



北京控股環境集團有限公司
BEIJING ENTERPRISES ENVIRONMENT GROUP LIMITED
(Stock Code 154)

ENVIRONMENTAL, SOCIAL AND
GOVERNANCE REPORT 2016

ABOUT THE REPORT

Beijing Enterprises Environment Group Limited (the “Group”) is pleased to present the 2016 Environmental, Social and Governance Report (the “Report”). The Report covers our approach and performance in addressing significant environmental, social and governance issues from 1 January 2016 to 31 December 2016.

The Report has been prepared with reference to the “Environmental, Social and Governance Reporting Guide” recommended by The Stock Exchange of Hong Kong Limited (“Hong Kong Stock Exchange”) to all Hong Kong listed companies. A detailed Hong Kong Stock Exchange content index has been appended to the Report for higher transparency and easy reference.

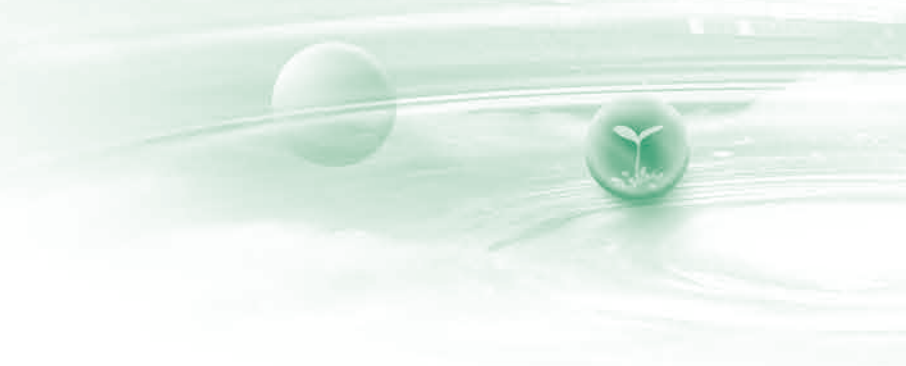
The Group

“Garbage Siege” has become a headache in urbanisation. The 13th Five-Year Plan for National Environmental Protection shows the government’s determination to promote the development of solid waste treatment. There is still large room for the development of power generation through waste incineration, kitchen waste treatment, and reuse of recycled resources, so solid waste treatment sector is at the prime time for development.

The Group has been committed to implementing strategic transformation to restructure its existing business into the environmental protection and solid waste treatment industry. In March 2016, the Company completed the disposal of its remaining information technology business segment. In complementing the development strategy of the Company and place it in a better position to identify itself as a member of Beijing Enterprises Holdings Limited (“BEHL”, stock code: 392) with focus in the environmental protection industry, the Company has changed its company name to “Beijing Enterprises Environment Group Limited 北京控股環境集團有限公司” with effect from 22 July 2016.

At the end of October 2016, the Company completed the acquisition of five household waste incineration projects and one hazardous and medical waste treatment project from BEHL. These projects are located in major cities or provincial capital of the PRC and have a track record of grate furnace technology and a talented and seasoned management team. The acquisition is a valuable opportunity for the Company to expand its scope of business to include hazardous and medical waste treatment with great potential, and develop the Company into one of the leading companies in solid waste treatment industry in Mainland China.

The Group aims to provide safer and greener ways for waste incineration and has upheld the business concept to “Guarantee the satisfaction of the government and customers, create values for enterprises, pursue win-win cooperation with partners, and bring benefits to employees”, and has been making ceaseless efforts to become a world-leading solid waste treatment operator. To realise the goal, we have benchmarked the production, operation, management, and business philosophy against the advanced international level, and kept improving professionalism, accuracy, standardisation, and delicacy management.



Location of solid waste treatment projects



Projects

Household waste incineration projects

Acquired in 2014:

- Shandong Taian Project
- Hunan Changde Project

Invested in 2014 (project under construction):

- Beijing Haidian Project

Acquired in October 2016:

- Beijing Gaoantun Project
- Ha'erbin Shuangqi Project
- Jiangsu Zhangjiagang Project
- Jiangsu Shuyang Project
- Hainan Wenchang Project

Hazardous waste and medical waste treatment project

Acquired in October 2016:

- Hunan Hengxing Project

Processing capacity

1,000 tonnes per day
1,000 tonnes per day

2,500 tonnes per day

1,600 tonnes per day
1,600 tonnes per day
900 tonnes per day
600 tonnes per day
225 tonnes per day

35,000 tonnes per annum

ENVIRONMENTAL

The Group has upheld the principle of “applying the most suitable technology to the targeted project”, and come up with optimal solutions to household waste treatment for targeted regions according to their actual demand and features of local waste from an international perspective.

Through enhanced management of environment friendly production, waste treatment plants of the Group have reached the top industrial level in terms of emission, safety and reliability. In 2016, it has been our focus to carry out environmental production review. Acting in accordance with the key implementation plan for energy saving and emission reduction, we have improved the operation efficiency of power units, controlled coal usage ratio, and restricted exhaust gas emission to meet corresponding standards, effectively keeping the total emission within the limit set in line with the environmental impact assessment approval. Ashes and slags are transported to designated landfills for disposal according to government requirements. In particular, slags from Jiangsu Zhangjiagang and Hunan Hengxing Projects are recycled for brick manufacturing, while other project companies are preparing to transport the slags to cement plants for disposal and actively participate in the recycle for manufacturing cement bricks pursuant to the national environmental policy.

The Group’s waste treatment plants have installed monitoring system to track production and emission, so as to ensure that our operation is in compliance with environmental requirements, which include the “Emission Standards of Air Pollutants from Incineration of Household Wastes” (DB11/502-2008), “Pollution Control Standards on Incineration of Household Wastes” (GB18485-2014) and “Integrated Emission Standards of Water Pollutants” (DB11/307-2013). The Environmental Protection Bureau has online access to the emission data of most projects in daily operation.

The Group has launched the application of the CCER (China Certified Emissions Reductions) program, and those three projects in Shandong Taian, Jiangsu Shuyang and Ha’erbin Shuangqi have passed the preliminary review and been qualified to carry out carbon offset work.

Set out below are the operating statistics and emissions of the Group for 2015 and 2016:

	2016 (Note)	2015
Operating statistics:		
Power generation	306,687,000 kWh	202,415,000 kWh
Waste processing volume	2,660,000 tonnes (including 7,000 tonnes of medical and hazardous waste)	662,000 tonnes
Electricity consumption	66,164,000 kWh	40,241,000 kWh
Water consumption	1,343,000 tonnes	886,000 tonnes
Diesel consumption	52,000 liters	51,000 liters
Total coal consumption	59,000 tonnes	54,000 tonnes
Emissions:		
Ash	48,000 tonnes	51,000 tonnes
Slag	126,000 tonnes	44,000 tonnes
SO ₂	35,000kg	26,000kg
NOx	183,000kg	87,000kg

Note: Only post acquisition data was accounted for projects acquired during the year.



SOCIAL

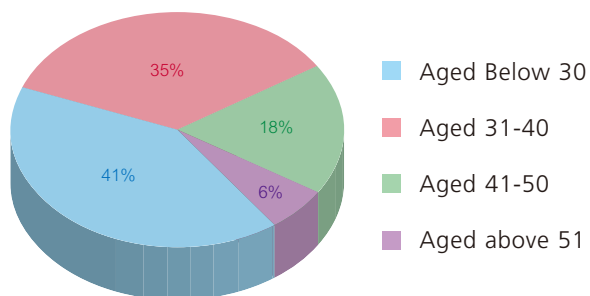
The Group’s employees

We aspire to build the Group into a happy and encouraging family, maintain people-oriented, foster harmonious labor relations, and guarantee employees’ basic rights. The Group strictly complies with the provisions of labor laws such as the Labor Contract Law, adheres to the principle of fair employment, and prohibits child labor and forced labor. The Group respects employees’ cultural backgrounds, guarantee their occupational health, and protects their rights to get time off on public holidays. We have multiple channels to communicate with employees and bring into full play their roles in democratic corporate management.

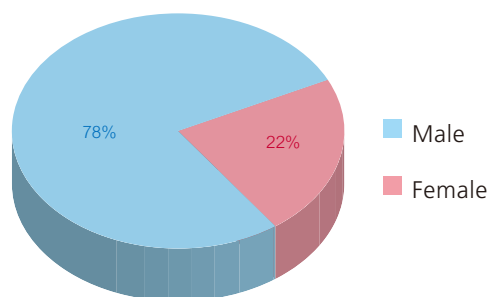
As at the end of 2016, the Group had 863 employees, including 192 female employees (of which 42 of them held managerial positions). The employee turnover rate is less than 10%.

Number of employees by employment category, age and gender

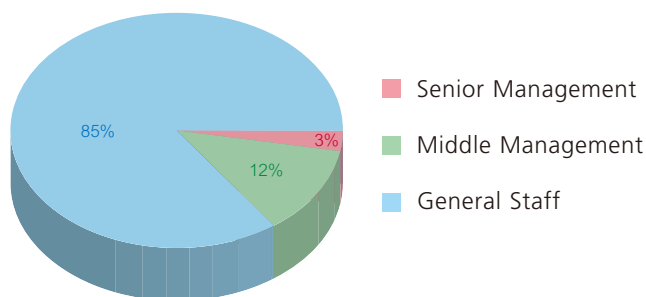
By Age



By Gender



By Employment Category



Training and development

The Group values employee training and offers training programs with multiple forms and levels, covering a broad range of contents. Such programs allow us to train our talents in a targeted manner. In 2016, the Group organised internal and external training courses (including job related, occupational health and safety and other training). Employees received 6,578 hours of training on a person-time basis with an average of 7.62 hours per employee. The Group adheres to the principle of equal pay for equal work regardless of gender. We promote internal talent cultivation, tap into internal human resources and facilitate internal transfer and dissemination of know-how. We also focus on employees' performance and have increased the performance-related pay of key employees.

Number of training participants and training hours

	Senior management	Middle management	General staff	Total
Training hours (hour) <i>(Note)</i>				
Occupational health and safety	104	335	2,594	3,033
Work related	49	455	2,825	3,329
Other	14	38	164	216
	<u>167</u>	<u>828</u>	<u>5,583</u>	<u>6,578</u>
Total training hours of employees				
Number of staff	25	106	732	863
Average training hours (hour)	6.68	7.81	7.63	7.62

Note: Training hours per session x total number of participants



Training on disaster prevention and mitigation knowledge

Health and safety

The Group has upheld "safe development", and adhered to the principle of "putting safety first via early prevention as well as comprehensive rectification". It has improved the three-level network for safety management, implemented safe production responsibility system, and carried out comprehensive safe production management to uplift the overall on-site management level. With a special focus on safety training, the Group aims to strengthen the safety awareness among all staff. It has also carried out different forms of equipment debugging and renovating to eliminate unsafe behavior of employees, unsafe conditions of objects, and unsafe environmental factors. During the whole year, there have been no major fires, equipment damage, serious injuries, or serious environmental pollution.

In 2016, the four project companies in Shandong Taian, Ha'erbin Shuangqi, Hunan Changde and Jiangsu Shuyang met the safe production standard for power enterprises. Hunan Changde project company was honored the 2015 Safe Production Advanced Unit of Changde Economic and Technological Development Zone.



Anti-corruption and supplier management

Credibility, integrity and honesty are the key elements of our business operation. The employees of the Group handle matters in relation to corruption, conflict of interest and comply with the policy and practices of the Group in a stringent manner. The senior management, middle management, members of the procurement department and finance office have entered into the undertaking of honest practice with the Group.

The suppliers of the Group, which are primarily based in the PRC, mainly supply coal and other raw materials and provide construction services. The distribution model allows us to support and promote local economic development in the course of procurement. For the purpose of enhancing strategic supply chain management, the Group conducts cost analysis on the supply chain every year. In 2016, the largest supplier accounted for 30% of the contract amount, while the top five suppliers accounted for 42% in aggregate.

Community

Apart from the waste-to-energy business, public education is also a crucial part of sustainable development. Hence, the Group regularly organises open days for the public and educational campaigns to promote waste separation.

Beijing Gaoantun project company opens to the public on every Tuesday and holds day tours to advocate civilised waste disposal on every Thursday. It receives residents, students of universities, colleges, primary schools and kindergartens from 16 districts and counties in Beijing to promote and educate about waste separation. The company also holds tours and exchange activities for corporates, government authorities and international visitors. In 2016, it received over 10,000 visitors in total.

To optimise the regional talent structure and make contribution to the society, Ha’erbin Shuangqi Project Company actively organises visits and internship for college students by utilising existing resources. The cooperation established with a number of universities not only supports talent nurturing for the society, but also enables sharing of resources.

There are over 40 universities in Ha’erbin and students and teachers from around 10 of them visit the Ha’erbin Shuangqi project company and work as interns every year. Opened to public since 2016, the green promotion and education exhibition hall introduces the detoxification technology and process in waste treatment to college students in an intuitive and clear manner, thereby offering them a window to serve the society and industry in the future.



Waste sorting education and promotion campaign



Green promotion and education exhibition hall

In pursuit of sustainable school-enterprise collaboration, apart from offering internship to college students, Ha'erbin Shuangqi project company also makes external efforts and holds talks at colleges on request. This new collaboration model invites students to visit the plants while introducing our corporate philosophy and culture in the campus, so that more students and industry peers know about our waste incineration process.

While striving to achieve breakthrough in production technology and sustainable development, Ha'erbin Shuangqi project company is also committed to environmental construction and aims to establish an eco-friendly power plant. Following the commencement of Phase II of the expansion program and the completion of modification works of roads within the factory area, the Company added new exercise equipment at surrounding area on the basis of the existing fitness facilities. This enriches life in the neighborhood and creates a beautiful environment for the residents to work out, which is beneficial to the public and helps promote harmony in the community and society.



Student visits and internship



Seven major constructions in the base

Appendix: Content index of the Environmental, Social and Governance Reporting Guide of the Listing Rules

SUBJECT AREAS	CONTENT	PAGE NO.
A. Environmental		
Aspect A1: Emissions	Information on: (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.	3
A1.1	The types of emissions and respective emissions data.	3
A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	3
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	3
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	3
A1.5	Description of measures to mitigate emissions and results achieved.	3
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	3
Aspect A2: Use of Resources	Policies on the efficient use of resources, including energy, water and other raw materials.	3
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).	3
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	3
A2.3	Description of energy use efficiency initiatives and results achieved.	3
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	–
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	–

SUBJECT AREAS	CONTENT	PAGE NO.
Aspect A3: The Environment and Natural Resources	Policies on minimising the issuer's significant impact on the environment and natural resources.	3
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	3
B. Social		
Employment and Labour Practices		
Aspect B1: Employment	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.	4–5
B1.1	Total workforce by gender, employment type, age group and geographical region.	4–5
B1.2	Employee turnover rate by gender, age group and geographical region.	4–5
Aspect B2: Health and Safety	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	5
B2.1	Number and rate of work-related fatalities.	–
B2.2	Lost days due to work injury.	–
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	5
Aspect B3: Development and Training	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	5
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	5
B3.2	The average training hours completed per employee by gender and employee category.	5



SUBJECT AREAS	CONTENT	PAGE NO.
Aspect B4: Labour Standards	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.	4
B4.1	Description of measures to review employment practices to avoid child and forced labour.	4
B4.2	Description of steps taken to eliminate such practices when discovered.	4
Operating Practices		
Aspect B5: Supply Chain Management	Policies on managing environmental and social risks of the supply chain.	6
B5.1	Number of suppliers by geographical region.	6
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	6
Aspect B6: Product Responsibility	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	–
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	–
B6.2	Number of products and service related complaints received and how they are dealt with.	–
B6.3	Description of practices relating to observing and protecting intellectual property rights.	–
B6.4	Description of quality assurance process and recall procedures.	–
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	–

SUBJECT AREAS	CONTENT	PAGE NO.
Aspect B7: Anti-corruption	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.	6
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.	–
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	6
Community		
Aspect B8: Community Investment	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.	6–7
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	6–7
B8.2	Resources contributed (e.g. money or time) to the focus area.	6–7