achieve employees' development – Employment interests and rights protection
		Information on:	
		(a) the policies; and	
		(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	
B5 Supply Chain Management		B4.1 Description of measures to review employment practices to avoid child and forced labour.	Achieve employees' development – Employment interests and rights protection
		B4.2 Description of steps taken to eliminate such practices when discovered.	Achieve employees' development – Employment interests and rights protection
		General Disclosure: Policies on managing environmental and social risks of the supply chain.	Improve supply chain management
		B5.1 Number of suppliers by geographical region.	Improve supply chain management
B5 Supply Chain Management		B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Improve supply chain management – Advocate green supply
		B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Improve supply chain management – Advocate green supply
		B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Improve supply chain management – Advocate green supply



APPENDIX: THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE (《環境、社會及管治報告指引》) INDEX TABLE BY THE STOCK EXCHANGE OF HONG KONG LIMITED

“Comply or explain”

Subject Areas	Topic	Performance indicators	Disclosure
	B6 Product Responsibility	<p>General Disclosure:</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.</p> <p>B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.</p> <p>B6.2 Number of products and service related complaints received and how they are dealt with.</p> <p>B6.3 Description of practices relating to observing and protecting intellectual property rights.</p> <p>B6.4 Description of quality assurance process and recall procedures.</p> <p>B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored.</p>	<p>Strengthen compliance management</p> <p>The Group’s businesses do not involve the recycling of products sold or shipped</p> <p>Strengthen compliance management – Customer service</p> <p>Strengthen compliance management – Intellectual property, and Brand management</p> <p>The Group’s businesses do not involve product recycling. For the process of service quality inspection, please refer to “Strengthen compliance management – Customer service”</p> <p>Strengthen compliance management – Information security</p>

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**"Comply or explain"**

Subject Areas	Topic	Performance indicators	Disclosure
B7 Anti-corruption		General Disclosure:  Information on:  (a) the policies; and  (b) compliance with relevant laws and regulations that have a significant impact on the issuer  relating to bribery, extortion, fraud and money laundering.	Strengthen compliance management – Ethical practice
		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.	Strengthen compliance management – Ethical practice
		B7.2 Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Strengthen compliance management – Ethical practice
		B7.3 Description of anti-corruption training provided to directors and staff.	Strengthen compliance management – Ethical practice
B8 Community Investment		General Disclosure: Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Promote community inclusion
		B8.1 Focus areas of contribution (e.g., education, environmental concerns, labour needs, health, culture, sport).	Promote community inclusion
		B8.2 Resources contributed (e.g., money or time) to the focus area.	Promote community inclusion



**北控城市資源集團有限公司**

BEIJING ENTERPRISES URBAN RESOURCES GROUP LIMITED