



北京控股有限公司
BEIJING ENTERPRISES HOLDINGS LIMITED



2019

Sustainability Report

BEIJING ENTERPRISES HOLDINGS LIMITED

About This Report



Beijing Enterprises Holdings Limited (BEHL) has developed a unique social responsibility system after years of experience in fulfilling its social responsibility and promoting sustainable development. We serve the needs of our stakeholders by striving for social responsibility as a state-owned enterprise, and to annually disclose the environmental, social, and governance (ESG) aspects of our corporate governance.

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

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

If not specified, the data is disclosed in consolidated terms, and the amount is shown in RMB (yuan) or Hong Kong dollar (HK\$) in this report. If the data is inconsistent with the financial statements, the data in financial statements shall prevail.

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

The timeframe of this report is from January 1 to December 31, 2019. Any content exceeding this reporting period will be noted in the text.

For the convenience of expression and reading, Beijing Enterprises Holdings Limited is hereinafter referred to as “BEHL”, “the Company”, or “we”.

The Report is published in Chinese and English. The Report is available in hard copy and soft copy. Please browse and download the Report from following websites or contact us for a hard copy:

HKEx Website

<http://www.hkexnews.hk>

BEHL Website

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

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Message from Chairman



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

2019 marked the 70th anniversary of China. It was a key year for China's socio-economic and green development. China's ecological civilization is making progress with unprecedented vitality.

Looking back to the past year, we followed our mission striving to protect the environment following the words "Livelihood is also about environmental sustainability, about verdant mountains and clean sky" while creating value for shareholders. We pursued our three main business segments of clean energy development, water ecology protection through water recycling, and solid waste treatment. We focused on quality and safety, and we cultivated our investment in Yanjing Brewery while optimizing our performance. Our 2019 operating income was approximately HK\$67.78 billion, almost the same as the last year, while the profit attributable to our shareholders increased 6.3% year-on-year to about HK\$8.05 billion.

We care about people's well-being and social progress. We emphasize the harmonious development of our business, economy, society, and environment by integrating social responsibility and sustainability concepts into our corporate strategies. We drive these strategies throughout the business, building our corporate citizenship with practical actions.

We are committed to improving the quality of products and service. In 2019, we focused on building natural gas supply capacity and improving service quality with customer-centric service models. Yanjing Brewery innovated with cutting-edge processes and technology, promoted product upgrades, and enriched its product lines. Our Yanjing U8 and Eight Great Sights of Yanjing products won international and domestic awards. BE Water partnered with the China Three Gorges Group Co., Ltd to participate in the Yangtze River Protection initiative. Our solid waste treatment business segment promoted exchanges and mutual learning with EEW GmbH, and refined its unit cost management. We prioritize scientific and technological innovation, focus on supply chain efficiency improvements, and lead industry progress.

We uphold the concept of green development and fully practice the benign interaction between man and nature. We strive for low-carbon energy consumption, clean production and waste recycling in our operations, while responding to the country's development strategy and social development needs. In 2019, we participated in biodiversity and ecosystem restoration work including landmark tasks such as the ecological restoration of the Winter Olympics site.

We value the sense of gain, happiness and personal growth of our employees while we pursue company development. We promote equal and diversified employment, hold diverse vocational skills training, and endeavor to build a fair and transparent career development platform that taps every employee's potential. We complement this focus on employee wellbeing with safe production and management processes that ensure our employees' occupational safety and physical and mental health, along with positive working and living environments.

We are dedicated to integrating our own interests with social welfare. In 2019, we continued with public welfare projects including BEHL's On the Way • BEHL and Yanjing Brewery's Seeds Project. We pursued environmental education and promoted exchanges between youths in Beijing and Hong Kong through the Mingxi Charity Foundation Association. We also contributed volunteer services to various public welfare projects.

We responded to the COVID-19 outbreak with control measures that enabled us to maintain orderly business operations. We provided strong support for urban operation, citizen's livelihood and the prevention and control of epidemics in the whole society.

The more severe challenges we face in the work on ecological environment, the more resolute and sober-minded we become in our effort to stick to our original inspiration and to move forward. We will continue to pursue high-quality development, both through the unique advantages of Beijing and Hong Kong and through advanced international industry. We will work diligently to return value to shareholders while serving society, and develop our own businesses in harmony with the economy, society, and the environment.

Chairman and CEO Hou Zibo

About Us

Company Profile

Founded in 1997, BEHL is a company listed on the Main Board of the Stock Exchange of Hong Kong (0392.HK). It is a constituent stock of the Hong Kong Hang Seng Composite Index and the Hang Seng China - Affiliated Corporations Index. It has a total of nine subsidiaries and associates as listed issuers.

Over the years, BEHL has taken advantages of Beijing and Hong Kong's capital markets. It implemented an active, stable and focused development strategy, and has become a representative red-chip enterprise in the Hong Kong capital market, achieving sustained and steady growth in performance.



Corporate Vision

To become a world-class comprehensive utility service provider



Development Strategy

One Center:
Centered on "green ecology"

Two Adherences:
Adhere to the "two-wheel drive" of capital operation and industrial operation
Adhere to enhancing "brand building" in business areas

Three Markets:
Maintaining a foothold in the Beijing-Tianjin-Hebei Region
Expanding across the country
Moderately entering the international market



Corporate Value

Corporate belief with the cores of "integrity, innovation, pragmatism and tolerance"



Corporate Culture

Being people-oriented, healthy and harmonious

Economic Contribution



Annual operating revenue reached

HK\$ **67.78** billion

Earnings before interest, tax, depreciation and amortization reached approximately

HK\$ **15.95** billion

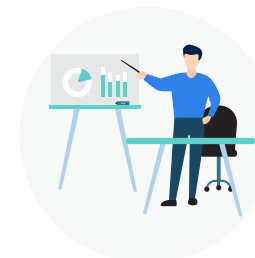
Profit attributable to shareholders was

HK\$ **8.05** billion

Basic and diluted earnings per share was

HK\$ **6.38**

Social Contribution



Number of employees was about

41,000

Annual charitable contribution reached

HK\$ **4.82** million

Annual safety investment achieved

RMB **968.83** million

Environmental Contribution



Gas sales volume reached

42.65 billion cubic meters*

Participated in

1,252 water plants which are or will be in operation

Domestic and overseas waste treatment volume reached

8.977 million tons

Hazardous waste treatment capacity reached

115,000 tons/year

Cumulative piped gas subscribers reached

41.68 million*

Total designed water treatment capacity reached

39.389 million tons per day

On-grid power generation volume from domestic waste treatment business reached

1.22 billion kWh

*The gas sales volume and cumulative piped gas subscribers here include Beijing Gas and China Gas. Beijing Gas-related performance statistics were prepared as of December 31, 2019 and China Gas-related performance statistics were prepared as of March 31, 2020.



BEHL Events in 2019

Gas

- Beijing Gas signed the 2019-2020 Gas Purchase and Sale Contract with China National Petroleum Corporation to guarantee the gas supply for Beijing.
- Beijing Gas signed LNG Purchase and Sale Framework Agreement with China Petroleum & Chemical Corporation to add new channel that supplies gas for Beijing and Tangshan.

Water and Environment

- Signed an agreement for deepened cooperation with the China Three Gorges Group Co., Ltd (referred to as Three Gorges Group), launched a pilot program for the urban dual platform cooperation model, helped establish the RMB 100 billion Yangtze River Protection Fund, and jointly launched the Yangtze River Green Development Fund Management Co., Ltd., with an initial scale of RMB 20 billion.
- Upgraded the Water Environment Solution Version 3.0, built the industry's first BECloud intelligent water cloud platform, and completed and applied a full set of digital sewage capabilities list.

Beer

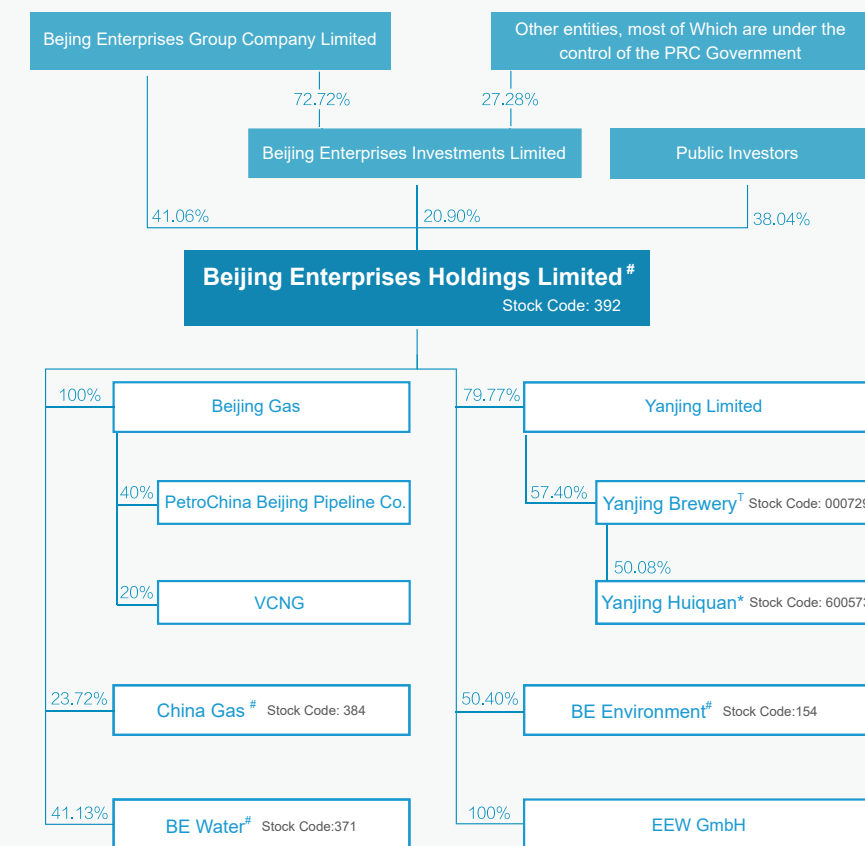
- Promoted product restructuring, developed and promoted new products such as Yanjing U8, and expanded the supply of personalized high-end products.
- Explored the experimental field of online and offline integrated marketing, developed new models of online custom marketing, and developed new retail marketing channels.

Solid Waste Treatment

- Promoted technological upgrades and project expansion to raise environmental standards.
- Focused on developing the domestic waste incineration project for power generation in the Yanzhou District of Jining City, Zhangjiagang relocation and expansion project (Phase III), Changde waste incineration plant Phase III project etc.

Corporate Structure

As of December 31, 2019



*Listed on The Shanghai Stock Exchange

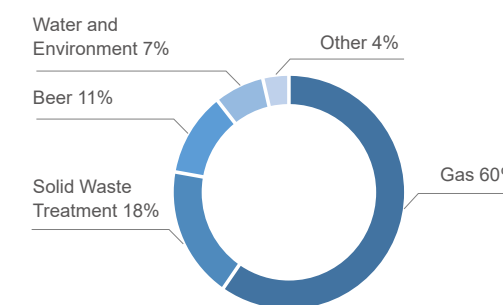
†Listed on The Shenzhen Stock Exchange

*Listed on The Main Board of The Hong Kong Stock Exchange

Our Business





As a comprehensive utility company, BEHL is mainly engaged in public utilities such as urban gas, urban water and solid waste treatment, and has a value investment business such as consumer goods represented by Yanjing Brewery, one of the largest beer companies in China.

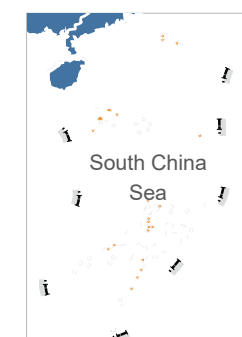
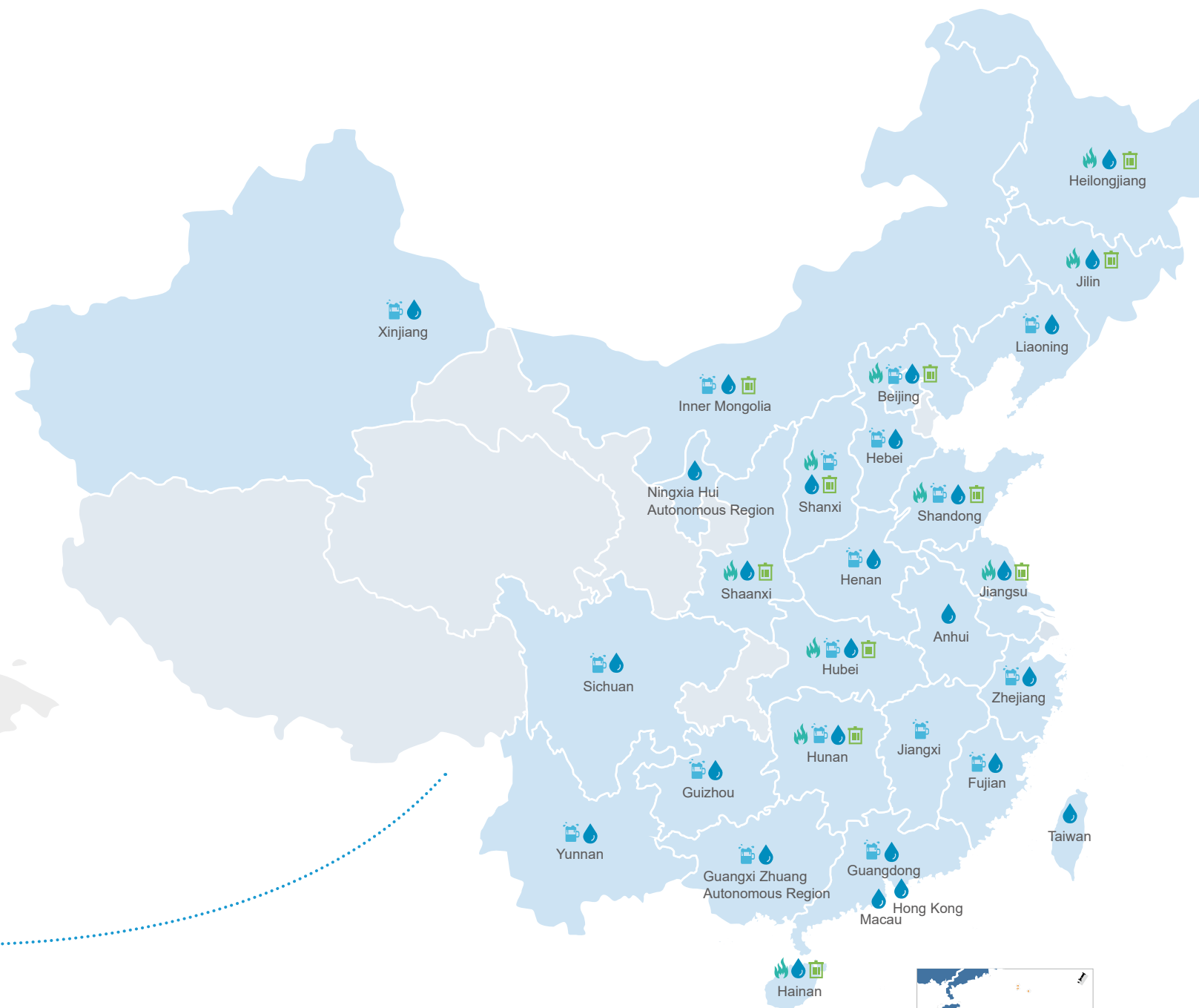
Total Assets Distribution of BEHL's Main Business in 2019



BEHL has a wealth of high-quality assets overseas. For the water treatment and environmental business, it owns a number of technology-leading water projects in Malaysia, Portugal and other countries. In the solid waste treatment business we operate Europe's leading solid waste treatment company EEW GmbH in Germany, Luxembourg and the Netherlands. BEHL has become a multi-channel capital market investment and financing platform in the public utility sector domestically and overseas.



|  Gas |  Beer |  Water and Environment |  Solid Waste Treatment |
|---|---|--|--|
| Beijing Gas, China Gas | Yanjing Brewery | BE Water | BE Environment, BEHET, EEW GmbH |
| <ul style="list-style-type: none">Upstream resources and transportationMidstream gas marketDownstream gas market applications | <ul style="list-style-type: none">Manufacturing and selling products including beer, cordial, mineral water, beer raw materials, feed, yeast, plastic boxes | <ul style="list-style-type: none">Water treatment serviceWater environment renovation | <ul style="list-style-type: none">Municipal solid waste incineration for power generationDisposal of kitchen, sludge and fecesHazardous waste, medical waste disposalEcological restoration |





CSR Management

BEHL formulated the *Management Rules of Corporate Social Responsibility* to guide the Company in more scientific, systematic and standardized social responsibility management. We continuously improve our management through activities including training on ESG indicator management and information disclosure.



Philosophy of CSR Management

Ideology

Economic responsibility:

Realizing asset value maintenance and appreciation and making stable and sustained profits

Business responsibility:

Consistently providing high-quality products and services

Environmental responsibility:

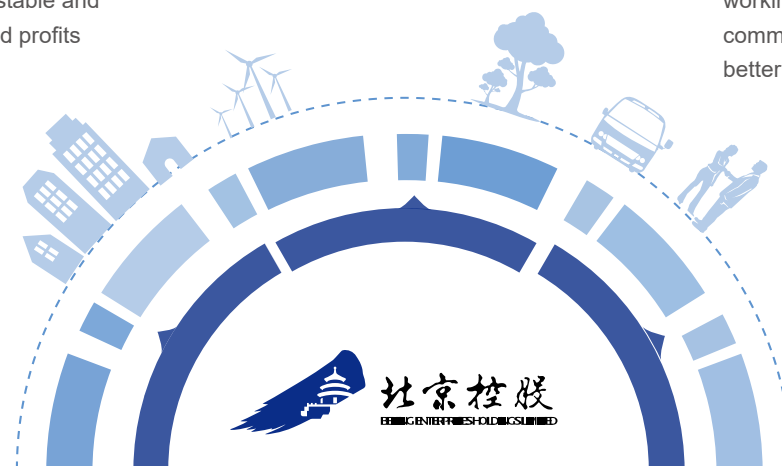
Developing innovative environmental sustainability solutions

Social responsibility:

Building Beijing Enterprises into a happy family and working together with communities for a better life

Mission

Invest for a better life



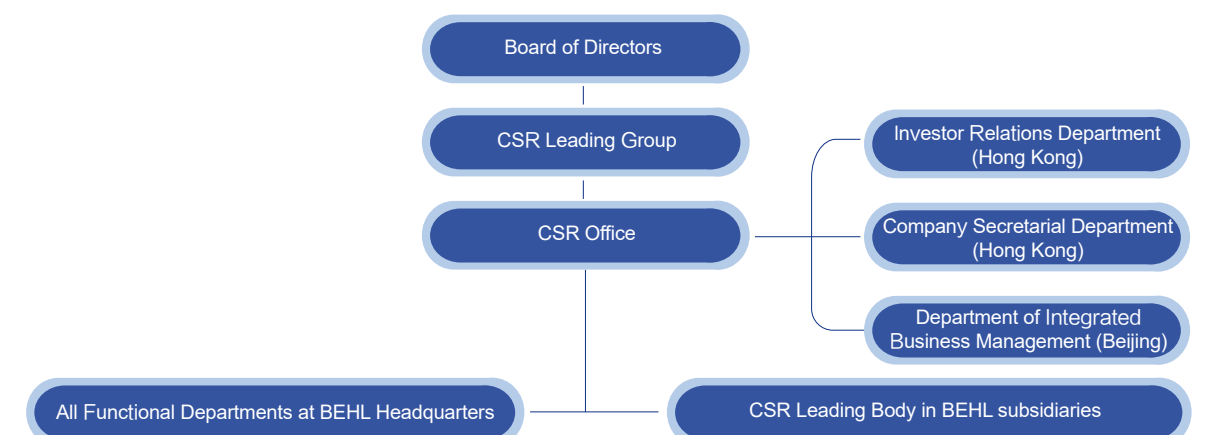
Vision

A responsible, strong and trustworthy comprehensive utilities services provider

CSR Management

Our CSR management system covers our headquarters and subsidiaries. The Board of Directors is the highest CSR decision-making body, responsible for overall planning and deployment. The Board of Directors actively supports the Company's practice to fulfill its CSR commitment and follows its progress, including strategies, risks and performance with regard to sustainable development and corporate responsibility, as well as internal operations, occupational health and safety, environment, human rights issues and the process and results of compliance management. The Company's management is responsible for the development and implementation of strategies, covering topics of energy supply, energy conservation, emission reduction, and safe production.

A CSR Leading Group has been established to implement the CSR work plan. The Investor Relations Department and the Company Secretarial Department of Hong Kong headquarters and the Department of Integrated Business Management of Beijing headquarters are responsible for the day-to-day liaison in respect of CSR and for dovetailing with the subsidiaries' responsible departments and relevant persons in charge. The subsidiaries have established their own CSR management system based on practical conditions.



The United Nations Sustainable Development Goals (SDGs) encourage people to take action in to address key social and environmental issues. In line with our social responsibility management philosophy, we are contributing to the world's sustainable development by supporting the SDGs in our corporate development and operations.

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







*For details, see the respective chapters in this report.




Stakeholder Engagement

Communication and engagement of stakeholders are an essential part of the sustainable development of the Company. The Company attaches great importance to the concerns and appeals of all stakeholders by continuously improving the stakeholder management mechanisms, strengthening communication with stakeholders, and enhancing operational transparency.

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

In 2019, we communicated with stakeholders through results announcement meetings, annual shareholders' meetings, participating in investment seminars, and receiving investors from the mainland and overseas. As of December 31, 2019, we organized approximately 60 one-on-one meetings and group discussions and interviewed about 110 persone-times of institutional investors.

| Stakeholders | Topics Concerned | Response Channels | Effectiveness of Communication |
|--|---|---|--|
|  Government & Regulatory Authorities | <ul style="list-style-type: none"> Lawful business operations Pay taxes according to relevant laws Increase employment Opportunities Promote sustainable and healthy economic development | <ul style="list-style-type: none"> Daily report and communication Seminars and on-site meeting Forum and exchange programme | <ul style="list-style-type: none"> Developed strategic cooperation with local governments Created good external environment for enterprise development |
|  Shareholders & Investors | <ul style="list-style-type: none"> Satisfactory investment return Good market value Transparent operation Improvement of profitability and core competitiveness | <ul style="list-style-type: none"> Annual report and announcements Roadshows and investor meetings Telephone conference with analysts Annual general meeting Company website | <ul style="list-style-type: none"> Established good relationship with investors Continuous improvement on credibility with investors Obtained the support from investors and shareholders on material decisions |
|  Customers | <ul style="list-style-type: none"> Continuous and stable supply of products High-quality and safe products Considerate and convenient service Smooth communication channels | <ul style="list-style-type: none"> Customer forums Telephone service hot-lines Community service centers Customer satisfaction surveys | <ul style="list-style-type: none"> Continuous improvement on business operation based on customers' feedback Efficient and timely solutions for customers' complaints Continuous improvement on customers service |
|  Business Partners | <ul style="list-style-type: none"> Fair procurement Sincerity and mutual benefits Long-term and stable cooperation | <ul style="list-style-type: none"> Suppliers' conference Strategic cooperation | <ul style="list-style-type: none"> Prepared suppliers management requirements, improved effectiveness of supply chain Facilitated co-development of upstream and downstream business partners |

| Stakeholders | Topics Concerned | Response Channels | Effectiveness of Communication |
|---|--|--|---|
|  Employees | <ul style="list-style-type: none"> Comprehensive rights and interests protection Good platform for career development Work-life balance Occupational health | <ul style="list-style-type: none"> Employee congress Complaint mail box Democratic communication platform | <ul style="list-style-type: none"> Vertical and horizontal communication among staff and hierarchies Created a harmonious workplace Built a healthy and safe working environment |
|  Communities and non-governmental organizations | <ul style="list-style-type: none"> Community development Establishment of a harmonious community Improvement in the environment of the community Open and transparency information | <ul style="list-style-type: none"> Science popularization activities Community propaganda Participating in public welfare and environmental protection activities | <ul style="list-style-type: none"> Employed social supervisor for inspecting and supervising service quality Established good relationship with local community Created a good external environment for the enterprise development |
|  Media | <ul style="list-style-type: none"> Financial performance Corporate governance Information disclosure | <ul style="list-style-type: none"> Annual report and announcement Annual and interim results presentations News releases and publications Media interview Media inquiries | <ul style="list-style-type: none"> Established a good relationship with media Maintained company image and received public recognition |
|  Environment | <ul style="list-style-type: none"> Clean energy supply Waste treatment Practice green operations | <ul style="list-style-type: none"> Annual reports and announcements | <ul style="list-style-type: none"> Implemented the "Clean Air Action Plan" Participated in environmental projects |

Materiality Analysis

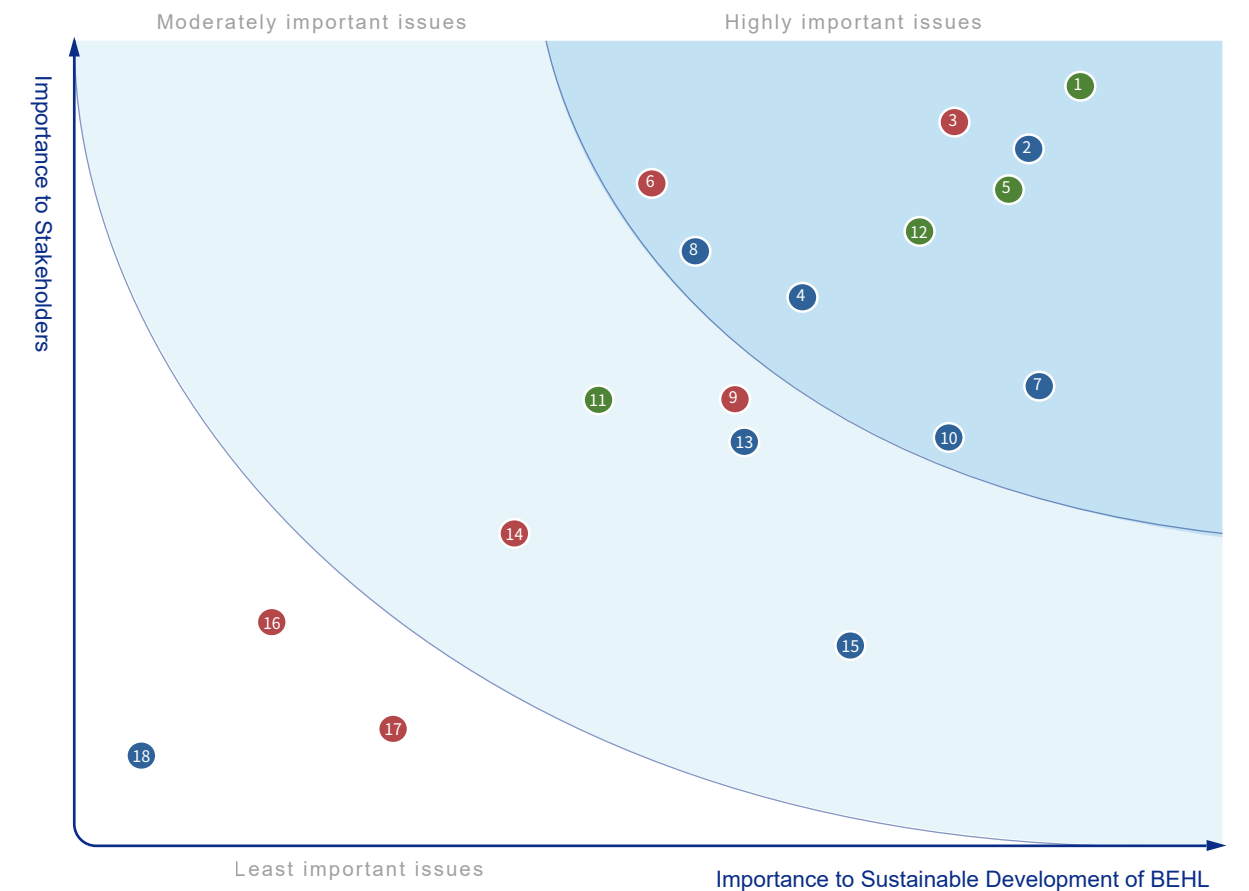
In order to understand stakeholders' concerns, expectations and appeals regarding the Company's sustainable development, as well as review internal performance, we identify the key ESG issues through materiality analysis. To this end, we established a standardized materiality analysis workflow with reference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

Materiality Determination Process



In 2019, based on the business review summary and internal executive review, we revised the results of Beijing Enterprises' ESG materiality and formed the following ESG materiality matrix:

ESG Materiality Matrix of BEHL in 2019



| Environmental issues | Social issues | Governance issues |
|---|---|---|
| <ul style="list-style-type: none"> 1 Clean energy supply 5 Waste emissions management 11 Materials and resources saving 12 Energy conservation and emission reduction | <ul style="list-style-type: none"> 3 Occupational health and safety 6 Protection of employees' rights and benefits 9 Employee training and development 14 Care for employees 16 Social welfare input 17 Contribution to community development | <ul style="list-style-type: none"> 2 Compliance management 4 R&D and technology innovation 7 Anti-corruption 8 Promotion of environmental protection 10 Sustainable returns 13 Quality management of products and projects 15 Customer service 18 Supply chain management |



Special Topic

BEHL's Practice for Ecological Development



Ecological civilization construction is a fundamental plan concerning the sustainable development of the Chinese nation.

— General Secretary Xi Jinping

The ecological environmental crisis has become a common challenge for the whole world. China has established a strategic policy that promotes economic development through eco-civilization, leading by new ideas in the new era. BEHL supports this strategy by developing green industry and aiming at benefiting people. We have integrated these principles into our corporate development and supported it with an ecological safety system with BEHL characteristics.



Cleanness & Low Carbon

Energy structure transformation is a focal point for guaranteeing clean air. China's *13th Five-Year Plan* defines a clean, low-carbon, safe and efficient energy system as a fundamental policy. The 19th Communist Party of China has also defined building a clean energy industry as a strategic imperative. Since its promulgation of the *Three-year Plan on Defending the Blue Sky*, China has committed to prevent and control air pollution, optimizing its energy industry structure accordingly.

Beijing is the pioneer of urban energy transformation city. The consumption of natural gas has grown rapidly, and the city has become the world's second largest natural gas consumer. Beijing Gas has also become the country's largest single urban gas company, ensuring safe gas supplies for over six million natural gas subscribers in the city.

In 2019, Beijing Gas added 142,000 household subscribers, 7,174 public sector subscribers, and 3,029 tons per hour of heating boilers. It merged with non-local subsidiaries to sell 17.28 billion cubic meters of gas. The company's gas sales volume in Beijing reached 16.61 billion cubic meters. It has made a long-term plan to cope with rising market demand and peaking consumption during the heating season and strived to ensure both warmth and blue sky in the heating season.

Highlights in Beijing Gas's Efforts to Guarantee Stable Gas Supply in 2019



Overall planning plus flexible and coordinated actions

Coordinating with upstream companies to ensure sufficient gas supply, and making overall plan for the gas supply frequency, as well as communicating mechanism

Coordinating with downstream subscribers and multiple entities responsible for guaranteeing gas supply, formulating a complete pre-plan



Key investment to increase gas storage capacity

Extending Tangshan LNG Storage Tank Expansion Project (Phase II), including two 160,000 cubic meter LNG storage tanks



Beijing Gas won Most Influential Brand Award at the 2019 China Clean Energy Achievement Report Conference and Celebration for Glorious 70 Years of Clean Energy Innovation and Development



As of December 31, 2019, Beijing Gas had more than

6.33 million

pipied gas subscribers in Beijing

The total length of natural gas pipelines was approximately

23,800 kilometers



Food Quality & Green

Food safety is an important component in the national ecological safety system, and it is also the cornerstone for the sustainable development of Yanjing Brewery. Yanjing Brewery implements a principle of Building up creditworthiness with excellent quality, sticks to production in accordance with international standards and makes high standard of water quality of its beer brewing. It continuously promotes the construction of a quality management system for strict control of product quality.

Yanjing Brewery set up mineral water plants to produce high-quality beer brewing water. Yanjing Brewery has passed a number of certifications, including the ISO9001 quality management system certification, the food safety control system certification, and the Hazard Analysis Critical Control Point (HACCP) certification. Its food safety management complies with international standards. It strives to build an excellent quality management system.

In 2019, Yanjing Brewery improved its organizational structure and strengthened its production process controls to pursue its goal of quality beer in every bottle in every batch. It launched the new product Yanjing U8, pioneered the 6σ process system, and created a new category known as Xiaodu beer. In terms of drinking water supply, Yanjing Brewery controls the quality of water supply with ultra-high requirements. Excellently completed the water supply tasks of many major activities such as the National Two Sessions, the Dialogue of Asian Civilizations, the World Horticultural Exposition, and the 70th Anniversary Military Parade.

Yanjing Brewery's Measures to Improve Product Quality in 2019

Focusing on quality

- Implemented a top-level design mechanism for quality management
- Began transforming from a traditional mode that relies on experience to a mode relying on standardisation and practices

Promoting the organizational quality guarantee

- Established a quality management system and an expert team
- Established the headquarters technology center, testing center, and quality management department. These form a closed-loop management mechanism comprising technology standard making, life-cycle testing,, on-site inspection and analysis, feedback and guidance for data results, and process revisions

Controlling production process

- Focused on end-to-end controls to improve the quality of all production steps
- Imposed high standard on raw materials, controlled the quality of productions, executed internal standard that exceeded national quality policies
- Established a quality information file for incoming raw materials to monitor the whole traceable process of raw material
- Used inspection data to guide production control and strengthen inspection frequency and intensity
- Established a benchmarking platform for quality management



In 2019, sales of beer reached

3.81 billion liters

In the fourth quarter, samples were **100%** qualified by the National Food Quality Supervision and Inspection Center



- In June 2019, Yanjing Brewery was rated as a **National Reliable Alcoholic Beverage Project - Demonstration Enterprise** by the China Liquor Circulation Association.
- In July 2019, Yanjing Brewery was rated as a **National Advanced Enterprise for Quality and Credit** by the China Quality Inspection Association.
- In August 2019, Yanjing Brewery was ranked the **120th** in the **Top 500 Asian Brands in 2019** list by the World Brand Lab and the World Entrepreneurs Group.
- In December 2019, Yanjing Brewery was rated as one of the **16th Top Ten Influential Brands in Chinese Beer Industry in 2019** by the World Brand Lab and the World Executive Group.



Water Efficiency & Regeneration

Increasing water demand and frequent water pollution incidents have made water scarcity a common global threat. BE Water helps to tackle this problem by contributing to ecological development with high-quality services throughout the industry chain, extending from water treatment to water supply, and from pollution treatment to ecological protection.

BE Water won the honors of:

Outstanding Contribution Award for Environmental Protection in 2019

Environmental Integrity Enterprise

As of December 31, 2019, BE Water participated in

1,252 water plants

which are or will be in operation

Total designed water treatment capacity reached

39.389

million tons per day



Highlights and Performance of the Water and Environmental Business in 2019



Sewage treatment

- BE Water implements high quality and safety standards in the construction and operation of water supply projects. It monitors the effluent from sewage plants and guarantees the quality of water supply and sewage treatment.

BE Water focused on quality improvements during 2019, releasing *BE Water Group's Priorities for Construction in the 2019 Quality Year* in response to the country's *Three-Year Action Plan for Sewage Treatment to Improve Quality and Increase Efficiency*. It is committed to creating a national benchmark water environment project and benchmark water plant. In 2019, BE Water added 287 sludge water treatment plants, treating a total of **22,786,474** tons of sewage, a year-on-year increase of 10.2%.



Reclaimed water

- BE Water explores new development and usage models for reclaimed and fresh water with internationally leading technology. It has built a new water plant, created the AQENT fresh water brand, and continued to turn discharge into resource.

BE Water's high-quality recycled water outperformed the *Quality Standard for Landscape Water from Recycled Urban Sewage* in tests covering 189 factors. In 2019, BE Water added five reclaimed water plants with a total of

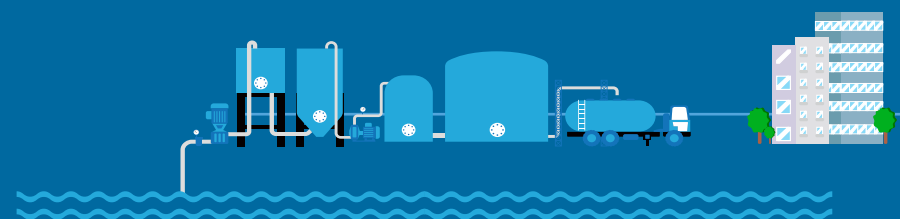
2,309,950 tons of reclaimed water treatment at home and abroad, representing a year-on-year increase of 2.6%.



Ecological restoration

- As an industry leader, BE Water has responded to General Secretary Xi Jinping's important speech on the restoration of the Yangtze River's ecological environment at the 5th Plenary Session of 18th CPC Central Committee.

In 2019, BE Water became a strategic partner of the Three Gorges Group. It established a dual-platform model and participated in the formation of a consortium that successfully won the bid for the public-private partnership ("PPP") project of the Comprehensive Sewage Treatment Program in the downtown of Yueyang City. This is one of the first projects in the Yangtze River Protection initiative.



Soil

Forward Looking & Diversified Business

Facing increasing demands for beautiful environment and the garbage beleaguering reality, BEHL engages in incineration business while actively exploring new areas of environmental protection, in a bid to continuously protect land resources and restore the ecological environment.

We are building on the solid waste business that began 20 years ago with BEHET and BE Environment. Our 2016 acquisition of German waste incineration company EEW GmbH introduced advanced thermal recycling technology of waste and improved our plant's operation level and optimizes its efficiency. In 2019, BEHL continued to upgrade the solid waste business, planned for mid- to long-term development, and sought potential investment opportunities in response to the continued reduction of current policy subsidies and enhanced environmental supervision.



Increasing treatment volume

BEHL works on projects including the Hunan Changde Project, the Zhangjiagang Expansion Project in Jiangsu, and Yanzhou District Project in Jining, Shandong. We continue to expand existing projects to increase our solid waste treatment capacity.

As at December 31, 2019, the solid waste treatment business realized waste incineration and power generation integrated treatment capacity of

26,932 tons/day

hazardous waste treatment capacity of

115,000 tons/day

kitchen waste treatment capacity of

400 tons/day



Diversified businesses

We are developing our kitchen waste treatment and urban greening business. BE Environment handles 82,300 tons of kitchen waste annually. Beijing Beifa Ecological Construction Co., Ltd. (referred to as BEHL Ecological Company) participates in ecological restoration and has successfully completed the ecological restoration task for the Winter Olympics, the soil improvement project of saline land in Qing County, Cangzhou City, and the greening project for roads in the public areas of Universal Studios (refer to the Environmental Protection chapter for details).

Corporate Governance

Committed to high-standard corporate governance, BEHL strictly abides by relevant laws and regulations such as the corporate governance rules in the *Listing Rules of the Stock Exchange of Hong Kong Limited* and the *Company Law of the People's Republic of China*. Adhering to the principle of standardized, scientific, open and efficient corporate governance, we improve corporate governance structure and measures to protect the long-term interests of the Company and stakeholders.

HKEx ESG Indicators Covered in this Chapter

B7

B7.1

B7.2

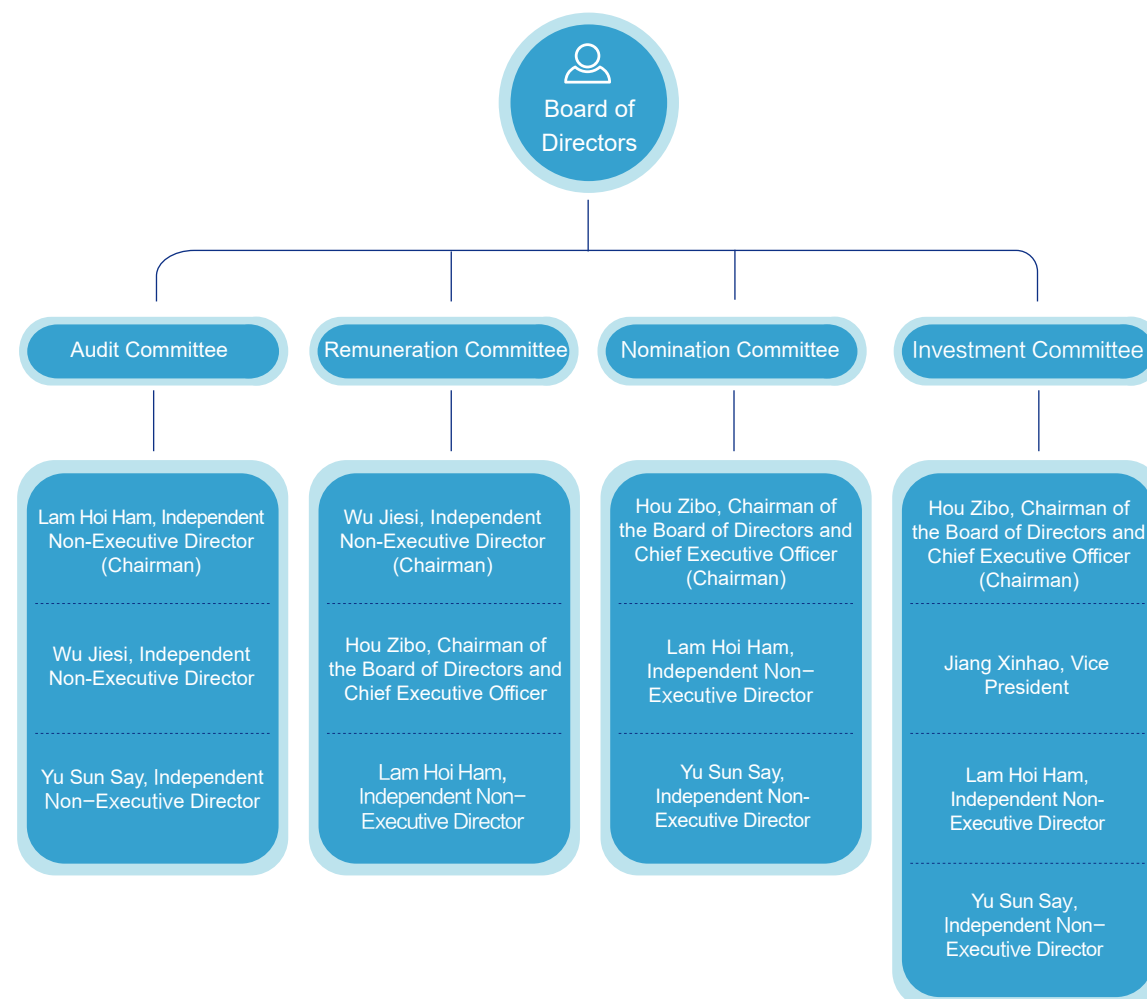
Material Issues Addressed in this Chapter

- Compliance management
- Anti-corruption



Governance Structure

The Company's shareholders, board of directors and management team are delegated with clear authority and responsibilities. As of the publishing date of this report, the Company's board of directors consists of nine members, including five executive directors and four independent non-executive directors. The main responsibilities of the board of directors are to formulate corporate policies and strategic directions, ensure an effective internal control environment, and supervise the day-to-day operations of the management level. There are four committees under the board of directors: the Audit Committee, the Remuneration Committee, the Nomination Committee and the Investment Committee. Each committee is mainly comprised of independent non-executive directors and implements standardized, stable and efficient management.



For the purpose of uplifting the efficiency and corporate governance of the board of directors and achieving business objectives, we have adopted a diversified board policy for better corporate governance. When appointing board members, we consider diversity in aspects including their gender, age, cultural and educational background, ethnicity, specialized experience, skills, knowledge, and service terms, and any other factors that the board considers relevant and applicable from time to time. All appointments are based on personal competence, and we evaluate candidates objectively, including full consideration of the benefits of diversity for the board of directors.

Anti-Corruption

The Company abides by relevant state and local laws and regulations such as the *Anti-money Laundering Law of the People's Republic of China* and the *Anti-Unfair Competition Law of the People's Republic of China*. In 2019, we made further efforts to implement clean governance and combat corruption in six areas: rules and regulations, education and publicity, whistle-blowing and reports, special tasks, appointment under supervision, and routine supervision.

Rules and regulations

Documents such as *Provisions on Supervision Liaison Staffs of Project Companies under Beijing Enterprises Holdings Limited (trial)* guide our anti-corruption efforts.

Education and publicity

We organized anti-corruption capability training and case-sharing workshops focused on integrity and frugality.

Whistle-blowing and reports

We created the *Measures for Implementing Discipline Inspection and Supervision and for Handling Whistle-blowing and Reports*. We also announced a hotline, postal address and email address for whistleblowers. After a whistleblower makes contact (the informant may be anonymous), we will establish an investigation group to hold a reports analysis meeting, undertake a thorough investigation, and timely handle the case according to the investigation.

Special tasks

We issued the *Work Plan on Organizing and Carrying out Special Inspections of "Private Cars under Corporate Maintenance"* within the Beijing Enterprises Holdings Limited System. We also set up teams to inspect key projects and supervise governance integrity risks during national statutory holidays.

Appointment under supervision

Before the appointment of important personnel, a *Personal Integrity Certification* is necessary to prevent promoting someone with integrity issues. We interview candidates for leading positions and test them on anti-corruption issues.

Routine supervision

We conducted collective talks on governance integrity with all middle-level cadres and employees with business disposal rights, and held talks with heads of the office and the Financial Department.



BEHL whistleblowing channels

In 2019, the Disciplinary Committee announced its whistleblowing channels by letters and visits to further promote public supervision.

Whistleblowing hotline: 010—85879113

Whistleblowing mailbox: Jubao@behl.net.cn

We keep promoting anti-corruption education, and through the promotion of integrity knowledge, including "Basics on Integrity, the Warning Cases, the Integrity Culture" and other means, we aim to help the majority of cadres and employees understand integrity-related knowledge in a more intuitive way. In 2019, we conducted eight anti-corruption training sessions covering more than 300 managers and employees. In 2019, no corruption litigation occurred within BEHL.

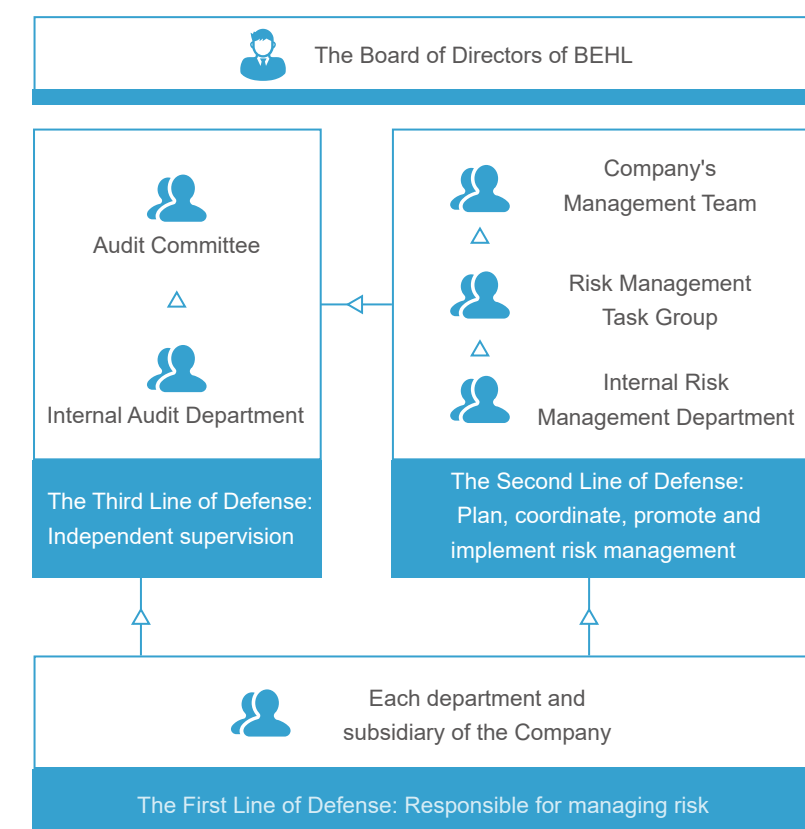


Risk Management

BEHL's risk management work covers risk identification, awareness, communication, and inspection. It involves three management modes for risk management, that is, risk management before, during, and after the event, with the risk management framework of three lines of defense. Our departments and subsidiary are the first line of defense for risk management. They have integrated risk management concepts and risk control measures into daily business processes and assumed specific responsibilities for business risk prevention and control. The Company's Management Team, Risk Management Task Group and Internal Risk Management Department constitute the second line of defense, organizing and promoting the implementation of risk management. The Board of Directors, the Audit Committee and the Internal Audit Department are the third line of defense for risk management, ensuring active identification and control of risk and bringing major risks under effective control.

We created the *Risk Management Measures of Beijing Enterprises Holdings Limited* and *Risk Management Handbook of Beijing Enterprises Holdings Limited* to explain the work requirements and specific operation methods of risk management. In 2019, we formulated the *Guide of Beijing Enterprises Holdings Limited for Internal Control-Related Self-Evaluation* to further improve the internal control evaluation system. Our risk management leadership covers strategic investment management, corporate management, financial management, legal affairs, external information disclosure and risk management. This expertise further improves its objectivity in risk identification, prevention and control.

BEHL's Three Lines of Defense for Risk Management



Excellent Operation

BEHL has always shouldered the social responsibility and mission to "Invest for a better life" and actively expanded our energy conservation and environmental business to contribute clean energy. We provide water and environmental services to improve residents' living standards, and we work with partners for mutual benefit, driving industry development through advanced technological achievements. We provide clients with stable and high-quality products and experience.

HKEx ESG Indicators Covered
in this Chapter

| B2 | B5 | B6 |
|------|------|------|
| B2.1 | B5.1 | B6.1 |
| B2.2 | B5.2 | B6.2 |
| B2.3 | | B6.3 |
| | | B6.4 |

Material Issues Addressed in this Chapter

- Clean energy supply
- R&D and technology innovation
- Sustainable returns
- Quality management of products and projects
- Customer service
- Occupational health and safety
- Supply chain management





Quality Creates Value

As a comprehensive public utility company, BEHL's main businesses cover public utility segments such as urban gas, water, and solid waste treatment. In addition, we have value-added businesses such as Yanjing Brewery's consumer product business. We focus on solving urban supply and environmental pollution issues with high-quality products and services.

Gas Business

In 2019, Beijing Gas kept improving its ability to guarantee the stable supply of natural gas in the capital and accelerated the progress of major projects including the Tianjin Nangang LNG Emergency Reserve Project and the Tangshan LNG Storage Tank Phase II Project. It consolidated its leading natural gas supply position in Beijing through equity acquisitions while establishing a value-added business system, increasing sales of its own products such as wall-hung boilers and gas water heaters, and expanding its service scope. It also expanded to external markets, establishing the Hebei-Beijing Gas Company subsidiary as one of the first in the Xiong'an New District. In 2019, Beijing Gas focused on client needs, enhancing business environment efforts and working to handle complaints immediately upon receipt. It worked to transform the service philosophy, improve service quality, and vigorously build up to the second lifeline of business management.

Case >>> Beijing Gas enhanced its complaints-handling process

In accordance with the Municipal Party Committee's requirements for active responses to the public's demands, Beijing Gas worked to improve its service quality in 2019 by handling complaints immediately upon receipt.

The company strengthened communication through the 12345 citizen service hotline and established a dynamic contact and reporting mechanism for service information. It set up the one-to-one connection between the gas service center and the township, community, and residential (home) committees, and analyzed historical complaints and suggestions to establish an early warning mechanism for active governance.

Beijing Gas shortened the response and processing time for complaints and appeals. It established a seamless connection mechanism for circulating work orders among branches and subsidiaries to improve the service efficiency.

Beijing Gas held a monthly service summary meeting to analyze daily telephone data and prioritize key issues, and summarize experience and work out internal rankings.

The company's leaders explore the performance of front-line operations using inspections, call-backs to clients via the 96777 hotline, and unannounced visits by third-party organizations, in a bid to find and correct problems quickly.

In 2019, client complaints decreased by 53.6% year-on-year, accepted 12345 task orders decreased by 35.8% year-on-year, and the online call center agents' evaluation satisfaction rate reached 97.5%.

In 2019,
client complaints decreased by

53.6%

Accepted 12345 task orders
decreased by

35.8%

year-on-year

the online call center agents'
evaluation satisfaction rate
reached

97.5%

Case >>> Beijing Gas optimizes the business environment

Beijing Gas continues to introduce new measures to increase convenience for clients and enterprises under its Four Reductions and One Increase initiative. It works to reform gas access and bring practical benefits and convenience to subscribers.

Four Reductions:



Beijing Gas reduced the application materials for gas installation to a maximum of two files.



It reduced the links for handling gas access from nine to two: application and provision of access.



Processing time dropped from 15 working days to a maximum of eight working days.



It cancelled expenses such as technological service fees.

One Increase:

Beijing Gas has increased transparency through field promotion, internet, TV and other means to expand policy awareness and coverage. It not only ensures the implementation of people-beneficiary measures, but also helps improve service transparency and encourages active acceptance of social supervision.

Beijing Gas also increased its online access application ratio to more than 60% by promoting the Zhangshangban and Zhijianban service products. It continuously improved service efficiency and enhanced value for subscribers and further expanded the coverage of its door-to-door, zero-approval, zero-investment gas access service. It provided gas access to 1,460 "Small and Micro-Engineering" throughout the year, with an average installation time of 3.5 days, saving subscribers about RMB 125 million in fees.

Beijing Gas' effort to optimize the business environment has received widespread attention and recognition. It achieved excellent results in the State Council's China Business Environment Assessment and won first place for the Gas Access and Use indicator, becoming the national industry benchmark. It also won high praise from the Beijing Municipal Services Administration.

北京市政务服务管理局

北京市政务服务管理局
关于2019年度市政务服务中心进驻单位
工作情况的评价意见函

市燃气集团:

首先,对贵公司给予我局各项工作的大力支持 and 帮助表示衷心感谢!

2019年,贵公司进驻市政务服务中心全体工作人员努力践行习近平新时代中国特色社会主义思想,深入贯彻落实市委、市政府关于“小窗口、大服务”的要求,积极推进首都优化营商环境和“放管服”改革非驻落地,使“天然气报装业务”事项申请材料精简比例71%,在“即办件”的基础上明确对外承诺时限为0.25-0.5小时内,并推出燃气“小微工程”2.0版服务模式,将投资范围扩大至室外低压管线;全年累计受理各类行政审批服务事项1件,解答群众咨询120件;高度重视“一网通办”工作,办件数据汇聚方面,已连续、高频、完整向市政务服务云平台汇聚了2019年办件数据;电子证照方面,积极响应电子证照汇聚要求,将重点高频证照汇聚到市政务服务云平台;据实行站计划方面,为政务服务各渠道移动端提供了重点高频服务

北京市燃气集团



Beer Business

Yanjing Brewery keeps optimizing the structure of its products and channels, steadily promotes the construction of its base market, and facilitates the transformation of market management from an extensive to a refined mode. It also promotes the strategic application of tinned beer, develops new products such as Yanjing U8, and expands the supply of personalized high-end products. It explores pilot projects in online and offline integration, develops its new online customized operations-based marketing model, and taps new retail marketing channels.

The company abides by the relevant provisions of the *Product Quality Law of the People's Republic of China* and the *Food Safety Law of the People's Republic of China*, and has formulated the *Monitoring and Measurement Control Procedures for Process and Products* and other quality management documents to perform strict quality management and control of each manufacturing process. It also created the *Yanjing Brewery Product Recall Management System* to clarify the process, level, and information sources for product recall, identification, disposal, while setting out simulated recall drill procedures. Its product quality continued to improve during the reporting period and no major quality accidents occurred.

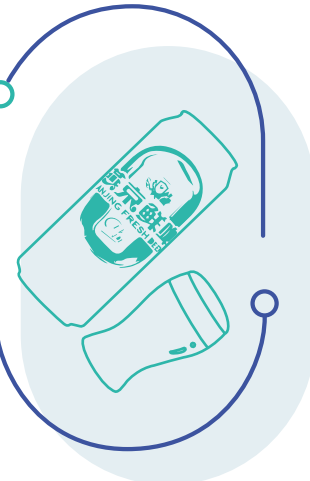
In 2019, Yanjing products were highly recognized:

• **Eight Great Sights of Yanjing**, Yanjing Brewery selected four of the Eight Great Sights of Yanjing cultural and creative craft products corresponding to the four seasons. Sold on e-commerce platforms, the products filled the gaps in the high-end and niche markets. Eight Great Sights of Yanjing cultural and creative craft products won eight individual awards in the World Beer Grand Prix, the 2019 CBC China International Beer Challenge, the Asian Beer Championship, and the World Beer Championship.



• **Yanjing 10° Fresh Beer** won the Best in China at the World Beer Grand Prix in August, while Yanjing Original Weissbier won the gold award at the Asian Beer Championships in September. Yanjing 10° Weissbier won the silver award at the International Beer Cup in October and the European Beer Star in November. Yanjing Daily Fresh won the silver award at the 2019 CBC China International Beer Challenge.

• **Yanjing U8** is the product of years of state-level scientific research. The company innovated the world-class process technology, and created the original 6σ process to pioneer a high-quality and high-end drink type known as Xiaodu Beer that boasts clean, fragrant, sweet, bright, fresh, and cool flavors. Yanjing U8 won the silver award in the International Beer Cup held in October and the Beer Challenge in Brussels, Belgium the following month.



Water and Environment Business

Asset and operational management are strategic goals at BE Water. The company pursues asset-light transformation and cultivates three specialized lines of investment, construction and operation. In 2019, BE Water used the Quality Year event to drive full-process product standardization and build star-rated water plants to improve the delivery rate and construction quality of commercially operated projects. In 2019, it signed a cooperation agreement with the Three Gorges Group, won a joint bid for the Yueyang Project, launched a pilot program for the urban dual-platform cooperation model, and helped establish the billion-level Yangtze River Protection Fund.



Case >>> BE Water builds a star-rating system for water plants

In 2019, BE Water started work on star ratings. It aimed to standardize its operational management process and eliminate major risks with a systematic and classified evaluation standard for its operations. In 2019, 222 projects applied for star-level status. Of these, 90 per cent qualified for one star – “standardized management, production safety and normal operation” – or above. Over 15 per cent qualified for three star water plants.

Star rating-based management system

BE Water issues the *Implementation Rules of BE Water Group for the Creation of Enterprises with Star-Rated Operations* and the *Evaluation Standard for the Process Management of Enterprises with Star-rated Operations*. The latter includes the *Evaluation Standard for Quality Management of the Sewage Operation Project*, *Evaluation Standard for Operational Process Management of the Sewage Operation Project*, *Evaluation Standard for Operational Quality Management of the Water Supply Project*, *Evaluation Standard for Operational Process Management of the Water Supply Company*, *Evaluation Standard for Operational Process Management of the Water Production Company*, and *Evaluation Standard for Operational Process Management of the Original Water Operation Company*.

Star rating-based management measures

BE Water evaluates operating projects through a total of five dimensions: on-site process management, operational quality, operation and management, personnel competence, and innovation and effectiveness. It also sets conditions for different star ratings and clarifies the positioning and management direction of each star.

Case library and guide

BE Water issues a collection of standardized cases and guidelines for operational management over water supply, sewage and equipment. It analyzes in detail the key issues of production management modules, equipment management, and integrated management. It lists irregularities found in inspections, provides standardized descriptions and guidance with cases, and guides projects toward standardized operational management.

Rewards and incentives

BE Water issues the *Employee Subsidy System for Star-Rated Enterprises* and grants a corresponding subsidy every month for employees according to the operating company's star rating and the Group's staffing standards. The subsidy is calculated from the month following the completion of the inspection and acceptance. The earlier the creation is completed, the higher the star rating is; the more streamlined the employees are, and the higher the subsidy per capita will be. This mechanism has stimulated enthusiasm for the star rating system, leading employees to make unprecedented efforts to learn about and standardize operations and to make on-site rectifications.



Solid Waste Treatment Business

In 2019, the solid waste treatment business continued to strengthen its management and control capabilities for operational projects, and optimized unit cost management. Each project company improved its management capabilities and performance in areas including production management capability, technological breakthroughs, and optimized control, in a bid to further improve operating efficiency and competitiveness.



Case >>> Zhangjiagang Project improved its operational and control level

Zhangjiagang Household Waste-To-Energy Plant Project (referred to as Zhangjiagang Project Company) drew on EEW GmbH's experience in real-time histogram-based warning displays for the flue gas emission index to add a real-time display function to data curves of the flue gas emission index for the decentralized control system (DCS system). With this technology, boiler operators can adjust boilers' working conditions based on emission limits, real-time emission curves, and frequency fluctuations per hour, ensuring that the average hourly flue gas emission meets the standard.

In 2019, Zhangjiagang Project Company continued to upgrade and optimize its production management information system (MIS). The MIS platform comprises modules for areas including operational management, defect management, report management, safety management, and the equipment ledger. Its production link configuration capabilities enable early warning and event management to take early control measures and prevent unsafe incidents as early as possible.

Case >>> Shuangqi Environmental accurately summarized and extracted experiment data on winter waste fermentation



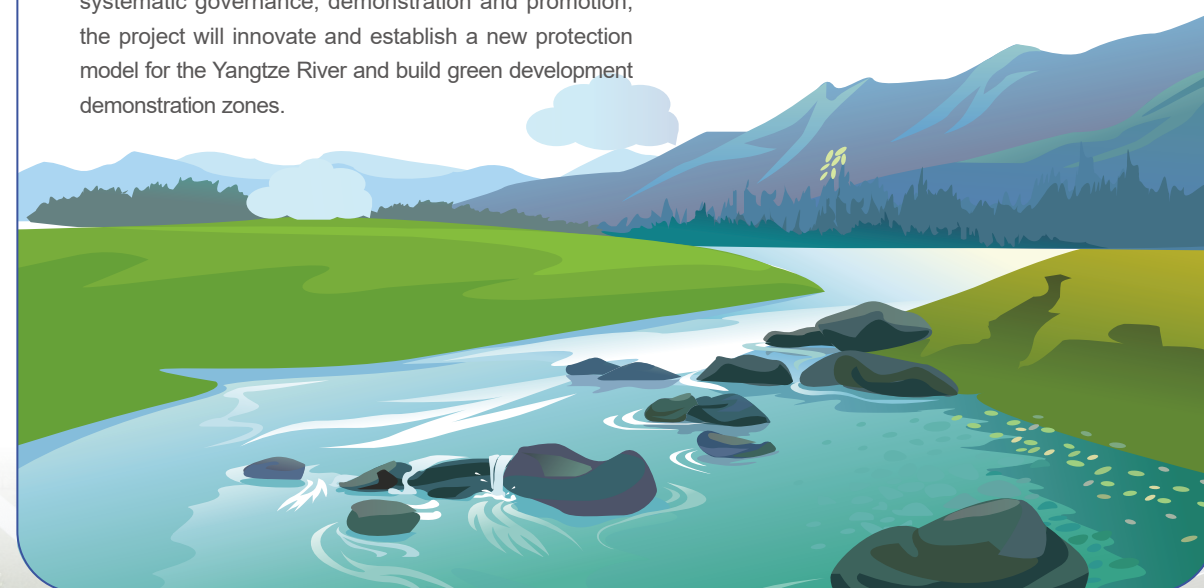
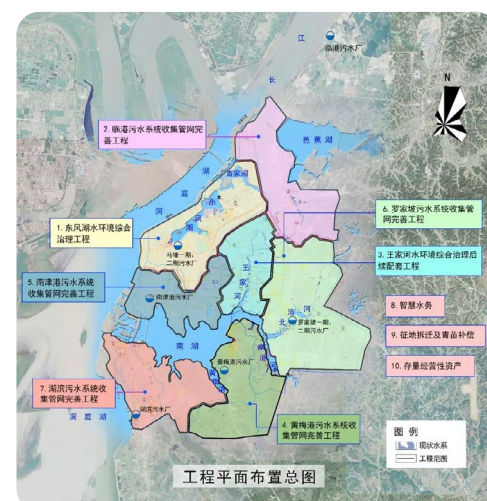
In 2019, Harbin Shuangqi Environmental Resources Utilization Co., Ltd., an affiliate of BE Environment, optimized and adjusted the operating parameters of its units to improve their quality. The company summarized, explored, and researched various safeguard measures taken in the grate furnace project in winter for waste incineration. It calculated and analyzed parameters including temperature and humidity at the waste pits, waste storage areas, waste fermentation cycle, inlet temperature of waste and interlayer temperature control. Then it adjusted these parameters according to changes in the quality of its waste input to promote waste fermentation, improve the quality of the waste into the furnace, and ensure normal incineration.

The company continued to ensure normal and stable waste combustion and reduce operating cost by striving for zero addition of combustion improvers to the grate furnace during winter operation. It strengthened the supervision and implementation of winter incineration measures, created a management system for winter waste storage pits, and established an organizational structure with clearly defined responsibility for specialized personnel, ensuring the implementation of winter measures.

Case >>> Sewage treatment PPP project in Yueyang City's downtown area

On June 4, 2019, a consortium of companies including the Yangtze River Ecology and Environment Co., Ltd. and Beijing Enterprises Water Group (China) Investment Co., Ltd. won the bid for the sewage treatment PPP project in Yueyang City's downtown area. The project is one of the first pilot and demonstration projects implemented for the Yangtze River Protection initiative. It is also the first project promoted by the Three Gorges Group and BE Water Group after implementing the deployment of the Yangtze River Protection initiative and signing a strategic cooperation agreement.

The RMB 4.445 billion project adopts a factory-grid-river (lake)-bank integrated treatment model involving multiple business forms such as sewage treatment plant inventory purchases, higher expansion bid pricing, sewage pipework improvements, and comprehensive water environment treatment. It comprises 10 sub-projects such as the Dongfeng Lake comprehensive water environment treatment project, the improvement project for the collection pipework in the lakeside sewage system, the Phase I (for renovation works with higher bid pricing) and Phase II (for expansion) project of the lakeside sewage treatment plant, and the smart water project. The project has broken the traditional point-by-point governance model characterized by isolation. Instead, it focuses on improving overall eco-environmental quality, beginning with urban sewage treatment. Through systematic governance, demonstration and promotion, the project will innovate and establish a new protection model for the Yangtze River and build green development demonstration zones.





Innovation Drives Development

BEHL bases its corporate growth on science and technology. We drive development with innovation, cultivate technological brands, and strive to lead industry development.

Key Performance

In 2019,

BEHL's R&D investment totaled RMB **1.56** billion.

Number of patent applications:

61

Number of patents granted :

83

Number of valid invention patents:

259



Gas Business

In 2019, Beijing Gas held the Fifth Technology and Informatized Innovation Conference to further clarify the role of technological innovation in high-quality enterprise development. Beijing Gas completed independent R&D of its operating system for smart card chips and provided a technological guarantee for the commercialization of the NB-IoT smart gas meter. It won first prize in the first round of the China Association of Work Safety's Safety Technology Progress Award Selection. It also won one honor as an advanced unit and one for its outstanding individual contribution at the 40-Year Contribution Award Selection for the Corrosion Protection Field.

Case >>> China Gas developed a gas pipeline electrification alarm to protect rural gas safety



China Gas has developed a gas pipeline electrification alarm to counter the electrification of gas pipelines by overlapping rural power lines. When the pipeline voltage exceeds 36V, the alarm sounds and lights up to alert people and ensure gas safety. It completed production of the alarm prototype by the end of the reporting period. The product has undergone several improvements, including size reduction and improvements to the connection method. Now it has finished product testing against performance indicators including its anti-interference capability and false alarm rate.

Beer Business

Since Yanjing Brewery was recognized as a national-level technology center, its annual R&D and technological transformation investment has exceeded RMB 100 million, accounting for more than 4.0% of sales revenue. In 2019, Yanjing Brewery kept implementing innovation-driven development strategies and researched cutting-edge industry areas. Yanjing Brewery Technology Center's two projects have won technological accreditations from the China Alcoholic Drinks Association. The first was Beer Brewing Yeast: Research on Its Flocculation Mechanism and the Development and Application of the Technological System for Precision Control, which was independently completed by the Center. The second, SNP-KASP-based Research and Application of the Key Technology for Rapid Identification of Hop Varieties and for Purity Testing, was a joint project between the Center, the China National Research Institute of Food and Fermentation Industries, and the International Joint Research Center of Quality and Safety of Alcoholic Beverages of China.

In 2019, Yanjing Brewery issued the *Management Measures for Evaluation and Rewards of Quality Innovation Achievement Award Projects* and the *General Rules for Rewards to Scientific and Technological Innovation* to reward innovative talent. It also worked to create an environment that encourages innovation and tolerates failure caused by force majeure, and encourage innovative talents to make continuous innovation attempts, so as to fully mobilize their enthusiasm for innovation.

Case >>> Yanjing Brewery's technological innovation drives product quality improvement



In 2019, Yanjing Brewery used technological innovation to drive product quality improvement.



The company innovated in areas including raw material PYF control, wort feeding, and fermentation to reduce acetaldehyde and raise the quality of its 10° beer. Research on the 10° beer in the South Plant of Yanjing Headquarters took the acetaldehyde index to an industry-leading level. Its Huiquan Company, Hengyang Company, and Hebei Company continuously realized record low values of dissolved oxygen and acetaldehyde in sake.



Yanjing Brewery led the industry with combination of instantaneous sterilization and aseptic bottling, along with the two-tin method fermentation process, which improved the freshness, purity and refreshing flavor of U8 while raising production efficiency.



Yanjing Brewery developed and applied a series of gas chromatography-mass spectrometry detection and evaluation methods to improve its detection capabilities during production.





Water and Environmental Business

In 2019,
BE Water obtained
authorized patents

40

authorized
software copyrights

28

authorized
technology trademark


1

BE Water uses a four-in-one system covering systematic innovation, employee innovation, technological innovation, and imported innovation. In 2019, BE Water has applied for 56 national invention and patents for utility models, 25 software copyrights and 1 technology trademark and obtained 40 authorized patents, 28 authorized software copyrights and 1 authorized technology trademark.

In 2019, BE Water promoted digital transformation in its smart water business, and initially built the industry's first smart water cloud platform known as BECloud. It finished building a complete set of digitalized sewage capabilities and began applying them. Its achievements were selected as Excellent Cases of Industrial Internet Industry Alliance and Excellent Informatization Achievements of Enterprises under Beijing Municipal Administration in 2019.

Case >>> BE Water built the BECloud smart cloud platform

BECloud is an open cloud platform for BE Water oriented toward the water industry. It offers modeling tools for water plant processes and basic equipment, along with real-time design displays and historical trend displays for water plant data. As of the end of the reporting period, BE Water provided data access to 100 pilot water plants and activated its smart applications in the cloud. BECloud's digital product R&D delivered urban and rural sewage operation and management systems and whole-process water plant control technology. These efforts reinforce smart management projects for the 1+N water plant groups and benchmark digital water plants.

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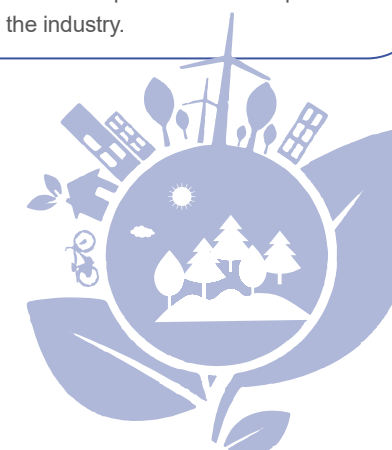
Solid Waste Treatment Business

The solid waste treatment business collaborates with universities, research institutes, design institutes, equipment manufacturers and government authorities to track progress in industry technology and equipment, management models, business models and policies. Companies in this sector have selected practical new technologies and concepts to determine the direction of research subjects to serve real production projects.

Case >>> Hengyang Project Company completed five innovative technological improvements

In 2019, Hunan Hengyang Hazardous Waste Treatment Project (referred to as Hengyang Project Company) completed five patent applications: improvement of incineration feeding system, improvement of the physical/chemical operation panel's filter press, introduction of infrared thermometer to dual incineration combustion chambers, improvement of the incineration flue gas heater, and incineration distillation device R&D. These innovations played an important role in production during 2019, modernizing production equipment, helping to stabilize long-term production, and enhancing the company's handling capacity.

The distillation device is used in the hazardous waste disposal industry. This device is a liquid-liquid separation machine that leaves the high distillate in the distillation kettle and evaporates the low distillate. It provides the salt-containing solution (including heavy metal-containing waste liquid) and emulsified liquid with a new simpler disposal process. This process consumes relatively more energy, but Hengyang Project Company used the waste heat steam from the incineration workshop to overcome this challenge, enabling the incineration distillation device to reduce disposal costs. This patent is currently the first in the industry.





Safety as Foundation

BEHL follows a preventative, safety first approach to work safety policy. We created safety production management systems including the *Safety Production Management Regulations* and *Administrative Measures for Investigation and Management of Hidden Dangers of Production Safety Accidents* in strict accordance with laws and regulations such as the *Safety Production Law of the People's Republic of China* and the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*. This helps us to standardize production and operation behaviors among our subsidiaries and project contractors, ensuring safe production. We suffered no major accidents in 2019, and lost 7,503 days to work injuries.

Key Performance

In 2019,
BEHL invested a total of
RMB **968.83** million in safety.

Safety Management

In 2019,
we organized

264,900

inspections

rectified over

31,400

hidden hazards

BEHL and our subsidiaries signed a letter of safety production responsibility that held all parts of the Group accountable for safety production goals and responsibilities were decentralized to all levels of units who were urged to implement the safety responsibilities system. The subsidiaries and business units at all levels signed the letter of responsibility for safety production, comprehensively built a responsibility network system of "horizontal and vertical integration" to make sure that safety responsibility runs through all aspects of production and operation. In 2019, Beikong Lvhaiheng Environmental Protection Co., Ltd. (referred to as Lvhaiheng Project Company) in the solid waste treatment business passed three system certifications in three areas: ISO 9000 quality management, occupational health and safety, and environmental management.

In 2019, we released guiding standards to promote companywide standardized work on safe production and evaluated our management's safety and environmental protection. From the headquarters, affiliated companies and first-line project companies, we comprehensively sorted out and summarized a list of issues, analyzed them and made corrections one by one. We also organized our annual key work themed "Preventing risk, ensuring safety and welcoming the grand celebration". This included actions for safety and environmental protection, investigation and management of chemical hazards, and safety rectification. We screened and managed potential safety hazards across the entire BE system, organized 264,900 inspections, and rectified over 31,400 hidden hazards.

Case >>> Beijing Gas' management of safety risk and hidden hazards

In 2019, Beijing Gas enhanced its management of safety risks through several measures:

Upgraded and reworked the files for the occupational health and safety management system, successfully passed the SGS audit, and became the first in the industry to obtain the ISO 45001 international occupational health and safety certification.

Conducted four rounds of dynamic risk assessment, established a normalized dynamic assessment mechanism, evaluated 1,509 items of "four-level" security risks, created a risk assessment report, and developed corresponding risk control measures.

Completed 14 municipal-level hazards remediation activities, tackling 1,303 hidden hazards in rural coal-to-gas areas and gas inlets in wooden roof buildings.

Expanded its supervision with on-site and information system-based inspections of operating procedure implementation and the fulfillment of responsibilities. It conducted 378 inspections finding and correcting 1,069 problems.

Established safety management standards for non-locally invested enterprises and conducted 22 inspections of investment holding companies.

Safety Culture

BEHL promotes a culture of safety through publicity and education. In 2019, we organized 91,400 person-times of occupational health and safety education and training at all levels and 437 drills.

Case >>> Beijing Gas' safety culture development

In 2019, Beijing Gas released a safety culture manual, and promoted safety at coal-to-gas points in rural areas. It has participated in the national June 16 Safety Promotion and Consultation Day for three consecutive years to promote its Technology Ensures Safety initiative. It also demonstrated the advancement of gas safety technology and achievements of smart gas development.

In 2019, nine employees won the titles of Outstanding Female Employee for Safety Supervision, Safety Supervision Star, and Young Master of Safety Production Management. Four collectives won the titles of Emergency Pioneer and Demonstration Post for Youth Safety Production. Within the Beijing Gas system, 11 enterprises became demonstration enterprises for safety culture development either nationally or within Beijing.



Case >>> Ankang Cup competition of Solid Waste Treatment Business

The Ankang Cup is a long-standing safety competition in the solid waste treatment industry. In 2019, thirteen companies from BEHET and BE Environment joined the event. The competition was divided into three sections: safety knowledge and job skills, drills based on the emergency plan for fly ash leakage-induced environmental accidents and fire escape drills.

The Ankang Cup promoted mutual learning and integration among project companies, and enhanced the participants' safety culture and employee safety awareness.



A contest on the wearing of protective clothing



A drill based on the emergency plan for fly ash leakage-induced environmental accident

Case >>> The China Gas Safety Production Month

In 2019, China Gas launched its Safety Production Month activity to help prevent risks, remove hidden hazards, and curb accidents.

Internal training

- Held 386 mobilization meetings, 388 project company presentations;
- Held 592 emergency drills, representing an increase of 90% compared with last year's event;
- Held 186 safety knowledge contests and speech contests;
- Held 1,114 safety knowledge training sessions, with 32,955 participants;
- Organized the Driving Safety training course for motor vehicle drivers, and organized 1,371 full-time drivers to register on the China Gas E-Learning platform for study and exams.

External publicity

- Conducted 1,452 publicity activities on external gas safety;
- Created 4,152 articles, WeChat posts and videos on the internet;
- Distributed more than 800,000 safety publicity materials.

Security check

- Screened more than 8,200 potential safety hazards and held 1,496 on-site inspections;
- Conducted door-to-door safety inspections across over 1.269 million households.



Occupational Health

In 2019, our occupational health examination coverage rate reached

100%

BEHL abides by laws including the *Occupational Disease Prevention Law of the People's Republic of China* in continuously improving our occupational health management system. We created the *Regulations of Beijing Enterprises Holdings Limited on the Management and Response to Employee Accident Emergency*, and Yanjing Brewery's business sector created internal systems including the *Position Standard System*. In addition, through occupational health examinations and training, we continue to enhance employees' occupational health awareness. In 2019, our occupational health examination coverage rate reached 100%.

Case >>> Zhangjiagang Project Company prevents occupational health risks

Zhangjiagang Project Company organizes occupational health checkups before, during and after employees' service at the company. It gives employees the results and establishes a health monitoring file. It also issues protective materials such as uniforms, trains staff in how to wear them, and inspects their use by employees.

In May 2019, Zhangjiagang Project Company entrusted a qualified organization to test for on-site occupational disease hazards. The test report was published for one week, and no occupational hazards accidents or suspected occupational diseases occurred in 2019.

Cooperation for Mutual Benefit

As of the end of the reporting period, we had

3,434

suppliers including

584

overseas, Hong Kong, Macao, and Taiwan suppliers

BEHL strictly manages suppliers and actively engages in cooperation in the industry. We exchange management techniques and advanced technologies to help industry stakeholders prosper.

Strengthening Supply Management

BEHL believes in cooperating with suppliers and holding them accountable for a sustainable and responsible supply chain. As of the end of the reporting period, we had 3,434 suppliers including 584 overseas, Hong Kong, Macao and Taiwan suppliers.

We have optimized our bidding and tendering management system through bidding and tendering procedures. We review suppliers' qualifications and quality assurance capabilities in accordance with our supplier management process. Yanjing Brewery sends inspection teams to locations including Gansu and Xinjiang annually to inspect malt and hop suppliers. It controls barley and hop quality from cultivation to processing, ensuring their food safety and environmental safety. In 2019, Yanjing Brewery further improved the construction of a centralized procurement and bidding platform for bulk materials, expanded the scope of centralized bidding projects, included promotional display cabinets in the centralized bidding and procurement list, and designated the headquarters to work on unified bidding for distillers' grains, yeast, and other beer byproducts. During the reporting period, the BEHL Ecological Company unveiled a platform mechanism for including suppliers in the base. It established a supplier resource database and developed its *Selection Measures for Annual Excellent Suppliers* to support long-term cooperation and development.



We emphasize our suppliers' safety, health and environmental protection performance, encouraging and supporting them in a cycle of continuous improvement. Our solid waste treatment business regards ISO-related system certification as mandatory for suppliers and regularly assesses their environmental and health safety. Yanjing Brewery encourages suppliers to pass ISO14000, SA8000, ISO9000, HACCP, Green Food and other system certifications, while requiring products from malt, hops, rice and corn starch suppliers to be certified as Green Food.

Case >>> BE Water optimized supplier management



In 2019, BE Water adopted a centralized procurement management model to purchase 16 categories of equipment, operational and administrative materials during the construction period. This initiative reduced annual costs by RMB 43.65 million, or 12.5%. It shortened the supply cycle for goods under centralized procurement by 30%-50% and improved its quality assurance.

Supplier management is a focal point for the company. It identifies four types of general contractors and fourteen types of specialized subcontractors when selecting civil construction and installation suppliers. BE Water evaluated and graded over 50 general contractors, more than 70 supervisions, and more than 40 project managers in the suppliers' base, expanded pilot cooperation with excellent enterprises, and gradually eliminated unqualified enterprises. It implemented a registration system for equipment suppliers and business partners, and conducted a multi-dimensional dynamic evaluation. In this way, it selected 267 outstanding suppliers and established grading standards for suppliers' base and promoted the construction of a large client system. For design-type suppliers, it chose nationally well-known Class-A design partners with a strong track record, established a list of qualified suppliers, and completed the release, invitation and online launch of 21 qualified suppliers in the design and consultation categories.

Active Engagement in the Industry

Standard Formulation Performance in 2019

Total number of standards in which BEHL presided over or participated in the formulation

21

Presiding over or participating in the formulation of national standards

12

Presiding over or participating in the formulation of industry standards

9

We participate in many industry research projects. In 2019, Beijing Gas completed a project to connect the national internet of things and smart cities, along with R&D special research and development task for the Capital Blue Sky Action Cultivation. It helped to compile the *Report on China's Urban Smart Gas Development* and the *Guide for the Construction of the Standard Smart*

Gas Network System. BE Water participated in 12 provincial, ministerial and municipal scientific research projects, and also helped prepare the *Evaluation Index System for Cleaner Production Evaluation of the Industry of Sewage Treatment and Recycled Utilization*, issued by the National Development and Reform Commission and other organizations. The Index System is important for the sewage treatment and recycling industry. Cleaner production in accordance with its guidelines can contribute to energy conservation, consumption reduction and the reduction of social costs. Yanjing Brewery contributed more than 10 academic papers to international and domestic journals, demonstrating the strength of its research in the beer industry and international beer academia.

We participated in industry exchanges, promoted industry-university-research cooperation, shared knowledge with various business sectors, and led in industry development.

Case >>> Liu Minghui, President of China Gas, was invited to the Second China LNG Development Forum



On November 21, 2019, the 2nd China LNG Development Forum (LNG 2019) took place in Shenzhen. Liu Minghui, President of China Gas, was invited to the event to share views on LNG development in the Guangdong-Hong Kong-Macao Greater Bay Area. Mr. Liu said that he is very optimistic about the development of LNG in the Greater Bay Area, and that China Gas will support the development of a strong LNG ecosystem and natural gas business in the area.

Case >>> Yanjing Brewery unveiled its Industry-University-Research Base at Hubei Light Industry Technology Institute



On May 8, 2019, Fang Zhengping, Secretary of the Party Committee of Hubei Light Industry Technology Institute, and Yu Yingkui, General Manager of Yanjing Brewery Yulin Company, jointly unveiled Yanjing Brewery's Industry-University-Research Base at the Hubei Light Industry Technology Institute. In this unveiling event, both sides, namely the institute and the company, reached a unanimous consensus to take "20 Articles for Vocational Education Reform" as the guide, further deepen cooperation, and create a better tomorrow for the institute and the company.

Case >>> BE Water participated in the Fourth International Water Course for focused discussions on the use of reclaimed water



From November 22 to 23, 2019, The Fourth International Water Course – Technological Innovation and Practice of Reclaimed Water Treatment and Application took place in Beijing. This conference invited well-known national and international experts and scholars to talk on the theme of innovation and practice in recycled water technology, held in-depth discussions over the related treatment technology, application and practice on the basis of national conditions. Two personnel from BE Water Group's Hang Shijun, consultant & chief engineer and director of the Technological Committee, and its technological director Zhang Baolin were invited to the conference. Zhang Baolin delivered a keynote speech entitled Key Technological Paths and Development Considerations for Reclaimed Water Utilization.



Environmental Protection

Human beings and nature are one community of life. In pursuing new goals in a new era, including ecological development and modernization of the environmental governance system, BEHL has, in line with its environmental philosophy that livelihood is also about environmental sustainability, about verdant mountains and clean sky, made continuous efforts to develop its environmental management system in positive response to climate change, doing its utmost to reduce impact on the environment and helping build a Beautiful China.

HKEx ESG Indicators Covered in this Chapter

| A1 | A2 | A3 |
|------|------|------|
| A1.1 | A2.1 | A3.1 |
| A1.2 | A2.2 | |
| A1.3 | A2.3 | |
| A1.4 | A2.4 | |
| A1.5 | A2.5 | |
| A1.6 | | |

Material Issues Addressed in this Chapter

- Clean energy supply
- Promotion of environmental protection
- Energy conservation and emission reduction
- Waste emissions management
- Materials and resources saving

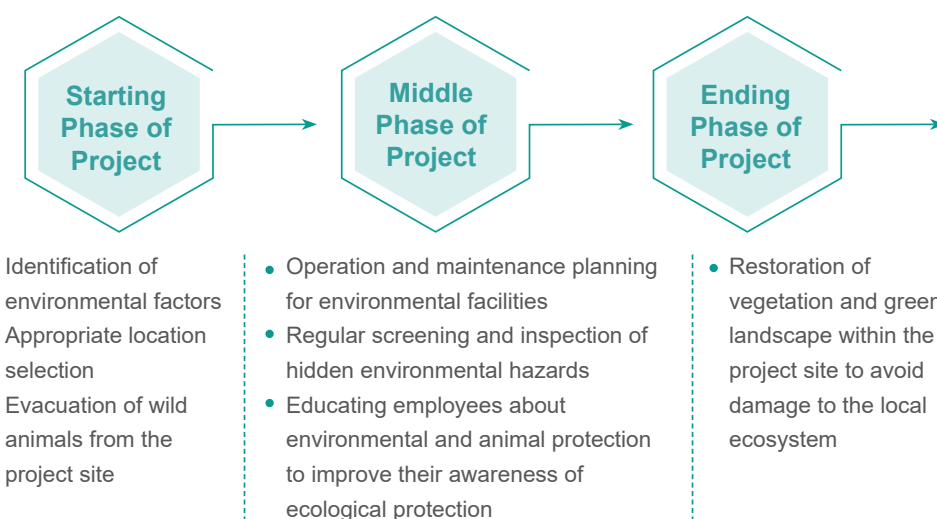




Enhancing Management System

BEHL abides by the *Environmental Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on Prevention and Control of Air Pollution*, the *Law of the People's Republic of China on Prevention and Control of Water Pollution*, and the *Law of the People's Republic of China on Prevention and Control of Solid Waste Pollution* among other state and local laws and regulations to continuously improve our environmental production management system.

We work to mitigate environmental and ecological impact in all aspects of our business operations. We engage in biodiversity conservation and ecosystem restoration, guided by the *Strategy and Action Plan of China for Biodiversity Conservation (2011 - 2030)*. In the site selection for construction projects, we consistently take an environment-friendly attitude and undertake not to conduct business in world heritage areas or IUCN Class I-IV protected areas, or in regions where there is globally or nationally important biodiversity. We pay attention to the environmental impact of project operations and endeavor to ensure that emissions meet environmental standards.



BEHL's Ecological Measures Cover the Full Project Life Cycle



Gas

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



Beer

- Passed the GB/T24001-2016 environmental management system and GB/T23331 energy management system certification.
- Established a centralized management platform and a joint inspection mechanism for exhaust gas and wastewater to improve the joint environmental prevention and control system.
- Developed the *Environmental Emergency Response Plan*, the *Special Environmental Emergency Response Plan*, and the *On-site Environmental Emergency Response Plan* for Yanjing Brewery.



Water and Environment

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



Solid Waste Treatment

- Developed documents including the *Environmental Management System*, the *Standards for Environmental Assessment*, and the *System of Rewards and Punishment for Environmental Protection* to assign responsibilities and define rewards and penalties.

Case >>> BE Water's Australian Project Company makes efforts to protect wildlife



TRILITY, a wholly owned subsidiary of BE Water in Australia, forbids employees from disturbing wild animals. It trained employees in wildlife protection to ensure safety for them and the surrounding wildlife. The company also added warning signs near animal habitats within the project area reminding employees and commuters to keep their distance from wild animals, minimized the disturbance to local wild animals in the habitat.



Warning signs for wildlife protection

**Case >>> BEHL Ecological Company achieved sound results in ecological restoration**

In 2019, the BEHL Ecological Company participated in ecological restoration in several ways.

Winter Olympics

Considering conditions such as altitude and mountains, the company strived to overcome challenges for seasonal construction and difficulty of water and soil retention, successfully completing the ecological restoration for the Winter Olympic Games.

Universal Studios

BEHL Ecological Company completed a greening project for roads across 16,656 m² of Universal Studios' public area, planting vegetation in the temporary greening project on Phase II and Phase III reserved land. This solved land exposure problems across a 120,000 m² area.

Saline land in Qing County, Cangzhou City

High salt levels in some forest areas of North China's Qing County led to low seedling survival rates. The company collaborated with industry experts to adopt a salt drainage and soil condition process to improve the soil salinity and alkalinity. This reduced the soil's salt content to under 0.3%, boosting the seedling survival rate to 90%.



Before ecological restoration at the Winter Olympics site



After ecological restoration at the Winter Olympics site



Original landform of the Universal Studios site



Restored landform of the Universal Studios site

Case >>> Tai'an Project Company under solid waste treatment business improved environmental management

2019 was the year of management improvement of Taian Household Waste Incineration Power Generation Project (referred to as Tai'an Project Company). To promote healthy and efficient development and realize clean production, the company has improved its management process and management measures.

Tai'an Project Company revised its *Environmental Management System*. It incorporated this management system into others including the *Environmental Organizations and Responsibility-based Environmental Management System*, the *Map of Three-tier Environmental Management Network*, the *Automatic Monitoring*, the *Waste Oil Management System*, the *Rewards and Punishment System for the Clean Production Scheme*, the *Environmental Responsibility Warrant*, the *Hazardous Waste Management Regulations*, the *Comprehensive Emergency Plan for Environmental Emergencies*. In terms of management measures, the company required all employees to sign safety and environmental responsibility commitments and trained them in areas including pollution prevention.

Addressing Climate Change

Climate change is a serious challenge for mankind in the 21st century. To reduce and control greenhouse gas emissions, BEHL actively targets at national development strategies and its own development needs and takes the promotion of clean energy and the development of public utilities as the main response strategy. We pursue low-carbon energy consumption, clean production, and waste recycling in our operations.

Emission Reduction in Public Utilities

We have responded to the 19th National Congress of the Communist Party of China's call to strengthen the clean energy industry by building a clean energy supply chain through our work with Beijing Gas and China Gas. We focus on expanding the natural gas supply by building new operational gas pipelines.

In 2019, Beijing Gas continued its migration from coal-fired boilers, fully eliminating them in Beijing. China Gas spared no effort in carrying out coal-to-gas conversion projects in rural areas. It followed local policies in Tianjin, Hebei, Shaanxi and Shandong, accelerating the clearing of scattered coal consumption sites, and promoted value-added services to advance the healthy development of the rural coal-to-gas business.

BE Environment, BEHET and other companies of the solid waste treatment business continue to ease the energy crisis by improving their solid waste treatment capabilities to maximize the conversion of waste into energy.





Key Performance



In 2019,
gas sale volume of Beijing Gas reached

17.28 billion cubic meters

For the fiscal year ended March 31, 2020,
gas sales volume of China Gas reached

25.37 billion cubic meters

Natural gas supply saves the equivalent of:

56,724.5

thousand tons of
standard coal

Note: According to the General Principles for Calculation of the Comprehensive Energy Consumption (GB-T25892008), energy consumption was calculated on the basis of the standard coal conversion coefficient equivalent to the consumption of 1 cubic meter of natural gas.



In 2019, overseas company EEW GmbH generated electricity through solid waste, and achieved:

sales of electricity

1.77 billion kWh

sales of heat

790 million kWh

sales of steam

2.18 billion kWh



Domestic waste treatment volume

4.26 million tons

On-grid power generation volume

1.22 billion kWh

Compared with domestic traditional thermal power generation, solid waste incineration for power generation saves the equivalent of:

1,030

thousand tons
of carbon dioxide

317.2

tons
of sulfur dioxide

305.0

tons
of nitrogen oxides

73.2

tons
of dust

Note: The figures were calculated on the basis of the amounts of carbon dioxide, sulfur dioxide, nitrogen oxides and dust generated by unit thermal power in the Annual Development Report of China's Power Industry for 2018.

Energy Conservation and Consumption Reduction

In line with the *Law of the People's Republic of China on Conserving Energy*, each of our business sectors have established energy consumption management organizations and mechanisms according to their own operational and development characteristics.



Gas

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



Beer

- Yanjing Brewery established an Environmental Protection and Energy Conservation Department as main functional department to implement energy conservation and emission reduction by constructing the green manufacturing system, benchmarking energy consumption and unblocking the recommended channels.



Water and Environment

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



Solid Waste Treatment

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

It purchased

130 million

fewer glass bottles than
last year

representing a

10% reduction

saving

RMB **43.78** million

Yanjing Brewery continued to upgrade hardware and process technology in its production and environmental systems, and also adopted centralized packaging materials procurement to reduce consumption. In 2019, it established the Glass Bottle Management Department to manage beer bottle usage by branches and subsidiaries, unify bottle types, and coordinate bottle procurement and recycling. It purchased 130 million fewer glass bottles than last year, representing a 10% reduction and saving RMB 43.78 million.



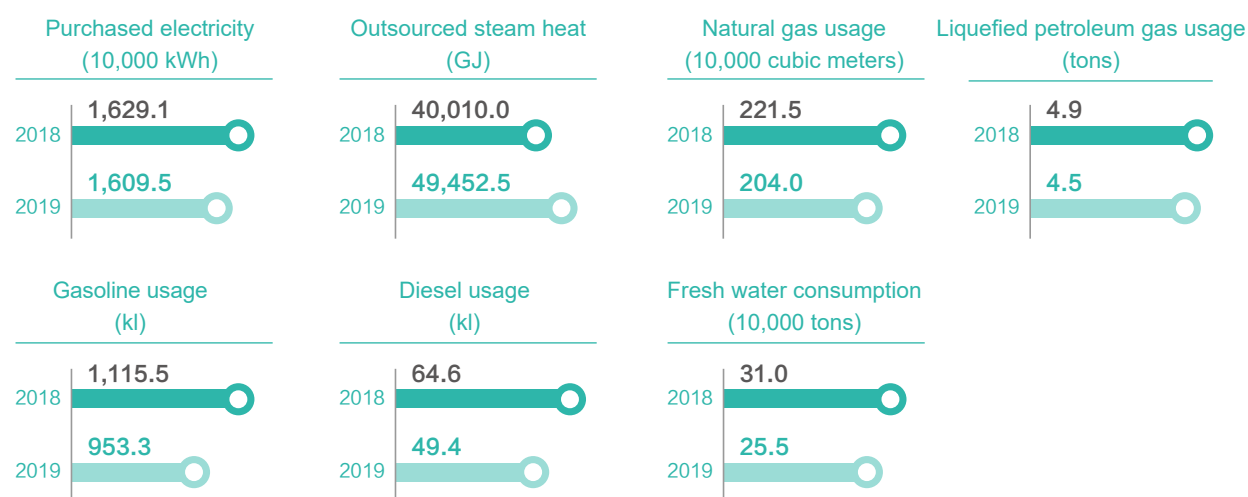
In 2019, Yanjing Brewery purchased

1.664 billion

sets of aluminum cans centrally

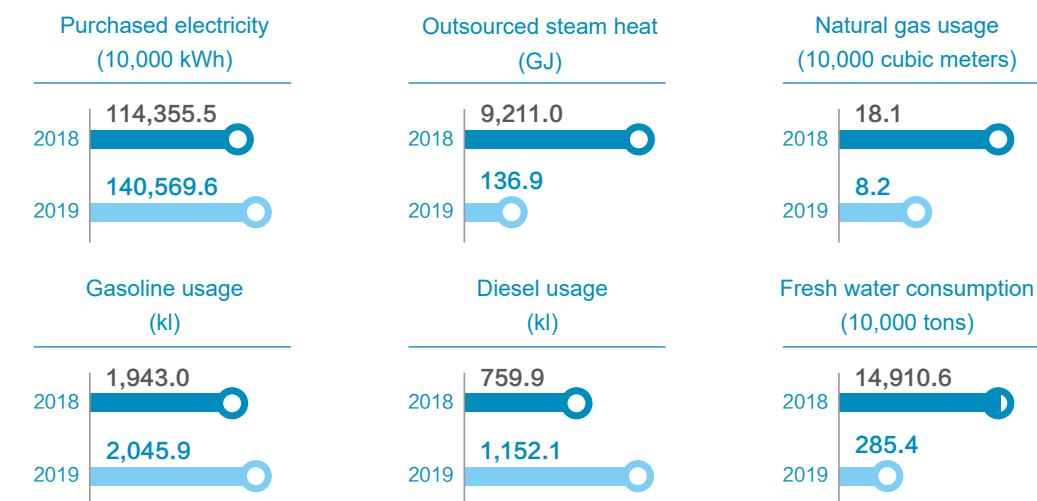


Gas Business 2018-2019 Main Resources and Energy Use



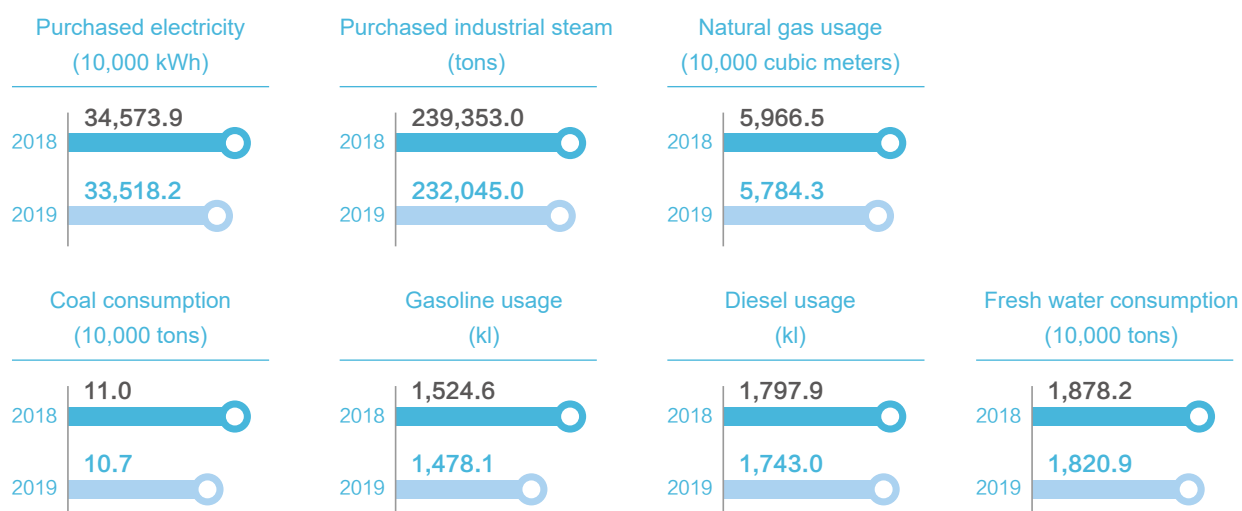
Note: All gas business data in the Environmental Protection section covers only Beijing Gas.
Since the statistical caliber of liquefied petroleum gas is revised, the data for 2018 is corrected.

Water and Environment Business 2018-2019 Main Resources and Energy Use

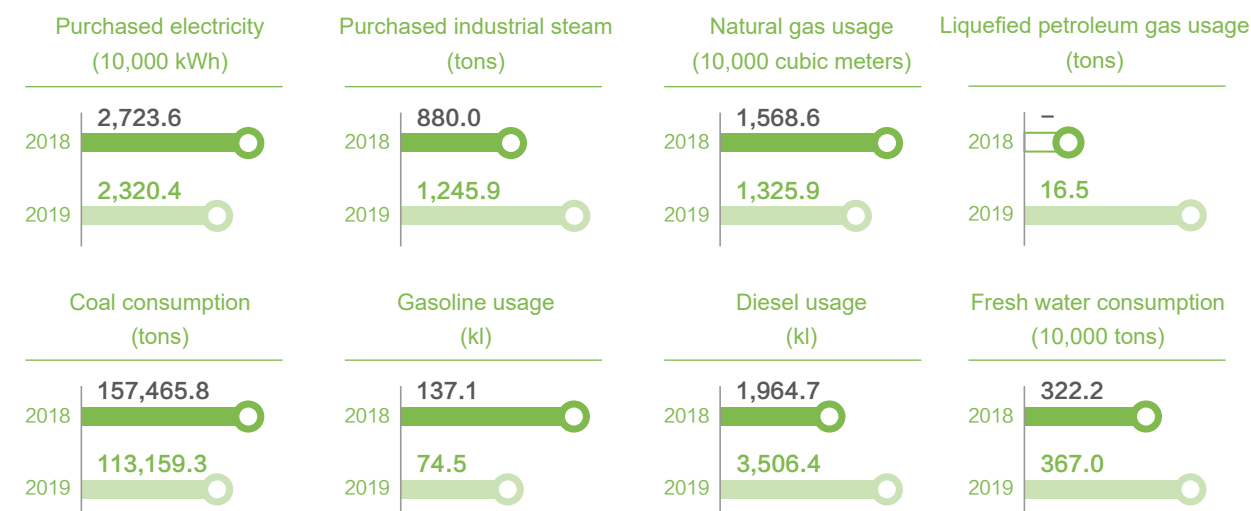


Note: Statistics on the water and environment business cover the business energy consumption of BE Water and its subsidiaries listed in the consolidated annual report. Due to the adjustment to the statistical caliber in 2019, the data shows significant changes as against 2018.

Beer Business 2018-2019 Main Resources and Energy Use



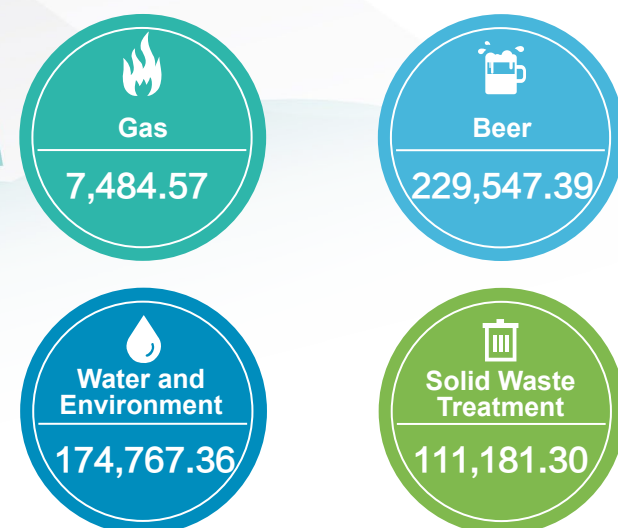
Solid Waste Treatment Business 2018-2019 Main Resources and Energy Use



Note: Solid waste treatment business data cover BE Environment, BEHET, and EEW GmbH. Fresh water consumption data does not cover EEW GmbH.



Total Comprehensive Energy Consumption of BEHL Business Segments in 2019 (Tons of Standard Coal)



Note: The comprehensive energy consumption was calculated according to the General Principles for Calculation of the Comprehensive Energy Consumption (GB-T25892008).

Total Greenhouse Gas Emissions of BEHL Business Segments in 2019 (Tons of Carbon Dioxide Equivalent)

| | Gas | Beer | Water and Environment | Solid Waste Treatment |
|----------|-----------|------------|-----------------------|-----------------------|
| Scope I | 6,655.82 | 381,093.88 | 4,173.27 | 300,931.66 |
| Scope II | 15,579.57 | 392,354.05 | 1,236,465.67 | 22,826.40 |
| Total | 22,235.39 | 773,447.93 | 1,240,638.95 | 323,758.06 |

Note: Calculation of scope I GHG emissions was based on the Guidelines for the Calculation and Reporting Methods for Greenhouse Gas Emissions of Other Industrial Enterprises, and the data was derived from conversion of gasoline, diesel, natural gas, liquefied gas, raw coal, and residual oil. Calculation of scope II GHG emissions was based on the Emission Factors for China's Regional Grid Baseline for Emission Reduction in 2017 and the Reporting Guidelines for HKEs ESG Environmental Performance Index, and the data was derived from the conversion of purchased electricity, heating and industrial steam.



Case >>> Yanjing Brewery fully implemented green concepts

In 2019, Yanjing Brewery continued to increase its investment in energy conservation and emission reduction. In April, the South Factory of Beijing Brewery Beer Co., Ltd. and Yanjing Liquan Company earned the title of Green Factory at National Level.

In-depth discovery of energy saving and emission reduction factors

Yanjing Brewery Liquan Company has engaged in various energy-saving and efficiency-improving projects. It has built 22 circular economy industrial chains in the beer brewing industry, covering the entire beer brewing process including beer production, waste treatment, sewage treatment, and environmental protection. It recycles all generated solid waste for the standard-compliant discharge of all sewage and dust.

Green concept design plant construction

Yanjing Brewery integrates green design and construction in its plants, using steel trusses for their workshop structure. Plants reduce solar radiant through the use of natural lighting and ventilation, materials with high thermal insulation, and heat-reflective glass.

Green energy

Boiler renovation: Coal-fired boilers were changed to natural gas-fueled ones, and self-produced biogas partially replaced natural gas.

Energy-saving transformation: Energy-saving transformation in the production process and equipment saved 14,377.03 tons of standard coal.

Technological innovation: We conserved energy using instant-disinfecting and aseptic filling technology, along with the configuration of plate heat exchangers with a higher heat exchange effect. The required number and power of plate heat exchangers are much lower than that of tube heat exchangers.

Equipment replacement: We replaced metal halide lamps and fluorescent tubes with LED energy-saving ones, and used light control switches for energy conservation and consumption reduction.

It has built

22

circular economy industrial chains in the beer brewing industry

saved

14,377.03

tons of standard coal



Green Office

We reduced energy consumption and the use of paper by creating documents including the *Regulations for the Management of Official Vehicles and Clerks (Trial)*, the *Administrative Measures for Video Conference Systems*, and the *Regulations for the Management of Local Area Networks and Office Automation Systems*. These helped us to standardize the management of official vehicles and office consumables and encourage video conferencing instead of travel.



Electricity conservation

- Strengthening the management of electrical equipment to avoid long-term standby
- Replacing with energy-saving bulbs and using more energy-efficient office equipment
- Controlling air conditioning time and temperature



Water conservation

- Strengthening the daily maintenance of water-using equipment and posting water-saving signs



Consumption reduction

- Implementing online paperless processes in our offices
- Enhancing our management of office materials and increasing material reuse
- Unified management of official vehicles, replacing gasoline vehicles with electric energy models, and reducing trips in official vehicles to cut unnecessary fuel consumption

2019 Main Environmental Data of BEHL Headquarters Offices

| Electronic waste (tons) | Office paper usage (tons) | Purchased electricity (10,000 kWh) | Gasoline usage (kl) |
|--------------------------------|--|--|---------------------|
| 100.0 | 1,800.0 | 23.4 | 26.2 |
| Fresh water consumption (tons) | Comprehensive Energy Consumption (tons of standard coal) | Greenhouse gas emissions (tons of carbon dioxide equivalent) | |
| 412.5 | 56.8 | 267.6 | |

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

Reducing Environmental Pollution

BEHL follows regulations including the *National Hazardous Waste List* and cooperates with local environmental bureaus to monitor industrial waste. We have minimized the amount and density of pollutant emissions through scientific project design, effective operation management, and strict terminal control. We achieved a 100% classified recycling, comprehensive utilization and harmless treatment rate for solid waste. In 2019, no environmental incidents occurred in BEHL business segments.

Yanjing Brewery established a centralized control platform for exhaust gas and wastewater in line with industry standards such as the *Clean Production Standards for Brewing Industry* and the *Discharge Standards for Pollutants of Beer Industry* (GB 19821-2005). It uses self-test equipment for wastewater every day and has entrusted a third party to monitor wastewater pollutants, boiler exhaust pollutants, and plant boundary noise to ensure that all indicators meet the standards.

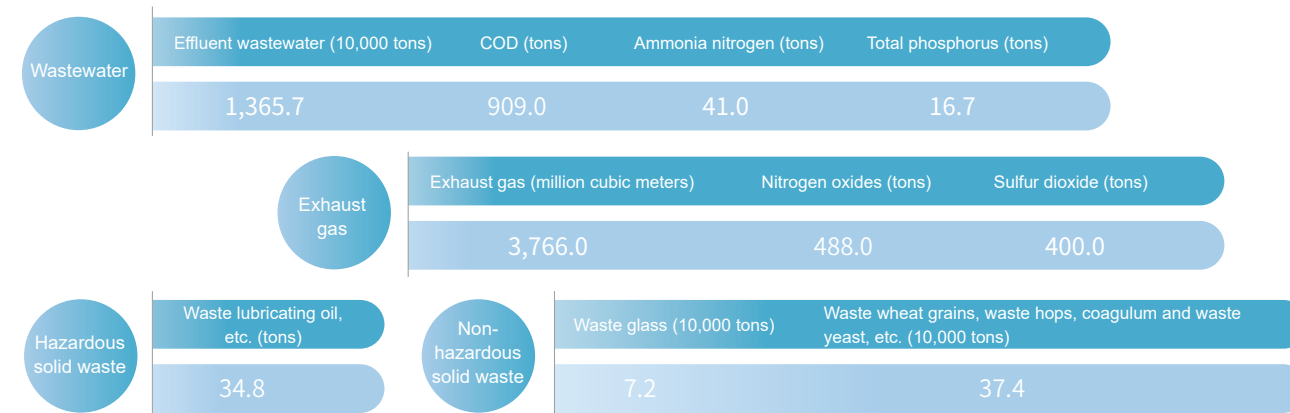


BE Water abides by relevant national and local standards such as the *Discharge Standards of Pollutants for Municipal Wastewater Treatment Plants* (GB18918-2002) and implements strict operational emission management. It controls five kinds of pollutants: atmospheric, water, noise, light, and waste. It has set up emission reduction teams for construction projects to control the discharge of various pollutants.

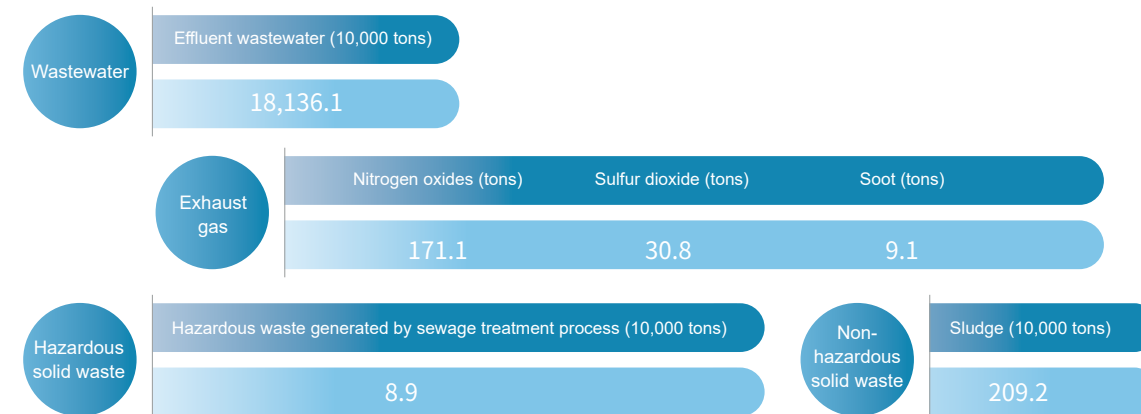
For the solid waste treatment business, we work in accordance with regulations including the *Standards for Pollution Control on the Municipal Solid Waste Incineration* (GB18485-2014), the *Pollution Control Standards for Hazardous Waste Incineration* (GB18484-2001), and EU 2000/76/EC & 2010/75/EC. We reuse leachate to help ensure discharge compliance. Nearly ten of our project companies including Changde Zhonglian have completely eliminated wastewater discharge.



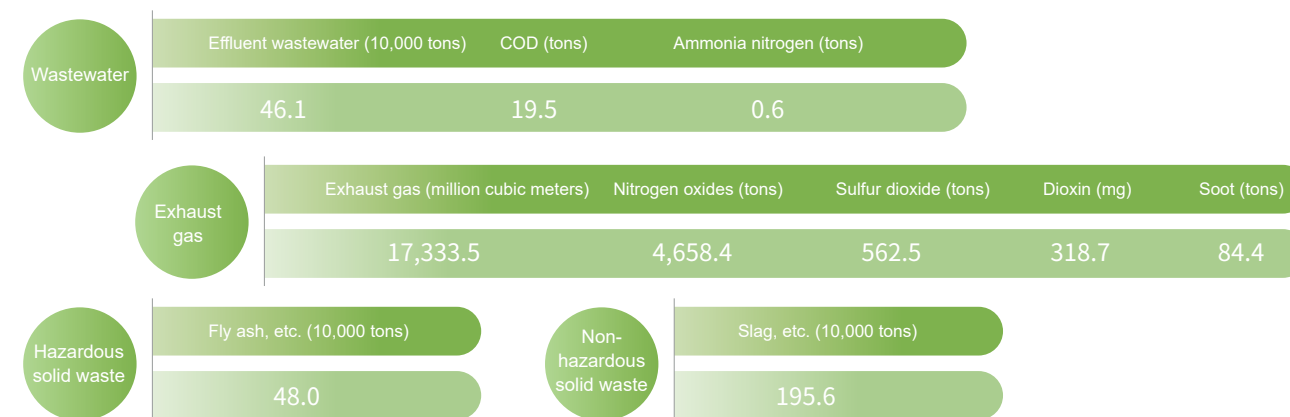
Waste Emissions of Beer Business in 2019



Waste Emissions of Water and Environment Business in 2019



Waste Emissions of Solid Waste Treatment Business in 2019



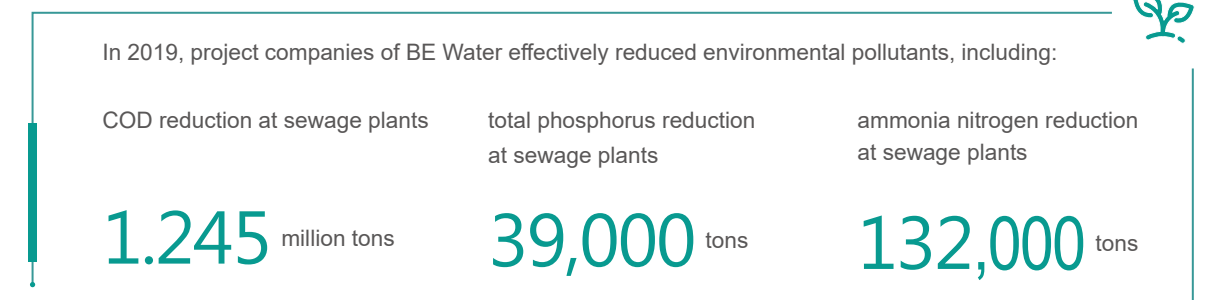
Note: Due to the materiality principle of the ESG Reporting Guide and current statistics of affiliated BEHL companies:

(1) Waste emissions of gas business, as a low-materiality issue, is not disclosed due to the characteristics of gas business (mainly natural gas distribution and gas transmission).

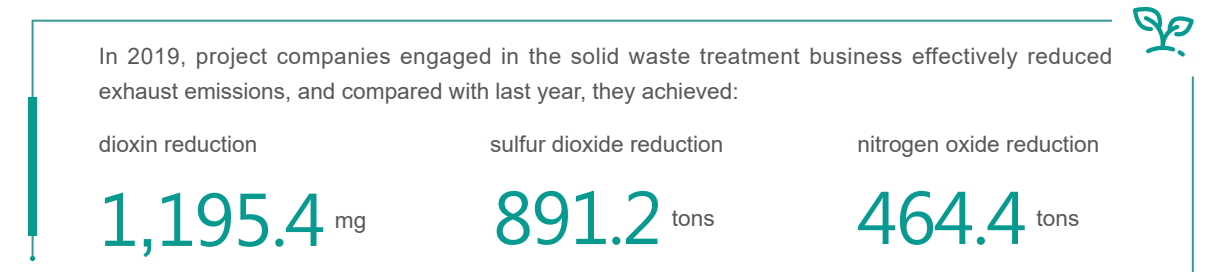
(2) The data of water and environment business covers BE Water's major subsidiaries domestically and overseas.

(3) The data of solid waste treatment business covers BE Environment, BEHET, and EEW GmbH, where wastewater and exhaust gas data do not include EEW GmbH.

The water and environment business actively work on developing new technologies and processes, and encourage all project companies to optimize processes, upgrade equipment and facilities, keep innovating sewage treatment processes, reduce pollutant emissions from the source, and improve environmental benefits.



Project companies engaged in the solid waste treatment business have adopted measures for comprehensive utilization and enhanced control by units at various levels to reduce the discharge of waste water, gas and solids in an all-round way: the sewage generated in the production area is totally recycled and reused after undergoing a specialized treatment process to meet the standard for *The Reuse of Urban Recycling Water-Water Quality Standard for Industrial Uses* (GB/T19923-2005), thus achieving zero discharge of sewage; by upgrading the flue gas purification process and equipment, the pollutants in the flue gas generated by incineration are greatly reduced; solid wastes such as fly ash and slag produced after incineration are all subject to harmless treatment before finally being either landfilled or comprehensively utilized, so as to ensure the minimum impact on the environment.



Case >>> Lvhaiheng Project Company optimized the solid waste incineration process



In 2019, Lvhaiheng Project Company's Haidian Renewable Energy Power Plant received 820,800 tons of domestic waste. To fully realize the pollution-free, resource transformation-oriented, reduced and environmental treatment of the solid waste, Lvhaiheng Project Company took the following steps to optimize the waste incineration cycle:

- After being treated at the sewage treatment plant, all of the leachate reached the standard for recycling.
- The high-temperature steam generated by the waste heat boiler now drives steam turbines for power generation and networking connections.
- The incineration slag was transferred to a designated landfill area and a qualified company treated the ashes to be harmless.

Lvhaiheng Project Company's waste incineration complies with the EU 2000 and national emission standards and is networked with the Haidian District and Beijing Eco-Environmental Bureau for real-time monitoring of flue gas emission data and to ensure that no emissions exceed the standard.

Employee-Friendly Workplace

We regard employees as the cornerstone for corporate development. We share development achievements with employees and grow together. We value equal employment policies and provide employees with diversified vocational skills training. We care for their physical and mental health and strive to create a good working and living environment for them.

HKEx ESG Indicators Covered in this Chapter

| B1 | B2 | B4 |
|------|------|------|
| B1.1 | B3.1 | B4.1 |
| B1.2 | B3.2 | B4.2 |

Material Issues Addressed in this Chapter

- Employee training and development
- Protection of employees' rights and benefits
- Care for employees





Standardizing Employment Management



As of the end of the reporting period, BEHL had approximately

41,000

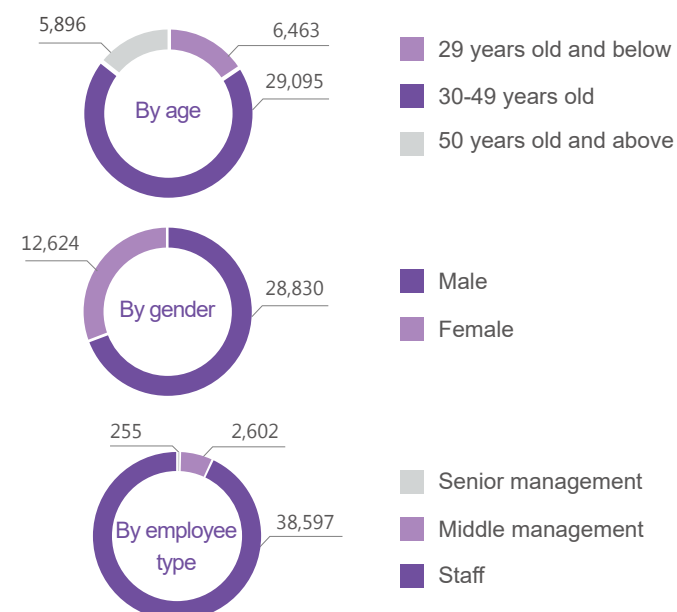
employees.

We abide by laws and regulations including the *Labor Law of the People's Republic of China* and the *Labor Contract Law of the People's Republic of China* in our recruitment and employment. To support this, we created systems including the *Regulations on the Management of Labor Contracts* and the *Personnel Files of Beijing Enterprises Holdings Limited*, the *Regulations on Recruitment Management of Beijing Enterprises Holdings Limited*.

We pursue a fair, non-discriminatory employment policy, including recruitment, remuneration, training, and promotion. We prohibit discrimination based on factors including gender, region, ethnicity, religion, age, pregnancy or marital status, disability, and political position. We prohibit child labor and forced labor while respecting and protecting the legitimate rights and interests of all employees. We have instigated whistleblowing channels for employees who have suffered discriminated treatment at work. Employees can report related issues to our legal department and we will keep their information confidential to protect their privacy.

We undertake to respect all internationally recognized human rights that are in relation to our business and support human rights initiatives including the *Universal Declaration of Human Rights*, the *Declaration on the Protection of Human Rights*, the *United Nations Convention on the Elimination of All Forms of Racial Discrimination*, and the *ILO Declaration on Fundamental Principles and Rights at Work*. Our affiliated companies have started to work out the human rights commitment system based on our business characteristics and legal requirements for operations, including the *Declaration of Beijing Enterprises Water Group Limited on Employees' Rights and Interests*, which covers: requirement for respecting employees' basic rights and interests; commitment to respect for human rights during their operations and in the provision of services and products; requirement for suppliers and partners to respect human rights; and actions and procedures we take to fulfill our commitments.

Employees classification



Helping Employees to Grow

Our *Training and Management Regulations of Beijing Enterprises Holdings Limited* (Revised Edition) and other relevant regulations improve the quality of our workforce by meeting employees' needs for professional skills and career development. We provide training programs in line with these regulations including specialized courses for customer service and operation, training on measurement management, and on-the-job training for employees. In 2019, we trained employees 66,654 person-times, for over 9.28 million hours in total*, with an average of 223.9 training hours per person.

In 2019, we trained employees

66,654

person-times

for over

9.28

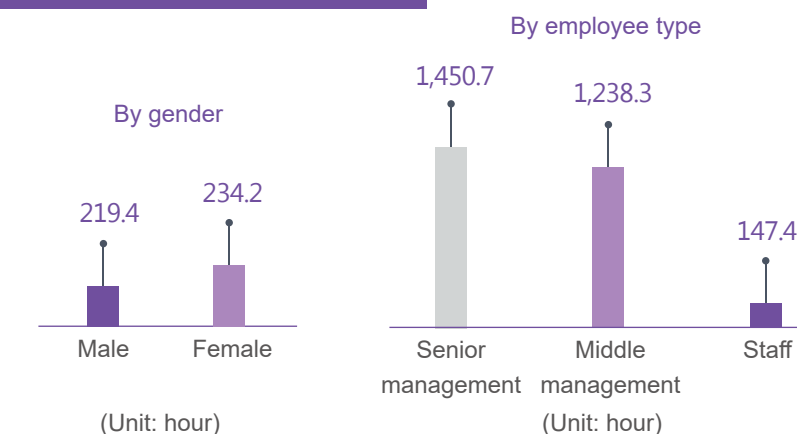
million hours in total

with an average of

223.9

training hours per person

Average training hours per person



* In 2019, Beijing Gas organized a number of employee skill competitions, so the total training time of BEHL employees included the preparation time of the employee skills competition.



Case >>> BEHL launched training courses for specialized technical personnel

We held the Specialized Personnel Training on Legal Supervision and Accounting Standards in Suzhou in 2019 to further standardize operations and improve governance in our member companies and enhance the expertise of technical personnel in law, finance, investment, and audit.

The event saw 96 attendees from our Beijing and Hong Kong headquarters and from member companies. Training topics included introductions to project financing, infrastructure project challenges, arbitration, the responsibilities of directors of Hong Kong listed companies, new accounting standards, an analysis of corporate VAT reform, investment M&As and case studies. These improved our employees' knowledge and skills with regard to legal supervision and accounting standards.



Specialized personnel training on legal supervision and accounting standards



Case >>> BE Water launched diversified employee training projects

In 2019, BE Water customized targeted training to improve management skills and leadership among senior and new employees.

- For management personnel, we held events including the ninth Advanced Workshop for Managers of China's Environmental Industry, the first International Workshop for Senior Operation Managers, the sixth National Water Plant Heads Workshop, the second Advanced Workshop for Water Supply Enterprise Managers, the first Human Resources Directors Workshop, and the Financial Directors Workshop. These helped leaders improve their management capabilities and cultivate industry leadership.
- For new employees, we set up management trainees' courses including the Internal Lecturer Growth Camp and the New Employees' Growth Improvement Training Courses. These helped new employees integrate into the corporate culture, improve their specialized skills, adapt to different jobs, and realize their personal value.

Caring for Employee Life

We also held skills improvement competitions enabling employees to learn vocational skills, share knowledge, and provide technical support and talent for enterprise development.

Case >>> BE Water held the second Evergreen Cup competition

From December 10 to December 13, 2019, BE Water held the second Evergreen Cup employee skills competition in Yongzhou, Hunan Province, hosting over 100 employees. There were two competition topics based on enterprise operational requirements: detection for water supply pipework leakages and testing for sewage quality. Eight teams participated in the leakage detection contest, detecting 44 leak points in eight sub-contests. Repairing these leak points would save about 500,000 tons of tap water annually, saving RMB 800,000.

The Evergreen Cup competition has become a flagship event for BE Water, enabling employees to demonstrate their specialized skills and encouraging contestants to continue improving.



Second Evergreen Cup launch ceremony

We have built a sound social security and welfare system. And we strive to acknowledge our employee's needs and support them in terms of active communication and a wealth of abundant activities.

Our welfare systems cover all employees in accordance with national and local labor, talent, salary, and welfare regulations. We offer insurance for pensions, unemployment, work injury, and medical maternity needs along with a housing provident fund for employees in accordance with national regulations. We also provide reasonable remuneration pursuant to a sound salary management system.

In order to build a dialogue platform and better serve employees, our *Employee Satisfaction Survey Management System of Beijing Enterprises Holdings Limited* requires an employee satisfaction survey every two years. We ask employees about training and recommendations, performance management, career development and personal conditions. The survey results will help us to improve our employee management.

We hold employee activities during special festivals to help them relax and improve their work-life balance and sense of belonging. We also listen to our employees and help them in times of trouble.

**Case >>>** Beijing Gas launched the “Sending Cool in Summer” event

On August 20, 2019, Beijing Gas’ labor union launched the “Sending Cool in Summer” event. Company leaders visited project departments and construction sites in Beijing, listening to workers’ opinions and suggestions while raising awareness of production safety and health issues such as heatstroke prevention. The company gave rock candy, mung beans, tea, beverages, medicines, and other gifts to frontline employees.



Beijing Gas launched the Sending Cool in Summer event

Case >>> Lvhaiheng Project Company organized the spring tug-of-war competition for employees

From April 8 to 15, 2019, the Lvhaiheng Project Company labor union organized all employees to conduct a spring tug-of-war competition. The two groups with the highest scores competed for first and second place. After the game, company leaders and the chairman of the labor union awarded prizes to the winner and runner-up. The tug-of-war competition enriched the lives of employees, and also greatly cultivated the team's cohesion and unity.



BEHL protects the rights and benefits of female employees and pays attention to their physical and mental health. We have established a maternal and child care room to provide physical examinations for female workers and meet their special needs. Our headquarters and affiliated companies' labor unions organize activities to inspire female employees.

Case >>> BEHL labor union held the March 8 Women's Day event entitled Learning Intangible Cultural Heritage-Face Modeling

To celebrate the March 8 International Women's Day, the BEHL labor union organized a special event entitled Learning Intangible Cultural Heritage-Face Modeling on March 8, 2019 and invited the inheritor of the face modeling technique to teach more than 50 female labor union representatives.

This training taught attendees about this profound intangible cultural heritage and inspired creativity among our employees.

Case >>> Performance of the BEHET labor union to guarantee the special rights and interests of female employees

In line with the notice the *Guide on Promoting Gender Equality in the Workplace* during 2019 of the Women Workers' Committee of the All-China Federation of Trade Unions and the Women Workers' Committee of the Beijing Federation of Trade Unions, the BEHET labor union organized activities related with the Guide, including promotion and study of the Guide. On August 13, the company organized employees to study the Guide and the related national law. On August 20, BEHET promoted the Guide in the union's WeChat group and display it in the book corner along with legal manuals on employee rights. This event increased female employees' awareness of their rights and interests.

Harmonious Community

BEHL has long been engaged in sports, culture, environmental protection education, volunteer services and other public welfare fields. We have created a series of influential brand charitable projects including On the Way • BEHL and Yanjing Brewery 's Seeds Project. We also incorporate public welfare into our employees' daily lives and encourage them to contribute to community development.

HKEx ESG Indicators Covered in this Chapter

B8

B8.1

B8.2

Material Issues Addressed in this Chapter

- Contribution to community development
- Social welfare input



Supporting Social Development

In 2019,
we made approximately

HK\$ **4.82**
million in charitable
donations

It's BEHL's long-term commitment to engage in social welfare and give back to society by participating in community public welfare activities. In 2019, we made approximately HK\$ 4.82 million in charitable donations and won several public welfare awards:

BEHL received the bronze award for the recognition of volunteer work as we sponsored the Eighth SEN/STEM Volunteer Professional Development Internship Program in the Community Service Program and participated in volunteer work and served the society for 300 hours in 2018.

The Hong Kong Council of Social Service launched its Caring Company program in 2002 to promote a strategic partnership between the business and social welfare communities to build corporate social responsibility and inclusive society. In 2019, the Council commended BEHL as the Caring Company for 2018-2019, honoring our achievements in caring for society, employees and the environment.



Bronze award for
volunteer service



BEHL won the title of
Caring Company

In 2016, BEHL helped establish the Mingxi Charity Foundation. The Foundation supports public welfare and young people, providing a platform for Beijing-based enterprises in Hong Kong to serve Hong Kong society and promote cross-regional and cross-cultural exchange activities for young people. In 2018, the Foundation established the Mingxi Volunteer Team, an affiliated organization composed of employees of member units and members of the Mingxi Alumni Association.

Promotion of Exchanges and Study between Students in Beijing and Hong Kong:

- Exchanges among the youth: Cross-regional and cross-cultural youth exchanges and activities including the Beijing-Hong Kong Young Students Leadership Training Camp
- Internship and employment: An activity known as Internship and Social Practice of Hong Kong and Macao Students in Beijing was held to train and cultivate backbone elites for the Mingxi Charity Foundation
- Innovation and entrepreneurship: The Hong Kong Youth Innovation and Entrepreneurship Fund was established to explore ways to promote high-quality innovation and entrepreneurship projects in Beijing and Hong Kong
- Incentives and scholarships: Brand activities such as the Mingxi Youth Award Program were initiated, with the Mingxi Student Grant set up to promote young people to participate in exchanges between the two places
- Education on national conditions: The Mingxi Lecture Hall was established to foster young people's love for Hong Kong and their patriotism on the whole

Care and Assistance for the Disadvantaged Groups:

- The elderly care activities which entitled visitors to show care for the community were carried out
- The Mingxi Student Grant was set up to help students in need
- An event known as Parent-Child Games for Children with Autism (Star Children) was held to advocate people's greater attention to children with autism
- Volunteer activities such as the preparation of warm bento boxes were conducted to help disadvantaged groups in need

Support for Sports

Since its sponsorship of the CFA Cup in 2014, Yanjing Brewery and the CFA Cup have launched the Seeds Project campus charity event. Over the past six years, Yanjing Brewery has enhanced its public welfare activities on campus. We continue to develop football culture among young Chinese people by donating footballs to the school, inviting football coaches to guide young football fans and inviting children to clubs for professional athlete training.

Case >>> Yanjing Brewery's 2019 CFA Cup Seeds Project trained China's football reserve force

Through its Seeds Project, Yanjing Brewery encouraged more juveniles to participate in football, improved their physical fitness, and provided a strong reserve for Chinese football. On December 6, 2019, Yanjing Brewery held the 2019 CFA Cup Seeds Project campus charity event at the Shensong Campus of Shanghai Minhang District Experimental Primary School. A professional youth training team guided 35 young players from five primary schools including Shanghai Minhang Experimental Primary School to participate in a basic professional football test. The professional youth training team divided players into two teams based on the test results and they then participated in a contest.



Yanjing Brewery's 2019 CFA Cup Seeds Project campus charity event

Environmental Education

Since 2014 we have promoted environmental education and emphasized the importance of environmental protection via public welfare projects. Stricter national environmental policies have contributed to large demands of curbing environmental pollution, leading to a shortage of environmental protection-related skills. We strive to build platforms for multi-party cooperation and help train more professionals in these areas.

Case >>> BEHL sponsored HK\$ 100,000 to support student to participate in the Summer Course on Urban Sustainable Development

On June 21, 2019, BEHL donated HK\$ 100,000 to support students from the School of Energy and Environment of the City University of Hong Kong to participate in the Summer Course on Urban Sustainable Development. Through classroom learning, field visits, and communication activities, students designed environmental projects covering air quality, energy, urban planning, transportation, and waste management. These activities helped improve their thinking and practical abilities around popular environmental issues. At the same time, BEHL urged BE Water, BE Environment and Beijing Enterprises Clean Energy Group Limited to conduct research and communications with the college and explore more extensive and in-depth cooperation between the college and environmental protection subsidiaries under BEHL.



BEHL sponsored students to participate in the Summer Course on Urban Sustainable Development

Case >>> On the Way • BEHL Green Seeds Project facilitated environmental education

In October 2019, we donated school-based environmental courses and teaching supplies under the On the Way • BEHL Green Seeds Project to Laishui County, Baoding City, Hebei Province. A month later, several primary schools in Laishui County engaged in and expanded these environmental courses by organizing their own activities.

Laishui Primary School held activities related to the publicity poster on the theme of Saving Water, Starting with Me.

Nanbingshang Primary School held the Chinese Dream-My Green Environmental Dream class meeting.

Sihuangfu Primary School organized the Waste in Life waste cleaning activity.

Nanfengcun Primary School held several Green Seeds Project environmental education activities.

Those environment-themed education activities helped students realize how closely environmental protection relates to everyone's life, and encouraged students to contribute to ecological development.

Case >>> BE Water engaged in school-enterprise cooperation to explore new ways of cultivating environmental talents



In 2019, BE Water successively signed school-enterprise cooperation agreements with Hebei University of Environmental Engineering, Changsha Environmental Protection College and other vocational colleges to establish a joint industry college. BE Water College was established to offer a water management major focusing on smart water management, project management major focusing on smart sanitation, and another major in comprehensive use of urban resources. Through this initiative, together with the universities, we participate in the development of environmental industry skills, joint training, teaching material development, and practical training and employment.

Case >>> Lvhaiheng Project Company promoted environmental knowledge through open-door public activities

Lvhaineng Project Company responded to government priorities by helping citizens to develop good environmental awareness and habits through public activities. The company strived to reduce waste generation by teaching knowledge of waste classification and recycling. It organized public factory visits where it taught people about processes including waste classification and waste treatment. Besides, the company actively harmonized resources to provide all possible support to those coming to study and survey. In 2019, the company received a total of 47 visits and surveys with more than 900 person-times.

Case >>> Zhangjiagang Project Company educated people on its waste-to-energy practice

Zhangjiagang Project Company presents the new image as environmentally friendly corporate to the society. It performs as an environmental education base and welcomes visits from the general public in China. Every year, the company welcomes delegations from the CPPCC, the People's Congress and government agencies, along with student groups from universities, primary and secondary schools and foreign delegations.

In March 2019, Zhangjiagang Project Company organized a Little Volunteers in Environmental Protection activity and invited teachers and students of Luyuan Primary School to enter the enterprise to learn about its waste-to-energy practice.



Teachers and students of Luyuan Primary School learn about the waste-to-energy practice

Case >>> Tai'an Project Company taught the community about waste classification

On June 5, 2019, the 48th World Environment Day, Tai'an Project Company launched its June 5 Environmental Day publicity campaign themed on Acting in a Defense War for the Blue Sky. It taught the community about environmental knowledge and treatment and classification of domestic waste and answered their questions. The activity successfully popularized environmental knowledge for the residents and contributed to the construction of green communities and green cities.



Tai'an Project Company's staff in an environmental campaign



Public Welfare for Communities

We strive for common development of the Company and community by focusing on community communication and mutual assistance. We organize community-based public welfare activities to help those in need.

Case >>> BEHL participated in the charity cross-country marathon and made donations

BEHL participated in the annual Sowers Action Twelve-hour Cross-country Charity Marathon for the fourth consecutive year on October 27, 2019. We were proud to see 76 employees from our Hong Kong companies compete in 17 teams. We donated HK\$ 119,400 as a bronze sponsor of the event and earned the Outstanding Participation Gold Award from the event organizer for providing the most teams for the third consecutive year in the business sector.



Representatives of BEHL were honored the awards



Case >>> Mingxi Charity Foundation Association held the Beijing-Hong Kong Young Students Leadership Training Camp

From August 27 to 31, 2019, the Mingxi Charity Foundation Association and Tsinghua University organized the Beijing-Hong Kong Youth Students Leadership Training Camp exchange activity for university students from Hong Kong and Beijing. The event celebrated the 100th anniversary of the May 4th Movement and the 70th anniversary of the founding of the People's Republic of China, and saw a group of students conduct a five-day exchange activity in Beijing. The exchange group comprised 24 Mingxi Alumni Association members and 13 Tsinghua University students from seven universities including Hong Kong University, Hong Kong University of Science and Technology, and Chinese University of Hong Kong. Students from both sides said that the exchange activity enhanced their mutual understanding, trust and integration, and helped them harvest precious friendship from a very rare experience.

Opening ceremony for the exchange activity for university students from Hong Kong and Beijing



Hong Kong students shared their feelings at the graduation ceremony

Case >>> Mingxi Charity Foundation Association supported and held the Star Children Games

On September 22, 2019, the Mingxi Charity Foundation Association and the Kowloon Bay Lions Club jointly organized the Parent-Child Games for Children with Autism (Star Children) event. The event provided opportunities for children with social disabilities and their families to relieve stress through a series of competitions. Nearly 100 students, parents and volunteers participated in games including ball passing with spoons, passage through the hula hoop, and tunnel crawl.

The Kowloon Bay Lions Club awarded the Mingxi Charity Foundation Association a commemorative trophy to encourage and commend its strong support for the event.



Mingxi Charity Foundation Association supported and held the Star Children Games

Case >>> Hengyang Project Company organized employees to care for children with hearing impairment

On December 24, 2019, all the party branch members at Hengyang Project Company visited Hengyang Special Education School. During the event, the vision-, hearing- and speech-impaired children performed a song and dance called The Most Beautiful Flower Season. Representatives from the company also performed a gesture language song called Love, and gave each child a beautiful gift. Through this event, the company called on more people to care for hearing-impaired children.



Hengyang Project Company organized employees to care for children with hearing impairment

Case >>> BEHL fought against COVID-19

From February to April 2020, we organized employees to fight the COVID-19 epidemic and help prevent and control the virus. We and our subsidiary companies made several donations to help in the anti-COVID-19 effort.

Yanjing Brewery donated

RMB **50,000**

to the Health Committee of Bo'ai County, Jiaozuo City, Henan Province.

It also donated

RMB **13.5** million

to the medical frontline in the fight against the epidemic through the Beijing Red Cross and the Red Cross Society of Shunyi District, Beijing.

China Gas Public Welfare Foundation donated

HK\$ **15** million

to cities in Hubei and Henan provinces to support their governments in epidemic prevention and control.

HK\$ **5** million

of that donation was used to purchase anti-epidemic protective materials and support frontline anti-epidemic personnel.





Practicing Volunteer Service

BEHL organizes and encourages employees to participate in volunteer activities. In 2019, our volunteer activities included bento boxes preparation, donation of clothing and good, blood donation, to play an active role in building a beautiful society.

Case >>> Mingxi Volunteer Team prepared warm bento boxes to support the vulnerable

On March 15, 2019, 17 young volunteer representatives of the Mingxi Volunteer Team went to the Food Angel's Central Kitchen to prepare warm bento boxes for vulnerable groups. They also aimed to practice the "no waste, solve hunger and connect with love" philosophy together with the Food Angel.

The volunteers worked together to help make more than 1,500 warm bento boxes that were distributed for free to people in need via the Food Angel Community Center and charity organizations in Hong Kong.



Case >>> BEHL launched the Warm Clothes in Winter charitable donation activity

On December 9, 2019, the BEHL Youth League Committee and employees responded to the higher-level Youth League Committee's Warm Clothes in Winter large-scale public welfare activity. As of December 19, 2019, our employees donated over 50 winter jackets to warm those in need. We donated one batch of clothes through the enterprise system and the other through the local youth exchange organization.



Case >>> BEHL's young volunteers participated in volunteer services for the World Horticultural Exposition

From June 2 to June 9, 2019, BEHL organized eight young volunteers to the World Horticultural Exposition. They helped at the African exhibition booths and helped in areas including information services, site guidance, translation, reception and visitor assistance, and event organization.

The volunteer period coincided with China's traditional Dragon Boat Festival. Our volunteers acted as cultural ambassadors and taught African tourists to make dumplings and play dragon boat drum rhythms with African drums.

Our volunteer team won unanimous praise from the park workers and tourists.



Case >>> Tai'an Project Company under solid waste treatment business held a voluntary blood drive

On May 14, 2019 (the eve of the 16th World Blood Donation Day), Tai'an Project Company organized voluntary blood donation activities among employees. The event saw 32 employees donate over 11,000 ml of blood, showing their love and care with actions.



Future Outlook

2020 is a critical period for BEHL's conclusion of the 13th Five-Year Plan and commencement of the 14th Five-Year Plan, and it is also an important time for us to pursue high-quality development, refine industry strategies, and complete our reforms. The coming year also presents challenges including the ongoing need to control the COVID-19 epidemic at home and abroad, and economic uncertainties. We will stay true to our original inspirations and mission and meet our corporate responsibilities while ensuring orderly and efficient operations. We will tap our potential and prepare ourselves for long-term external changes.

Looking ahead to the future, we will adjust our structure, control risks, strengthen capabilities, and seize opportunities. We look forward to accelerating innovation and upgrading our business while using the resources-related advantages of Beijing and Hong Kong and advanced international technology and production capacity. We anticipate a period of quality and efficiency and strong growth as we continue to promote social development and environmental protection. Fully engrossed in the promotion of development, we will definitely win the final victory and embrace a splendid future.

Key Performance Data



Economic Performance

| Indicator | 2018 | 2019 |
|---------------------------------------|-------|-------|
| Revenue (HK\$ billion) | 67.76 | 67.78 |
| Basic earnings per share (HK\$/share) | 6.00 | 6.38 |



Environmental Performance

| Indicator | 2018 | 2019 |
|--|---------|---------|
| Greenhouse gas emissions (10,000 tons of CO ₂ e) | 125.3 | 112.0 |
| Greenhouse gas emissions per HK\$ 10,000 of revenue (kg/ HK\$ 10,000) | 185.0 | 165.2 |
| Energy consumption (10,000 tons of standard coal, including: coal, electricity, natural gas, gasoline, diesel, etc.) | 39.0 | 34.8 |
| Energy consumption per HK\$ 10,000 of revenue (kg/ HK\$ 10,000) | 57.6 | 51.4 |
| Fresh water consumption (10,000 tons) | 2,231.6 | 2,213.4 |
| Fresh water consumption per HK\$ 10,000 of revenue (kg/ HK\$ 10,000) | 3,293.4 | 3,265.5 |
| Hazardous waste emissions (10,000 tons) | 47.0 | 48.0 |
| Hazardous waste emissions per HK \$10,000 of revenue (kg/ HK\$ 10,000) | 69.3 | 70.8 |
| Non-hazardous waste emissions (10,000 tons) | 234.7 | 240.2 |
| Non-hazardous waste emissions per HK \$10,000 of revenue (kg/ HK\$ 10,000) | 346.4 | 354.3 |



Social Performance

| Indicator | 2018 | 2019 |
|---|-----------|-----------|
| Total number of regular employees | 41,751 | 41,454 |
| Employee training hours | 1,701,650 | 9,281,893 |
| Percentage of employee physical examination (%) | 100 | 100 |
| Number of suppliers | 1,641 | 3,434 |
| Donation (HK\$ 10,000) | 300 | 482 |

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



HKEx ESG Reporting Guide

| Subject Areas, Aspects, General Disclosures and KPIs | | Responses |
|--|--|-------------|
| A: Environment | | |
| Aspect A1: Emissions | | |
| General disclosure | | P52, P63 |
| A1.1 | The types of emissions and respective emissions data. | P64-65 |
| A1.2 | Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | P60, P62 |
| A1.3 | Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | P64 |
| A1.4 | Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | P64 |
| A1.5 | Description of measures to mitigate emissions and results achieved. | P55-62 |
| A1.6 | Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved. | P63-65 |
| Aspect A2: Use of resources | | |
| General disclosure | | P52, P57 |
| 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). | P58-59, P62 |
| A2.2 | Water consumption in total and intensity (e.g. per unit of production volume, per facility). | P58-59, P62 |
| A2.3 | Description of energy use efficiency initiatives and results achieved. | P52-61 |
| A2.4 | Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved. | P57-59 |
| A2.5 | Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced. | P57 |
| Aspect A3: The Environment and natural resources | | |
| General disclosure | | P52-53 |
| A3.1 | Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them. | P52-54, P65 |
| B: Social | | |
| Employment and Labour Standards | | |
| Aspect B1: Employment | | |
| General disclosure | | P68 |
| B1.1 | Total workforce by gender, employment type, age group and geographical region. | P68 |
| B1.2 | Employee turnover rate by gender, age group and geographical region. | - |
| Aspect B2: Employment | | |
| General disclosure | | P44, P47 |
| B2.1 | Number and rate of work-related fatalities. | P44 |
| B2.2 | Lost days due to work injury. | P44 |

| | | |
|-------------------------------------|--|--------------|
| B2.3 | Description of occupational health and safety measures adopted, how they are implemented and monitored. | P44-47 |
| Aspect B3: Development and training | | |
| General disclosure | | P69, P71 |
| B3.1 | The percentage of employees trained by gender and employee category (e.g. senior management, middle management). | P69 |
| B3.2 | The average training hours completed per employee by gender and employee category. | P69 |
| Aspect B4: Labor standards | | |
| General disclosure | | P68 |
| B4.1 | Description of measures to review employment practices to avoid child and forced labor. | P68 |
| B4.2 | Description of steps taken to eliminate such practices when discovered. | P68 |
| Operating Practices | | |
| Aspect B5: Supply chain management | | |
| General disclosure | | P47-48 |
| B5.1 | Number of suppliers by geographical region. | P47 |
| B5.2 | Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored. | P47-48 |
| Aspect B6: Product responsibility | | |
| General disclosure | | P34-39 |
| B6.1 | Percentage of total products sold or shipped subject to recalls for safety and health reasons. | P36 |
| B6.2 | Number of products and service related complaints received and how they are dealt with. | P34 |
| B6.3 | Description of practices relating to observing and protecting intellectual property rights. | P40-43 |
| B6.4 | Description of quality assurance process and recall procedures. | P36 |
| B6.5 | Description of consumer data protection and privacy policies, how they are implemented and monitored. | Not relevant |
| Aspect B7: Anti-corruption | | |
| General disclosure | | P29 |
| 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. | P29 |
| B7.2 | Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored. | P29 |
| Aspect B8: Community investment | | |
| General disclosure | | P76 |
| B8.1 | Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport). | P76-85 |
| B8.2 | Resources contributed (e.g. money or time) to the focus area. | P76 |

Feedback

Dear readers,

Thank you for reading 2019 Sustainability Report of Beijing Enterprises Holdings Limited. We highly value your feedback regarding our sustainability management, practice and information disclosure. In light of your opinions and suggestions, we will push forward our sustainability management and practice. Looking forward to hearing from you!

Please answer the questions as follows by marking “√”

1. Do you think the Report can reflect the significant impact of BEHL on the economy, society and environment?

Very much ☐ Average ☐ Very little ☐

2. Do you think the analysis of relations between stakeholders identified in the Report and BEHL is accurate and complete?

Very much ☐ Average ☐ Very little ☐

3. Do you think the information in the Report is complete?

Very much ☐ Average ☐ Very little ☐

4. Do you think the information in the Report is readable?

Very much ☐ Average ☐ Very little ☐

Open-ended Question

We will welcome your opinions and suggestions on 2019 Sustainability Report of Beijing Enterprises Holdings Limited. If you have opinions and suggestions, please list as follows:

Your Contact Information

| | |
|--------|----------|
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| Phone: | E-mail: |

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