



北控城市資源集團有限公司

BEIJING ENTERPRISES URBAN RESOURCES GROUP LIMITED

(Incorporated in Cayman Islands with limited liability)

Stock code : 3718

2021

Environmental, Social and Governance Report





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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 2021. 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 27 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 2021 to 31 December 2021.

Reporting guide

The content of this report complies with the "comply or explain" provisions set out in the Appendix 27 ESG Reporting Guide (《ESG報告指引》) of the Listing Rules 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 Company 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, source of conversion coefficient 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 27 May 2022.

STATEMENT OF THE BOARD OF DIRECTORS

As a leading enterprise in the environmental protection industry in China, the Group has been practicing the concept of “environment first, shared rights and responsibilities”, assuming ESG responsibility actively. The Board of Directors believes that establishing and improving the ESG governance system is conducive to the sustainable development of the Group. The Board of Directors is responsible for overseeing ESG matters, and for ESG strategies and reporting on an overall basis. The Audit Committee, a professional committee for supervising ESG governance, is responsible for reporting to the Board of Directors on major ESG matters at regular intervals.

The Group promotes the Company’s sustainable development by formulating effective strategies to balance the Company’s impacts on the environment and society and the achievement of business goals. The Board of Directors is responsible for reviewing and assessing the Group’s ESG strategies, while the management is responsible for the implementation of the ESG strategies and goals.

The Group regularly assesses the materiality of ESG topics, with the assessment processes and results detailed in the section of “Responsible communication and materiality analysis” in the Group’s annual ESG report, and reviewed by the Board of Directors. The Audit Committee under the Board of Directors is responsible for proposing independent opinions on the effectiveness of the Group’s risk management and internal control systems, including the material risks related to ESG, which are detailed in the section of Corporate Governance of the Group’s Annual Report, and reviewed by the Board of Directors at regular intervals. During the reporting period, the Group has set environmental goals related to business operations, which have been reviewed and discussed by the Board of Directors.

In addition, this report has detailed the above-mentioned ESG matters, which have been reviewed and approved by the Board of Directors on 27 May 2022.



CHAIRMAN'S STATEMENT



MR. ZHOU MIN

Chairman

The year 2021 has not only witnessed the start of the "14th Five-Year Plan", but also has embarked on a new journey of building a modern socialist country in all respects. In this year, we embraced arduous challenges to reform and develop under the dual pressure caused by the market changes and the COVID-19 pandemic. Insisting on the corporate vision of being "a leading whole industrial chain urban environment service provider", we maintained strategic determination, accelerated the pace of our development, focused on refining management, and emphasized on high-quality projects. In addition, we paid attention to the harmonious development of our business, economy, society and environment, and repaid the support from shareholders and all sectors of society.

Practice the concept of "environment first, shared rights and responsibilities". As an integrated waste management solution provider, we shoulder the mission of "clean city, resource recycling, and restoring lucid waters and lush mountains together", embrace the core value of "being committed, creating value, and sharing with others", and adapt to the integrated, mechanized and intelligent development trend of the urban service industry in an all-round manner. In terms of the environmental hygiene business, we create a professional operation system with lean management and precise services to consistently improve energy efficiency as well as increasing the use of clean energy. In terms of the hazardous waste business, with our hazardous waste disposal technology and experience in facility operation and management, we are committed to achieving hazardous waste reduction, harmless disposal and comprehensive utilization of resources, facilitating the "continuous improvement of the eco-environment, the construction of a more robust ecological safety barrier, and the significant optimization of urban and rural living environments" in China.

Remain true to our original aspiration. We have been reinforcing ESG governance by upgrading the management and control systems, improving operating procedures, building cultural consensus, and consolidating the defence line of prevention and control. Meanwhile, we strictly adhere to the principle of integrity, safeguard environmental safety, promote the digital and intelligent innovation, invest in technology research and development, and improve the service quality to solidly support the Group's sustainable development. In terms of urban services, we continue to enrich the "1+N" service model, and stick to technological innovation and digital transformation to deepen the "innovation and digitalization strategies". By the end of 2021, the construction of the smart sanitation platform has been comprehensively completed. In terms of the hazardous waste business, we insist on energy conservation and consumption reduction for robust development. Oriented by the market and centered on the safety and environment, we strengthen process optimization, lean production and equipment renewal to deliver more services with consistent quality and step up the service quality and efficiency.

Be people-oriented for joint development. Adhering to the humanistic values of "respect, care, and common growth", we regard talents as a solid foundation for our efficient development. We earnestly safeguard the rights and interests of our employees, and continuously care about our front-line employees to ensure their health and safety. In addition, we have been improving the training system and incentive mechanism to support talent development, and promoting a cultural consensus where employees can work in a thriving and loving environment. We also share and embrace fruitful accomplishments with our employees. We have been actively fulfilling our social responsibilities by facilitating community building and urban construction, and creating a multi-dimensional poverty alleviation model to consolidate the achievements of poverty alleviation, integrate such achievements in rural revitalization, and contribute to improving people's livelihood and well-being.

We will unswervingly forge ahead despite challenges. Standing at a new historical starting point, we will follow the development trend, capture market opportunities, strengthen the service quality, and consolidate team management and fulfill employee responsibility. We will move forward with the green and sustainable development, and strive for harmonious and high-quality development among the Company, the society and the environment to hit a new high!



CEO'S STATEMENT



MR. ZHAO KEXI
CEO

The year 2021 marks the first year of the “14th Five-Year Plan” and the second year of the Group’s listing. At the historical convergence of the “Two Centenary Goals”, the market changes and the long-standing pandemic have posed increasingly onerous challenges to the reform and development of the Group. In the face of the complex and severe environment, we have earnestly implemented the strategic planning, steadily advanced the goals planned at the beginning of the year, and made concerted efforts to forge ahead, compiling a “new chapter” for the Group’s sustainable development.

With stable and rapid development, we have reached a new height in practice. We leverage the Group’s advantages in its technology, brand, operations and management to improve the Group’s overall management, and accumulate strengths to enable the high-quality development. By the end of 2021, we have achieved the operating revenue of HK\$4.45 billion, a year-on-year increase of 26.4%. In terms of the urban service business, we have cultivated our competence in the lean operation of projects, and tapped into the potential of “inventory drives growth”. Operating 128 urban service projects and covering a cleaning area of more than 226 million square meters, we have achieved a revenue of HK\$3.40 billion, a year-on-year increase of 20.6%. In addition, we have won numerous honors, such as being listed as the “Top 10 Influential Enterprises of Sanitation” and the “Top 50 Environmental Enterprises in China”, continuously improving the brand vitality. In terms of the hazardous waste business, we have focused on strengthening technological upgrading and transformation, making the most of the production capacity and optimizing technological processes to effectively improve productivity, and achieve cost reduction and efficiency enhancement. In 2021, the volume of treated hazardous wastes reached 264.7 thousand tons, with a year-on-year increase of 46.4%, and the operating revenue reached HK\$0.71 billion, a year-on-year increase of 47.1%.

With all-out efforts, we have delivered a robust brand through innovation. Facing the complicated market situation, we, driven by “digital technology + management innovation”, explore the technological development, strive for the corporate vision of “being a leading integrated service provider of urban environment and resource utilization” and becoming a

professional leader, an excellent brand, and a trusted industry leader. We are committed to improving technology iteration and innovation capacity, building a life-cycle-based knowledge sharing and technology-driven system, and carrying out research and innovation on technical standards, processes, and management models, with 30 enterprise-specific standards for operating procedures and 2 manuals for business operation guidance formulated. We deepen the intelligentization by improving the "smart sanitation system" to enhance the efficiency of the environmental hygiene business and structure an excellent operation system in alignment with the future urban governance concepts through digital and intelligent technologies. We take full advantage of production capacity and optimize technological processes, improve the material feeding for incineration, explore the application of the acid recovery from flue gas, and conclude technical solutions for highly-complicated materials to improve the disposal rate and form commercialized technical solutions. We deepen reforms to continuously consolidate the Company's management systems, strengthen anti-corruption campaigns and compliance operations, and improve the work safety management. Firmly taking risk prevention and control as our priority, we uphold smooth transition towards sustainable development. We strengthen the construction of the Group's brand system and the organization of brand communication through sustainable management, maximize the synergy of communication, improve the efficiency of brand communication, and enhance brand influence.

With the spirit of respect and sharing, we have lived up to our responsibility and acted bravely.

We have been practicing our original mission of "environment first, shared rights and responsibilities", and vigorously shouldering social responsibilities to diligently fight for the mission of clean city, resource recycling, and creating lucid waters and lush mountains, and for the national goals of "carbon peak and carbon neutrality". We consistently promote the upgrading of the energy structure, give play to the core advantages of resource integration for the full-life-cycle resource utilization, and blaze a new trail for corporate sustainable development. In order to strictly prevent natural disasters, we normalize a robust pandemic prevention and control system, contributing our expertise to safeguarding the personal and property safety of residents, and building a beautiful

China. We tailor an intelligent waste removal and cleaning management system to guarantee the quality of environmental hygiene during the Winter Olympics, playing a part for China as a major country. We thoroughly implement the principle of "people-oriented", strengthen culture and team building, and launch various selection and training mechanisms to attract talents, injecting fresh blood with vigor and high quality into our team, and creating a broad platform conducive to the long-term development of our employees and the entrepreneurship. We actively participate in social public welfare undertakings, practice the responsibility as a state-owned enterprise, spread the environmental protection culture to guide garbage classification, support rural revitalization, strive for a habitable urban and rural environment, and sublimate the ideal of urban civilization.

2022 is the first year of the second centenary goal and a crucial year for the 14th Five-Year Plan. Facing abundant opportunities emerging in the new context, in order to better adapt to the new development stage, implement the new development concept, and build a new development pattern. We will take innovation and development as our duty, make all-around efforts in environmental hygiene, hazardous waste and other businesses, and deepen the strategic layout for high-quality transformation. We will seize opportunities in response to challenges, and break new ground under our responsibility, facilitating the improvement of urban quality, the green development and transformation, and the enhancement of environmental quality, and compiling a new chapter of "creating a better environment and serving a better life"!



ABOUT THE GROUP

We are an integrated waste management solution provider in China, currently focusing on providing environmental hygiene services, hazardous waste treatment services and waste electrical, electronic equipment treatment services and sale of dismantled products. The Group is headquartered in Beijing, China, with service areas covering 24 provinces, municipalities and autonomous regions in China, and 42,175 employees.

2021 was the year for the Group to enhance its standard and promote efficient development. During the year, we vigorously improved the areas such as operation management, brand construction, investment and market management, organizational system construction, team building, engineering and supply chain management, financial management, and risk prevention and control. With effective innovation-driven policies to enhance efficiency, we won a variety of industry certifications and awards to exemplary individuals, significantly improving the overall operational capability and efficiency.

In terms of the environmental hygiene business, we have formulated comprehensive customer management measures, strengthened inspections on the project operation quality, and discussed the business logic through analysis, so as to strengthen the management of “inventory drives growth” while reducing costs and increasing efficiency. Taking the ecological service system as the core, we aim to achieve overall cleaning, integrated treatment of solid waste and water pollution, and resource circulation, and promote industrial aggregation, environmental improvement, and drive the deployment of our industrial layout across the country. As at 31 December 2021, we had 128 environmental hygiene projects with a total contracted area of over 226

million square meters. Adhering to the digitalization concept of “intelligently creating the future”, we have constructed a self-developed smart sanitation platform to cultivate an autonomous and controllable digital competence in smart sanitation, and form a characterized “three-in-one” (production, life and ecology) urban development model. Through continuous improvement and optimization of core business capabilities and the integration of resources with specialized enterprises in various fields, we have been striving to adapt to the development requirements of the hygiene business in the new era.

In terms of the hazardous waste treatment business and other businesses, we have integrated and optimized the market management processes at the project company and the Group level, upgraded and transformed the technical equipment of previous projects, and studied the recycling treatment processes to form standard technical promotion plans. As at 31 December 2021, we had 10 projects in operation. During the year, the designed total processing capacity of the harmless disposal projects is 351,016 tons per annum, the designed processing capacity of the recycling business is 250,000 tons per annum, and the approved processing capacity of home appliance dismantling is 2.15 million units per annum.

We insist on building around the market, placing safety and the environment at our center and guiding production with technologies. We have also made the most of the production capacity and optimized technological processes to effectively improve productivity, achieve cost reduction and efficiency enhancement, and cultivate new market competitiveness under the background of energy-saving, environment-friendly economic development.

Group's major honors and awards in 2021

- The "Top 50 Environmental Enterprises in China" and the "Environmental Corporate Social Responsibility Model" by the Organizing Committee of China Ecological Environmental Industry Summit Forum
- The "Top Ten Influential Enterprises of Sanitation in 2021" by E20 Environment Platform
- The "2021 Best Social Responsibility Corporate Brand" at the Beijing-Tianjin-Hebei Coordinated Development Summit
- The "Grade AAAAA Demonstration Enterprise of Integrity", "Contract Abiding and Trustworthy Enterprise", and "Demonstration Unit of Integrity Management in Beijing Municipal Sanitation Industry" by Beijing Zhengxin Credit Evaluation Co., Ltd.
- The "Three-star Enterprise of Social Responsibility System Certification" and the "Grade AAAAA Enterprise of Service Quality Evaluation System Certification" by Zhongzhengguoyu Certification Testing Co., Ltd.
- The "First Prize of the 35th Beijing Enterprise Management Modernization Innovation Achievement" by Beijing Enterprise Confederation and Beijing Entrepreneurs Association
- The "Excellent Employer Brand in China" at the 12th China (Beijing) Human Resources Expo; and the "ai Quality Workplace - Excellence and Health Award" by People.cn Co., Ltd. Shanghai Branch, CIIC Shanghai and CIIC Guantong
- The "Selected Case of 2021 Sanitation Industry" by China Association of Urban Environmental Sanitation: Shenzhen Baoan Xinqiao and Shajing Street Sanitation Integration PPP, Jiangmen Xinhui District Urban Sanitation Integration and Marketization, Zhangdian District Sanitation Marketization Governmental Purchase Service, Renhua County Urban Domestic Garbage Classification Pilot, Nanjing Gaochun District Urban Sanitation and Greening Maintenance Integration Service
- The "Advanced Unit in Sanitation Industry in Guiyang City" by Guiyang Urban Management and Law Enforcement Bureau
- The "Outstanding Enterprise of Sanitation and Cleaning Industry in Henan" by Henan Industry Association of Sanitation and Cleaning



UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS PRACTICE

In 2015, the UN Sustainable Development Summit formally adopted 17 sustainable development goals (SDGs), which were designed to guide the global sustainable development work from 2015 to 2030. We actively responded to each of the SDGs, identified priorities and took diversified actions to achieve sustainable development.

SDGs

Actions by Beijing Enterprises Urban Resources

Priorities



- We attach great importance to occupational health and safe production and have established a solid HSE¹ system, as well as adopting various measures to effectively protect the health and safety of employees. Meanwhile, we are attentive to the mental health of employees and conduct various activities to protect the health and well-being of our employees.
- In addition, we are capable of treating 44 out of the 46 major hazardous wastes in the National Hazardous Waste List, which greatly reduces the health risks faced by the public due to exposure to hazardous waste.



- We ensure that in the recruitment and work process, we do not adopt any kind of unequal treatment of employees based on their gender. In 2021, our female employees accounted for 48% of the total employees.



- We strictly abide by laws, regulations, and national and local standards to treat sewage and leachate generated during operation. For project companies that have no treatment capacities, we engage with qualified third parties for treatment to avoid water pollution as much as possible.



- We have gradually selected new energy hygiene vehicles to replace traditional gasoline vehicles in project operations to speed up the construction of a clean, efficient, safe and sustainable energy supply system.

¹ HSE: Health, Safety and Environment

SDGs

Actions by Beijing Enterprises Urban Resources

Priorities



- We uphold the purpose of “people-oriented” to attract, nurture and retain outstanding talents.
- A large number of our projects are located in underdeveloped remote areas. In order to promote local economic development and increase employment opportunities, we give preference in recruitment to localized talents. Many new hires of the Company this year came from the project locations.



- Adhering to the digital development concept of “intelligently creating the future”, we have gradually implemented smart operations to build a data management and control platform and improved operational management capabilities by utilizing Internet, Internet of Things, big data, cloud computing and other information technologies.



- We devoted ourselves to the integrated improvement of the rural living environment. We established and improved the township cleaning system and enhanced the management and supervision of township cleaning, in pursuit of better living conditions for remote areas.



- As a professional municipal operator, our environmental hygiene business mainly covers comprehensive road cleaning, garbage classification, garbage collection and transportation, garbage transportation station management, public toilet management, manure collection and transportation, greenway maintenance, river cleaning services and property management services, which contribute to the sustainable development of cities and communities.



- We insist on being customer-centric, strive to improve customer service, ensure customer information security, safeguard intellectual property rights, and meet ever-increasing customer expectations and changing market environment.
- We opened some facilities to the public to display environmental protection related treatment processes, carried out science popularization and shared industry knowledge.

SDGs

Actions by Beijing Enterprises Urban Resources

Priorities



- We actively responded to climate change by strictly controlling pollution emissions, advocating energy conservation and consumption reduction, and exercising control and management on dust, wastewater, exhaust gas, noise, vibration, and construction lighting generated during project construction or operation to effectively reduce environmental pollution and harm to people.
- We regularly calculate greenhouse gas emissions to assess the impact of our business activities on climate change and disclose the data to the public.

Other related items



- We actively fulfilled our social responsibilities and carried out various forms of poverty alleviation activities to help eliminate poverty.
- By donating clean equipment and purchasing high-quality agricultural products to aid targets, we assisted the economic development of poor areas.



- We earnestly enhanced talent training, provided employees with regular and all-around development training and career planning suggestions, thereby contributing to the construction of the Group's talent teams.
- Moreover, we created environmental protection education practice classes for youth groups through environmental lectures, interactive games, and live demonstrations.

SDGs

Actions by Beijing Enterprises Urban Resources

Other related items



- We strictly carried out environmental impact assessment for our projects per national laws and regulations, and set strict requirements for project site selection to avoid causing negative impacts on the habitat of surrounding creatures arising from project operation.



- We strictly abide by applicable national laws and regulations on anti-corruption, anti-money laundering and anti-fraud, abide by responsible business code of conduct, and we are committed to maintaining the reputation of the Group and continuously improving our market competitiveness.



- We regard suppliers as important business partners, work with suppliers to achieve win-win results, and we are committed to improving the environment and social risk management across the supply chain.

ESG MANAGEMENT SYSTEM

ESG concepts

As a leading enterprise in China's environmental protection industry, we actively undertake our ESG responsibilities, and endeavor to contribute to the construction of a beautiful China.



In order to support the realization of our goals, we continued to improve the ESG work concept, implemented work in the four key ESG areas, gradually improved the Group's ESG governance level, guarded against ESG related risks, and improved the quality of operations.



Improve ESG Governance Structure



Strengthen the Environmental and Safety Risk Management

Key ESG Areas



Ensure Fulfillment of Social Responsibility



Guarantee Compliance Operation

Improve ESG governance structure

We build a systematic ESG governance structure at the governance, management and executive levels. The Board of Directors supervises ESG matters and assumes overall responsibility for ESG strategies and reporting, and authorizes the Audit Committee to be the professional committee for overseeing ESG management. The Audit Committee regularly reports to the Board of Directors on major issues related to ESG work; the management is responsible for the specific implementation of ESG strategies and goals. The ESG functional departments of the headquarters form an ESG working group, which is responsible for the development of specific ESG work in their respective work areas; each subsidiary conducts ESG work in its territories under the guidance of the ESG working group. The establishment of the ESG governance structure ensures that the environmental and social risks involved in various businesses are managed, and enables the effective implementation of ESG concepts and strategies.

Strengthen the environmental and safety risk management

We attach great importance to environmental and safety risk management capabilities, continuously improve the HSE management system and the Company's safety and environmental protection work, and prevent safety and 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 environmental hygiene service 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 business ensures that waste water, waste gas and solid waste meet the discharge standards, and gradually increases the recycling rate to reduce the use 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 implement practical practises to make sure our employees feel 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 poverty alleviation projects; we actively popularize environmental protection laws and policies, organize various environmental charity publicity activities, spread scientific knowledge of environmental protection to the community, continuously gathering the power of environmental protection culture. In the future, we will deepen the spread of environmental protection culture, continue to popularize environmental hygiene knowledge, create a beautiful environment, and practice the corporate mission of "clean city, resource recycling, and creating lucid waters and lush mountains together".

Guarantee compliance operation

While promoting business development, we continued to improve our risk management and control capabilities, created a risk management culture to ensure the balance of the realization of business goals and risk control and implemented various management systems. We continued to improve the internal control and anti-fraud system to create a clean company environment. We made full use of monitoring and auditing methods and continuously improved audit coverage, standardized the behavior of management and ordinary employees, so as to keep the bottom line of compliance.

Responsible communication and materiality analysis

(1) Stakeholder engagement

In our business development process, we are fully aware of the need for deep stakeholder engagement. Our main external stakeholders include governments and regulators, shareholders and investors, customers, suppliers and partners, community organizations and local residents, news media, whereas our main internal stakeholders

include employees. We have established effective communication channels with various stakeholders, actively collected and understood their feedback on the Group's ESG performance, identified their key concerns and conducted transparent and timely communications.

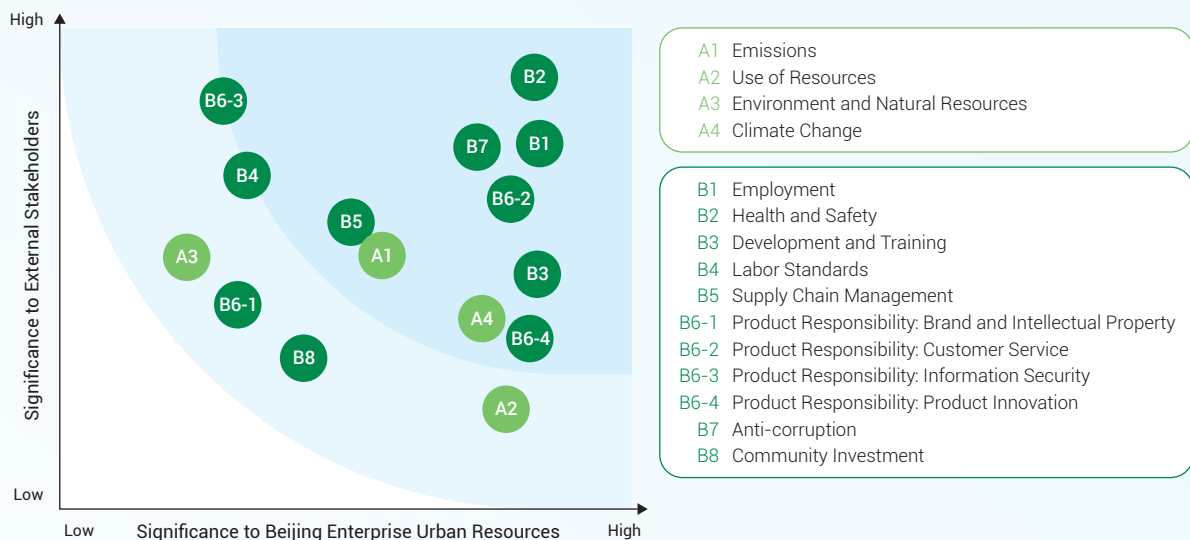
Stakeholders	Major communication channels	Key concerns
Government and regulators	<ul style="list-style-type: none"> • Major meetings • Policy consultation • Event reporting • Institutional visits • Information disclosure 	<ul style="list-style-type: none"> • Compliance with laws and regulations • Timely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

Stakeholders	Major communication channels	Key concerns
Employees	<ul style="list-style-type: none"> • Work meetings • Staff meetings • Performance appraisal • Employee complaint channels • Questionnaire surveys 	<ul style="list-style-type: none"> • Compensation system • Employee rights • Health and safety • Communication mechanism
Community organizations and local residents	<ul style="list-style-type: none"> • Public service activities • Open Day • Questionnaire surveys 	<ul style="list-style-type: none"> • Community investment • Communication mechanism
News media	<ul style="list-style-type: none"> • Performance briefings • Press release • Questionnaire surveys 	<ul style="list-style-type: none"> • Technological innovation • Ecological protection

(2) Analysis of material issues

In order to further clarify the key areas of corporate ESG practices and meet 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, in-depth interviews, etc. Based on the feedback, we established an analysis matrix for 2021 ESG material issues over 15 topics in the three aspects: environment, society and governance. Key issues identified during the year

included emissions, climate change, employment, health and safety, development and training, supply chain management, customer service, product innovation and anti-corruption. Related topics identified included the use of resources, environment and natural resources, labor standards, brand and intellectual property, information security and community investment.





Good Governance to Boost **HIGH-QUALITY** and **HIGH-EFFICIENCY** **DEVELOPMENT**



GOOD GOVERNANCE TO BOOST HIGH-QUALITY AND HIGH-EFFICIENCY DEVELOPMENT

With business development as the foundation, high efficiency and standardized management as the purpose, the Group continuously optimizes the management of business unit functions, promotes standardization construction, and enhances the Company's organization and control capabilities. We adhere to the digital development concept of "intelligently creating the future" and gradually implemented smart operations to assist the establishment of the Company's data management and control platform, improve its operational management and control capabilities and promote industry innovation and a double win result.

Consolidate compliance management

(1) Internal control and compliance

A sound risk prevention and control system lays the foundation for our long-term stable operation. The Group formed 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 in the long term.

Policy and system construction

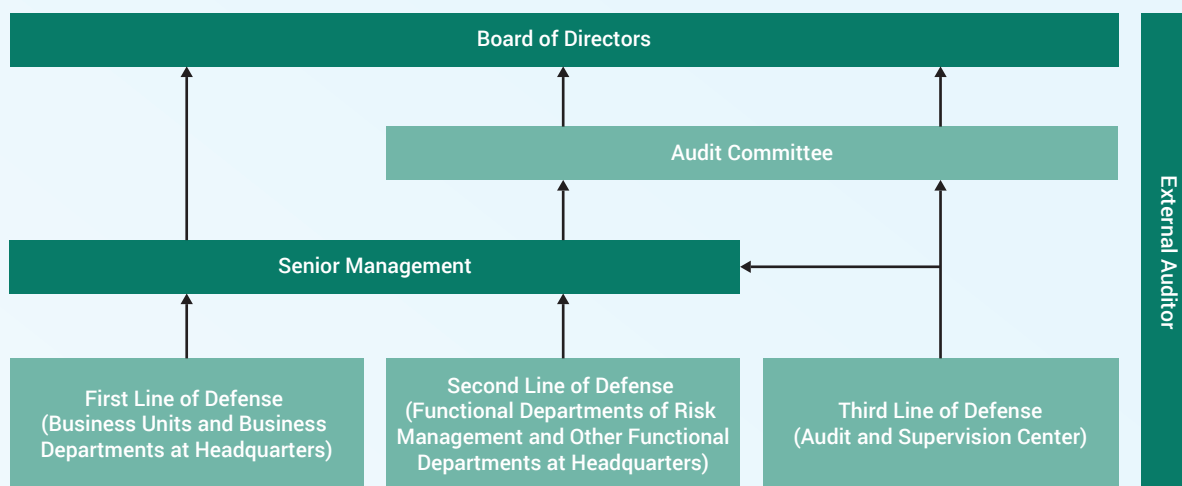
With reference to the Enterprise Risk Management - Integrated Framework developed by COSO², the Group established a risk management structure of "three levels + three lines of defense". The first line of defense: business units and business departments at headquarters, which are responsible for identifying, evaluating and monitoring their own risks; the second line of defense: functional department of risk management 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: the Audit and Supervision Center, which is responsible for the independent review of the major business procedures and monitoring in accordance with relevant procedures.

The Group keeps on optimizing governance and is committed to building a comprehensive risk management system to meet regulatory requirements. Our risk management approach sits the *Risk Management System of Beijing Enterprises Urban Resources Group Limited* (《北控城市资源集團有限公司風險管理制度》), which sets standards for aspects of risk management goals, principles and processes, organizational system and segregation of duties, risk identification, assessment and response, supervision, evaluation and appraisal. Extensive efforts are made to drive the integration of risk management, internal control and compliance supervision systems.

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

Good governance to boost high-quality and high-efficiency development



"Three levels + three lines of defense" risk management structure

Project risk management

In 2021, in order to implement risk management requirements on projects and secure the stable business operation, our Risk Management Department formulated a series of documents on "existing internal resources drives business growth" on the basis of relevant in-depth research. In addition, the Group carried out post-assessment following the *Measures for the Administration of Post-assessment of Investment Projects* (《投資項目後評估管理辦法》). By comparing the before-and-after key elements and indicators, we reviewed the implementation of investment decision-making requirements and conducted on-site evaluation, allowing us to timely detect the gap between actual project operations and expected results, as well as the operational management risks inherent to the project. Assisted by regular review and reporting, we managed to control risks in a closed-loop, and put forward targeted preventive measures and solutions.

Compliance training

In 2021, the Group carried out process optimization in terms of organizational management, process management and control, performance management, and conducted special training for each process, which effectively strengthened its capabilities for managing, controlling and resisting various operational risks. Meanwhile, the Group stayed committed to launching training on legal affairs for newly recruited directly-managed cadres. Such training provided knowledge of and guidance on legal risks and risk prevention in terms of sanitation project operation, environmental protection, labor management, and vehicle management, to enhance staff's awareness of risk prevention and compliance management.

Good governance to boost high-quality and high-efficiency development

(2) Investment management

The Group strictly abides by applicable laws and regulations related to project investment, such as the *Land Administration Law of the People's Republic of China* (《中華人民共和國土地管理法》), the *Urban Real Estate Management Law of the People's Republic of China* (《中華人民共和國城市房地產管理法》) and the *Foreign Investment Law of the People's Republic of China* (《中華人民共和國外商投資法》), and sticks to the control in the investment project risk line on the basis of the *Risk Management System of Beijing Enterprises Urban Resources Group Limited* (《北控城市資源集團有限公司風險管理制度》). In 2021, the Group further conducted standardized management and control in accordance with the *Measures for the Administration of Project Investment Review* (《項目投資評審管理辦法》) and the *Rules of Procedures for Investment Decision-making* (《投資決策議事規則》), which clarified the investment decision-making rules, thus enhancing the independence and impartiality of project decision-making.

For environmental hygiene business, the Group uses a three-level review system. With the help of internal and external expert resources, from the perspective of the project's full-cycle investment, construction and operation, it calculates the expected benefits of the project, proposes existing problems and risks, and promotes the rapid and stable implementation of the project in the early stage and high-quality

lean operation throughout the process, providing sanitation investment and regional project expansion with effective and powerful support. In 2021, the organizational structure of business units was optimized, by incorporating over 30 projects directly managed by the original 5 regional units into 14 new regional units and setting up a Market Investment Department under each regional unit. As such, the market investment capability extended to markets nationwide.

For hazardous waste business, the Group adheres to the basic principle of "Quality First", and strictly abides by relevant laws, regulations and standards promulgated by the state, local government and industry authorities. We have put in place project quality management system, quality responsibility system and various quality management policies, including the *Project Manager Business Objective Responsibility Memorandum* (《項目經理目標責任書》), *Measures for the Administration of Engineering Construction Project Design Changes and Engineering Visas* (《工程建設項目設計變更、工程簽證管理辦法》), *Construction Project Budget Management System (Revised)* (《建設項目預算管理制度(修訂)》), etc. Besides, quality management personnel are equipped to implement the whole-process quality control in the project exploration and design, project purchase, project construction and other phases.

Case: Data analysis to identify risks and enable a smooth investment implementation

In 2021, the Group came up with effective solutions to the issues of project investment risk control. Specifically, we improved the transaction structure and newly included Operation Department in reviewing key data of projects, to ensure that the calculation results are reasonable and accurate, and project issues are effectively sorted out. This provided solid support for improving project review efficiency, solving project issues and identifying deficiencies to avert project risk, and promoted the smooth implementation of investment projects.

(3) Customer service

Strictly abiding 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, the Group actively collects consumer suggestions and feedback and responds in a timely manner, and provides customers with more premium, convenient and efficient service through ceaseless optimization of the service process, continuous improvement of refined management capabilities and levels as well as enhancement of customer satisfaction.

The Group's hazardous waste business primarily consists of customers of waste-producing enterprises. The Group uses the CRM customer relationship management system to register basic customer information, collect customer feedback through regular maintenance and regular visits, adjust relevant service plans in a timely manner, and 100% solve customer opinions and complaints, safeguard the rights and interests of both parties, and ensure a smooth cooperation. The Group's environmental hygiene business is mainly for government departments. In order to objectively grasp the service situation, we continue to improve operation quality management, strengthen technical support for professional operation lines, and conduct in-depth front-line project inspections. For various types of complaint cases, we make efficient communication to clarify the work process and the division of responsibilities, through which, we from a unified and effective management and control mechanism. According to the nature and urgency of the complaint, we seek an in-depth understanding of the actual situation with relevant parties, grasp the real needs of the complainants, and resolve project operation problems one by one through comprehensive measures such as on-site operation rectification, optimization of production operation plans, establishment of internal reward and punishment systems, and new investment, to realize compliant project operation, prevent legal risks, and improve work efficiency. In 2021, the Group had no major complaints arising from product quality and services in terms of its hazardous waste treatment and environmental hygiene businesses.

Zhongyan Property, a subsidiary of the Group, adheres to the service concept of "owner's needs first, owner's satisfaction first", strictly implements the *Beijing Enterprises Zhongyan Property Citizen*

Service-Hotline Management Measures (《北控中燕物業市民服務熱線管理辦法》) and the *Owner Satisfaction Evaluation Management Regulation* (《業主滿意度測評管理制度》), and assigns staff to run the Citizen Service-Hotline. Through "Two Visits, Overall Every Control and Clear (a corporate management approach proposed by Haier)", project manager accountability system, "immediate action upon receiving complaints" workshop and other measures, Zhongyan Property achieved "immediate action upon receiving complaints", strengthened work discipline, and put forward detailed measures for compliant management. Further, it rolled out more strict assessment and accountability system, increased three rates (response rate, resolution rate, satisfaction rate) of hotline work orders and reduced resident public opinion risk.

In 2021, Zhongyan Property received a total of 39,521 calls regarding repair requests, inquiries and complaints from various residents, of which 618 were valid complaints, accounting for 1.56%, and 319 fell within the responsibilities of Zhongyan Property and the remaining 299 related to other departments. For these 618 valid complaints, response rate, resolution rate and satisfaction rate were all 100%. In the residents' satisfaction survey in 2021, a total of 400 questionnaires were issued and 400 were returned. The average satisfaction rate of residents on property service management reached 98.67%.



Zhongyan Property Service Window

Good governance to boost high-quality and high-efficiency development

(4) Ethical practice

Upholding the code of ethics and industry standards, the Group strictly abides by 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 has put in place the *Anti-fraud Management Regulation* (《反舞弊管理制度》), *Supervision and Audit Regulation* (《監察審計制度》), *Measures for the Administration of Rewards and Punishments in Auditing and Supervision* (《審計監察獎懲管理辦法》) and *Prohibitive Provisions of the Group* (《集團禁止性規定》), which standardize the work procedures of audit and supervision and prohibit misconducts such as abusing power for personal gains, striving to create a clean and upright working environment.

The Group strictly guards against corruption risks in all aspects of daily operations, lists prohibitive regulations in important links such as procurement and capital flow, and conducts internal audits such as regular management audits, irregular fraud investigations and other special audits. Meanwhile, we continue to strengthen the daily supervision of fraud, set up multiple channels for reporting such as emails, phone, announcement at audit sites, letters and interviews, with information of the whistleblower and the complaint contents kept strictly confidential and the reporting materials included under the confidential document management. In addition, we stipulate anti-fraud clauses and reporting channels in the contract terms to ensure an open, smooth and multichannel way of reporting. We also add the publicity campaign of anti-fraud and reporting methods to the on-site audit, improving the awareness among the rank-and-file employees.

For the information received regarding complaints and reports, the Group will analyze and evaluate the reports within five working days to determine whether the conditions for investigation are met. For reports that meet the conditions for investigation, we will immediately set up an investigation team and carry out investigation work, focus on project companies with a record of fraud in future operation and management audits, and conduct

more comprehensive and in-depth management audits on them. In 2021, the Group established audit dispatching branches in Yunnan, Guizhou and Sichuan, and planned the construction of branches in western regions, which greatly increased the audit coverage and further strengthened the supervision function effectively.

As for suppliers, the contract they signed with the Group clearly sets out "prohibitive provisions for frauds", stipulating that neither party shall provide benefits beyond the contract to the other party's person in charge or other personnel, with compliant handling department, reporting hotline, emails and other information specified. This measure is conducive to a more transparent and fair cooperation with suppliers, and effectively avoids the integrity risk in the process of supply chain management.

Attaching great importance to the cultivation of integrity awareness among employees at all levels, in 2021, the Group carried out anti-fraud training for reserve cadres, new employees and management trainees to properly regulate employees' daily work behaviors through theory and case study, aiming at improving the understanding of anti-fraud related knowledge among employees at all levels and lowering risks of illegal and fraud cases. We provided over 20 compliance training to project leaders, vice project leaders, responsible personnel of departments and business line management personnel, emphasizing integrity construction and bottom line for risk management and control. And for employees at all levels, we released the "Stay vigilant" integrity culture courses online, which all employees attended voluntarily. As for board members, we invited the Independent Commission Against Corruption (ICAC) to conduct anti-corruption training for all directors. All above trainings paid off well, as trainees strengthened their awareness of integrity, and further preserved the Group's integrity culture.

The Group had no judicial litigation cases involving corruption, fraud and money laundering throughout the year 2021.

(5) Information security

With the constant advancement of the digitalization process, the Group uninterruptedly pushed forward with the systematic operation of information security assurance work, and aimed at safeguarding information security and protecting users' privacy through various measures, such as improving information security system, providing more trainings and enhancing technical support. The Group strictly abides by the *Cybersecurity Law of the People's Republic of China* (《中華人民共和國網絡安全法》), *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》), *Civil Code of the People's Republic of China* (《中華人民共和國民法典》) and other laws and regulations, while its subsidiary, Zhongyan Property, closely follows requirements in relation to customer privacy in the *Regulation of the Beijing Municipality on Property Management* (《北京市物業管理條例》) and other regulations, to address issues in a compliant manner and fully protect the rights and interests of customers.

In terms of system security measure control, the Group further equipped data center with enhanced system access control over identity authentication, account password management, access control, mobile application control, and incorporated intrusion

prevention and system security testing into normal maintenance work to lift the level of information security prevention in all respects. At the same time, in the early stage of cooperation with cloud service providers, we would inspect the capabilities of security mechanisms related to communications and transmission, boundary protection, intrusion prevention, and comprehensively evaluate the security compliance level, permissions and responsibilities of cloud service providers, to enhance our information security management and control over the cloud data and information system database.

In terms of technical means, in 2021, the Group optimized its information systems and digital infrastructure, and perfected technologies in areas of boundary isolation, access control, security audit, backup and disaster recovery as well as security vulnerabilities and antivirus.

In terms of employee awareness cultivation and information security training, each employee is required to receive on-board information security education, to learn and understand the code of conduct for information security, including computer passwords and screensaver setting, requirements for access and storage of confidential data, access and backup of work data.

(6) Intellectual property

The Group strictly abides by the relevant laws and regulations such as the *Patent Law of the People's Republic of China* (《中華人民共和國專利法》), *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 *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 has formulated the *Patent Management Measures* (《專利管理辦法》) in light of the actual situation of the Company to avoid infringement of the intellectual property rights of others while protecting its own patent achievements in accordance with relevant laws.

The Group continues to enhance intellectual property management. Invention and creation achievements generated during the project management process

are subject to approval by the supervisor and review by the Technical Department, before we communicate with Intellectual Property Administration and patent agencies and timely complete the patent application. In order to prevent the risk of intellectual property infringement in the business process, the Group added intellectual property disclaimers in the procurement agreements, in a manner to avoid the potential risk of intellectual property infringement incidental to the procurement and utilization processes of the Group and its subsidiaries.

In 2021, the Group had no judicial litigation case related to intellectual property.

Good governance to boost high-quality and high-efficiency development

(7) Brand management

The Group attaches great importance to brand image and reputation, and strictly complies with applicable laws and regulations such as the *Advertising Law of the People's Republic of China* (《中華人民共和國廣告法》) and the *Trademark Law of the People's Republic of China* (《中華人民共和國商標法》) in conducting advertising campaigns, to convey our service principle, capability and level to the public and better shape our image.

The Group formulated the *Beijing Enterprises City Resources Group VI Manual Management Measures* (《北控城市資源集團VI手冊管理辦法》), *Beijing Enterprises City Resources Group Correspondent Management Measures* (《北控城市資源集團通訊員管理辦法》), *Beijing*

Enterprises City Resources Group Information Release Management System (《北控城市資源集團信息發佈管理制度》), and strengthened its brand communication organization through sustainable management to create a sustainable "management mechanism". We focus on building a new media brand communication content system, online matrix system, local media communication system and correspondent management system, closely follow the Group's strategic appeals, and focus on industry development and social concerns. We are committed to shaping the Group's brand and enhancing the Group's reputation, and improving our sense of social responsibility and mission and leading the industry to make progress together at the same time.

Innovation leads to development

(1) Help to build a smart city

Under the new service model of "big hygiene" and "property management city", and in response to the new demand for the comprehensive management of urban hygiene, the Group actively builds an IT-enabled smart sanitation management system through the use of Mobile Internet, Internet of Things, big data, cloud computing and other information technologies and the advanced management model of "system + technology + responsibility".

The Group adopts the model of "people, vehicles, objects, and things" associated. It collects sanitation operation data through smart bracelets worn by sanitation workers and smart hardware devices installed on sanitation vehicles, so as to realize accurate statistical analysis of workload, consumables and other data. With big data calculation, operation models were optimized, and a new refined closed-loop management model based on the smart sanitation system is formed, featuring "full management coverage, full business integration, full problem resolution, and full application of evaluation", so as to improve management efficiency.

Good governance to boost high-quality and high-efficiency development

Database Resource Center

City service-related information, including basic information about environmental facilities, vehicle equipment, big data analysis, and decision-making assistance personnel, is stored in the Database Resource Center. Data analysis is conducive to the optimization and improvement of project operation and management, and supportive in relevant decision-making.

Operation command and dispatch

City service management network, city service operator network, city service vehicle network and city service facility network are all included.

Quick quality supervision

In the process of monitoring operation quality, quality supervisors configure an IT-enabled feedback system to directly feed back quality problems found in the monitoring system center. The command and dispatch center adjusts the operation processes accordingly from time to time. Through real-time dispatch and command as well as rapid emergency response and handling, efficiency is increased while cost is reduced.

Features of smart sanitation

In 2021, our smart sanitation system was able to keep real-time vehicle operation routes and realize precise vehicle management; connect to the supply chain system to achieve digital management of personal protective equipment and materials; connect to the urban management system, timely updating project operation status to assist the government in improving urban management. Besides, urban residents might report sanitation problems found via the WeChat mini program. Reports would be automatically sent to the smart terminal of the team leader in charge of the relevant areas, and

feedback would be sent to the reporter through SMS after the problem is solved. During the year, we applied an innovative smart landscaping system, a further extension and upgradation to the smart sanitation system. In addition to the functions of smart sanitation, the system is able to create files for individual rare plants, monitor plant moisture and pests and diseases, make pesticide-related decisions, which greatly facilitates the digital management of urban landscaping. By the end of the year 2021, all our existing projects of the environmental hygiene business had adopted the smart sanitation system.

Good governance to boost high-quality and high-efficiency development

Smart application goals:

We will establish a sound application system and intensify efforts in trainings, to ensure that the smart sanitation system remains effective and accurate. As planned, all new projects of the environmental hygiene business will be connected to our smart sanitation system in 2022.



Schematic diagram of smart sanitation model



Data analysis system of smart platform

Case: Shenzhen Baoan Sanitation Integration Project, a model of modern smart sanitation

Leading the sanitation trend of the new era, Shenzhen Baoan District Xinqiao and Shajing Street Sanitation Integration PPP Project actively follows the “Pilot” reform concept of Guangdong in promoting sustainable urban development, selecting to use new energy sanitation vehicles on a large scale to reduce energy consumption. With the help of mobile 5G, AI, Internet, Internet of Things, big data, cloud computing and other technologies, we realized real-time management and monitoring of the whole process of “people, vehicles, objects, and things”, explored complex operation modes, and refined the sanitation operation process, facilitating the efficient transformation of sanitation services. The project covers a service area of 1,657 hectares, and the service scope includes road cleaning of Baoan Xinqiao Street and Shajing Street, garbage collection and transfer, garbage transfer station operation and maintenance, garbage classification, public toilet operation and maintenance, landscaping maintenance, smart sanitation platform application.



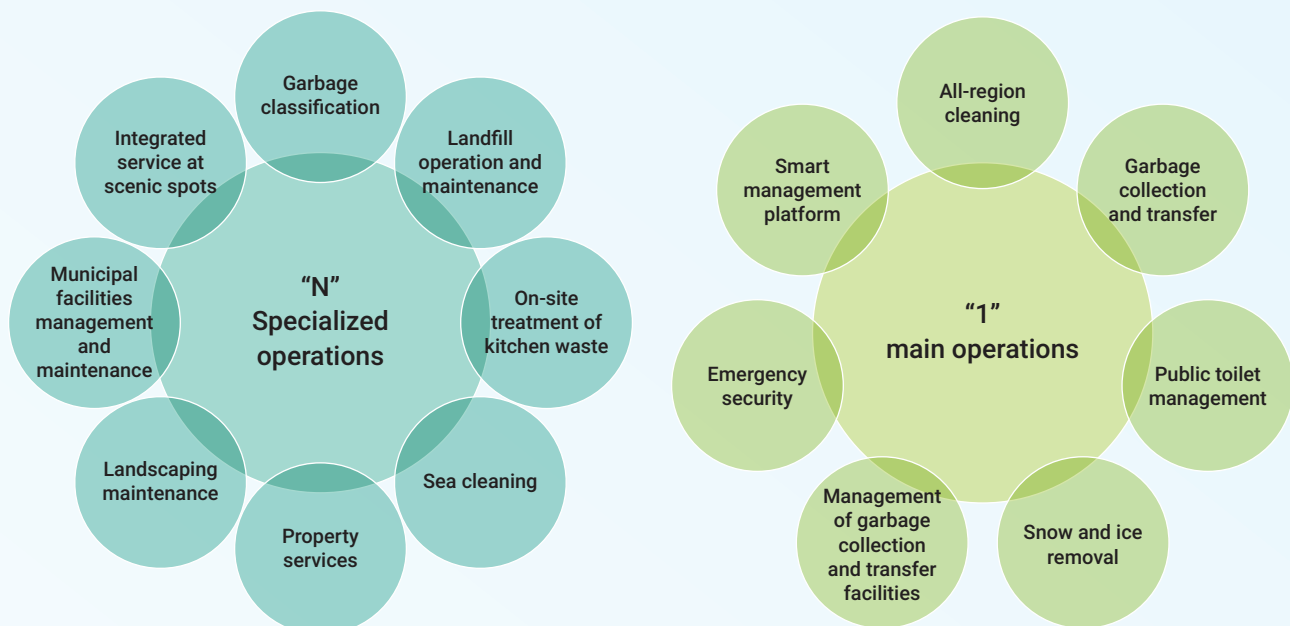
Shajing Street Sanitation Integration PPP Project

Good governance to boost high-quality and high-efficiency development

(2) Innovate service model

In order to improve the quality of the urban living environment and resident lifestyle, in 2021, the environmental hygiene section of the Group further promoted the “1+N” innovative service model to enrich its business scope. Positioned as “a leading whole industrial chain urban environment service provider” and taking the environmental hygiene business as the main focus, we maintained our

leading role in “1” traditional sanitation business while building N urban service lines of urban property, landscaping. Further, we expanded the scope of “N” and developed new business capabilities to become a “Housekeeper” of urban service integration, forming a “production, life and ecology-in-one” urban development model characterized.



Schematic diagram of “1+N” model

Good governance to boost high-quality and high-efficiency development

Case: Zibo Sanitation Integration Project, a comprehensive demonstration of innovative "1+N" model

In 2021, the innovative "1+N" service model was applied in the sanitation integration projects in Zhangdian District and Zhoucun District of Zibo, and integrated urban-rural cleaning, household waste collection and transfer, kitchen waste cleaning and transfer, operation and maintenance of public toilet and transfer stations, smart sanitation management in the entire service area. In addition, we were engaged in landscaping maintenance and maintenance of gardening facilities of main and secondary roads, parks and squares and open communities without property management. With the supporting facilities for garbage classification improving and regional integrated management and control escalating, we further introduced advanced concepts, management mechanisms, technical means and equipment, to comprehensively take the overall refined management of Zibo sanitation integration and landscaping maintenance to the next level.



Zibo Sanitation and Landscaping Integration Project

Good governance to boost high-quality and high-efficiency development

Case: Establishment of Emergency Snow Removal System for the smooth unfolding of the Winter Olympics

In order to cope with the snowy days, the Group planned ahead and set up a snow and ice removal team in July 2021. It reviewed and revised 48 removal plans from different project companies, and inspected various projects, including Winter Olympic Games, Shenyang and Nongan. It also arranged a WeChat work group, and organized on-site inspections and vendors sharing sessions. Kick-off training and wrap-up sessions were arranged to share snow removal operation standards and advanced working methods. Our 24/7 emergency response for snow removal was praised and well recognized by the local governments and people.



Vendors sharing session



Field trips

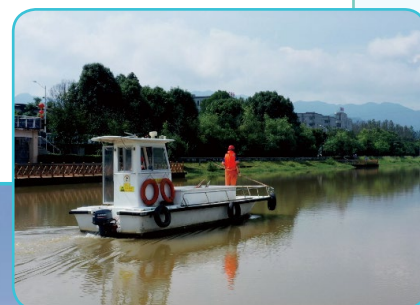
Good governance to boost high-quality and high-efficiency development

Case: Continuous water cleaning service to create beautiful scenery with clean waters and lands

The Group unceasingly fulfils its responsibility by the following means: i) assisting local governments in implementing the *Overall Planning for the National Major Ecosystem Protection and Restoration Projects* (《全國海洋生態環境保護規劃》), *Yangtze River Protection and Restoration Action Plan* (《長江保護修復攻堅戰行動計劃》) and other national development strategies; ii) strictly following the *Environmental Protection Law* (《環境保護法》), *Marine Environmental Protection Law* (《海洋環境保護法》) and other laws and regulations; and iii) actively responding to the requirements of the sustainable development of the Yangtze River Economic Belt and the ecological protection and high-quality development of the Yellow River Basin. Accordingly, we continuously carry out our water cleaning service. In Nanxiong, Guangdong, we carried out 23,640 person times of river cleaning service with a total length of 456 km in 2021, helping Nanxiong to build a safe and green ecological water system network. The water cleaning projects of the Group effectively promoted the overall goal of “clean waters and lands”.



Water cleaning services



Good governance to boost high-quality and high-efficiency development

(3) Drive technological innovation

To make its management more IT-based and efficient, and regulate business operation with well-established procedures, in 2021, the Group focused on applying digital and intelligent innovative technologies, paid attention to emerging business fields to explore frontiers of the industry, accelerated the integration of technology with project construction and operation, and promoted the overall improvement of hygiene technology innovation capabilities as well as construction and operation quality.

Digital innovation for management enhancement

In 2021, the Group formulated and issued the *Digital Project Establishment and Construction Management Rules* (《數字化項目立項及建設管理制度》), which covers all aspects of digital projects, clarifies the responsibilities of relevant departments and personnel and the management principles to be followed during the construction of digital projects, and provides clear and explicit guidance on key matters to be noted in daily work.

Based on the improvement of system construction, in 2021, the Group's digital construction achieved initial results, with basic digital capability developed in functional management and core business operation.

Smart environmental hygiene platform

- We built our own smart environmental hygiene platform to develop independent and controllable digital capability of smart environmental hygiene. It greatly reduced the cost of system procurement, operation and maintenance, and laid the foundation to realize standardized environmental hygiene business control, empower core business, improve operation quality and reduce operating costs.

Integrated basic information platform

- Through the construction of master data, unified authentication, unified message, unified to-do and portal system, a platform incorporating data flow, work flow and user operation interface was initially established. Through the integration of unified portal and message/to-do on PC and mobile, it greatly contributed to the convenience and efficiency of process approval and information processing.

Online application of core functions for smart management

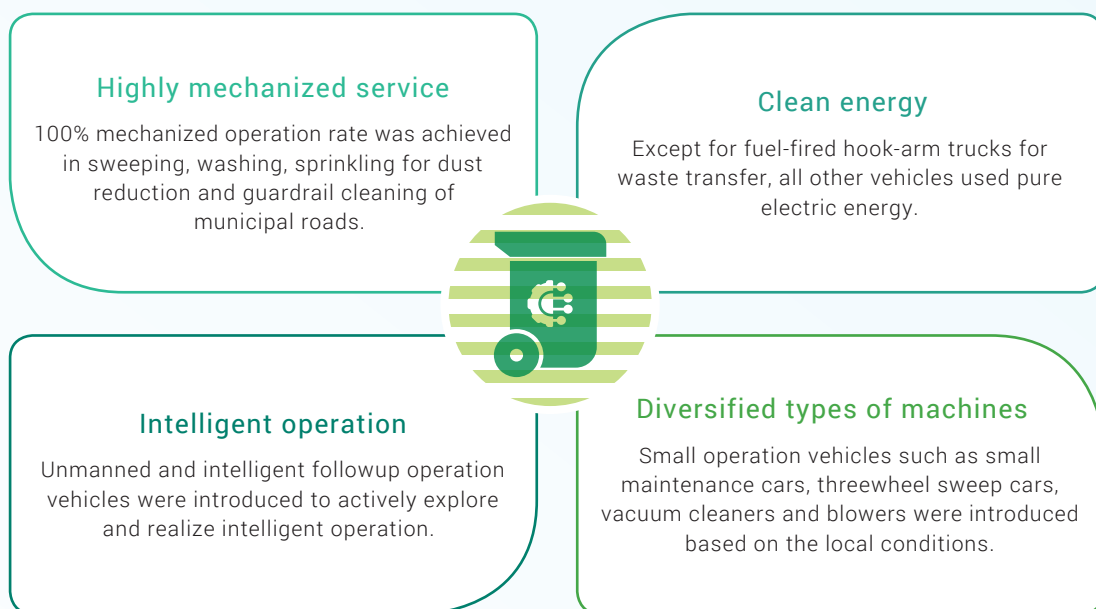
- The core functions of financial management (accounting, fixed assets, comprehensive budget) and core functions of human resource management (basic staffing, attendance and payroll) went online, realizing the standardized and online financial management and personnel management, and greatly enhancing the work efficiency of relevant management staff.

Good governance to boost high-quality and high-efficiency development

Intelligent and innovative environmental hygiene service

In the face of the multiple challenges such as increasing unit cost of road cleaning, aging of hygiene practitioners, lack of young labor force, increasing service quality requirements and manpower shortage, the Group further improved the mechanized operation

rate and mechanized service level, introduced unmanned hygiene vehicles to provide pilot intelligent mechanized cleaning, thus promoting the upgrading of environmental hygiene industry according to local situations.



Case: Strategic cooperation on autonomous driving to create a new model of smart city services

In 2021, the Group signed a strategic cooperation agreement with Mogo Auto Intelligence and Telematics Information Technology Co., Ltd. The two companies will work jointly to promote the large-scale application of autonomous driving and vehicle-road collaboration in various new urban infrastructure and public management services such as transportation, environmental hygiene, security and logistics, and participate in the construction of national projects to create a new model of global leading smart city management services. The two parties will also establish a joint venture to provide smart city management and smart transportation operation services for local governments, urban residential areas, industrial parks, event venues, universities.



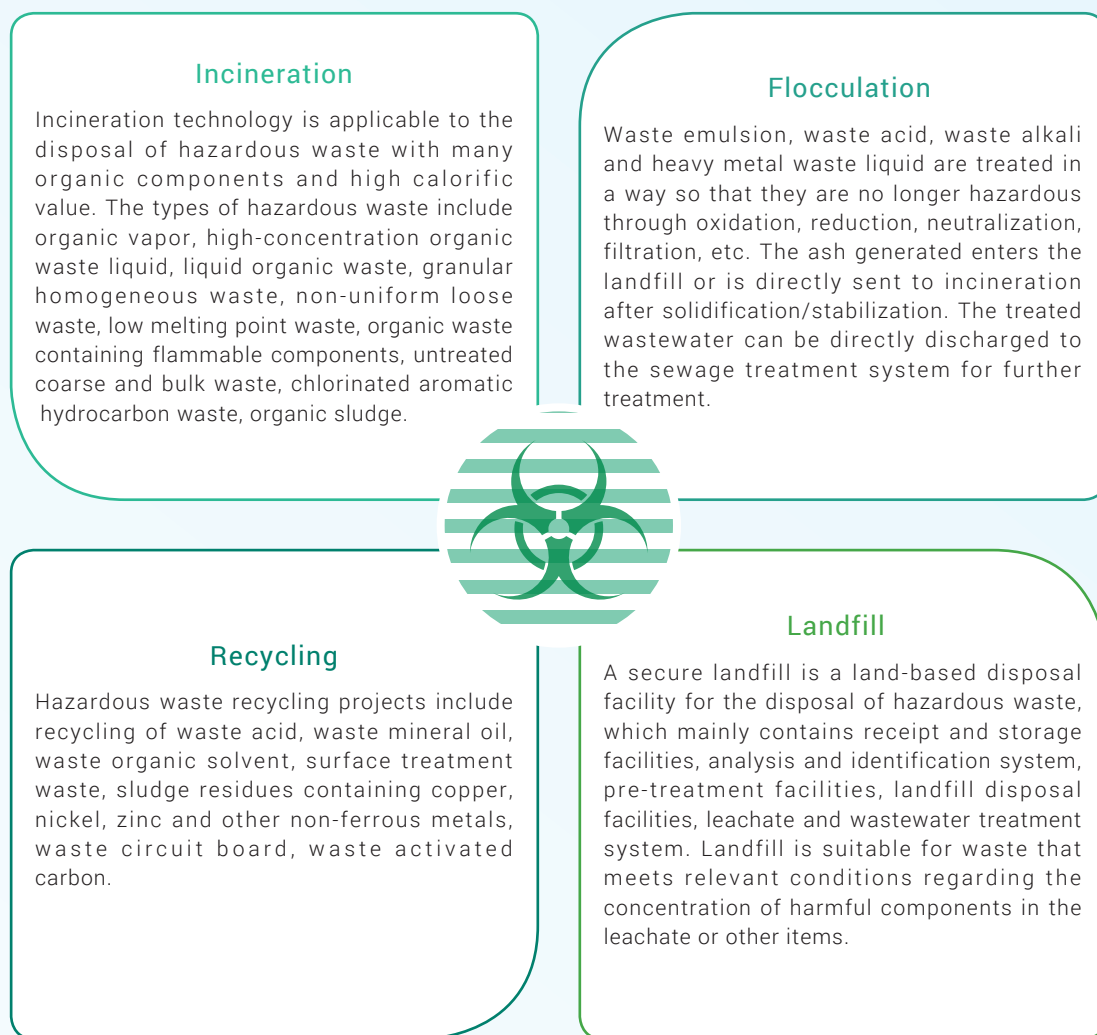
The contract signing ceremony

Good governance to boost high-quality and high-efficiency development

Innovation in hazardous waste disposal for quality and efficiency improvement

The Group allocates technical support for the development of hazardous waste disposal technology and laboratory testing. According to the different characteristics, types and features of hazardous wastes, we implement classification treatment and

disposal to achieve reduction, harmless disposal and comprehensive utilization of hazardous wastes by means of hazardous waste incineration, flocculation, recycling and landfill.



In 2021, we insisted on process optimization and technological innovation from all aspects of hazardous waste treatment with a focus on details to further expand the scale and scope of

hazardous waste treatment, realize the “reduction”, “detoxication” and “recycling” of hazardous wastes, and promote our business expansion and sustainable development of society.

Good governance to boost high-quality and high-efficiency development

Case: Innovative process optimization for efficient development of hazardous waste treatment business

In 2021, the Group's hazardous waste project company in Shandong was affected by the regional material market and the volume of difficult-to-treat materials increased significantly. In order to resolve such treatment difficulties, the Group carried out process optimization and developed special loading and disposal methods for high-viscosity materials, which improved the disposal rate by more than 200% and significantly increased the number of depot turnarounds.

In Xinjiang, the Group changed the physical form of catalysts and improved the chemical composition to better process the co-processing catalyst of cement kilns while ensuring the quality of cement products, which increased the variety of hard-to-dispose materials suitable for hazardous waste co-processing by cement kilns in the region and also provided strong support for market development.

Exchanges on innovation to lead the industry

In 2021, the innovation-driven effect of the Group gradually emerged. We continued to strengthen strategic cooperation with enterprises and joint innovation with research institutions, carried out many technical exchanges, achieved remarkable innovative patents and results through our continuous research and practice, and took the lead in compiling standard specifications and promoting the common progress of the industry.

As for hazardous waste business, the Group's Yichang Project set up a joint innovation center with China Three Gorges University, and obtained many certificates of utility model patents and 2 invention patents of them are in the substantive review stage; the Weifang Project formulated more stringent internal landfill entry standards for rigid landfills to standardize the management of landfill operations; the Pingfu Project and the Weifang Project in Shandong jointly developed special loading and disposal methods for high-viscosity materials to improve the number of depot turnarounds; Shandong

Pingfu Project Company was approved to be included in the list of the second batch of high-tech enterprises in Shandong Province.

In the environmental hygiene business, we built a knowledge sharing and technology-empowered system for the whole life cycle of projects covering the investment, construction, procurement and transportation, carried out research and innovation on technical standards, processes and management modes, and prepared 30 enterprise standards of operation procedures and 2 business operation manuals. Besides, we organized technical exchanges and cooperation on unmanned driving, smart hygiene, on-site treatment of kitchen waste, and carbon neutrality, to upgrade the business model of urban services. We successfully applied for 11 software copyrights, such as "road cleaning and maintenance management software" and "garbage classification intelligent service platform", which enriched the technical reserve of the Group and improved the technical capability.

Good governance to boost high-quality and high-efficiency development

Case: Exchanges on unmanned driving technology to follow the new development trends

In October 2021, our key technical personnel visited our strategic partner Mogo Auto Intelligence and Telematics for unmanned sanitation vehicles in Hunan, and had a technical discussion and exchange with them. We observed the operation of the unmanned sanitation vehicles on site, and put forward our technical opinions and suggestions. In the future, we will carry out multi-level exchanges and cooperation with Mogo Auto Intelligence and Telematics regarding “vehicle, road, cloud and network”.



Exchanges on unmanned driving technology

Promote supply chain management

Regarding suppliers as important business partners, the Group is committed to establishing and maintaining long-term and close business relationships with suppliers to achieve a win-win situation by integrating the resources of both parties. In order to maintain supply chain stability and business continuity, we continue to strengthen supply chain environmental and social risk management to help suppliers improve their ESG performance.

(1) Insist on compliant procurement

In the supplier shortlisting stage, the Group fully implements the online registration and approval in the tendering and procurement system, and sets the shortlisting criteria for different types of suppliers considering the basic operating conditions of each type of suppliers and the Group's requirements.

In order to strengthen and unify supplier management, the Group has established a supplier registration system, qualified supplier system, supplier post-qualification review system, graded management system, annual cooperation system, dynamic adjustment system and other related management systems for contractors, manufacturers and service providers. We collect data and feedback from multiple dimensions from time to time, score and evaluate the actual cooperation performance

of each supplier, and conduct graded and classified management of the shortlisted suppliers according to the supplier evaluation system, so as to enhance the supplier management and thus achieve strategic cooperation and common development with high-quality suppliers.

In 2021, the Group conducted annual supplier evaluation based on the above management systems to assess the suppliers of equipment, materials, engineering and construction services, technical consulting services of hazardous waste project companies, and all 167 suppliers were covered in the evaluation. Any existing supplier that does not participate in the evaluation are not allowed to directly compete in the subsequent procurement of the Group.

In 2021, the Group completed the review of the supply chain system construction plan and the online business establishment of the ERP supply chain module. We improve the supply chain traceability and transparency by virtue of modern management tools, conduct efficient verification, tracing or validation to enable disclosure of more information in addition to supplier and manufacturer information to consumers, regulators and other stakeholders, promote responsibility fulfilment, and reduce environmental and social risks in the supply chain, thus achieving sustainable development of the supply chain.

Good governance to boost high-quality and high-efficiency development

Case: Centralized procurement to facilitate the introduction of high-quality strategic suppliers

In 2021, the Group intensified the assessment on the green qualification of tire suppliers to realize unified tire supply from industry-leading partners and implement centralized procurement of tires for the whole Group, which solved the problems of the increased usage, shortened vehicle service life and increased environmental pollution caused by the inconsistent quality review standards in the independent procurement of project companies.



Centralized tire procurement

Supplier-related key performance indicators³

Indicator	2021
Total number of suppliers	167
Number of suppliers by region	
Number of suppliers in East China	54
Number of suppliers in Central China	40
Number of suppliers in North China	47
Number of suppliers in Northwest China	5
Number of suppliers in South China	15
Number of suppliers in Northeast China	6

³ The statistical scope of supplier data is the headquarters of the Group, and the supplier area is subject to the registration place.

Good governance to boost high-quality and high-efficiency development

(2) Advocate green supply

The Group makes great efforts in the construction of a green supply chain and jointly shoulders more environmental and social responsibilities through cooperation with suppliers. Meanwhile, the Group prioritizes the excellent suppliers that share the same green development philosophy. In the supplier access review, the Group attaches great importance to the green qualifications of suppliers with ISO9001

quality management system certification, ISO14001 environmental management system certification, OHSAS18000 occupational health and safety management system certification and SA8000 social responsibility standard certification. Suppliers that have obtained such certifications and passed relevant investigations will obtain review points and key recommendations.

Case: Procurement of non-polluting snow melting agent for Winter Olympics

In 2021, the Group carried out the snow and ice removal business for the Winter Olympics to facilitate the smooth Winter Olympics. For the snow melting agent necessary for snow removal business, we strictly implemented relevant requirements of national standards, and widely purchased and used the environmentally-friendly and pollution-free “non-chlorine organic snow melting agent”, which had no damage to the roads and the surrounding soil, and were beneficial to the growth of green trees in the competition area in the coming year, thereby making contribution to building green Winter Olympics.



Green snow removal for Winter Olympics

(3) Management of hazardous waste transportation

Logistics transportation is an important intermediate link for hazardous waste disposal. In order to further refine logistics transportation management and control environmental pollution risks and social risks, the Group has formulated 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 process safe and controllable.

The Group has a strict auditing and management system, and we confirm our outsourcing partners in transportation periodically through public bids and comprehensive assessments. We require that carriers must have professional qualifications and licenses, the ability to guarantee transport quality, handle transport risks and compensate for loss of transported goods, and a strict cargo security protection system.

To avoid any types of social risk during transportation process that could cause unnecessary effects to the firm, the outsourcing company must carry out

regular traffic safety training, conduct targeted contingency plan and organize emergency drilling regularly. Meanwhile, the Group conducts knowledge training on hazardous waste for carriers from time to time to ensure that drivers and escorts understand the general knowledge of hazardous waste and wear labor protective equipment correctly, urging carriers to effectively protect the occupational health of employees. In order to cope with the environmental risks in the transportation process, the Group has strict requirements for the outer packaging and the code of practice in the transportation process. For example, the hazardous waste labelling and signs should be complete, the characteristic information such as toxicity and harmfulness should be clearly marked, and the loading and unloading process should strictly comply with the requirements for the hazardous waste transportation, loading and unloading, and the non-compliant operation should be firmly eliminated. In particular, it should be ensured that corresponding measures such as paving the bottom of the vehicle and ensuring that leaking or dripping does not happen to the packaging container are taken before the loading of hazardous waste, so as to avoid secondary pollution.



**Environmental
Protection** to help
**MAINTAIN
ECOSYSTEM HEALTH**



ENVIRONMENTAL PROTECTION TO HELP MAINTAIN ECOSYSTEM HEALTH

The Group insists on putting safety and environmental management above everything else. We put emphasis on environmental protection, take safety responsibility as the foundation, and strive to strengthen environmental and social risk prevention and control, in order to achieve zero casualties and zero environmental pollution, and contribute to building a beautiful China.

Strengthen HSE management

In order to strengthen the requirements of safety, environmental protection and occupational health management, the Group has established long-term management mechanism of Health, Safety and Environment (HSE). In 2021, the Group has formulated regulatory documents such as the *Accident and Incident Management System* (《事故事件管理制度》), the *Insurance Management System and the Safety Reward* (《安全獎懲及問責制度》), and the *Punishment and Accountability System* (《保險管理制度》) to standardize the basic management of safety and environment in project companies and strive to enhance the autonomous control ability of project companies.

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 Company's president as the director, the vice president as the deputy director in charge of city services and hazardous waste, and the responsible personnel of departments serve as members. Each construction project of the Group establishes an HSE management team led by a project manager and equipped with HSE management personnel, and establishes an HSE responsibility system, an HSE management system and relevant policies to manage HSE matters at all stages of project construction.

The Group set up the working goals as "safety, environmental protection and occupational health" and decomposed the target tasks on levels. According to the management concept of "one post with two responsibilities and local management", the Group

and companies, companies and departments, departments and teams, teams and individuals respectively, were required to sign the *2021 HSE Target Responsibility Letter* (《2021年度HSE目標責任書》) which incorporated the process assessment indicators based on the results assessment indicators, and conducted safety management throughout the year focusing on three aspects, namely, the safety management system, safety training and safety technical measures to strengthen the implementation of the responsibility of safety entities. In the year 2021, we have achieved the full coverage of signing the HSE target responsibility letter.

In 2021, for hazardous waste business, the Group continued to promote the standardization of safety and environmental protection, revised the *HSE Standardized Inspection and Evaluation Standards of Beijing Enterprises Urban Resources Group* (《北控城市資源集團HSE標準化檢查評定標準》), and classified seven key issues including target responsibility, institutionalization, education and training, site, risk, emergency and accident management as A-level elements for HSE management performance assessment of project companies. The Group conducted inspection and assessment at the end of each year, in order to promote the standardization of HSE management and prevent and reduce production safety accidents and environmental emergencies. This year, the Ningxia Ruiyuan Branch, a subsidiary of the Group, successfully passed the level 2 assessment of production safety standardization, and Yichang Branch obtained the level 3 certificate of production safety standardization.

At the same time, the Group revised the HSE accident management system and improved the management systems for environmental monitoring and information disclosure management, emission permits, environmental protection facilities, hazardous operations and occupational health. Besides, the Group further promoted the preparation of safety and environmental guidance manuals for different business sectors, including integrated disposal center for hazardous waste, cement kiln coordination, resource recycling, medical waste disposal. In 2021, we strengthened risk control and enhanced the safety and environmental protection management throughout the whole process. Each project company has established a dynamic control mechanism for high-risk materials to effectively reduce the safety and environmental risks in the production process.

For the environmental hygiene business, we promote the implementation of production safety responsibilities with rules and regulations, and issue rules governing HSE education and training, HSE inspection and hidden danger investigation and management, fire safety management, traffic safety management, accident and incident management and insurance management. In addition, we comprehensively promote the implementation of these rules, deeply refine the core management actions, carefully prepare training courseware, record

training videos, and organize the heads of regional business divisions and project companies, leaders in charge of safety and environmental protection and heads of safety and environmental management departments to make publicity and assessment. In 2021, we completed 6 system-specific training assessments and video course production, with a total of more than 1,100 participants, achieving full coverage of regional and project company heads, leaders in charge of safety and environmental protection, and safety and environmental heads.

At the same time, we carry out comprehensive review and all-round inspection on the system construction of key projects, and put forward improvement opinions and supervise the rectification of the weak points in the establishment and implementation of the HSE system in project companies as a key matter. In 2021, the Group inspected a total of 24 project companies, and supervised a total of 59 system hidden dangers rectification within limited period. Besides, we strengthened the foundation through the closed-loop management of “planning - inspection - supervision - improvement”, emphasized the requirements of clean production, environmental optimization and personal and property safety, driving and urging project companies to strengthen the foundation of HSE management and continuously improve the level of HSE performance.

Deepen green development

Ecological civilization construction will benefit our future generations. The Group pays attention to the challenges of climate change, actively responds to the national carbon target of “30·60”, adheres to the national policy for environmental protection and the principle of “prioritizing environmental protection, focusing on prevention, comprehensive governance, public participation and responsibility for damage” to prevent and reduce environmental pollution and ecological damage. We continue to implement the mission of “clean city, resource recycling and

restoring lucid waters and lush mountains together”, earnestly fulfill corporate’s social responsibilities, actively participate in social utilities, insist on the solemn commitment of “reassuring the government, satisfying the public, earning profits, benefiting its employees, and winning together with its partners”, and devote ourselves to the comprehensive improvement work of the living environment, in order to further enhance the urban and rural human living environment and accelerate the construction of a beautiful China.

Environmental protection to help maintain ecosystem health

(1) Respond to climate change

Climate change has a profound impact on social and economic development and business development while changing and affecting the global ecosystem and natural environment. The Group identifies, assesses and manages climate change risks

and opportunities, and integrates them into the operations. In 2021, the Group listed the key climate change risks and opportunities, developed and implemented countermeasures.

Physical risks	Potential influence	Responses
Increased frequency and magnitude of extreme weather events (e.g., typhoons, heavy snowfall, flooding, heavy pollution)	Increased risk of damage to construction equipment, resulting in property losses and delayed construction schedules	Pay attention to weather warnings and evacuate equipment in advance before the extreme weather (such as typhoons and rainstorms)
	Increased risk in employees' health and safety	Formulate emergency plans for different extreme weather phenomena
		Pay attention to weather warnings and adjust work arrangements in time to evacuate personnel on site in advance
		Provide appropriate protective devices
	Frozen or cracked plumbing pipes in living area, affecting the normal life of residents	Improve anti-freeze measures and carry out emergency plan drills for extremely cold weather
	Frost damage to or death of green plants, affecting the appearance of the community	Pay attention to weather warnings and take timely countermeasures

Physical risks	Potential influence	Responses
Increased frequency and magnitude of extreme weather events (e.g., typhoons, heavy snowfall, flooding, heavy pollution)	Clogged drainage in the plants due to floods and heavy rains, resulting in increased risk of siltation and leachate	Follow relevant standards and specifications in the site selection for plants, fully considering the environmental factors (such as the local 100-year flood stage, the intensity of heavy rainfall), taking into account the climate impact based on the results of the follow-up survey, and take proper countermeasures, such as appropriately raising the floor elevation, enhancing drainage facilities.
	Increased risk of damage to hazardous waste treatment facilities, resulting in the shutdown of hazardous waste projects	Select proper site for project by fully considering all climate change-related factors, locating the project higher than the highest water level of the 100-year flood 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	Provide labor protective equipment, drinks, medicines and such.
	Increased risk of odor, mosquitoes and flies in the landfill plant due to ambient temperature and increased damage to the occupational health of employees	Enhance deodorization and mosquito control measures such as fog cannons and insecticides Equip employees with appropriate labor protective devices and medicines.

Environmental protection to help maintain ecosystem health

Transitional risks	Potential influence	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	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
Increasingly stringent requirements of national and industry technical specifications	The new version of landfill construction specifications place stringent 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, hence we have to invest more in building rigid landfills)	Research and develop resource-saving and cost-saving construction programs
	The new version of hazardous waste incineration pollution control standards sets tighter requirements for incineration gas emissions, inlet standards, resulting in increased pretreatment costs and waste gas treatment costs	Research and develop efficient pre-treatment technology and upgrade exhaust gas treatment facilities

Opportunities	Potential influence	Responses
The impact of Internet of Things, cloud computing, communication technology and big data on environmental hygiene	Environmental hygiene market shows the development trend of intelligence, informatization, refinement and integration	Rely on big data to monitor and analyze sanitation workers and vehicles to improve efficiency and emergency response capabilities
Full implementation of household waste sorting	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.	Develop waste sorting business for communities under the guidance of local governments and increase investment in human resource, materials and financial resources
Changing market preferences in the context of climate change	The market prefers effective and sustainable waste treatment solutions	Optimize process flow, strengthen technological innovation, and create integrated systemic waste treatment service solutions

(2) Strictly control pollution emissions

The Group actively implements environmental protection management, and carries out various businesses in accordance with the environmental protection laws, regulations, policies, standards and government requirements, 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 *Atmospheric Pollution Prevention and Control Law of the People's Republic of China* (《中華人民共和國大氣污染防治法》), the *Water Pollution Prevention and Control Law of the People's Republic of China* (《中華人民共和國水污染防治法》),

the *Measures for the Management of Hazardous Waste Transfer and Receipt* (《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》) and the *Pollution Control Standard for Hazardous Waste Landfill* (《危險廢物填埋污染控制標準》). In 2021, the Ministry of Ecology and Environment issued the latest version of the *Pollution Control Standard for Hazardous Wastes Incineration* (《危險廢物焚燒污染控制標準》). The Group's project companies engaged in the hazardous waste segment follow up on the update of regulations and standards in a timely manner and strictly implement environmental protection and related work to ensure compliant construction of facilities and emission of pollutants to meet the standards.

Environmental protection to help maintain ecosystem health

In order to further strengthen project management, in 2021, the Group further standardized the operation and management of hazardous waste business from investment, construction and operation management and control in accordance with the *Guidance Manual for Hazardous Waste Integrated Disposal Project* (《危廢綜合處置項目工作指導手冊》), the *Guidance Manual for Cement Kiln Coordinated Disposal Project* (《水泥窯協同處置項目工作指導手冊》), the *Guidance Manual for Medical Waste Disposal Project* (《醫廢處置項目工作指導手冊》), the *Guidance Manual for Laboratory Work* (《實驗室工作指導手冊》) and other internal regulations. In terms of project design and review, the Group organized design institutes and industry experts to conduct technical seminars for many times based on the progress of each project and optimize the technical process and design to achieve standardization and rationalization of project

technology and benchmarking design projects, and followed up and controlled the entire technical process of the investment, construction, technology and operation of hazardous waste projects.

During the operation of the project, we strictly control the emission of pollutants in the operation process, carry out management regarding housekeeping of receipts for hazardous waste transfer, hazardous waste labelling, hazardous waste management plan, environmental protection facilities, environmental monitoring, and emergencies. Meanwhile, we promote the standardization of environmental protection, strengthen the operation management of environmental protection facilities, guarantee the synchronous operation of environmental protection facilities and production facilities, and ensure the compliant emission of pollutants.

Air pollution

The possible impact on the atmospheric environment during the operation of the Group mainly includes dust arising from the environmental hygiene cleaning and waste gas emissions from hazardous waste treatment facilities.

In response to the air pollution in environmental hygiene business, the Group has taken a series of

measures to strengthen mechanized wet sweeping and sprinkling on the built-up areas and surrounding main roads and dust-prone road sections on the basis of routine operations 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 normal operation standard of urban road cleaning of “the roads are clean and the markings are clear”.

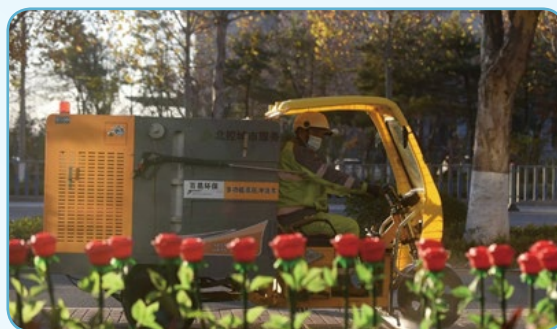
Scientific dust suppression

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, so as to enhance dust reduction by sprinkling and using mist cannons. Meanwhile, we adjust the frequency of sprinkling in

real time and rationally arranged the work 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 effectively reduce road dust.



Mist cannon trucks



High pressure washing vehicles

In response to the air pollution in the hazardous waste business, the Group strictly enforces the *Pollution Control Standard for Hazardous Wastes 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.

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.

Environmental protection to help maintain ecosystem health

Converting fugitive emissions to organized emissions

In order to effectively convert the fugitive emissions to organized emissions, project companies strengthen the management on confinement 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.

Case: Online monitoring of emission information and real-time disclosure for better management and control

As a project company of key pollutant discharge units, the Group has set up standardized automatic monitoring stations and monitoring sampling ports in accordance with technical specifications, purchased and installed automatic monitoring facilities for pollutants and connected with the monitoring platform of the ecological environment department. In order to ensure the normal operation of the automatic monitoring equipment and the authenticity and accuracy of the data, the project company entrusts a third-party operation and maintenance unit to carry out operation and maintenance in accordance with the technical specifications. At the same time, the pollutant discharge information is disclosed to the public through the electronic display screen installed at the entrance of the factory.



Environmental information disclosure of Pingfu project in Shandong



Environmental information disclosure of Yichang project

Case: Hazardous waste project with ultra-low flue gas emissions, creating a new model for environmental protection

In Zigong, Sichuan, the Company took into consideration the environmental characteristics of the site location and the local standards to establish stricter emission standards for flue gas pollutants and air pollutants according to the actual situation of the project. The Company placed more stringent requirements for waste gas pollution control of hazardous waste projects, helping protect the local atmospheric environment and improve the pollution emission control level of the Group's business.

Water pollution

The possible impact on the water environment during the operation of the Group's businesses mainly includes leachate generated in the hazardous waste business and sewage discharged by projects, as well as leachate generated during the operation of the environmental hygiene business and sewage discharge from sweepers.

In the environmental hygiene business, the Group focuses on the leachate discharge of the projects and the setting of sewage discharge points for sweepers, works together with the Technical Management Department and the Operation Management Department to conduct supervision, forms regular management of key environmental protection data, establishes environmental protection data ledgers, provides regular feedback on the monitoring of environmental protection data and fully implements the mitigation measures for environmental pollution risks. In 2021, the Group completed the inspection of problems identified for projects in Gulang, Guigang, Kaiyang and Dafang regarding leachate discharge and the fixed-point sewage discharge from sweepers, and urged each project to obtain permission from government departments regarding the setting of sewage discharge points for sweepers to avoid environmental risks.

In respect of hazardous waste business, the Group strictly implements the *Pollution Control Standard for Hazardous Waste Landfill* (《危險廢物填埋污染控制標準》) in the process of landfill, conducts sound management of landfill sites in accordance with the specifications, and covers the non-landfill operation areas on a daily basis to divert rainwater and sewage, thus reducing the generation of leachate. At the same time, through fine control over all aspects of flocculation, we ensure that the pollutants in the waste liquid are removed step by step and that the indicators of each pollutant in the wastewater after treatment meet the emission standards.

For the sewage generated by the project, the project company builds its own sewage treatment station and adopts the method of "Flocculation + Biochemistry" to treat the sewage generated during the operation process, and then discharge the sewage into the sewage treatment plant of the park through the piping network when the requirements of the *Wastewater Quality Standards for Discharge to Municipal Sewers* (《污水排入城鎮下水道水質標準》) are met. Some of the projects' sewage is treated and then reused to achieve zero discharge when it meets the requirements of the *Miscellaneous Water Quality Standards for Urban Sewage Recycling and Utilization* (《城市污水再生利用城市雜用水水質標準》).

Sewage discharge goals:

In 2022, at least one of the three new harmless disposal projects of hazardous waste will achieve 100% recycling and "zero discharge" of sewage containing heavy metals.

Case: Zero discharge of project sewage to protect local water environment

In Xianju, Zhejiang, the sewage from each production workshop of the project was treated by pretreatment facilities, after which the heavy metals, organic pollutants, inorganic pollutants and other pollutant indicators meet the requirements of the *Integrated Wastewater Discharge Standard* (《污水綜合排放標準》) and the *Indirect Discharge for Emission Limitation of Nitrogen and Phosphorus for Industrial Wastewater* (《工業企業廢水氮、磷污染物間接排放限值》). The wastewater after treatment by the factory wastewater treatment station is all discharged into the sewage network instead of being directly discharged into the water bodies, thus protecting the local water environment.

Hazardous waste

The newly generated hazardous wastes during the operation of the Group mainly include slag, fly ash, waste packaging materials and solidified dust. For various newly generated hazardous wastes, the Group takes corresponding treatment measures to ensure that the hazardous wastes are effectively controlled and properly disposed.

After testing, waste that meets the requirements of direct landfill enter the 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》), *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 landfills is then treated by solidification and landfill workshop. Waste that does not meet the requirements of direct landfill are stabilized and solidified to meet the requirements for landfill.

In addition to landfill, combustible waste is sent to the incineration workshop for incineration. In order to ensure the stable operation of hazardous waste incineration and treatment process and the

emission of pollutants up to the standard, the Group has formulated the *Industrial Waste Incineration Operation Procedures* (《工業廢物焚燒處理操作規程》), *Incineration Workshop Emergency Response Measures* (《焚燒車間應急處理措施》), *Special Waste Handling Procedures of Incineration Workshop* (《焚燒車間特殊廢物操作規程》), *Flue Gas Online Monitoring System Operation Procedures* (《煙氣在線監測系統操作規程》) and other rules. 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 Waste (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.

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



Noise pollution

In order to ensure that the noise generated does not affect the environment of the project operation area, the project company has adopted sound insulation and noise reduction measures for production equipment at the beginning of construction, and entrusted a third-party environmental technology company to conduct inspection around the plant in

accordance with the *Emission Standard for Industrial Enterprises Noise at Boundary* (《工業企業廠界環境噪聲排放標準》), so as to ensure that the sound volume generated by the equipment operation meets the requirements of relevant standards and minimize the noise nuisance to surrounding environment and residents.

Emergency actions

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, which could cause significant environmental risks, the Group has established the *Emergency Act on Work Safety Accidents* (《生產安全事故應急預案》) and the *Emergency Act on*

Environmental Accidents (《突發環境事件應急預案》), covering emergency material storage, the detailed process of the plan. The Group also organized emergency act orientations in order to minimize the damage of personnel and property losses, reduce environmental damage and social influence when unexpected accidents take place.

(3) Optimize resource saving

We have always adhered to the concept of sustainable development of resources and environment, and constantly promoted technical innovation to improve

the efficiency of resource use and optimize the structure of resource use.

Optimize energy structure

In active response to local policy of replacing fuel-powered vehicles with new energy vehicles (NEVs), the Group further optimizes the power mix of the sanitation vehicles and vigorously promotes using sanitation NEVs. In 2021, NEVs accounted for more

than 40% of the Group's total expenses for purchasing vehicles, which helped the enterprise to carry out a comprehensive energy transformation and promoted the green and sustainable development of the enterprise.

Energy structure optimization goals:

By 2022, the expenses for purchasing sanitation NEVs shall account for no less than 40% of the Group's total expenses for purchasing sanitation vehicles.

By 2025, the reserve of sanitation NEVs shall account for more than 16% of the total reserve of all sanitation vehicles.

Environmental protection to help maintain ecosystem health



NEVs

Deepen energy conservation and consumption reduction

Since the beginning of the project design, the Group has integrated the concept of energy conservation and environmental protection, and attached importance to the rational and efficient use of resources. In accordance with the Measures for the *Energy Conservation Examination of Fixed Asset Investment Projects* (《固定資產投資項目節能審查辦法》) and national, local, and industry energy conservation design codes and standards, we conduct a comprehensive analysis of the project's energy consumption status and energy-saving measures to check the advanced nature of the project's energy-saving measures as well as the energy efficiency level. In 2021, we have established a refined management structure, actually implemented the principle of "eliminate waste, improve ceaselessly and reach perfection", continued to increase research and development efforts in energy conservation and consumption reduction as well as process optimization, mainly focusing on compatibility production management, material planning management, expensive difficult-to-dispose materials, cost control, etc., worked together to reduce cost and improve efficiency, and achieved remarkable results.

In 2021, the Group's project companies applied to the Electric Power Bureau in a timely manner for adjusting

the number of transformers in operation according to the operating conditions of the production units and made reasonable capacity reduction adjustment to the transformers. Meanwhile, the project companies upgraded the lighting system of the plants, replacing the halogen lamps that have the problems of high power but low brightness, high heat and high failure rate with the LED lamps that have the advantages of high efficiency, low power consumption and long life time, saving about 25 kWh of electricity per hour. The adoption of the energy conservation measures above in the current year has resulted in a total saving of RMB800,000 to RMB900,000 in operating cost.

Meanwhile, the Group's project company also focused on the research of equipment replacement and carried out a number of equipment technological transformations. The project companies optimized and reduced the power of the transfer pump, added a frequency converter on the circulation pump, replaced the blower and circulating pump with new ones of lower power, thus reducing energy consumption and redundancy and improving energy efficiency. The implementation of the equipment transformation and adjustment above in the current year has resulted in a total saving of RMB1.8 million in electricity cost.

Case: Waste heat utilization to support energy conservation and consumption reduction

In order to improve the utilization of steam from the incinerating system and reduce the power or gas consumption, the Group's Shandong Zouping and Pingfu Projects use the excess steam generated in the course of operation as its own heat supply, while Weifang Project sells residual heat steam to other chemical enterprises, thus significantly improving the profit margin and reducing energy consumption through the consolidation and allocation of resources.

Innovative conservation of water resources

The Group's project companies have high water consumption for business operation. We have tightened the management of water resources to reduce water consumption in all processes of our business. For hazardous waste disposal facilities, the Group's project companies have deployed more sewage treatment facilities in accordance with the requirements of local policy, and treated wastewater in the plant to meet the standards of reuse water for recycling, thus reducing the pollution caused by external emissions, and cutting down the use of fresh water in the plant. For the environmental hygiene business, the Group makes full use of digital and intelligent technology to achieve rational planning and auto start and close of operations through machine learning and anticipation, thereby reducing waste of water resources and contributing to the sustainable development of the Group.

Connected with the intelligent city, traffic management and meteorological systems, the Group's smart sanitation platform can forecast and plan the operating time and route of the sanitation vehicles based on the real-time traffic conditions

and historical patterns, which improves efficiency and reduces energy consumption. In addition, the platform can also properly schedule the frequency and processes of sprinkling and dust suppressing operations based on changes in the air humidity, surface temperature and index of PM2.5 in different regions at different times, thus achieving the goal of saving water resources.

In the field of landscaping, the Group understands the plant growth environment parameters such as soil temperature and humidity, pH value and fertility through IoT soil moisture sensor. These data are used in conjunction with the micro-environmental information and the growth characteristics of plants as well as local big weather data to provide a reference basis for refined management. The intelligent irrigation system automatically starts irrigation in accordance with the comprehensive information such as type of plant or green land, planting environment, soil moisture, seasonal atmospheric humidity, and weather forecast, which effectively reduce the water consumption in garden irrigation and the cost for artificial irrigation.

Water saving goals:

In 2022, we plan to optimize the allocation of water resources and reduce water consumption with intelligent gardening system and intelligent sanitation system.

Environmental protection to help maintain ecosystem health

Resource recycling

The Group is actively engaged in recycling business, with the aim of achieving the progressive improvement of resources recycling and value regenerating. Adhering to the concept of recycling management, we apply proper recycling approaches and study methods of recycling in the hazardous waste and environmental hygiene businesses to promote green, sustainable, and delicacy operation of hazardous waste disposal, road cleaning, garbage

classification, and landscaping. For example, the project company in Yichang, Hubei introduced the silicone fertilizer resource module to produce copper products with economic benefits, which significantly enhanced the value attributes of the process tailings, effectively improving the Company's economic benefits and promoting the sustainable development of its business.

Recycling goals:

In 2022, the designed total annual treatment capacity of Yichang recycling project reached 20,000 tons, of which 15,000 tons was for organic silica hydrolysis residue, and 5,000 tons for etching liquid wastewater.

In 2022, the total processing capacity of all recycling projects of the Group increased to 270,000 tons/year.

Case: Turn kitchen waste into fertilizer through composting

To realize refined and classified domestic garbage recycling treatment, the Group set up a kitchen waste treatment plant with a daily handling capacity of 10 tons in Renhua County as one of the garbage classification projects there. Organic matter in organic waste is microbiologically decomposed into fertilizers, water and carbon dioxide through the kitchen waste and waste liquid treatment equipment. The green organic fertilizer formed by the degradation of fruits and vegetables, kitchen waste and other organic waste under the effect of highly efficient biological agents is rich in organic nitrogen, organic potassium, and other trace elements. The microbial additives and the active enzymes produced in the degradation process can promote plant growth, revitalize the soil and improve soil quality, and increase the efficiency of fertilizer utilization, representing an excellent practice of turning waste into treasure.

Case: Scrap and recycle of wastes

The Group has built a new comprehensive treatment facility for large waste treatment and greening in Zibo Shandong. The facility can realize recycling of waste by dismantling, classifying, and recycling large waste with a composite structure such as office supplies and furniture, and composting the branches and trunks and other garden waste generated during pruning. The treatment capacity of the project will reach 40 tons per day.

(4) Standardize construction management

The Group strictly complies with the *Soil Pollution Prevention and Control Law of the People's Republic of China* (《中華人民共和國土壤污染防治法》), *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》), *Measures for Pollutant Discharge Permitting Administration* (《排污許可管理條例》), *14th Five-Year Plan Work Scheme for National Assessment of Standardized Environmental Management Related to Hazardous Wastes* (《「十四五」全國危險廢物規範化環境管理評估工作方案》), and *Guidelines on Inspection of Hidden Risk of Soil Pollution for Specially Regulated Entities (Trial)* (《重點監管單位土壤污染隱患排查指南(試行)》) and other laws and regulations in the construction processes of all projects, and revises and implements the internal system in accordance with the regulatory requirements in a timely manner.

The Group implements the “three simultaneities” policy for all new projects, reconstruction projects and expansion projects, and carries out environmental impact assessments (EIA) as required at the project initiation stage. At the initial design stage of the project, we engage design institutions with corresponding qualifications to carry out the design of environmental protection facilities, and the design must meet the requirements of relevant laws, regulations, and standards, and give priority to advanced and applicable processes, technologies, and reliable equipment and facilities. At the construction stage of the project, we engage construction

contractors with corresponding qualifications to carry out the construction by strictly following the design drawings and relevant construction technical standards and specifications, thus guaranteeing the construction quality. During the trial operation, completion and acceptance inspection stage of the project, the supporting environmental protection facilities and the main project are simultaneously inspected, accepted, and put into operation. In the production process, we improve the integrity of the environmental protection facility and the usage rate to give full play to the functions of environmental protection facilities.

The Group implements 5S management⁴ during the construction process. Construction materials and wastes are classified and stored in prescribed locations. We prohibit to litter, pile up, and discharge flammable, explosive, toxic and hazardous materials on site. After the construction, construction wastes are disposed in accordance with local regulations. Meanwhile, the Group strictly manages contractors. During the construction of all projects, the Group requires contractors to take measures such as timely washing of vehicles, sprinkling, noise control, centralized collection, and discharge of wastewater, in order to prevent and reduce the pollution of dust, wastewater, exhaust gas, noise, vibration and construction lighting and their impact on people and the environment.

⁴ 5S Site Management Method means SEIRI, SEITON, SEISO, SEIKETSU and SHITSUKE

Environmental protection to help maintain ecosystem health



Vehicle washing system



Spraying and dust suppression system

The Group not only adopts various measures to protect the construction environment in accordance with all relevant management regulations regarding the construction process, but also makes efforts in building project sites with higher levels of planning, construction, and environmental protection. The

"garden" factory is integrated with the surrounding natural environment through aesthetic facility layout, complete supporting greening facilities, and comprehensive environmental protection facilities to create a harmonious natural landscape and enhance the enterprise image.



"Garden" factory of the Zigong project





Factory of BEUR in Yichang

(5) Environmental KPIs

GHG emissions

Business	Indicator	Unit	2021
Environmental hygiene service	GHG Emissions (scope 1&2)	tons	74,297.78
	Direct GHG Emissions (scope 1)	tons	63,333.38
	Gasoline	tons	6,787.53
	Diesel	tons	54,881.81
	Nature gas	tons	1,664.04
	Indirect GHG Emissions (scope 2)	tons	10,964.40
	Purchased electricity	tons	10,964.40
Hazardous waste treatment business	GHG Emissions (scope 1&2)	tons	26,127.68
	Direct GHG Emissions (scope 1)	tons	5,268.73
	Gasoline	tons	119.95
	Diesel	tons	727.39
	Nature gas	tons	4,421.39
	Indirect GHG Emissions (scope 2)	tons	20,858.95
	Purchased electricity	tons	20,858.95

Environmental protection to help maintain ecosystem health

Business	Indicator	Unit	2021
Waste electrical and electronic equipment treatment business	GHG Emissions (scope 1&2)	tons	1,473.24
	Direct GHG Emissions (scope 1)	tons	216.84
	Gasoline	tons	36.79
	Diesel	tons	180.05
	Indirect GHG Emissions (scope 2)	tons	1,256.40
	Purchased electricity	tons	1,256.40
Headquarters office building	GHG Emissions (scope 1&2)	tons	217.69
	Direct GHG Emissions (scope 1)	tons	1.80
	Nature gas	tons	1.80
	Indirect GHG Emissions (scope 2)	tons	215.89
	Purchased electricity	tons	215.89
Total	Total GHG emissions	tons	102,116.39
	GHG emissions per unit of operating revenue	tons/HK\$10,000	0.23

Pollutant

Business	Indicator		Unit	2021
Environmental hygiene service	Atmospheric pollutant	Sulfur dioxide	kg	400.74
		Nitrogen oxide	kg	196,367.53
		hydrogen sulfide	kg	10.77
		Ammonia	kg	141.99
		Particulate matter	kg	9.82
Hazardous waste treatment business	Atmospheric pollutant	Sulfur dioxide	kg	912.31
		Nitrogen oxide	kg	38,719.33
		Particulate matter	kg	615.07
	Sewage		tons	82,376.61
Waste electrical and electronic equipment treatment business	Atmospheric pollutant	Sulfur dioxide	kg	1.37
		Nitrogen oxide	kg	17.01
		Particulate matter	kg	3,578.00
	Sewage		tons	100.00

Environmental protection to help maintain ecosystem health

Waste

Business	Indicator	Unit	2021
Environmental hygiene service	Hazardous waste	tons	0
	Non-hazardous waste	tons	18,665.84
Hazardous waste treatment business	Hazardous waste	tons	36,326.23
	Non-hazardous waste	tons	19.85
Waste electrical and electronic equipment treatment business	Hazardous waste	tons	3,352.56
	Non-hazardous waste	tons	2,753.55
Headquarters office building	Hazardous waste	tons	0
	Non-hazardous waste	tons	22.10
Total	Total hazardous waste	tons	39,678.79
	Hazardous waste per unit of operating revenue	tons/HK\$10,000	0.09
	Total non-hazardous waste	tons	21,461.34
	Non-hazardous waste per unit of operating revenue	tons/HK\$10,000	0.05

Energy and water consumption

Business	Indicator	Unit	2021
Environmental hygiene service	Total energy consumption	MWh	255,260.33
	Direct energy consumption	MWh	237,310.11
	Gasoline	MWh	26,522.69
	Diesel	MWh	202,556.08
	Natural gas	MWh	8,231.34
	Indirect energy consumption	MWh	17,950.22
	Purchased electricity	MWh	17,950.22
	Water consumption	tons	8,694,240.29
	Fresh water	tons	7,856,006.45
	Reclaimed water	tons	838,233.84
Hazardous waste treatment business	Total energy consumption	MWh	56,993.99
	Direct energy consumption	MWh	25,023.84
	Gasoline	MWh	468.68
	Diesel	MWh	2,684.29
	Natural gas	MWh	21,870.87
	Indirect energy consumption	MWh	31,970.15
	Purchased electricity	MWh	31,970.15
	Water consumption	tons	287,712.00
	Fresh water	tons	213,355.00
	Reclaimed water	tons	74,357.00
Waste electrical and electronic equipment treatment business	Total energy consumption	MWh	2,813.65
	Direct energy consumption	MWh	811.46
	Gasoline	MWh	143.75
	Diesel	MWh	667.71
	Indirect energy consumption	MWh	2,002.19
	Purchased electricity	MWh	2,002.19
	Water consumption	tons	6,579.20
	Fresh water	tons	6,579.20

Environmental protection to help maintain ecosystem health

Business	Indicator	Unit	2021
Headquarters office building	Total energy consumption	MWh	312.15
	Direct energy consumption	MWh	8.90
	Natural gas	MWh	8.90
	Indirect energy consumption	MWh	303.25
	Purchased electricity	MWh	303.25
	Water consumption	tons	3,332.00
	Fresh water	tons	2,239.00
	Reclaimed water	tons	1,093.00
Total	Total energy consumption	MWh	315,380.12
	Energy consumption per unit of operating revenue	MWh/ HK\$10,000	0.71
	Total water consumption	tons	8,991,863.49
	Water consumption per unit of operating revenue	tons/HK\$10,000	20.21

Solid the safety responsibility

The Group has established the idea of “people-oriented”, and adhered to the principle of “safety first, prevention first and integrated treatment” 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 *Safety Management Manual for Environmental Sanitation Department of Beijing Enterprises Urban Resources Group* (《北控城市資源集團環衛事業部安全管理手冊》), the *Safety Reward and Punishment Management System* (《安全獎懲管理制度》), the *HSE Hidden Danger Investigation and Governance System* (《HSE 隱患排查和治理制度》), the *HSE Education and Training System* (《HSE 教育培訓制度》), the *Traffic Safety Management System* (《交通安全管理制度》), the *Fire Safety Management System* (《消防安全管理制度》), the *Incident Management System* (《事故事件管理制度》) and other safety management systems, to prevent and reduce production accidents, and safeguard the lives and health of employees and the safety of the company's property.

(1) On-site safety management and control

In the process of project construction, the Group strictly controls the quality of survey and design and ensures that survey and design units conduct relevant work in accordance with national laws, regulations, and compulsory standards for project construction, so as to prevent accidents caused by unreasonable survey and design.

In 2021, the Group increased the inspection of the safety and environment of project sites, completed

on-site inspections of all construction projects, and put forward improvement requirements and suggestions at the same time, and deepened the communication with safety and environmental management personnel by way of “Mentoring” to implement the Group’s concept of safety and environment and quickly improve its management capability.



On-site supervision and inspection



On-site supervision and inspection



On-site first aid training



Safety skills training

Environmental protection to help maintain ecosystem health



Safety inspection



Fire drill



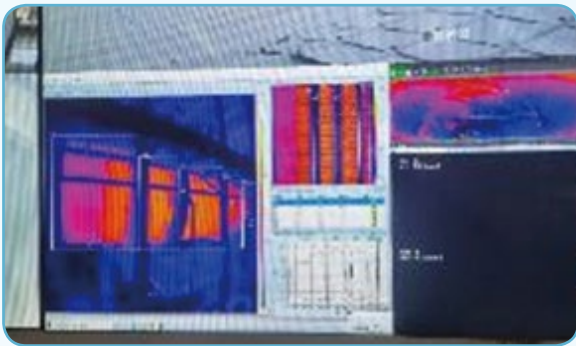
Safety inspection before operation



(2) Enhance hidden danger investigation

The Group emphasizes the importance of risk prevention and control. It further promotes the identification of hazardous sources by organizing the assessment of safety status of key projects and the acceptance of safety facilities, focuses on the safety and environmental management and control of high-risk hazardous waste, facilities, and places, and effectively reduces safety and environmental risks through the implementation of the whole-process management and control. In 2021, we continuously strengthened hidden danger detection and rectification. In terms of hazardous waste business segment, we have conducted over 2,500 times of various security and environmental inspections to investigate security and environmental hazards in depth and required all hazards identified to be actually rectified.

The Group has installed infrared monitoring systems in key areas of the projects already in operation (incineration plant pits, hazardous waste temporary storage, and unloading areas), and arranged professional firefighters in the central control room to monitor these areas 24 hours a day. Meanwhile, the Group uploads the online monitoring images to the online system for online monitoring and inspection. While improving technical prevention and control, patrolling inspection staff conduct continuous inspections of the above key areas every day, combining technology with manual work to formulate a seamless connection of monitoring at key areas.



Add infrared thermal imagers to rotary kilns and material pits



Bus linkage control cabinet

(3) Implement safety precautions

The Group attaches great importance to production safety and the health of employees, continuously increases investment in safety and environmental protection, and improves safety and environmental facilities. By providing more safety facilities and equipment, occupational health protection equipment, etc., we improve the on-site production safety and reduce accidents to effectively safeguard the health and safety of employees at work.

In order to continuously strengthen the human resource guarantee for the safety management at project companies, the Group has established safety management organization functions at each regional business unit, operation center and project company, and deployed a proper number of safety management personnel in line with the project size. Meanwhile, we have established a “safety management team” with safety management personnel and grassroots safety personnel of the project company and developed a special working mechanism to select and train safety management personnel, gradually expanding the team’s strength. In order to enhance the professional capabilities of project leaders and safety management personnel, the Group conducts empowerment training and assessment for them, such as online video

training, and on-site training in regional business units and project companies. We strictly follow the requirement of “working with insurance”, and consistently improve the management of insurance application to expand the coverage of public insurance and make sure our employees’ safety and security.

The Group continues to pay attention to the health of employees and strengthens the implementation of occupational disease prevention and screening. We require new employees to take a physical examination and present the physical examination report before employment, and regularly organize in-service employees to take occupational health examinations. We strengthen occupational health management at each project site, continuously improve occupational disease prevention measures with protective masks, gas masks, goggles, safety helmets and other protective equipment and guide employees to use them correctly. In addition, we have installed more monitoring and alarm equipment in areas with greater occupational health risks to monitor toxic and harmful gases such as HCl and H₂S, and take deodorization and ventilation measures in time.



Wearing of labor protection equipment

The cause of the Group's work-related fatalities from 2019 to 2021 and work-related injuries in 2021 was mainly traffic accidents, the details of which are set out in the table below.

KPIs related to work-related injuries and work-related fatalities⁵

Indicators	data	
Number and rate of work-related fatalities in 2019	3 people	0.09‰
Number and rate of work -related fatalities in 2020	2 people	0.05‰
Number and rate of work -related fatalities in 2021	1 person	0.02‰
Total lost days due to work injury in 2021	5,048 days	

(4) Safety training and publicity

The Group has developed the *Safety Training and Education System* (《安全培训教育制度》), and carried out safety trainings with a variety of themes, contents and forms for all employees, aiming to raise employees' safety awareness, strengthen the safety management and drive a stable, safe and sustainable development of the Group's business.

In 2021, we made concentrated efforts in building the "safety and environmental protection micro share" platform to deliver online HSE trainings on a sustained basis. With the leader of safety and environmental protection in each project company serving as the lecturer, we focused on promoting well-validated HSE management experience and

accident warning education, and offered 26 "micro share" courses covering more than 20 topics such as vehicle management, road occupation, "Four New" (new technology, new process, new material, new equipment) education, "Three-Level" (company, department and team) education, safety of cleaning work, insurance claims and litigation response, traffic accident prevention and improvement, risk identification, etc. We maintained a strict standard in lecturing quality and made a performance evaluation thereafter to promote the well-validated experience in depth, thus constitutionally broadening the safety learning channel for employees and enhancing the ability of the full-time safety team.

⁵ Total work days lost due to work-related injuries is calculated as the number of working days actually taken off by the injured workers.

Environmental protection to help maintain ecosystem health

In 2021, the Group carried out diversified activities on the themes of "Labor Safety", "Production Safety Month", "No Accidents in 100 Successive Days", "119 Harmonious Fire Fighting", "Safety Knowledge Contest", etc. During these activities, the Group conducted safety training for regional and project leaders as well as relevant managers with 300 participants, held HSE knowledge contests with 12,935 respondents and the short video competitions with 4,223,730 visitors. During the "Production Safety Month", our subsidiaries organized more than 1,800 safety trainings, covering more than 42,000 person-times, creating a culture of safety and environmental protection management among the whole workforce and steadily raising employees' awareness of safety and environmental protection.

In addition to training for our employees, we also organize or participate in social emergency drills as a sponsor or a participating unit. For instance, Ningxia Beijing Enterprises Ruiyuan Renewable Resources Co., Ltd. conducted emergency drills jointly with Ningdong fire alarm squadron, and Chongqing Beijing

Enterprises Ruiyuan Renewable Resources Co., Ltd. acted as organizer to conduct emergency drills in cooperation with the park management committee and fire brigade. These efforts have enhanced our employees' emergency response abilities, enriched their practical experience, and raised their safety awareness and safety capabilities from various perspectives. At the same time, the Group organizes safety activities for employees' families, such as "taking turns to be director of safety and environment protection" and "your safety is the source of family happiness", etc., to highlight importance of safety to employees in an all-round way.

In addition, our similar types of subsidiary project companies also organize activities letting employees learn from each other including trainings on safety and environmental protection, work-related injury prevention and emergency care, and practical skills learning, etc., those activities strengthen horizontal benchmarking, share advanced experience and make a comprehensive stride in the management and operation of the projects.



On-site fire emergency drills



On-site fire emergency drills



Safety activity



Employee family symposium



Safety advisory day

Concerted Efforts
to Improve

**PEOPLE'S
WELL-BEING**





CONCERTED EFFORTS TO IMPROVE PEOPLE'S WELL-BEING

The Group earnestly fulfils its corporate social responsibility. Sticking to the commitment of “reassuring the government, satisfying the public, earning profits, benefiting its employees, and winning together with its partners” and adhering to the principle of “people-oriented”, we effectively protect employees’ rights and interests, pay attention to their all-round development, and strive to become an attractive employer and responsible corporate. In addition, we actively participate in public service activities and carry out poverty alleviation projects to show our care to the livelihood and give back to the society.

Achieve employees’ development

The Group implements the “people-oriented” principle, pays attention to the construction of talent team to attract, cultivate and retain outstanding talents, and enhances employees’ sense of belonging and pride for being a member of the Group. 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

development resources for our employees. In 2021, the Group further optimized the structure for human resource management and control, actively promoted the informatization of talents management and the internal construction of the human resource management team, so as to support the development of employees, and gradually create a responsible, valuable and high-quality talent team with sharing consciousness.

(1) Employment and rights protection

In strict compliance with the *Labor Law of the People’s Republic of China* (《中華人民共和國勞動法》), the *Labor 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, the Group formulated the *Recruitment and Employment Management System* (《招聘與錄用管理制度》), the *Employee Performance Management System* (《員工績效管理制度》), the *Employee Handbook* (《員工手冊》) and other internal regulations to regulate the management of recruitment, employment, salary and benefits, attendance, performance, equal opportunity, anti-discrimination, workforce diversity, etc.

Recruitment and dismissal

We advocate equal and diversified recruitment policies. During the recruitment process, we consider the candidate’s business and personal qualities to ensure that the candidate will not be discriminated against because of their race, nationality, skin color, religion, gender, age and other factors. In addition, since a large number of our projects are located in remote areas, and in order to promote local economic development and create more job opportunities, we pay special attention to local talents. During the reporting period, many new hires were from the location where the projects operated.

Concerted efforts to improve people's well-being

In employee recruitment, we continue to apply psychological methods such as "Enneagram Personality Test" and "Career Anchor Test" into job analysis, interview selection, interviewer training and talent development for some management positions, to push ahead the professional development of the enterprise recruitment pattern and to improve the accuracy of talent selection. Besides, we have set the "Talent Portrait" to precisely control the competency model of each position, so as to promote a scientific and visualized recruitment development. We conduct a systematic talent evaluation irregularly for on-duty employees at different levels and positions,

continuously driving their self-improvement, promoting their progress in professional abilities, and contributing to build a high-quality talent team.

In employee dismissal, we specify termination clauses in the *Labor Contract* (《勞動合同》) to ensure that the dismissal procedures are legitimate and transparent, and compliance risks and labor disputes are avoided. In 2021, we updated the non-compete agreement and confidentiality agreement, under which we placed more value on the confidentiality of information when establishing labor relations, effectively protecting employees' rights and interests and regulating employment management.

Key performance indicators of employment⁶

Indicators	Secondary indicators	2021	Unit	
Number of employees	By employment type	Total number of full-time employees	42,175	Person
		Total number of part-time employees	0	Person
	By gender	Number of male employees	21,848	Person
		Number of female employees	20,327	Person
	By age group	Number of employees aged 30 and below	1,224	Person
		Number of employees aged 31-50 (inclusive)	12,389	Person
		Number of employees aged over 50	28,562	Person
	By employment category	Administrative personnel and managers	1,411	Person
		Sales and marketing personnel	123	Person
		Technical personnel	307	Person
		First-line production workers	40,334	Person
	By geographical region	East China	3,867	Person
		North China	13,279	Person
		Central China	4,401	Person
		Northeast China	1,923	Person
		Northwest China	5,377	Person
		Southwest China	5,896	Person
		South China	7,432	Person

⁶ Note: The number of employees during the reporting period is counted by employment type, gender, employment category (administrative personnel and managers, sales and marketing personnel, technical personnel, first-line production workers), age group and geographical region.

For statistic purpose, we divide China into East China (Shandong, Jiangsu, Anhui, Zhejiang, Fujian, Shanghai, Jiangxi), North China (Beijing, Tianjin, Hebei, Shanxi, Inner Mongolia), Central China (Hubei, Hunan, Henan), Northeast China (Liaoning, Jilin, Heilongjiang), Northwest China (Ningxia, Xinjiang, Qinghai, Shaanxi, Gansu), Southwest China (Sichuan, Yunnan, Guizhou, Tibet, Chongqing), and South China (Guangdong, Guangxi, Hainan).

Concerted efforts to improve people's well-being

Indicators	Secondary indicators		2021	Unit
Employee turnover rate	By gender	Turnover rate of male employees	11.23	%
		Turnover rate of female employees	7.52	%
	By age group	Turnover rate of employees aged 30 and below	24.66	%
		Turnover rate of employees aged 31-50 (inclusive)	11.48	%
		Turnover rate of employees aged over 50	7.90	%
	By geographical region	East China	14.43	%
		North China	8.50	%
		Central China	9.47	%
		Northeast China	2.11	%
		Northwest China	5.78	%
		Southwest China	16.61	%
	South China	7.47	%	

Labor standards

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》) and the *Provisions on the Prohibition of the Use of Child Labor* (《禁止使用童工規定》), stringently verifies the identity of candidates during the recruitment process, and resolutely does not employ child labor under the age of 16. Any violations will be subject to immediate and serious investigation and punishment.

The Group prohibits any forced labor, does not force employees to work overtime, and strictly controls overtime work beyond the normal working hours. The overtime work must be approved by relevant supervisors, and the employees will be arranged to take time off after overtime working. During the reporting period, the Group did not receive any complaints about forced labor, nor the violation of laws and regulations related to prohibiting child labor and forced labor.

Salary and benefits

Strictly abiding by the laws and regulations, such as the *Social Insurance Law of the People's Republic of China* (《中華人民共和國社會保險法》), the Group has further improved 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》) to provide employees with

competitive opportunities in a fair and reasonable manner and create a positive working atmosphere. In 2021, the Group published the *Regulations on Management of Employees' Marriage, Childbirth, Bereavement and Condolence* (《員工婚育喪及慰問管理規定》) to show our care for employees and their families in specific situations, representing our compassionate care.

Concerted efforts to improve people's well-being

In line with the principle of equal employment, the Group provides fair and competitive salary and benefits for our employees with adequate evaluation on their occupational competence and market conditions. In order to fully guarantee employees' lives and arouse their enthusiasm, other than meeting the national and regional standards of the social security and welfare where the Group operates, we also provide staff with additional benefits such as communication fee subsidies, meal subsidies, transportation subsidies, festival subsidies, heatstroke prevention and cooling fees, heating fees, free breakfast and overtime dinner.

At the beginning of 2021, we raised salaries for meritorious employees who had been in service for more than one year, with an average increase of 10%-plus. Besides, we, together with professional research companies, conduct a salary research on each position, adjust performance appraisal standards as appropriate, and plan to offer incentives to meritorious employees based on the research and annual appraisal results.

(2) Training and career development

The Group, adhering to the strategy of "talent-based enterprise", is committed to making progress and sharing development achievements together with employees. We establish a training program for reserve talents, optimize the training mode for in-service employees, and constantly strengthen the building of our talent team by attracting excellent talent, providing training for professionals and selecting and cultivating the reserves.

Management training

In 2021, the Group improved the management training system and refined the technical training contents to enhance the quality of reserve talents and improve

proficiency in the business. In order to better adapt to the rapid development of the Company, the Group has established a technology management training platform, and invites internal and external lecturers to provide trainings instead of the simple weekly meeting system, which greatly strengthened the efforts in talent training. In 2021, the Group organized a total of 13 management trainings, with approximately 20 trainees each.

Moreover, in 2021, we further optimized and refined the lecturer system and the curriculum system. We not only provided online management courses, but also conducted a variety of on-site training courses, laying a solid foundation of knowledge and talents for the establishment of a learning organization.



Technology management training platform of the Group

Concerted efforts to improve people's well-being

In order to accelerate the selection and cultivation of reserve talents, strengthen the building of the Group's talent supply chain, present a more scientific, fair and effective talent selection and cultivation mechanism, and realize the forward-looking cultivation of talents, in 2021, we officially launched the "Hierarchical Talent Pool" program and started a selection and cultivation of talents with emphasis on reserve cadres of our subsidiaries under two major business units. Through

the processes of trainee recruitment, qualification examination, online interview, etc., we totally selected almost 50 reserve talents in the first session and completed the first session of empowerment training on essential knowledge and skills and subsequent assessments at the end of December, further strengthening our management cadre team and facilitating our rapid development.

Technical training

The Group continues to conduct trainings for two major business sectors, namely hazardous waste and environmental hygiene, and organizes knowledge and skill competitions to further enhance the professional skills of the technical personnel.

In 2021, for hazardous waste, the Group held weekly technical meetings with project companies on a regular basis and established the weekly meeting system with Technical Department of each project company. We exchanged problems encountered in each project more than 20 times and took advantage of 13 weekly meeting to hold technical trainings on relevant standards, emerging technologies,

instruments, which enhance the overall technical level of the Group. For environmental hygiene, we empowered employees at all levels with techniques through trainings on the "'1+N' Business Model of Beijing Enterprises Urban Resources Group Limited", "Overview of Operation Technology in Environmental Hygiene Project and Practice Guidelines for Costing", "Preliminary Study on Application Scenarios of Sanitation Vehicles and Equipment", "Landscaping Maintenance Technology", "Specifications for Landfill Operation and Management", promoting an overall improvement in techniques and business capability throughout the Group.



Technical training on hazardous waste disposal

Case: Skill contest among technical personnel to improve front-line professional competence

In 2021, the Group organized skill trainings and contests for technical personnel within the laboratory, aiming to improve the front-line professional competence of technical personnel through practice trainings, exercises and contests.



The Group's skill training and contest for technical personnel within the laboratory

Case: Training for rank-and-file employees to enhance inclusiveness throughout the Group

The Company not only attaches importance to hardware upgrading, but also pays attention to the promotion of corporate culture. We invite government officers, experts and scholars to provide trainings for rank-and-file employees as to safety and environmental protection, civilized operation, corporate culture, etc., to improve employees' professional skills and overall qualities quickly. In addition, we carry out extensive cultural and sports activities such as sanitation workers' festival, sports competitions, singing and dancing party, etc., enriching the leisure cultural life of employees and achieving the common growth of employees and the enterprise.

Concerted efforts to improve people's well-being



Training for rank-and-file employees

Key performance indicators of training

Indicators	Secondary indicators	2021	Unit
Proportion of employees covered in trainings	Number and proportion of employees covered in trainings		
	Total number of employees covered in trainings	42,175	Person
	By gender		
	Male	21,848	Person
		100	%
	Female	20,327	Person
		100	%
	By employee category		
	Administrative personnel and managers	1,411	Person
		100	%
	Investment and marketing personnel	123	Person
		100	%
	Technical personnel	307	Person
		100	%
	First-line production workers	40,334	Person
		100	%
Training hours per capita	Average training hours among employees	47	Hours/Person
	By gender		
	Total training hours of male employees	1,015,531	Hours
	Average training hours of male employees	46	Hours/Person
	Total training hours of female employees	949,211	Hours
	Average training hours of female employees	47	Hours/Person
	By employment type		
	Total training hours of administrative personnel and managers	19,142	Hours
	Total training hours of investment and marketing personnel	3,275	Hours
	Total training hours of technical personnel	6,292	Hours
	Total training hours of first-line production workers	1,936,033	Hours
	Average training hours of administrative personnel and managers	14	Hours/Person
	Average training hours of investment and marketing personnel	27	Hours/Person
	Average training hours of technical personnel	21	Hours/Person
	Average training hours of first-line production workers	48	Hours/Person

Concerted efforts to improve people's well-being

(3) Occupational, physical and mental health

Adhering to the people-oriented corporate responsibility, the Group places a high value on the physical and mental health of employees. We provide free physical examination and occupational disease examination for employees every year, and offer comprehensive medical insurance to regular employees and their children, including accident insurance, medical insurance, maternity insurance, and medical insurance for major diseases. In addition, we have insured employees with supplementary medical insurance, including employer's liability insurance and employee accident insurance. Specifically, we add safety management expenses during the project review, and purchase accident and death benefit insurance for employees in preparation for accidents at work.

We devote ourselves to creating an open, honest and warm working atmosphere to improve team cohesiveness, foster a sense of belonging among

employees, and help them relieve pressure at work. To this end, we encourage our staff to do setting-up exercises during work-break, arrange book sharing activities, hold quarterly birthday parties and organize photography contests. We also serve afternoon tea for everyone to make them feel at home and strike a work-life balance.

In the meantime, we highly value the rights and the interests of female employees, impoverished employees and front-line employees. In 2021, we carried out a variety of online female-centered activities, such as the appraisal and selection of outstanding female employees on the occasion of Women's Day, and the recognition of the Most Beautiful Laborer, and organized a clothing donation with 1,092 pieces of old clothes collected, all of which were donated to those needy sanitation workers from the project companies. We are doing this for making every employee feel the care and warmth from the Group.

Case: "Celebrate birthday for you to awaken your childlike innocence" - Provide family warmth for employees

By virtue of the festive atmosphere of Children's Day, the Group organized a themed birthday party in the middle of the year, which gave employees a chance to relive the experience of childhood. While working together with others in a series of games, our staff experienced childlike delight again. In this regard, these games not only relaxed the mind and body of our employees, but also made them feel the warmth of our big family, and consequently, the sense of belonging and team cohesion in the workplace had been enhanced.



Themed birthday party

Case: Ensure healthiness of sanitation workers with multiple measures

In view of the fact that sanitation workers are generally old and work in relatively harsh conditions, the Group equips them with basic medications and medical instruments. Beyond that, we also provide smart bracelets for them to monitor their heart rate in real time and enable the function of one-click calling for help in emergency circumstances. By doing so, we hope to provide a safe working environment and a strong health protection for our employees.



Equip sanitation workers with medications and medical instruments

Concerted efforts to improve people's well-being

Case: Improve working environment at grassroots level with humanistic solicitude

Given the long working hours and heavy labor intensity of sanitation workers, the Group regards caring for employees and improving their work/life quality as the primary goal for the enterprise to develop. We care and support all front-line staffs by offering them drinking water and resting places, holding employee birthday parties, handing out supplies to help them prevent heatstroke and defend against the cold, etc. With these actions, we have effectively improved the workplace environment for those working on the ground and showed our humanistic solicitude.



Caring activity for grassroots staff

Case: Continue regularized epidemic containment in a coordinated way

Although Beijing has lowered its emergency response level to the novel coronavirus, the Group continues its routine COVID-19 prevention and control according to the work arrangements by the municipal government. We have been measuring the temperature of our employees on duty twice a day and disinfecting public areas (e.g., offices, dustbins, garbage trucks, corridors, etc.) once or twice a day. Besides, our subsidiaries report on their prevention and control every day in the WeChat group - "COVID-19 Containment Reporting", and promptly submit the *Statistical Table of Nucleic Acid Testing and Home-based Observation* (《核酸檢測和居家觀察統計表》).



Epidemic prevention

Promote community inclusion

With the core value of "being committed, creating value, and sharing with others" engraved in mind, the Group actively undertakes the social responsibility to support rural revitalization and spread the concept of environmental protection. We regard creating social benefits as the priority of business management and take creating a beautiful environment as the

fundamental way of enterprise development. From "Not-In-My-Back-Yard effects", "public welfare effects" to "aggregation effects", we have made unremitting efforts to achieve a win-win of social and economic benefits, which fully reflect our core value of "environment first, shared rights and responsibilities".

Concerted efforts to improve people's well-being

(1) Support rural revitalization

Consolidate achievements in poverty alleviation

The year 2021 is the starting year for China to consolidate and expand the achievements in poverty alleviation while promoting rural revitalization. To actively respond to the government's call to "revitalize rural areas" and demonstrate the Group's social responsibility, our labor union has rendered "couplet assistance" for Inner Mongolia by donating

informative/science books, winter clothes and quilts to local people to improve their work and life. Our staff, being an active part in this counterpart assistance, have contributed what they can afford to the education in the poverty-lifted area, which is also striking proof of our deep involvement in society and our commitment to public welfare.



"Warm Support in Winter" Donation of clothes and supplies

Promote rural revitalization

In 2021, a five-year program to improve the rural living environment got under way under the *Opinions of the CPC Central Committee and the State Council on Comprehensively Promoting Rural Revitalization and Accelerating the Modernization of Agriculture and Rural Areas* (《中共中央國務院關於全面推進鄉村振興加快農業農村現代化的意見》). The program required to improve the collection and disposal system for rural household waste, advance pollution reduction by source classification, facilitate recycling and utilization, and construct a number of facilities for comprehensive disposal and utilization of organic waste. It is also required to perfect the mechanism to manage and protect the living environment and facilities in rural areas, and introduced third-party governance in "integration of urban and

rural sanitation" in some regions where necessary conditions are satisfied. Moreover, a large-scale cleaning and greening campaign in villages needs to be launched, so as to construct demonstration bases of beautiful and livable villages and pretty courtyards.

Improving rural living environment is the first formidable task for China to implement the rural revitalization strategy. While insisting on the mission of "guarding green homes and creating a beautiful environment", the Group has actively practiced the core value of "environment first, shared rights and responsibilities". We adhere to the principle of "satisfying the people", push forward the work with high standards, and make overall plans to ensure that target tasks are completed steadily, thereby laying a solid foundation for embarking on a new journey to promote comprehensive rural revitalization.

Concerted efforts to improve people's well-being

The Group has launched a number of Environmental Hygiene Integration PPP projects across the country, which promotes the transformation from “outer beauty” and “temporary beauty” to “inner beauty” and “sustainable beauty”. At the same time, we encourage the public to join us in creating a favorable atmosphere for environmental improvement. We keep the communication channels widely open to

strengthen rectification and respond to people's concerns promptly to make the rectification more targeted and effective, and ask the public to judge the effectiveness thereof. Beyond that, we continue to advance rural civilization, create a positive rural cultural atmosphere, unite villagers by enhancing their cultural identity, and endeavor to make the concept of “protecting environment and cherishing homeland” deeply rooted in people's hearts.



Improvement of rural living environment



Township garbage clearance in Liquan County, Shaanxi

Concerted efforts to improve people's well-being

(2) Carry out environmental protection activities

As shouldering the responsibility of “clean city, resource recycling, and restoring lucid waters and lush mountains together”, the Group has organized various environmental protection public welfare activities, publicized environmental protection laws and policies, and popularized environmental protection knowledge, in an effort to serve garbage

classification, supervise and regulate citizens' behaviors, and deepen the environmental protection concept like waste-free cities. With concerted efforts in environmental protection, we continue to sublimate the ideals of urban civilization and fulfill the vision of “guarding green homes and creating a beautiful environment”.

Case: Educate and guide the public to sort garbage with interactive games

In 2021, together with Renhua County Housing and Construction Bureau, the Group's Renhua project company carried out an activity to inform and educate the public on garbage classification with the theme of “going green and supporting environmental protection for civilization and health”. The activity was comprised of three parts, including explanation of knowledge in garbage classification, brochures distribution, and interactive games (e.g., quizzes with small gifts). Many citizens engage in the activities on their own initiatives; and the staff of the Garbage Classification Operation Center, whilst explaining the methods and significance of garbage classification as well as other theoretical knowledge, also handed out the Proposal on Garbage Classification and classy gifts to the citizens. In the quiz session, the citizens simulated garbage classification with different cards, which furthered their knowledge and understanding thereof. After the interactive game, they all said that they would try to do well in sorting garbage in their daily life and develop a living habit that is civilized, healthy and environmentally friendly. This publicity and education activity effectively raised the awareness of garbage classification among Renhua citizens, helped them build up the concept that is necessary to classify domestic waste from the source, and made garbage classification a new fashion in our civilized society.



Public welfare activities

Case: Supervision before garbage cans to jointly beautify the community

By laying emphasis on “classifying household garbage and strengthening door-to-door publicity”, Zhongyan Property, a subsidiary of the Group, has carried out in-depth publicity promotional activities via multiple online and offline channels to encourage garbage classification, e.g., through StarLife App, Property Manager WeChat Group, LED display in service halls and promotional hand fans. At the same time, we continue the activity themed “supervision before garbage cans to jointly beautify the community”. By the end of 2021, the team members had been on duty for 4,821 times in total, and repaired, cleaned and replaced the facilities (e.g., garbage cans, garbage can bungees, publicity boards for garbage classification, garbage can covers, etc.) at the place, which effectively contributed to the continuous and in-depth development of garbage classification. After long-term supervision and regulation on garbage classification, there were six communities under the management of Zhongyan Property awarded as Beijing demonstration communities for garbage classification in 2021, which was a remarkable achievement as we overfulfill the goal of having three communities winning the award throughout the year.



Promotional hand fan for garbage classification



Supervision before garbage cans



Certificate of demonstration community for garbage classification

Case: Keep giving back to residents and work with them to protect community environment

The Group always adheres to the “people-centered” development philosophy and strives to give back to society for its support and help. To cope with the community environmental problems, such as the accumulated debris in corridors, basements, front and back of residential buildings, and deadcorner for cleaning, the Group’s Zhongyan Property held the “Clean-Up Day” in 2021, organized and formulated a clean-up plan, and arranged property housekeepers to step up daily inspections. It also launched patriotic health activities with the street office and neighborhood committee to jointly improve the community environment.

Concerted efforts to improve people's well-being

(3) Serve the public

While effectively ensuring the quality of its work, the Group has actively fulfilled its social responsibility. With the highest professional standards, we work with local authorities to solve the difficulties in the construction of urban environment, trying to do our utmost to optimize the urban environment and provide a more comfortable living environment for the general public. We put forth effort to build a harmonious community. As a property management company, Zhongyan Property takes on its responsibility earnestly, cooperating with local governments and neighborhood committees to mobilize and allocate community resources; We

have implemented normalized management and prevention against natural disasters and COVID-19 in depth, exerted ourselves to raise funds, followed the government's command, and provided strong support for relevant departments. Our efficient and orderly work has received unanimous praise. Besides, we also encourage our employees to raise money and goods, and in 2021, we had a large number of outstanding employees who devoted themselves to charities and returned lost money, which fully demonstrated our values of "taking the initiative and being brave in taking responsibility."

Beautify the environment

In 2021, the Group continued its efforts in urban environment beautification, seeking ever greater perfection. Through a number of work programs such as road sweeping, sanitation facilities cleaning, wild advertisement removal, domestic garbage collection and transportation, public toilets and transfer stations operation and management, as well as provision of emergency support for environmental incidents, the

Group has successfully assisted 48 cities (districts) (including 19 state-level hygiene city) in launching the six city creation projects (e.g., "Create National Civilized City", "Create National Health City", "Create National Garden City", etc.), thus contributing to the beautification of the urban environment and the building a better home.



Concerted efforts to improve people's well-being



Assist with "Create National Civilized City", "Create National Health City" and "Create National Garden City"

Concerted efforts to improve people's well-being

Jointly build the community

While assisting the local street offices in coordinating community resources and renovating community facilities, the Group also improves its safety management standards and conducts self-

examination and correction on fire safety, with the focus on enhancing communities' capability to respond to natural disasters, which have fully carried forward the spirit of dedication.

Case: Renovate community facilities for residents

Through careful and in-depth investigation with the local government and neighborhood committee, the Group installed additional laundry racks and renovated parking spaces that residents had requested for many years. In Beijing Yanshan, a total of 1,615 laundry racks were newly added, and 382 parking spaces were planned and renovated in an orderly manner, which solved the problems of casually installed laundry ropes and parking difficulty in the community. Good results were obtained since such actions have effectively relieved the problems reported by residents. Meanwhile, the Group strives to eliminate hidden safety hazards - it conducted regular inspection of 313 elevators in the area governed by the Zhongyan Property and completed the overhaul of 38 elevators, accomplished the maintenance of three sets of drainage systems (including the sewage lifting plant) and five sets of heating systems (including the resin pumping station) as required, uniformly maintained 786 sets of street lighting systems in the community, and finished lightning detection at 4,284 grounding points. In total, more than 10,000 facility inspections were conducted.



Renovation of parking space and installation of laundry racks in community

Case: Cooperate in overhaul engineering of waterproofing to solve residents' living problems

In 2021, the Group cooperated with the Yanshan Construction Committee in the overhauling of waterproof projects, accomplishing the waterproof construction of 137 buildings in the Yanshan area and solving the leakage problem in 5,487 residential houses. In adherence to the principle of “doing practical things for the public, taking the initiative and not relying on others”, we have maintained workshops and basic-level service stations, and independently completed 169 sporadic waterproof maintenance projects below 20 square meters, with a total area of over 2,000 square meters, which solved the residents' living problems and was highly appreciated by the community.



Waterproofing inspection and repair

Concerted efforts to improve people's well-being

Case: Tighten up deployment to prevent floods

In summer flooding prevention and response, the Group and its partners, in strict accordance with the requirements, have responded and enhanced deployments in an active and timely manner. We have carried on comprehensive investigations on key parts for flood prevention in low-lying areas under administration, placed 2,000 sandbags, and cleaned up 389 places like removing fallen leaves and twigs at rain grates and drainage ditches. In the course of our work, we received more than 5,000 reports of rain leakage from residents, and to address such problem, we sent our property managers and maintenance staff to check the leaks, reassure residents and help with repairs. By doing these, we have helped build a stable and safe community environment.



Flood prevention

Charity donation

The Group encourages charitable donations of all kinds. In July 2021, the Group carried out a donation on the theme of "Inherit Centennial Red Gene and Assist with Charity to Serve the People". All of our employees have fully demonstrated the spirit of service and dedication, and brought love to the needy,

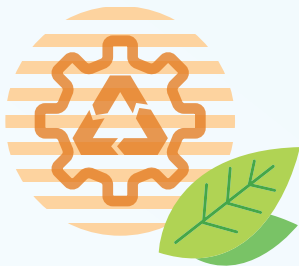
with a total of RMB 13,955 donated. These funds will be used for charitable projects such as helping the aged, and helping with the medical care, education and emergency rescue, so that more disadvantaged groups can get help and feel the warmth of our big family.

Assist with Winter Olympics

The Winter Olympics and Winter Paralympics are not only a large-scale international game, but also an important window and opportunity to show the strength, culture and image of our country. Having practiced the mission of "environment first, shared rights and responsibilities" and insisting on the commitment of "reassuring the government, satisfying the public", the Group, following the requirements of "work in accordance with international standard to serve Beijing in the Winter Olympics", has devoted itself to providing a clean, tidy and beautiful competition environment for the Winter Olympic with its refined, standardized and mechanized operation capability.

The Group officially entered the venue in November 2020, and was mainly responsible for road cleaning, snow and ice removal, garbage transportation and waste disposal in Yanqing competition area (a total of 210,000 square meters), which includes the

National Alpine Skiing Center, National Sliding Center, Yanqing Olympic Village, Folk Town, and the park roads. The Group fully relied on the city maintenance guarantee system to build a snow removal and de-icing emergency operation management system featured with "overall venue management, local coordination, timely response, efficient operation" within the venues. Taking into account the related requirements of sustainability, technical routes of "snow and ice removal with machines, while manual removal operation as a supplement, with scientific use of environmentally friendly snow melting agents" were adopted for snow and ice removal. The project provided round-the-clock services, and adopted professional, refined and intelligent management, successfully fulfilling the tasks of ice-snow shoveling and road cleaning during the series of test events of "Meet in Beijing" in Yanqing competition zone, which provided a solid guarantee for the environmental health in the Winter Olympics.



Intelligent Waste Classification and disposal system

Establish an intelligent waste classification and disposal system within the competition area according to the requirements of "intelligence and environmental protection" of the Winter Olympics

Recycling center for renewable resources

Set up two recycle & temporary stacking places in the comprehensive waste clearance area of National Alpine Skiing Center and National Sliding Center and transport them out regularly

Kitchen waste on-site processing center

Establish a kitchen waste on-site processing center. Apply the sorting and crushing + extrusion dehydration + aerobic composting process to conduct centralized and resourceful treatment of the kitchen waste in the competition area with a processing scale reaching 1 ton per day

Concerted efforts to improve people's well-being



Snow and ice removal project



Security operation for Winter Olympics

Case: Intelligent waste disposal and cleaning management system helps Winter Olympics run smoothly

To ensure a clean and beautiful environment for the Winter Olympic, the Group has built an intelligent waste disposal and cleaning management system that meets the Winter Olympics standard of "multi-form guidance for garbage classification, regular waste collection and transportation, resourceful and harmless disposal of waste, full-coverage cleaning and sanitation, green modular snow and ice removal, and full-process visualization and real-time control", fulfilling the commitment to providing a clean, tidy and beautiful environment for the Beijing 2022 Olympic Winter Games.



Intelligent waste disposal and cleaning management system

APPENDIX: INDEX TABLE

Mandatory disclosure		Disclosure
Governance Structure	<p>A statement from the board containing the following elements:</p> <ul style="list-style-type: none"> (i) a disclosure of the board's oversight of ESG issues; (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 (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. 	ESG Management System, Statement of the Board of Directors
Reporting Principles	A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report (materiality, quantitative, balance, and consistency)	About the Report
Reporting Boundary	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.	About the Report

“Comply or explain”			
Subject Areas	Aspects	Performance indicators	Disclosure
Environmental	A1 Emissions	General Disclosure:	Deepen green development
		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:	
		A1.1 The types of emissions and respective emissions data.	Deepen green development – Environmental Key Performance Indicators
		A1.2 Direct (Scope 1) and indirect energy (Scope 2) greenhouse gas emissions (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Deepen green development – Environmental Key Performance Indicators
		A1.3 Total hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Deepen green development – Environmental Key Performance Indicators
		A1.4 Total non-hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Deepen green development – Environmental Key Performance Indicators
		A1.5 Description of emissions 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

Appendix: Index table

“Comply or explain”			
Subject Areas	Aspects	Performance indicators	Disclosure
	A2 Use of Resources	General Disclosure: Policies on the efficient use of resources, including energy, water and other raw materials.	Deepen green development
		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 Key Performance Indicators
		A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Deepen green development – Environmental Key Performance Indicators
		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 tons) and, if applicable, with reference to per unit produced.	The Group's business does not involve the use of packaging materials for finished products

"Comply or explain"

Subject Areas	Aspects	Performance indicators	Disclosure
	A3 The Environment and Natural Resources	General Disclosure: Policies on minimizing the issuer's significant impacts on the environment and natural resources.	Deepen green development – 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 – 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 – Respond to climate change
		A4.1 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 – Respond to climate change

Appendix: Index table

“Comply or explain”			
Subject Areas	Aspects	Performance indicators	Disclosure
Social	B1 Employment	General Disclosure:	Achieve employees' development – Employment 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 compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare:	
		B1.1 Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Achieve employees' development – Employment and rights protection
		B1.2 Employee turnover rate by gender, age group and geographical region	Achieve employees' development – Employment and rights protection

“Comply or explain”			
Subject Areas	Aspects	Performance indicators	Disclosure
	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> <p>B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.</p> <p>B2.2 Lost days due to work injury.</p> <p>B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored.</p>	<p>Solid the safety responsibility</p> <p>Solid the safety responsibility – Implement safety precautions</p> <p>Solid the safety responsibility – Implement safety precautions</p> <p>Solid the safety responsibility</p>

Appendix: Index table

“Comply or explain”			
Subject Areas	Aspects	Performance indicators	Disclosure
	B3 Development and Training	General Disclosure: Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Achieve employees' development – Training and career development
		<i>Note: Training refers to vocational training. It may include internal and external courses paid by the employer.</i>	
		B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Achieve employees' development – Training and career development
	B4 Labor Standards	B3.2 The average training hours completed per employee by gender and employee category.	Achieve employees' development – Training and career development
		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 preventing child and forced labor.	Achieve employees' development – Employment and rights protection
		B4.1 Description of measures to review employment practices to avoid child and forced labor. B4.2 Description of steps taken to eliminate such practices when discovered.	Achieve employees' development – Employment and rights protection

"Comply or explain"

Subject Areas	Aspects	Performance indicators	Disclosure
	B5 Supply Chain Management	General Disclosure: Policies on managing environmental and social risks of the supply chain.	Promote supply chain management
		B5.1 Number of suppliers by geographical region.	Promote supply chain management
		B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Promote supply chain management – Insist on compliant procurement
		B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Promote supply chain management – Insist on compliant procurement and 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.	Promote supply chain management – Advocate green supply

Appendix: Index table

“Comply or explain”			
Subject Areas	Aspects	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, how they are implemented and monitored.</p>	<p>Consolidate compliance management</p> <p>The Group's business does not involve the recycling of products sold or shipped</p> <p>Consolidate compliance management – Customer service</p> <p>Consolidate compliance management – Management of Brand and Intellectual Property</p> <p>The Group's business does not involve product recycling. For the process of service quality inspection, please refer to "Consolidate compliance management – Investment management"</p> <p>Consolidate compliance management – Information security</p>

“Comply or explain”			
Subject Areas	Aspects	Performance indicators	Disclosure
	B7 Anti-corruption	<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 bribery, extortion, fraud and money laundering.</p> <p>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.</p> <p>B7.2 Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.</p> <p>B7.3 Description of anti-corruption training provided to directors and staff.</p>	<p>Consolidate compliance management</p> <p>– Honest practice</p> <p>Consolidate compliance management</p> <p>– Honest practice</p> <p>Consolidate compliance management</p> <p>– Honest practice</p>
	B8 Community Investment	<p>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.</p> <p>B8.1 Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).</p> <p>B8.2 Resources contributed (e.g. money or time) to the focus area.</p>	<p>Promote community Inclusion</p> <p>Promote community Inclusion</p> <p>Promote community Inclusion</p>