

BEWG Sustainability Report 2015



ABOUT THIS REPORT

This report is the first Sustainability Report released by Beijing Enterprises Water Group Limited ("BEWG", "the Group" or "We"), covering BEWG's economic, environmental, social and governance performance relating to sustainability for the reporting period from 1st January 2015 to 31st December 2015. The report also contains certain information before 2015.

Version

This report is prepared in both Chinese and English, and released both websites and hard copy. This report can be viewed or downloaded at: http://www.hkex.com.hk and http://www.bewg.com.hk.

Reporting Guidelines

This report was prepared in accordance with common sustainability reporting guidelines and reflected the specific characteristics of our industry and the Group. This report referred to the following guidelines: the Environmental, Social and Governance Reporting Guide released by Hong Kong Exchanges and Clearing Limited ("HKEx"), G4 Sustainability Reporting Guidelines issued by the Global Reporting Initiative (GRI), ISO 26000 issued by the International Organisation for Standardisation.

Content Selection and Boundaries

In accordance with the G4 reporting principles of stakeholder engagement, sustainability context, materiality and completeness, we performed a materiality analysis to identify our material issues and their boundaries.

Report Scope

Unless otherwise stated, all cases and data disclosed in this report are collected from BEWG and its subsidiaries.

Date Collection and Disclosure

Data and information contained in this report were collected through BEWG's internal data collection and statistics system, quantitative and qualitative questionnaires based on the reporting framework, and sustainability practices submitted by its subsidiaries.

Currency

Unless otherwise specified, all monetary figures shown in this report were expressed in Renminbi (yuan).

CONTENT

THEME INTERPRETATION

- **01 ABOUT THIS REPORT**
- 02 CONTENT
- **03 THEME INTERPRETATION**
- **04 MANAGEMENT STATEMENT**
- 06 GROUP OVERVIEW
- 08 SUSTAINABILITY STRATEGY AND MANAGEMENT
- 12 THE WAY OF CLEANNESS
 - 14 GREEN BUSINESS
 - 23 GREEN OPERATION

26 THE WAY OF GOOD GOVERNANCE

- 28 FEATURE: THE ENGINE DRIVES OUR FAST GROWTH--- "THE 3×3 DRIVE MODEL"
- 29 STRINGENT GOVERNANCE
- 31 SCIENTIFIC MANAGEMENT
- 32 OPEN COOPERATION

***** 36 THE WAY OF MUTUAL BENEFIT

38 **GROWING WITH EMPLOYEES**

- 43 **GROWING WITH THE INDUSTRY**
- 47 MUTUAL DEVELOPMENT WITH COMMUNITY
- 54 ESG REPORT
- 60 REPORT DISCLOSURE INDEX
- **63 STAKEHOLDER COMMENTARY**
- 64 FEEDBACK



our business activities are related to water. We are committed to the core mission of being a steward of water for society and helping people make better use of water.

The greatest virtue is like water, whose character is so near to the Way. Traditional Chinese culture takes water as symbols of many characteristics that are also what we want to achieve for ourselves. Water cleans, and we make the environment clean with our services. Water flows, and we keep innovating to create value for investors. Water irrigates, and we serve society and grow together with our communities and stakeholders.

In this sense, water symbolises both where we started and where we want to be. We are committed to following the "Way of Water" and trying our best to work together with our stakeholders to protect the environment, produce outstanding performance, and contribute to the welfare for all.



Water, nurturing all things in the world, is indispensable for the survival and development of mankind. For BEWG, all

MANAGEMENT STATEMENT

Dear readers.

I am very honoured to present the Beijing Enterprises Water Group Limited Sustainability Report 2015 to you. This is our first sustainability report summarised our sustainability practices in 2015. By this means, we hope to communicate with our stakeholders more effectively on certain economic, environmental, social and governance issues through this report and help us to improve our sustainability management system and our sustainability performance.

Since our founding, BEWG has been dedicated to water environment field and the improvement of ecological environment. We gradually became a leading integrated water environment service provider in China through continuous technological innovation and market expansion. There were a number of significant changes in the field of environmental protectionc in 2015, which was also an important year for the development of BEWG. During this year, the new Environmental Protection Law came into effect and the Action Plan for Water Pollution Prevention was published. While many Public-Private Partnership (PPP) projects were carried out all over China, there were also challenges and opportunities for us to deal with in all these changes. We actively responded to these changes, adhering the strategy of a "leading professional integrated water environment service provider", focusing on innovation, developing corporate culture, deepening our reform, optimising our management, accelerating our enterprise transformation, upgrading and optimising our resource allocation. As a result, we had improved both our business performance and quality of service during this year.

In 2015, we vigorously expanded our environmental protection business to promote the protection and comprehensive utilisation of water resources. We maintained our industry leading position with stringent quality control to ensure effluent quality and project quality to the satisfaction of both government and residents. We optimised our internal control system and established a new ecosystem for open cooperation with external partners. With all these efforts, we made steady progress in our business performance and persistent to creat value for shareholders and investors.

We could never achieve our development without the support of our employees, our industry and our communities. Therefore, we were committed to encourage employees' career development, promoting industry progress, and supporting community development.

We took employees as a precious asset. We provided them with a satisfactory working environment and helped them to achieve their career aspirations with stronger support in employee training, career development and corporate culture.

We endeavored to promote industry development through upgrading in our own technological innovation so as to push up the progress of technology in the industry. We also actively engaged in various cooperation opportunities, such as project collaboration and strategic alliance, so as to achieve performance growth with our industry peers as well.

We were committed to making cities and communities more sustainable. We provided environmental infrastructure construction and services for a number of cities and regions around the world and promoted regional economic development with our project investment and operation. We adjusted our business layout in Beijing, Tianjin and Hebei in response to Beijing-Tianjin-Hebei Coordinated Development Strategy and adjusted our overseas development strategy in line with the Belt and Road initiative to help promote regional economic growth.

The year 2016 is the starting year of China's 13th Five-year Plan. Environmental protection and green development will become the theme of the year. BEWG will continue to shoulder the responsibility entrusted to us in the new era and create greater shared value for our stakeholders by actively promoting the improvement of the ecological environment.

Chairman of the Board

GROUP OVERVIEW

Group Profile

BEWG is a leading professional integrated water environment service provider with businesses in industrial investment, design, construction, operation, technical service and capital operation. It is listed on the main board of the Hong Kong stock exchange (Stock Code: HK00371). It has been selected for Hang Seng China-Affiliated Corporations Index, Hang Seng Mainland 100, Hang Seng Composite MidCap Index, Morgan Stanley Capital International Index, and selected to participate the first round of Shanghai-Hong Kong Stock Connect programme.

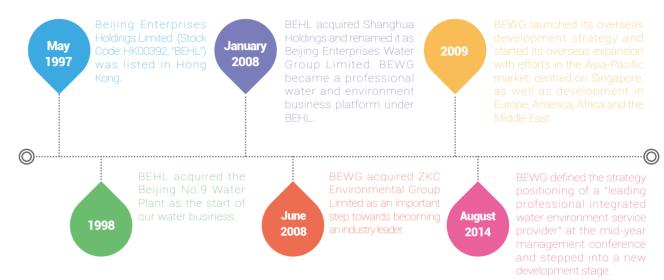
Region	Subsidiaries and Joint Ventures
Eastern China	Taizhou, Huang Yan, Tongling, Xu Zhou, Xiangshui, Fu Ning, Zongyang, Huaining, Qianshan, Yatong Taizhou, Luoyang, BCEG, Jiangsu Huitong, Yatong(Anqing), Puyang, Ganyu, Nanjing Municipal Design and Research Institute
Shandong Province	Jiaonan, Heze, Qingdao, Shangma, Jinan, Binzhou, Binhai, Weifang, Jiaozhou, Guanxian Jiacheng
Southern China	Zhongye, Nansha, Changsha, Sanshui, Shenzhen Feng Tai, Lei Yang, Shenzhen Chuang Xin, Hengyang, Liuyang, Dongguang Houjie, Zhongtang, Hainan Baishamen, Changliu, Heshan, Yongzhou, Hainan, Yueyang, Dongguan, Quanzhou Anping
Western China	Mianyang, Jiangyou, Huayang, Shuangliu, Mianyang Nong Ke Qu, Qingbaijiang, Guizhou, Wulumuqi, Hu Tu Bi, Kaili Jiacheng, Baise, Songming, Anning, Guigang, Hezhou, Guiyang Qingzhen, Guangan, Yunnan, Kunming Konggang, Gatewin Taifu, Luqiao, Yuxi Gatewin, Yuxi, Yibin, Zun Yi, Gui Yang
Northern China	Beijing Hongtai, Fuxin, Qi Qi Har, Changping, Jinzhou, Dalian, Caofeidian, Beizhen, Linghai, Yixian, Goubangzi, Anling
Overseas	Malaysia: Loyal BEWG, BEWG(M) Portugal: BEWG(PT) Singapore: BEWG International, BEWGI-UE

Main Business

The "2+3+3" Business Structure



Our Development



Honours and Recognitions



• Listed as one of the Global Top Four in the Water Company of the Year at the Global Water Summit and

Attained the 2014 China Securities Golden Redbud Award, the Listed Companies with Best Brand Value

• Attained the First Prize of the Best Executive Team on Investor Relationship, the First Prize of the Best CFO on Investor Relationship and the Third Prize of the Best CEO in Asian public utility plate by

Attained the 2014 Chinese Influential Enterprises in Environmental Protection Economy and Annual

• Attained the 2014 Best Innovation Award of China Human Resource Development and Management.

• Ranked 1st in 2015 China Construction Science and Technology Award by China Architecture Design and

• Listed in the 2015 Ten Largest Investors of China Water Treatment PPP Project, 2015 Excellent Investor of China River and Lake Treatment PPP Programme and 2015 China Top 50 Water Treatment Enterprises.

SUSTAINABILITY STRATEGY AND MANAGEMENT

For BEWG, all of our business operations are based on the protection of water resource and the environment. We provide professional environmental solutions for society and the public through continuous progress and innovation, and contributing to a better ecological environment. We pay close attention to cooperation with our stakeholders and take their interests into consideration when we conduct business activities, and we are committed to creating shared value for all stakeholders.

Sustainability Strategy



Our sustainability strategy is in line with the Group's overall business strategy and corporate culture. We set our goals around the qualities of water and focused our sustainability practices around our business in three strategic pillars of "making the environment clean and fresh, making profit for investors and sharing common value with the public".



Sustainability Management

In order to promote the sustainable development of BEWG and carry out the sustainable development strategy from top to bottom, we have built the highest decision-making body with the board as its core component and the sustainable development organisation system with the actively participation of the functional departments, the first level business units and the subsidiaries. As a department for daily sustainable development work, Enterprise Development Center is responsible for organising and coordinating the operation and maintenance of sustainable development system, plans, formulates and supervises the sustainable development strategy and makes it run effectively in business operation. The functional departments and the first level business units designate persons to respond to the enterprise development center in the field of sustainable development.

Sustainability Performance Overview

Dimension	Indicator	2015	2014	2013
	Revenue (HK\$'000)	13,502,957	8,925,942	6,406,455
Economic	Profit for the year (HK\$'000)	2,767,793	2,073,322	1,145,398
	Income tax (HK\$'000)	777,766	593,855	351,762
	Number of water plants	388	326	282
Environmental	Actual processing volume of sewage and reclaimed water treatment services (million tons)	2,640	2,390	1,729
	Number of employees (person)	7,905	5,467	4,280
Å.	Training expense per person (yuan)	749	693	652
Social	Number of suppliers in compliance with the supplier hiring practice in Chinese business region	348	164	158
	Total charitable donations (HK\$'000)	256	1,309	1,074

MATERIALITY ANALYSIS

Based on the sustainability context, stakeholder engagement, materiality and completeness principles from G4 Sustainability Reporting Guidelines published by the Global Reporting Initiative (GRI). BEWG built its sustainability materiality analysis model. The material issues disclosed in this report were selected through the identification, evaluation and screening processes.

Identification

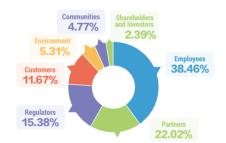
Policy and Public Opinion Analysis	International Standard Analysis	Peer Benchmarking
We analysed environmental regulations	We analysed internationally accepted	We benchmarked with industry peers
and industry policies to learn about	standards and guidelines such as the	both in China and abroad to learn
industry and government policy trends	ESG Reporting Guide of HKEX and	industry focuses and sustainability
and public attention focus related to	GRI G4, to understand the specific	best practices.

Evaluation

We conducted a stakeholder survey to learn about how the 23 sustainability issues identified in the identification process were perceived by different stakeholder groups. We used an online survey platform to obtain stakeholders' feedback on their prioritisation results of the 23 sustainability issues through

the environmental protection industry.

In July 2015, we conducted our first stakeholder survey and received 377 pieces of effective stakeholder feedback from 19 provinces.



Screening

We invited 87 senior employees internally to rank the identified issues based on their understanding of each issue's importance to BEWG. Combining their results with the results of stakeholder survey, we built a twodimensional materiality analysis matrix and prioritised the 23 material issues accordingly.



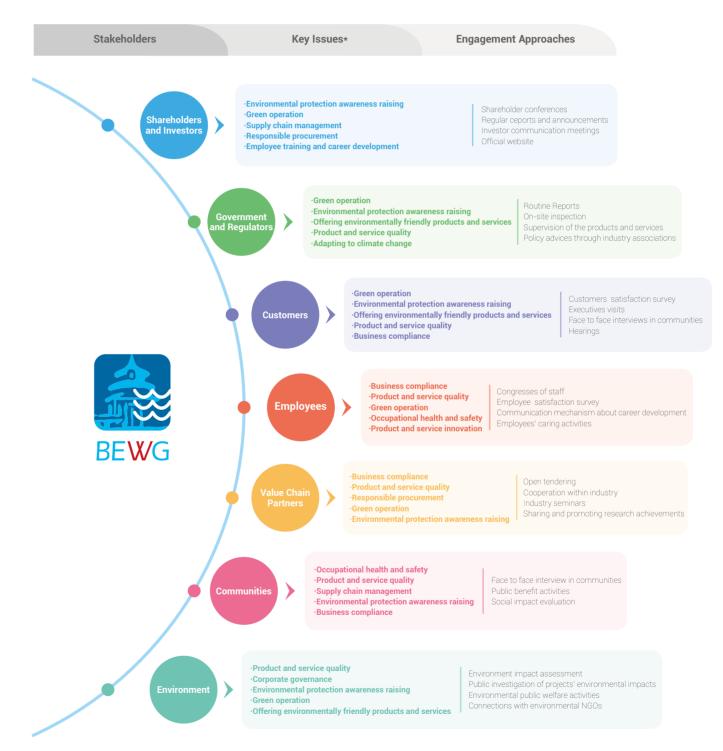
High Materiality Issues		Low Materiality Issues
1 Environmental protection awareness raising	(8) Promote economic development	(21) Public welfare and charity
(2) Business compliance	(9) Adapting to climate change	2 Supporting SMEs
 Product and service quality 	(1) Corporate governance	23 Employee remuneration and benefits
Green operation	(1) Business performance	
	(2) Employment opportunities	
(5) Offering environmentally friendly products and services	(13) Supply chain management	
6 Promoting development and innovation of the industry	(1) Urban infrastructure for communities	
Occupational health and safety	(5) Product and service innovation	
	(16) Industry exchanges and cooperation	
	$\left(\overline{7} \right)$ Employee communication and participation	
	(18) Responsible procurement	
	(19) Employee training and career development	
	20 Diversity and equal opportunity	

Report Content in Response to the Issues

Report Content		Corresponding Issues
Green Business		Product and service quality, Offering environmentally friendly products and services, Product and service innovation, Business compliance, Adapting to climate change
Cleanness	Green Operation	Green operation, Adapting to climate change, Environmental protection awareness raising
	Stringent Governance	Business compliance, Corporate governance
the Way of Good Governance	Scientific Management	Business performance
Open Cooperation		Supply chain management, Supporting SMEs, Responsible procurement
	Growing with Employees	Occupational health and safety, Employee training and career development, Employee communication and participation, Diversity and equal opportunity, Employee remuneration and benefits
the Way of Mutual Benefit Mutual Development with Community		Promoting development and innovation of the industry, Product and service innovation, Industry exchanges and cooperation
		Promote economic development, Employment opportunities, Urban infrastructure for communities, Public welfare and charity, Environmental protection awareness raising

STAKEHOLDER ENGAGEMENT

As a public utility which is committed to water and environmental protection affairs, BEWG's all businesses have a close tie with various stakeholders. We actively communicated with our stakeholder groups, to build a friendly partnership and construct a win-win harmonised situation.



* Key issues concerned by stakeholders refer to the conclusion from the stakeholder survey for the materiality analysis. Please see page 10 of this report.



THE WAY OF CLEANNESS

Water keeps cycling and cleaning things, bringing freshness and cleanness for our environment.



[Sustainability Context]

[Our Practice]

[Our Performance]

- We had carried out 31 comprehensive water environmental renovation projects, covering 9 river courses.
- J We had provided environmental solutions for 171 Chinese cities and 3 overseas countries

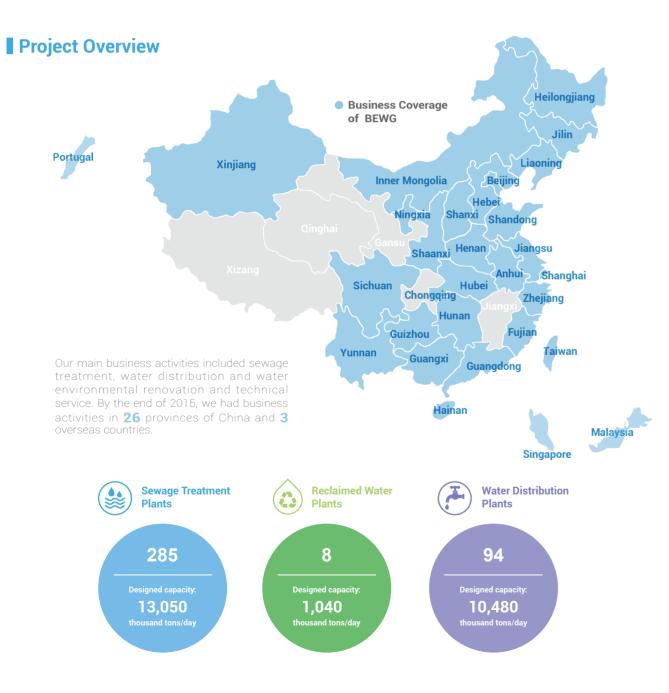




🥢 In 2015, our sewage treatment capacity was 13,050,000 tons/day, and water reclamation



GREEN BUSINESS



Water Circulation Management

Although the majority of the earth's surface is covered by water, fresh water resource only accounts for less than 1% of the total water resource, among others, many rivers have already been polluted. Facing such severe water resource challenge, the Chinese government introduced the most stringent water pollution control policy in history in April 2015, the Action Plan for Water Pollution Prevention ("Water Ten Plan"), specifying the agenda and goals for government, businesses and the public to work together to protect water resources.

To help deal with the water resource challenges, we established a comprehensive water circulation industrial chain that covered raw water¹, water diversion, water distribution, sewage, reclaimed water and comprehensive water environmental renovation, allowing us to provide comprehensive water solutions for our customers with our professional services.

To protect water security with businesses in raw water, water diversion, water distribution and seawater desalination



Wang Jianli, General Manager of Water Business Management Division: To **Ensure Effluent Quality and Contribute to Protection of the Environment**

I have been working at BEWG since 2008. I witnessed our steady development in all these years as well as the leap forward growth in the last several years. In my opinion, we to society and the environment that we had since our very beginning, as well as our development strategy that built on

belief that doing environmental business was equivalent to working good for the public. It is our ultimate goal to help our customers solve environmental problems and promote the

In the water business, we work with water and strive to meet water quality standards. The most effective practice that we

In all these years, we have been adhering to the principle that effluent quality goes first. We adopted a variety of management approaches to ensure water quality and made the Group an industry showcase for high quality. It was the joint efforts and hard work of many people like me that made

To reuse water and reduce the consumption of natural water resources with our reclaimed water business

acquired water plants could not meet the quality standards. We sent technicians and managers from the Group headquarters to these locations to evaluate the situation, and worked together with local employees to identify problems and look for solutions. As a result, our operation management system has been continuously improved. Now we have as operation, inspection, process adjustment, emergency response, etc., to ensure that our effluent quality meet the

quality. All new projects, whether those we built ourselves or those we acquired, were required to make continuous improvement in accordance with the Group's management to ensure the safe and efficient operation of our water plants, we kept on tapping the potentials of well-managed projects

In 2015, we applied measures to improve water plants by identifying similar problems, sharing experience between improvement at new water plants. With the joint efforts of all our colleagues, we have achieved new rounds of improvement in our overall quality performance.

Guarantee the Source of Life

Ensuring Quality Water Distribution

Water is the source of life and it is a precious gift that nature gives us to be treasured. We built reservoirs along rivers and lakes, and divert water from reservoirs to water distribution plants where we turned water from nature into utility water that safe for people to use with a rigorous process. Then we delivered this water to thousands of households through municipal water pipe network so that people could have safe and quality water distribution.





Built reservoirs in areas with





ne network



The Water Problem Was Solved

In a morning in early 2008, Ms Zhang, a resident from the Beihuan Xincun neighbourhood in Guigang city, uttered a deep sigh in front of her dry water faucet, "No water, again..." For people lived in this neighbourhood, this problem with water supply was a chronic headache, such as poor water guality and frequent water distribution outage. Whose fault? Of course, local residents pointed their fingers at the water

"We could hardly do anything about it!" Mr. Wang, who was an employee at the Guigang Water Company Limited at that time, shrugged with a big frown. Before 2009, their waterworks was not in a good shape and was pestered with problems such as obsolete equipment, backward technology, improve the quality of water and their service as they could discontent of both government and local residents.

In December 2008, this company was restructured to become Guangxi Guigang BEWG Co., Ltd., a joint venture under the direction of local government. The new company had two water distribution plants and it was expected to the city and part of the water demand of local enterprises.

After the takeover, BEWG took full advantage of its industry expertise and dispatched experts to conduct field studies in search for solutions. With a number of comprehensive technological optimisation, pipe network upgrade, and service improvement, BEWG brought a complete end to the water supply problems in Guigang. In 2015, the water guality gualification rate of the water distribution plants reached

Ms. Zhang smiled when she compared the situation now with before. "If we have any problem, the water distribution plant would send some people to come here and fix it right away.



A BEWG worker is installing water pipe network



Seawater Desalination

Seawater desalination is an important way to solve the challenge of freshwater scarcity. It is able to provide stable water supply to residents and business customers in coastal areas, unaffected by seasonality and climate factors. Project of 1 million tons desalinated water supplied to Beijing is one of the important safeguard for water resource strategy in Beijing. It stretches over Beijing, Tianjin and Hebei Province and is significant for Beijing-Tianjin-Hebei Coordinated Development Strategy.

After years of research, we have extensive experience in technology, management and operation in seawater desalination. Regarding largescale seawater desalination projects, we had mastered the complete set of technologies needed and were able to construct and operate seawater desalination projects with daily capacity over 10,000 tons. Regarding small-scale seawater desalination facilities, we actively participated in the investment, construction and operation of seawater desalination facilities in coastal and island areas in China in order to ensure safe and reliable water supply for local residents. We plan to apply hybrid desalination process in our projects in future, which would use the energy around effectively and reduce the production cost further.

The 10,000-Ton Seawater **Desalination Project in Caofeidian**

The Caofeidian seawater desalination projects had a designed capacity of 50,000 tons daily. Now it could produce 5,000 tons of freshwater each day with procedures filtration, reverse osmosis, and mineralisation of water after desalination, etc. In addition, we negotiated to make the professional chemical companies take over the brine, which is the waste of the seawater desalination process, and use it in salt chemical industry and salt production, economic value at the same time.

Daily fresh water production 5,000 tons water quality meets national drinking water standards **2,000,000** cubic meters of brine reused each year equivalent to the saving of about 100,000 tons of salt and over **1,800,000** tons of water

Meanwhile, another project with daily desalination capacity of 1 million tons was filed to the government to supply water to Beijing. Its preparation work was underway and it was expected to meet one-tenth of the water demand of Beijing as an important component in a multiple-source water supply system for the capital.



Building Desalination Facility in Sansha Island

used to have no fresh water supply on the island. All fresh water had to be shipped across the sea and was often in shortage. By the end of 2015, we had installed desalination facilities in Yagong Island, alleviating the local residents' dependency on water supply shipped from afar with a new source of water supply that was safe and clean.



By the end of 2015

Annual fresh water production of small-scale sea water desalination facilities reached **37,800** tons

Over **1,000** households benefited accordingly

Cleaning the Vein of Our Planet

Rivers are the blood vessels of our planet. Healthy rivers keep flowing and carrying the material cycle of the environment and the survival and development of mankind. However, nearly half of the rivers in China are heavily polluted because of industrialisation and overuse of agricultural chemicals. With our sewage treatment service, we help reduce the harmful substances in industrial and domestic wastewater and mitigate the impact of wastewater on river ecosystems; with comprehensive water environmental renovation service, we help clean up and revitalise the polluted rivers.

Sewage Treatment

We operated a number of sewage treatment plants across the country, treating both municipal and industrial sewage. We treated sewage with rigorous process to clean up the harmful substances in it. Treated sewage was discharged into natural water only after all discharge standards were met to prevent the rivers from being polluted.

We implemented management improvement at existing sewage treatment projects and made the effluent meet standard with stringent management and advanced technology. We also explored new market opportunities to serve more cities with a variety of investment in construction and operation of new sewage treatment projects through various ways such as equity acquisition and entrusted operation, etc. Furthermore, we kept developing our expertise in the treatment process for wastewater of petrochemical and coal chemical industries in order to provide effective treatment solutions for industries and industrials parks with sewage difficult to treat.

Is it a Park, or a Sewage Treatment Plant?

Everyone came to Shenzhen Buji Sewage Treatment Plant was surprised when they saw the name of the plant on the sign, "I see only a park here. But where is the sewage plant?"

Few people knew that this "park" was actually a major component of the Longgang River pollution control project in Shenzhen. It was the first sewage treatment plant in China with daily designed treatment capacity of 200,000 cubic metres. The plant treated household sewage from Longgang District. We constructed sewage treatment facilities underground and designed a park over it. With the advanced technology we used, the effluent quality was able to meet the Level-A national emission standards.



Shenzhen Buji Sewage Treatment Plant

In 2015

Total sewage treatment capacity:**13,050** thousand tons/day

Industrial Sewage Treatment Expert – Beijing BHZQ Environmental Engineering Technology Co., Ltd.

The Group established Beijing BHZQ Environmental Engineering Technology Co., Ltd. to meet the challenge of treating wastewater from heavy-pollution industries, such as the petrochemical, coal chemical, printing and dyeing industries, and industrial parks, which was highly concentrated and highly difficult to treat. Aiming at becoming "a sewage treatment expert with core technological expertise in industrial wastewater treatment", the company focused on sewage treatment projects for industrial parks and the energy chemical industries. It had developed one-stop service capabilities including marketing, technology, and project implementation and implemented a number of sewage treatment projects for steel industrial parks and petrochemical industrial parks, etc.



Sewage Treatment Project for Panjin Petrochemical Industrial Park in Liaoning

Comprehensive Water Environmental Renovation

Comprehensive water environmental renovation aims at providing systematic solutions to regional water environmental problems in the long run by focusing on river and lake basin management and investing in the construction of urban flood control and drainage facilities and water landscapes. We expanded beyond traditional water business and worked on four dimensions, including "guaranteeing water safety, preventing water pollution, creating water culture, and fostering water related businesses", to improve urban water resource conditions and the carrying capacity of urban water environment.

Our business scope included urban black-odorous water control, urban river and lake ecological restoration, integrated river basin management, "sponge city" construction, and the construction of urban infrastructure, etc. And our operation covered provinces such as Beijing, Guangdong, Liaoning, Henan, Sichuan, Yunnan, Guizhou, among others.

Three Water Belts Around the Capital – the Liangshui River Comprehensive Water Environmental Renovation Project

Beijing is surrounded by five major rivers and one of them was the Liangshui River. However, all these rivers had problems such as partial drying up and poor water quality in recent years. The government of Beijing launched a comprehensive urban water system management project in order to bring back the previous landscape of "three water belts around the capital". In March 2014, we undertook the Liangshui River Comprehensive Water Environmental Renovation Project and started the implementation of ecological restoration of the Liangshui watercourse.

By the end of 2015, we had completed the first-phase projects including river dredging, underwater ecological restoration and odour control project. As a result, the black-odorous water was turned into clear water and flowers and green plants along riverside, becoming a frequent leisure park for local residents. We were going to continue our work to bring back the "three water belts around the capital" landscape back as early as possible.



Pictures of Liangshui River before and after governance

31

comprehensive water environmental renovation projects By the end of 2015 comprehensive water environmental renovation projects in 2015

3

Contributing to Ecological Civilisation – Comprehensive Water Environmental Renovation of Nanming River in Guiyang

Nanming River runs through the city centre of Guiyang and it has been the mother river that contributed to local development. As a result, the river suffered from pollution caused by local industrial development and was polluted to different degrees in certain segments. In November 2012, we launched the Nanming River Comprehensive Water Environmental Renovation Project and carried out a variety of work over the 16-kilometre watercourse running through the urban areas. With efforts such as cutting off pollution sources, dredging, odour control, ecological restoration, and landscape restoration, the water quality of the river was effectively improved. Black-odorous water almost disappeared in the main watercourse. The river ecology was gradually restored and riverside landscape had improved significantly, contributing to the ecological civilisation of Guiyang.



Contrast of Nanming River before and after the renovation project

We apply the way of nature: to let nature do what it is supposed to do. The only true solution must respect the way of nature. Regarding comprehensive water environment renovation projects, we should think from an ecological perspective, and select the right treatment approaches for the city with a holistic perspective.

- LI Li, Executive President, BEWG

Reciprocating the Gift of Nature

We fully understand how precious water resource is to us, so we strive to reuse water and replenish water to nature.

We built reclaimed water treatment plants in regions with scarce water resource. We applied stringent processes to ensure the treated wastewater could meet reuse standards, helping these regions deal with water shortage by maximising the regional water circulation. Based on our sewage treatment plants across China, we worked closely with local governments and enterprises to provide them with treated water that meets reuse standards, in an effort to make the best use of every drop of water.



Beijing Daoxianghu Underground Water Reclamation Plant

the first fully underground reclaimed water treatment plant in Beijing. It was listed as a key government project at both the municipal level and the district level. Its construction started in September 2014 with a designed treatment capacity of 260,000 tons per day. The reclaimed water from the plant would be used in the landscape park over the plant, as well municipal uses, playing an important role in supporting local landscape water body development and wastewater reuse. The plant was expected to be fully operated in 2016.



Resource and Energy Reclamation

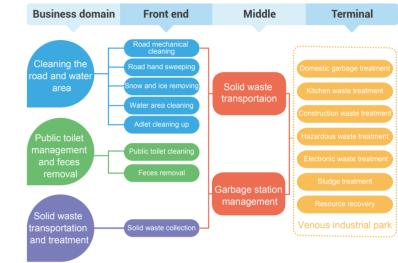
Natural resources provide mankind with essential materials for our survival and development. In China, energy and resource shortage became a severe challenge to its economic development. Therefore, it is of vital importance for China's economic and social sustainability to improve the resource utilisation efficiency and promote the development of renewable energy. We provide comprehensive environmental hygiene solutions for cities and towns to improve resource utilisation. We also expanded our clean energy business through Beijing Enterprises Clean Energy Group Limited to address climate change.

Building Better Cities

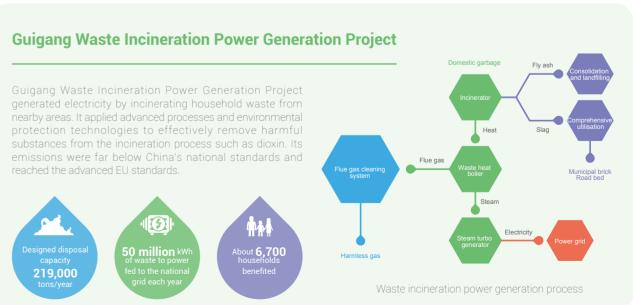
To help local governments improve the look of their cities and promote comprehensive utilisation of resources, we followed the development plan of "integrated environmental hygiene" and actively invested in and operated urban and rural environmental hygiene projects.

process optimisation, and service upgrade, we provided local governments with a comprehensive urban environmental

Urban Environmental Hygiene



In response to problems with traditional landfills such as land use, landfill leachate, odour and other environmental impacts, we actively developed waste-to-power projects to help improve the urban environment, save valuable land, and generate electricity for surrounding



The comprehensive urban environmental hygiene solution

Urban Mining

In China, a significant percentage of waste household appliances and electronic products are not handled properly and effectively utilised. It is a great waste of resources and a threat to the environment. In this regard, we actively explore business opportunities in the comprehensive utilisation of old home appliances and dismantle, refine and recover metals from waste, discovering a hidden mine from urban areas.



the dismantling of hazardous electronic waste, disposal of grease. The company strictly followed relevant government electrical and electronic waste, turning wastes into non-



Providing Cleaner Energy

The consumption of oil, natural gas and other fossil fuels keeps increasing. As a result, traditional energy becomes in shortage. People need think about the future and look for alternative energy sources. We actively expand into the renewable energy business to play a role in the strategic development of new green energy for all.

Beijing Enterprises Clean Energy Group Limited took solar photovoltaic power generation as the first step of our strategic development in the clean energy field. We tried to build up our generatation capacity to a significant scale by investing in large-scale power generation projects. Aiming at becoming a leader of the clean energy field, we also leveraged our unique advantage in water plants and other resources to explore

Hebei Yuxian PV Power Generation Project

was located in the northern part of Yuxian county in Zhangjiakou, Hebei. It was constructed on barren mountain slopes. With a planned installation capacity of



Construction of Hebei Yuxian Photovoltaic Power Plan

In 2015, we constructed photovoltaic power stations of the total capacity of **500**MW, which was equivalent to the reduction of **200.000** tons standard coal and **5 million** tons CO₂ emission per year in full operation.

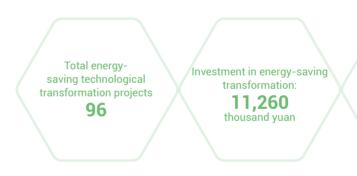
GREEN OPERATION

Applying Green Concept in Operations

Improving Operational Efficiency

We follow the principle of economic running, and actively conduct management improvement and technological transformation to enhance operational efficiency. By doing so, power consumption and drug consumption in water treatment and sludge treatment decreased steadily; we also practise clean production in the whole group to reduce energy consumption and pollutant emissions from the source.

In 2015



Achievements of the Main Energy-Saving Technological **Transformation Projects**

- Conduct technological transformation and reset for life pumps and reflux pumps in 28 subsidiaries from
- Conduct energy-saving technological transformation for aeration blowers in 17 subsidiaries from Sichuan,

Saved 12.69 million kWh electricity and around 6% chemicals through energy-saving transformation

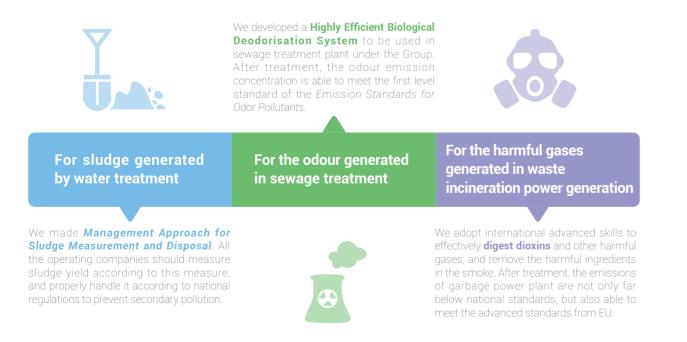
Clean energy application

We build photovoltaic power plants as a supplemental power supply for sewage treatment plants, supplying power in the form of "using our own power and sending the extra power to the grid", which could not only ensure stable operation, but also reduce traditional electricity consumption. In 2015, we started photovoltaic power demonstration projects in Shandong and Hebei, and built energy-efficient and green modern water plants. All these help reduce pollution and protect the environment.

Sewage Treatment Plant	Daily Volume (thousand tons/day)	Installation Capacity (kW)	Power Generation (thousand kWh/year)	Total Electricity Consumption (thousand kWh/year)	Photovoltaic Power Percentage
Jiaozhou, Qingdao	100	1,360	1,680	8,200	20.5%
Shenzhou, Hengshui	25	300	380	1,660	22.9%

Waste Emission Management

As a professional service provider in the field of environmental protection, we try to reduce our own waste emission's impact on the environment while solve environmental problems for customers.



Green Office

We actively promoted environmental awareness among our employees, applied resource conservation in specific office work, and enhanced investment in information technology solutions to reduce our resource and energy consumption.

Small Actions of Environmental Protection

We developed the Green Office Management Approaches to promote energy conservation in our office and launched the "Low Carbon, Green Office" initiative to encourage our employees to make contribution to environmental protection with their small actions in daily life.

- O Applied strict control on purchase and use of office supplies to avoid waste
- Strengthened office paper management and required all documents to be printed on double sides except for official documents
- O Used air conditioning condensate in office cleaning
- **O** Required timely powering off of office equipment
- O Promoted the use of electronic and digital documents



Activity site of "Low Carbon, Green Office" initiative

Hosted 21 conferences with the cloud conferencin sheets of paper
Hosted 10 large-scale remote video conferences, sa
Over 200 employees participated in remote training

Information Solutions for Energy and Emission Reduction

We developed an office automation system, which was able to handle 16 management functions and over 300 approval processes electronically. It covered all our subsidiaries worldwide, resulting in both efficiency gains and reduction of resource consumption.

- **O** Applied the virtual deployment model for the quick deployment and failure backup of servers, resulting in higher utilisation rate of the business support system and 40% reduction in power consumption approximately compared with previous situation
- Developed the cloud conference system and encouraged the use of paperless meetings, remote video conference and remote training
- O Achieved paperless office with OA system
- **O** Developed information solutions for functional departments such as finance and human resource, etc



Remote video conference room

ng system, saving about **50,000**

aving **1.6 million** yuan on travel

THE WAY OF GOOD GOVERNANCE

Water always finds its way to flow through different terrains.



[Our Practice]

[Our Achievements]

. . . .

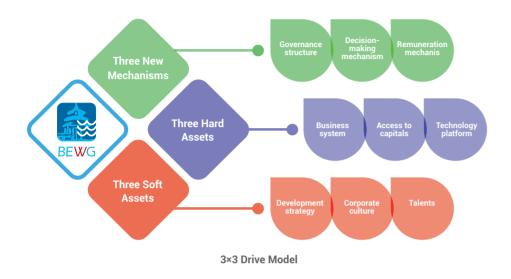
. . . .

- \mathscr{I} In 2015, revenue of HK\$13,503 million, an increase of 51% compared to that of the last year
- 🖉 Profit for the year was HK\$2,768 million

. .

✓ Obtained ISO9000, ISO14001 and OHSAS18001 certification

FEATURE: THE ENGINE DRIVES OUR **FAST GROWTH – "THE 3×3 DRIVE** MODEL"



Three new mechanisms: governance structure, decision-making mechanism, remuneration mechanism

- We developed different growth opportunities for our talents, such as "employee with responsibility" for those with good qualities, "employees with a mission" for those in specialised fields, and "employee with leadership" for those with outstanding performances.
- Our quick and efficient decision-making mechanism allowed our management team to be focused and more effective.
- The combination of the current and long-term incentive policy further enhance team cohesion.

Three hard assets: business system, access to capitals, technology platform

- We developed a specialised and integrated business system, which became a core competence of us.
- We had strong investing and financing capabilities and open access to capitals.
- * We established a strong technology platform including a number of research centres and bases such as our Technology Centre and the Tsinghua University- BEWG joint institute for environment industry.

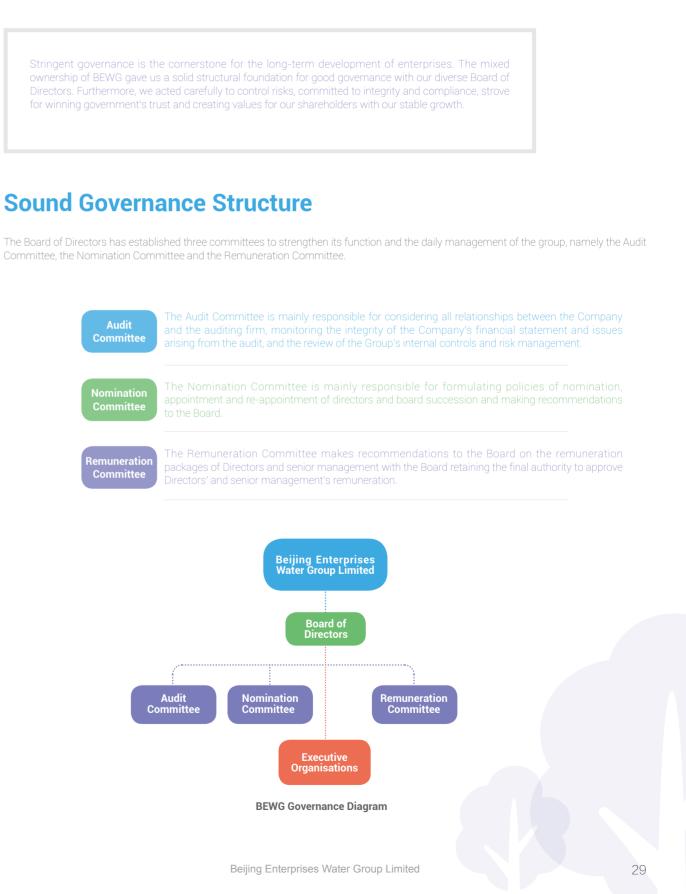
Three soft assets: development strategy, corporate culture, professional team

- We developed a specific strategy positioning of becoming a "leading professional integrated water environment service provider".
- We focused our corporate culture on the core values of "being responsible, being dedicated and being generous in sharing its success".
- We developed different growth opportunities for our talents, such as "employee with responsibility" for those with good qualities, "employees with a mission" for those in specialised fields, and "employee with leadership" for those with outstanding performances.

STRINGENT GOVERNANCE

Sound Governance Structure

Committee, the Nomination Committee and the Remuneration Committee.





Adherence to Integrity and Compliance

Risk Management

In 2015, we made efforts to enhance our risk management in the following aspects:

Legal Affairs	We completed the investment evaluation and contract review for 140 investment projects. All legal due diligence work was reviewed by the professional legal staff. Contracts of over 2,000 major projects were reviewed.
Investment Management	We strengthened our information system and standardised our processes. Our investment project database became fully operational and it connected together our financial system and our water business operation system. We also developed investment project approval templates and contract templates for different business fields, optimised the approval process for project investment, and made real-time updates of various risk warning.
Comprehensive Risk Management System	We initiated the development of a comprehensive risk management system starting from our risk management system for project investment. We identified and studied our key risk factors in our urban water business, equity acquisitions, key projects and emerging businesses and conducted quantitative analysis of risk factors and developed risk rating models accordingly. We also organised two group-wide trainings on risk management, participated by over 200 employees from all business departments and related technical support departments.

Internal Control

We set up a Group-wide internal control system and integrated it into our business activities.

- We optimised our standardised internal control system.
- We carried out Group-wide internal audit over the

Anti-corruption

We actively responded to the government's anti-corruption campaign and paid great attention to our work styles and anti-corruption work. We set up anti-corruption alarm-whistling channels to handle complaints and reported cases of corruption activities of both our employees and external parties. We authorised our auditing department to do discipline inspection and supervision, as well as investigation of disciple violations and corruptions. We also conducted awareness raising on anti-corruption when our projects were audited. In 2015, the Group had no occurrence of corruption incident.

SCIENTIFIC MANAGEMENT

of "explicit authorisation, tiered approval, clear accountability, strong collaboration, and result-oriented mechanism. Our management model and organisational system kept evolving as our business grew,

Strategic Management System

We established a strategic management system around the five management principles. In order to improve our overall operational performance, we further promoted collaboration and resource sharing within our Group by carrying out organisation process re-engineering, business innovation and business model innovation.



The basic connotation of strategic management was as follows:

· A lightweight and intelligent headquarters and autonomous business units with specific business.

corporate culture, mechanism designing, resource allocation, risk management, etc. Business operation would be

All first-level business units operated independently under the guidance of the Group's strategy to achieve the

3-in-1 Management System

We established a quality, environment and occupational health and safety management system, and obtained the ISO9001 quality management system certification, ISO 14001 environmental management system certification, and OHSAS18001 occupational health and safety management system certification. We integrated them into a 3-in-1 management system in a coordinated way, ensuring our management of product and service quality, environmental protection, occupational health and safety management.

OPEN COOPERATION

New business models keep emerging in the environmental protection industry and the Internet bringing external partners for achieving development in a bigger ecosystem. Upholding the principle of open

Supply Chain Cooperation

Supply chain cooperation and coordinate facilitates enterprise to provide good quality product and service. We attached great importance to supply chain cooperation and developed a sound supply chain management system that protected suppliers' rights and interests and push suppliers to grow their business and fulfil their social responsibilities.



Fair Procurement



Active Communication



Win-win Development

We followed the principle of "win-win cooperation" to support the development of small and medium sized



Promote Social Responsibility

Capital Cooperation

The water pollution prevention and control industry is open to private capitals with the introduction of policies such as the Public-Private Partnership (PPP) and "Water Ten Plan", creating many opportunities for capital cooperation. We seized this opportunity and carried out a variety of capital cooperation with government, financial institutions and investors to promote business growth.

Cooperation with the Government

The Public-Private Partnership (PPP) model encourages private capital and government to participate in public infrastructure construction. It is of great significance for the construction of environmental infrastructure projects because it improves the guality and efficiency of providing public goods and services by allowing private sector and the government to leverage their respective expertise.

We actively carried out PPP cooperation with the government. By the end of 2015, we had signed PPP environmental infrastructure cooperation agreements with about 20 local governments in Henan, Hainan, Guizhou, Yunnan, Jiangsu, etc.

PPP Cooperation with the Government for Quality Project

On 4th August 2015, we signed agreement with Luoyang municipal government at the signing ceremony of the first batch of Provincial Pilot Projects on PPP Cooperation with Luoyang Municipal Government. Two of our projects were among the pilot

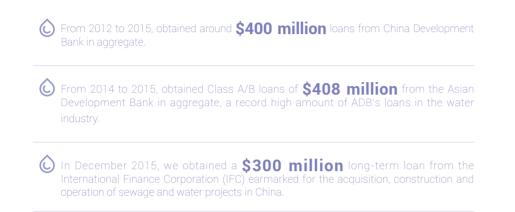
The Group represented the social capital side in the PPP cooperation with the government to build urban infrastructure projects, playing an active role in promoting market growth and more efficient supply of public goods.





Cooperation with Financial Institutions

We actively developed financing channels and maintained smooth cooperation with major financial institutions. With our good reputation and capability, we obtained significant capital support with a variety of financing arrangements such as equity financing, debt financing, etc. Our financing cost decreased by 11.5% compared with the previous year.



Maintaining Investor Relations

We maintained regular communication with investors through events such as worldwide roadshows and investment summits organised by major investment banks, ensured that the Group has good transparency and positive public image in capital market. We also established a direct capital market feedback mechanism to allow our management to achieve positive interaction with investors and make timely and effective decisions in response to investors' feedback.



Technical Cooperation

With the introduction of new government environmental protection policies and higher water pollution control standards, the requirements on environmental regulation and governance and on the expertise of environmental service providers were both more stringent. We carried out extensive technical exchanges and cooperation with academic and research institutions to take advantage of expertise of all parties to improve our technological capability and develop our industry core competence.









institutions to implement research projects and training programmes, incubating new

water research project with industry peers and research institutions, and the assistance we

Launch of the Tsinghua University - BEWG Environmental Industry Joint Academy



Cooperation and exchanges with Aachen University in Germanv



THE WAY OF **MUTUAL** BENEFIT

Water irrigates and brings benefit to the masses.







[Sustainability Context]

[Our Practice]

[Our Achievements]

- 🥢 Carried out 3,150 vocational training sessions annually





GROWING WITH EMPLOYEES

Supportive Working Environment

Safe and healthy workplace is a basic requirement of employees. We adhered to the principles of "safety first, prevention first" and created a workplace safety culture that focused on safety awareness, safety knowledge, safety guidelines, and safety accountability.

- 😯 Regarding organisational management, we set up a three-tier safety management organisation that consisted of a leading group led by our Group president, a working group led by the executive president, and
- Regarding security systems, we established a series of safety management systems including safety management, safety emergency plans, safety inspection and assessment, etc.
- Regarding safety education and practice, we carried out a variety of awareness raising activities and

The Safety Month Event

In June 2015, the Group organised Safety Month Events. Our subsidiary Guangxi Guigang BEWG Co., Ltd. launched a company-wide campaign to identify safety hazards and take measure to eliminate them. Management and employees worked together to clear out obsolete equipment and facilities, improved safety signs and operation procedures, and invited firefighters onsite to carry out a fire drill.



and get rid of safety hazards and management.



First aid training and drills for electric shock hazard

The Safety Standardisation Campaign

Beijing Enterprises Water Group Sewage Purification and Production, and took a number of safety measures including leakage protectors. With all these efforts, the company passed the safety standardisation evaluation for small and micro enterprises of Changping District, ranking first among all



With the joint efforts of the whole Group, our safety management achieved great result.

Receiving Safety and Health Cup Again

In July 2015, Guangxi Guigang BEWG Co., Unions and State Administration of Work Safety. The honour was given to enterprises with outstanding performance in protecting employee safety and health. For five consecutive year Guigang BEWG won this



We not only protected the basic rights of employees' health and safety, but also made efforts to create a safe and welcoming working environment for employees by replacing old equipment, upgrading production processes and improving working conditions.

> I felt being respected as I started working at BEWG. It was not about how much more money I made than before. Instead, it was the better working environment that made me feel that way. Before the acquisition, we did not have enough money to either repair broken equipment completely, or to replace obsolete equipment. Frequent equipment breakdowns kept bothering us. After BEWG took over the company, there was a different attitude. Broken equipment was repaired in time, and problematic equipment was replaced. Our work used to be dirty and exhausting. Now with the equipment in good condition, we do not need to worry about them and repair them every day.

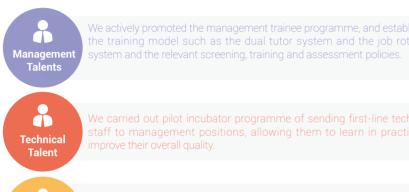


Attaining the Safety and Health Cup

Yin Shanying, employee of Ningjin Jiacheng Water Purification Co., Ltd.

Smooth Career Paths

We attached importance to the growth and development of employees, and helped them realise their career dreams through building training system and motivation system. For employee training, we developed a multi-category and multi-level training system for employees of different functions and at different development stages. For employee motivation, we reformed our remuneration policies to give employees greater





We developed an employee self-study e-learning platform with information technology to facilitate Group-wide exchange and learning of the knowledge, systems and culture of the Group.

Cloud Academy Online Learning Platform

In May 2015, we established the Cloud Academy online learning platform. Information such as internal knowledge, training courses, company regulations and corporate culture documents were uploaded timely to the platform. Our employees could use their training account to log in the platform to learn and share the content at their convenient time. By the end of 2015, the platform had uploaded courses of management and leadership, professional functions, production and operation, and corporate cultures, etc., which were able to meet the employees' learning needs of different career development stages.

We attached great importance to employee motivation, and gave timely recognition and rewards to outstanding employees and teams to encourage them to contribute to corporate development with their own efforts and team cooperation.

Versatile Training Programmes Supporting Employee **Career Development**



China Environmental Industry Senior Executive Seminar

centralised training session of the Tsinghua University - China Environmental Industry Senior Executive Seminar (Class 4) was held in our Central China Integrated Business Region. The training culture and management, and project management, etc. More than 50 key management staff from our headquarters, regions, business units and subsidiaries participated in the training. We also pioneered the practice of enrolling employee of industry peers in the programme to promote talent development for the industry.



Management trainee growth enhancement camp

From 27th July to 3rd August, 2015, we organised a management trainee growth enhancement camp in Tianjin. Over 50 management trainees attended this training. We invited external experts to give lectures on professional guality, comprehensive introduction of the Group, etc. We also invited excellent employees to share their experience and encouraged the trainees to have





We respected employees who worked at grassroots positions but contributed value with their innovative practices and established the Rudolph Award to recognise innovative behaviours of employees, such as voluntary research work and small inventions for technical transformation, etc. We cherished employees that contributed to the diversity values at their work and established the Excellent Employee Award and the Outstanding **Employee Award** in recognition. We also rewarded employees who made significant contributions or exceptional performance with customised incentives

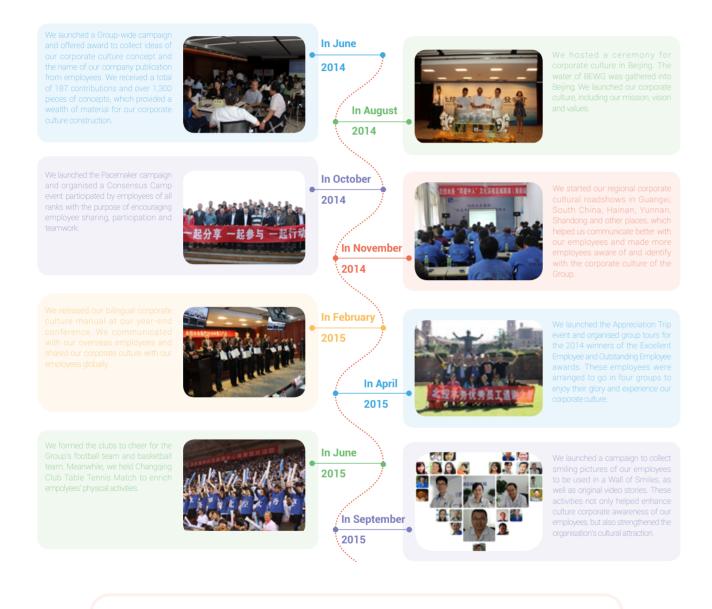


We paid special attention to employee teams with influential industry events or significant achievements and established the Most Beautiful Team Award to recognise outstanding teams and award them with customised rewards.



Creating the Harmonious Culture

Excellent corporate culture could affect employees' spirits and greatly stimulate their enthusiasm, initiative and creativity. At the same time, employees should also become creators of corporate culture. On the road of exploring corporate culture, we encouraged every employee to play their own role and contribute their own enthusiasm and wisdom.



During the constuction of our corporate culture, our employees shared their feelings with us:

⁴⁴With this activity, employees in our business region all felt that corporate development is closely related to ourselves. We also realised that everyone has their opportunity.

⁴⁴We realised that our voices could be heard by the Group, and our opinions be respected, and our ideas be adopted. It is a great inspiration for us!

GROWING WITH THE INDUSTRY

As a leader in the water and environmental protection industry, BEWG regarded promoting industry development and progress as our responsibility. We strengthened our own science and technology capabilities and leveraged our own expertise to promote technological upgrading within our industry. We created flexible cooperation mechanisms to integrate industry resources to create greater value. We also actively participated in industry communication and exchanges to foster a positive attitude in our industry.

Leading Industry Innovation Developing Research Capacity

We took scientific and technological innovation as an important driving force to promote the development of the Group as well as the industry. We continuously upgraded our technological and innovation capacity to contribute to the development of our industry with the experience and achievement of our research and innovation.

In 2015, we developed a science and technology plan of the Group, exploring into 22 key directions and 10 business areas including emerging field such as urban sewage, municipal water supply, water environmental renovation and industrial wastewater, etc.



We actively cooperated with universities and research institutions and gradually established a research platform system focusing on "Three Centres and Five Bases". We helped provide research outcomes and innovative talents for the development of the industry by cooperating and sharing resources with research institutions.

Three Centres

Beijing Reclaimed Water Quality Safety Engineering Research Centre

 Comprehensive Urban Water Environmental Renovation Engineering Technology Research Centre of Ministry of Environmental Protection (in preparation)

 National "Urban Unconventional Water Resource Engineering Laboratory" (in preparation)

By the end of 2015, we had assumed 14 national and provincial research projects and received more than 57 million yuan of research funding, providing rich scientific research outcomes in the fields of municipal sewage, comprehensive water environmental renovation, water pollution control and treatment technology for both our nation and our industry.

Technological Innovation Driving the Development of the Seawater Desalination Industry

Commission hosted the working conference of the Capital Cooperation and Collaborative Innovation". At the conference, the Zhongguancun New Energy and Desalination Industrial Technology Innovation Alliance won the "Capital Innovation Alliance Participation Award". As a member of the alliance, BEWG undertook the system design, construction and operation management work of Zhongguancun New Energy and Desalination Industrial Technology Innovation Demonstration Project (Membrane Approach). We established China's first and world leading engineering test platform for key technical equipment with kiloton desalination capacity, and was listed as the Desalination Engineering Technology Research Centre of Tangshan. In the future, the platform would apply to become a national desalination engineering technology research centre to provide a testing platform for more domestic desalination projects.

Five Bases

- Tsinghua University Beijing Enterprises Water Group Environmental Industry Joint Research Institute
- · Experimental Research Platform
- Innovation Platform for Scientific and Technological Achievement Commercialisation and Introduction
- BEWG Environmental Analysis and Testing Centre (in preparation)
- Joint Training Base for Senior Talents (graduate /postdoctor/academician)

Setting Industry Standards

We regarded technological standard research as an important content of research innovation and actively participated in the establishment of national and industrial standards. In recent years, we had participated in the development of *Evaluation Indicator System of Clean Production in Sewage Treatment and Reclamation Industry*, which was jointly developed by the China Development and Reform Commission, the Ministry of Environmental Protection and the Ministry of Industry and Information Technology, and Engineering Technical Specifications for Underground Sewage Treatment Plant of the Ministry of Environmental Protection, contributing to the technological improvement and standardisation in these fields.

Technological Innovations

We took a market-oriented approach and actively promoted the industrial application of scientific and technological achievements. We developed our own intellectual property system and effectively promoted our expansion in related business fields. By the end of 2015, we had already achieved the commercialisation of new technologies in the fields of traditional water supply and drainage, underground sewage treatment plants, comprehensive water environmental renovation, small town sewage treatment, energy saving in sewage treatment plants, etc. We also built a number of projects with demonstration effect such as Daoxianghu Underground Water Reclamation Plant in Beijing and Guangzhou Huadu District Sewage Treatment Plant.

Building a First-class Water Plant with Advanced Technology

We built Daoxianghu Underground Water Reclamation Plant in Beijing with a number of cutting-edge green technological innovations focusing around the underground sewage treatment plant technology. We achieved great results in reducing resource consumption in water treatment process and improving water treatment efficiency. Furthermore, we also made this plant a modern integrated research innovation base where it was a water treatment plant, a water technology exhibition and education centre, and a science and technology research and development base at the same time, contributing to the development of domestic reclaimed water industry.



Multi-level and multi-stage deodorising system



The design sketch of Industry-University-Research Joint Lab

⁴⁴As a leading player in the water industry, BEWG has both the responsibility and the capability to become an effective driver of the healthy development of the industry. ⁷⁷

- Luo Jianhua, Secretary-General of China Environment Service Industry Association, All-China Federation of Industry Commerce

Collaborative Development with Industry

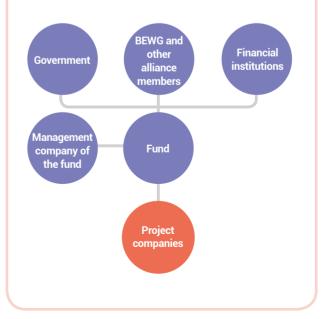
In the era of mobile Internet, businesses had to be more open and more inclusive in their competition and collaboration to adapt to technology advancement and changes in innovation system, and respond to the opportunities and challenges brought by the new trends of open innovation and collaboration. We took the initiative to explore corporate development models in the new era to open up and share our internal resources and achieve the allocation and integration of industry resources.

In 2015, we jointly initiated the establishment of the Capital Water Environmental Renovation Industry Alliance together with seven other water environmental renovation companies such as Beijing Drainage Group Company Limited, China Energy Conservation and Environmental Protection Group, etc. We were elected as the vice chairman unit. By adhering to the mission of "cooperation, win-win, innovation, and development" and following the principles of "breaking barriers, orderly competition, complementary advantages, and win-win cooperation", the Alliance carried out joint research projects in the fields, such as sewage treatment, sludge treatment, reclaimed water utilisation, and water environmental renovation, to promote technological innovation and healthy development of the water environmental renovation with our joint efforts.

Innovating on New Industrial Financing Cooperation Models

Many rivers in Beijing converge in Tongzhou district, making the quality of water environment here an important issue for regional development. As Tongzhou was officially approved to become the administrative sub-centre of Beijing, water environment construction in Tongzhou gets urgent.

In September 2015, we are responsible for the establishment of Beijing Tongzhou Water Environment Construction Fund as a leading unit. It is planned to finance 10 billion yuan by Beijing Enterprises Water Group, members of Capital Water Environmental Renovation Industry Alliance, financial institutions and government, leveraging investment scale of at least 30 billion yuan, providing a powerful guarantee for the construction of water environment projects of Tongzhou.



Regarding project-level cooperation, we sought to cooperate with other companies to complement each other with our respective expertise to achieve more efficient allocation of resources. Regarding corporatelevel cooperation, we worked with experienced professional platform companies by a thorough integrating of our own internal and external resources in order to achieve inclusive development and create shared value.

Expansion into Solid Waste Business with Partner

Changsha Well-point Environment Protection Science & Technology Co., Ltd. specialised in operating urban solid waste landfill business. It had good performance and was an industry leader in Hunan province. On 9th September 2015, we signed a formal cooperation agreement with Changsha Well-point to engage in equity cooperation. We were going to establish a specialised business platform for solid waste with the newly founded BEWG Well-point Environment Protection Science and Technology Company Limited.



Signing cooperation agreement between BEWG and Changsha Well-point

Participating in Industry Communication

We maintained long-term communication and cooperation with well-recognised industry associations and enterprises both at home and abroad, such as the International Water Association (IWA). We also actively participated in industry forums and seminars to learn and share industry trends, research achievement and technical experience with our industry peers, creating a harmonious and proactive attitude for the development of the water and environmental protection industry.

Organising the Water Summit

In 2015, we participated in organising the 13th Water Sector Strategic Forum of China. At the summit, government officials. industry experts and analysts, and business representatives exchanged their perspectives and views of industry policies, and discussed about the trend of industry development. We also asked participants to send us the topics that they were most concerned with, and shared our analysis of the future trends of our industry with other participants.



BEWG representative speaking at the Water Sector Strategic

We participated in major industry events such as the IE Expo Summit Forum and the Shanghai IE Expo, and our delegates delivered keynote speeches at industry forums to share our experience and perspectives in the water environment field, including the IWA Youth Commission, the 5th China Rural and Water Environment Comprehensive Renovation Forum, Sino-German Workshop on Urban Water Environmental Management and Governance, etc.



We used the website and other platforms such as microblog and We hat to share our views on industry trends and hot topics. As one of the first member companies of the E20 Environmental Industry Club, we actively participate in the exchange activities organised by the platform. In 2015, we collected essays on hot topics, such as the impact of mobile Internet on the environmental protection industry, from our employees and used the China Water Web platform under the E20 platform to publish them with a special issue of "BEWG Views on Mobile Internet".



Mutual Development with Community

Among its Sustainable Development Goals (SDGs), the United Nations called for the development of sustainable cities and communities. As a provider of water and environmental protection services, we were committed to municipal building for communities and contributing to the development of sustainable cities and communities. We helped improve the guality of life for communities by investing in water and environmental protection facilities, contributed to promoting regional economic development with our project investment and operation, brought advanced environmental protection technology to overseas communities with our business expansion, and shared our growth with communities by leveraging our expertise in environmental education and extending our help to disadvantaged groups.

Safeguarding People's Livelihood

We actively supported municipal construction to improve the quality of life in local communities. We provided safe supply of drinking water for communities with the construction of water distribution plants, pipe networks, and seawater desalination facilities, created beautiful water environment landscape for people to enjoy by treating sewage and managing polluted rivers, and made the environment clean with our integrated environmental hygiene services.

Seawater Desalination in Sansha

In the past, residents of Yongxing Island of Sansha city mainly got their drinking water supplies shipped by sea to the island. As island population kept increasing, the shortage of drinking water supply became more severe. In April 2015, we started the construction of a 500 ton seawater desalination project on Yongxing Island. The project was equipped with international advanced technology and the produced water could meet solved water shortage of island residents, but also changed the there were already fresh vegetables grown locally that were

After the project was completed, we also provided comprehensive maintenance service to ensure the worry-free operation of the facility. Our efforts were well recognised by island residents, who treated us as honoured quests whenever



Construction site of the Yongxing Island seawater desalination project

We built sewage treatment plants in small and middle cities, where We attached great importance to understanding the actual needs environmental protection facilities could hardly be found. Our operation helped treat sewage better, improved local water landscape, and created a fresh and clean environment for local residents.

and listening to the opinions of local residents as we provided our services for communities. In order to better serve communities, we established effective mechanism for community engagement and tried to understand their expectations through channels such as town hall

Benefiting Community with Sewage Treatment Service

Before 2008, there was no effective sewage treatment capability in Xujia village in Jinan city, Shandong province. Therefore, industrial sewage from local sources was not treated properly and was discharged into local water bodies without meeting national discharge standards, causing severe effects on the lives of local residents.

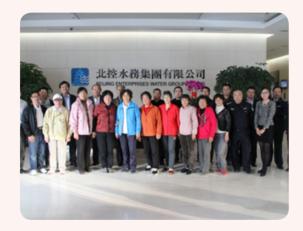
In June 2008, we built a sewage treatment plant with a designed capacity of 60,000 tons per day in the development zone of Jinan. We ensured that the discharged wastewater meet the A level of the Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant with our advanced processes and stringent management. Both the local water environment and the quality of life of local residents improved significantly. We also provided the treated water for local communities used as landscape water, plant water, and road spraying water, bringing convenience for local residents.



Sewage treatment plant in the development zone of Jinan

Improving Our Service by **Understanding Community** Demands

In October 2014, we invited residents of the Nanmofang community in Beijing to have a dialogue at our headquarters. During the meeting, we listened to their needs and suggestions on community water supply and community infrastructure construction. With the dialogue, we were able to understand their needs regarding water quality and pipe providing services for the Nanmofang community in future.



Residents from Nanmofang community and BEWG staff

Promoting Regional Economy

During the investment, construction and operation processes of our projects, we also took local economic development into consideration. We helped improve the overall local investment environment with our infrastructure construction and environmental protection projects, promoted local economic growth with our project investment and construction, and increased local tax revenues and powered the development of upstream and downstream industries with our project operation.



We actively expanded our water and environmental protection business in Beijing, Tianjin and Hebei, making contribution to the integrated development of the Beijing-Tianjin-Hebei zone.

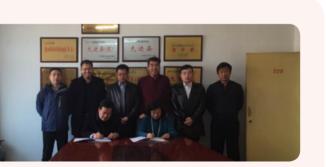
Contributing to the Development of Beijing, Tianjin and Hebei

In 2015, we established the Division of Beijing-Tianijn-Hebei Region as an effort to focus on our expansion in the

In 2015, we launched the Diversion Project of Xiaotaihou River (Universal Studio section) and the Lianoshui River Comprehensive Water Environmental Renovation Project, made concrete progresses in the construction, operation and management of the Beijing BEWG Jingxi Sewage Plant, and Daoxianghu Underground Water Reclamation Plant. We also signed a framework agreement with Xingtai plans in urban infrastructure construction and operation, water environmental renovation, urban rail transportation, medical and elderly care, and tourism, etc. We strove to Beijing, Tianjin and Hebei, contributing to the integrated development of Beijing, Tianjin and Hebei by improving environment in this region.







Agreement signing of the Raoyang County Ground water Plant Project, an auxiliary project for the south-to-north water diversion project in Hengshui city, Hebei province

an auxiliary project for the south-Baoding city, Hebei province

Agreement signing of the Tangxian Signing the strategic cooperation County Ground Water Plant Project, framework agreement with Xingtai

FEATURE: SUPPORTING THE BELT AND ROAD INITIATIVE WITH OUR OVERSEAS EXPANSION

BEWG proposed our "Going Out" strategy in 2009 and was one of the first group of water companies to do business abroad. We based our investment centre in Singapore to cover the Asia-Pacific market. Our business also reached Europe, America, Africa and the Middle East Area. To date, we had built water infrastructure such as sewage treatment plants and water distribution plants in Malaysia, Portugal and Singapore. In the future, we will continue to bring China's advanced technology of water and environmental protection to more countries and regions by following up on water and environmental protection project opportunities in Thailand, Mongolia, Kazakhstan, Bangladesh, Brazil, and Australia, etc.



We actively engaged local communities and supported community development during the construction process, which laid a solid foundation to win local support for the Belt and Road initiative.

With the construction of water and environmental protection facilities and the technological exchange and cooperation during the process, we made positive contributions to the technological progress in water business, the economic development of the countries along the "Belt and Road" routes, and the friendly relations between China and these countries.

By the end of 2015



Pantai 2 Sewage Treatment Plant in Malaysia



The site of Pantai 2 Sewage Treatment Plant

Pantai 2 Sewage Treatment Plant was the largest sewage treatment plant and the first underground sewage treatment plant in Malaysia. With a treatment capacity of 320,000 tons per day, it could serve treatment need for 1.43 million people. We also applied a number of advanced green technologies, such as solar technology and water reclamation technology in this project. Both the living environment and the investment environment for local residents were significantly improved with this project.

After we completed the construction of the project, we invested an additional 10 million yuan fund in the landscape beautification work for areas around the sewage plant to improve the environment for local communities.

¹All right reserved by grupo Be Water, S.A. ²All right reserved by R.Antunes/grupo Be Water, S.A.



Water Business in Portugal

In 2013, we started providing drinking water supply systems and sewage treatment facilities for the Portugal market, serving a population of 300,000. With our precise risk assessment capability, efficient construction capability, sound financing conditions, and professional capabilities of domestic engineers, we combined our industry expertise and local requirements for water business effectively and developed the first-class water and environmental protection project. Our investment project promoted regional economic development and generated employment opportunities, making contribution to the positive growth of local population.



Campo Sewage Plant of Valongo Project¹



The construction site of Mafra Projet²

In 2015, generated income tax **4,100** thousand yuan and **424** employment opportunities for Portugal

Contributing to Public Welfare

Raising Environmental Protection Awareness

We leveraged our industry expertise and shared environmental protection concepts and knowledge with the communities where we operated. In order to raise public environmental awareness, we invited community residents to visit our sewage treatment plant and educated them on sewage treatment. We also cooperated with overseas schools to support environmental education for children in order to promote environmental protection concept.

The Environmental Education Base

Our subsidiary, the First Water Purification Plant in Jinan High-tech Zone, was selected to become an Environmental Education Base by Jinan Environmental Protection Bureau in October 2014. By the end of 2015, 58 students from Qinglong Street Primary School and Aolong Primary School visited our plant and received educational training on environmental protection.



Launch of the Environmental Education Base

Environmental Education for Children

Our subsidiary in Portugal, Águas de Mafra Company, participated in the 2014-2015 international Eco-School Programme. The company carried out various environmental education activities in cooperation with Hélia Correia Elementary School and Mafra School. Over 400 students participated in these activities. During the events, we explained the sewage treatment process to the students, and played puzzles and board games related to water and environment with them. We also organised demonstration workshops such as elimination of odour in water and testing the hardness of water, allowing the children to learn environmental knowledge with fun activities.



Environmental protection education for Portuguese students



Campaign on the World Environment Day

On World Environment Day, Baise ZH Hydro-industry Co.,Ltd. carried out an environmental protection awareness raising campaign in cooperation with Baise Environmental Protection Bureau.

The booth of Baise ZH was decorated with a blue background and a red banner and it attracted a lot of visitors. Some asked our employees questions about sewage treatment technology, the others either carefully examined our environmental products or read the posters of environmental protection information. An elderly lady said in delight, "It is possible to make sludge into organic soil and grow plants and flowers with the soil."





Community education of environmental protection

Helping the Disadvantaged

We cared for the disadvantaged groups and provided them with assistance and support within our reach. We provided instalment payment options for customers with economic difficulties, and carried out food drives in cooperation with local government to collect in-kind donations of food supplies to help households with difficulties.

Sharing Love through Collecting Toys



Collecting used toys in kindergarten



Donated used toys we had collected

Our subsidiary in Portugal, the Águas de Paredes Company, cooperated with the Paredes municipal government and jointly launched a toy drive to collect in-kind donations of used toys, which would be passed on to children from disadvantaged groups on the International Children's Day. This event also intended to allow parents and children to experience the values of "sharing" and "unite". We distributed special toy collection boxes to local nurseries and kindergartens to collect used toys. Eminiya Moreira, who was in charge of the community actions at the Paredes municipal government, said happily, "We have collected enough toys for all the children in need in this county. I am sure this will bring the happiness! "

ESG REPORT

Environmental

Emissions

BEWG established a comprehensive environmental management system and passed ISO14001 environmental management system certification. The Group controls its emissions strictly. In 2015, there was no major environmental pollution accident occurred.

A1-General Disclosure

Air Emissions

For the odour generated from sewage treatment, the Group used specialised facilities to collect and treat it, then emitted it when it was up to standard.

For the harmful gases generated by waste incineration power generation, we adopted internationally advanced technologies to effectively treat dioxins and other harmful gases to remove the harmful component. After treatment, the exhaust gas concentration from the waste power plant was far lower than China's national standards and could even meet the more stringent EU standards.

A-1.5

Greenhouse Gases (GHGs)

The Group reduced its GHG emissions by controlling energy consumption of products and service, and reducing business travels and the use of paper, etc. Our measures were as follow.

• Developed Energy Conservation Assessment Management Approach for Operating Companies to apply strict management of the energy consumption related to products and service.

- Built photovoltaic power plants as supplemental power supply for sewage treatment plant to reduce the consumption of fossil energy.
- Built a cloud conference system and reduced business travels with remote training and video conferences, reducing carbon emissions from conferences and business travels.

A-1.5

The Group's GHG emissions were mainly from energy consumption of its operations. A GHGs statistical system was in preparation.

A-1.2

Wastes

The Group developed strict management system for wastes generated in its operations and took effective measures to reduce the amount of wastes and dispose them properly.

For sludge generated in sewage treatment and water purification, the Group developed *Management Approach for Sludge Measurement* and *Disposal* to regulate the measurement and disposal of sludge and avoid secondary pollution from the improper disposal of sludge.

The Group dealt with the wastes generated in the environmental hygiene service strictly, treating or utilising them properly according to national requirements.

A-1.6

Effluents

The Group's main operation was water treatment. The effluents generated in its workplace was a small amount of sewage such as sewage from its canteens, which was often treated together with sewage it received in its plants and the treated waste water was discharged into natural water bodies after meeting emission standards.

Use of Resources

To improve resource efficiency and operational efficiency, the Group applied strict control over its resource use in accordance with economic principles. Its subsidiaries were required to monitor and report their energy and chemical use data daily to the Group headquarters. The Group headquarters reviewed, supervised and evaluated the energy and chemical use data of all subsidiaries.

A2-General Disclosure

Energy

To enhance the energy efficiency, the Group carried out energy-efficiency upgrades for key technologies and equipment. Regarding technologies, the Group actively invested in the research and development of new green technologies to reduce energy consumption in technological processes. Regarding equipment, the Group focused on the upgrades of equipment with high energy consumption and low efficiency such as lift pumps, aeration blowers, sludge dewatering system, etc. In 2015, the Group invested 11,260,000 yuan in energy-efficiency upgrades, which was expected to save electricity of 12,690,000 kWh/year.

A-2.3

Materials

As a water and environmental protection enterprise, the Group's products and service involve little packaging materials. Water treatment chemicals for sewage treatment are the materials mainly used. In order to reduce chemical consumption, the Group adopted the chemical phosphorus removal unit intelligent control system, which allowed it to adjust the required dose according to the phosphorus concentration in sewage to achieve optimal dosage control without affecting the standard of effluent water.

		2014	
Chemicals consumed in sewage treatment (t)	78,566	56,670	34,215

Water

The Group received municipal sewage in its sewage treatment business and used little water from other sources. The water distribution business drew water from natural water sources with proper government approval. There was no water source issue with the Group.

To reduce water consumption, the Group only used high quality water for drinking and laboratory uses and used mostly reclaimed water for planting and other operations. The Group strongly advocated green office and water conservation with measures such as the recovering and reuse of air conditioning condensate.

A-2.4

The Group's water consumption is relatively little and it has no existing statistical system to measure its overall water consumption.

A-2.2

Environment and Natural Resources

Water environment projects will affect the environment and natural resources. The Group is committed to be responsible for managing the impact of its operations related to the environment and natural resources and preventing significant adverse impacts on the environment.

A-3.1

Environmental impact was fully taken into consideration when the Group made investment decisions. The Group carried out environmental impact assessment in accordance with laws and regulations for all projects it invested. The Group developed *Safe Production, Environmental Protection and Civil Construction Programme* to manage the environmental impact of project construction. It took mitigation measures for the emissions generated in its operations.

A3-General Disclosure

Social

Employment

BEWG strictly abides by the *Labour Contract Law of China* and other relevant laws and regulations to sign labour contracts with its employees with a 100% labour contract signing rate. In 2015, there was no labour dispute occurred, nor any complaint, fine or sanction due to violations of labour rights or labour laws at the Group.

1-General Disclosure

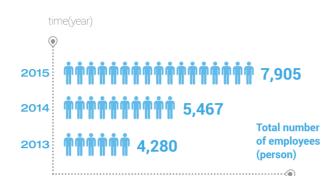
We protected employee rights and promoted employee career development in the following aspects:

- Supporting employees to enhance vocational capabilities and ensuring fair opportunities for advancement. We regulated the promotion process and selection process for outstanding staff in accordance with the *Cadre Management Approach* and *Implementation Programmes on Selecting Outstanding Staff* to ensure a fair and competitive internal mechanism.
- Protecting employees' labour rights. We regulated overtime management for public holidays and ensured employee health with measures such as "no overtime for female employees during pregnancy or nursing and avoiding overtime for employees during illness".
- Providing employees with comprehensive benefit programmes. The Group provided employees with appropriate insurance, housing fund, lunch subsidies, and communication subsidies, etc. It also issued the *Corporate Annuity Implementation Policies* and organised employees to join in the corporate annuity plan to ensure and improve their quality of life after retirement.
- Complying with diversity and non-discrimination principles. The Group forbade any forms of discriminatory and unfair provisions, such as on gender, nationality, marriage status, child rearing or religion, in it hiring process.
- Signing labour contracts with employees on the basis of equality and mutual benefit and forbidding the hiring of child labour or forced labour according to the labour laws. Once the illegal labour relationship was discovered, it would be ended immediately and the responsibility of anyone involved will be investigated.

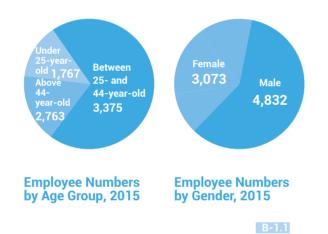
B1-General Disclosure, B4-General Disclosure

Caring for Female Employees

The Group organised a series of caring programmes for female employees according to their characteristics and needs at different stages in life, such as Health Lectures for Women and Makeup Lessons. It also established properlyequipped "Nursing Rooms" for nursing mothers.







Workplace Health and Safety

The Group adhered to "Safety First, Prevention First" and kept focusing on workplace safety. We established a series of safety management regulations such as *Regulation on Regular Meetings on Safety, Regulations on Safety Inspection* and *General Provisions for Safety Operation.* There was no major occupational health and safety incident happened in 2015.

B2-General Disclosur

We carried out various forms of safety education and practice to enhance employees' safety awareness and safety skills, striving to gradually form a workplace safety culture that focused on safety awareness, safety knowledge, safety guidelines and safety accountability.

B-2.3

Employee Development and Training

The Group established a tiered training model for different categories to meet employees' needs. We also built an employee self-service e-learning platform by integrating our training system with information system.

B3- General Disclosure

The Group developed various training activities such as the following ones:

- Tsinghua University China Environmental Industry Senior Manager Seminar for management backbones and employees of industry peers, focusing on improving their industry expertise and management capabilities.
- Special Training in Human Resource Management for employees who were in charge of human resource management in Group headquarters, business divisions, and subsidiaries, to develop their strategic thinking in human resource management and enhance their professional capabilities.
- Management Trainee Growth Bootcamp for the Group's management trainees, teaching them professional management knowledge and guiding them to quickly adapt to the different work environments and think creatively.
- Training for Front Line Management in Operating Companies aimed at management of water plants in management capabilities and business techniques, to meet the continuous needs of water plant management.

3-General Disclosu

	2015		
Number of employees trained (person)	7,905	5,467	4,280
Training expenditure (thousand yuan)	5,920	3,790	2,790
Average training hours (hour)	108	96	87

Supply Chain Management

The Group regarded suppliers as important partners. To manage environmental and social risks in supply chain, the Group developed a *Qualified Supplier List* to make continuous evaluation for all suppliers in the aspects of business, technology and service capabilities, etc. All products sold by suppliers needed to meet safety requirements and environmental indicators.

B5- General Disclosure

The Group made fair selection of suppliers through public bidding, negotiation or comparing prices. It also assessed suppliers regularly to adjust the qualification status of the suppliers accordingly.

B-5.2

Indicators(exclusive of overseas market)	2015	2014	2013
Number of domestic suppliers	262	123	122
Number of overseas suppliers	86	41	36
Number of suppliers governed by the Supplier Management System	348	164	158

B-5.1, B-5.2

Product Responsibility

As a member of public service industry, the Group paid great attention to the impact of products and service on public safety and health. It established a strict quality management system and passed the ISO9000 certification. We launched a special audit for water quality out of limits to strictly control quality risk. There was no major incident due to product and service health and safety reasons occurred in 2015.

Anti-corruption

As a responsible state-owned enterprise, the Group attached great importance to anti-corruption. We developed a sound system to build a comprehensive anti-corruption system from all processes of prevention, monitoring and ex-post evaluation and discipline. There was no corruption incident occurred at the Group in 2005, nor any employee of the Group and its subsidiaries was indicted for corruption.

B7- General Disclosure, B-7.

Quality Inspection Process and Emergency Management

The Group set up strict quality inspection procedures. The subsidiaries followed the current national testing standards and *Management Approach for Assay and Inspection in Water Business Management Division* to test all relevant production indicators. We applied real-time monitoring over water quality and real-time process adjustments to ensure that water quality meets the requirements.

The affiliated operating companies analysed possible emergency situations for their own production or operation, and formed contingency plans accordingly. In case any emergency happened, they would activate the contingency plans immediately to ensure users' safety and health.

Consumer Rights Protection

The Group's subsidiaries regularly carried out user satisfaction surveys to protect consumers' interests. Our complaint handling procedures are as follows: to identify reasons, to give a reasonable explanation for customers, to visit customers for repairing and solving problems; if the problems were caused by company management, we would make internal improvement accordingly.

Intellectual Property Protection

The group developed an intellectual property management system to regulate patent application, regular maintenance and loan process of intellectual properties under the R&D centre.



The Group's anti-corruption and whistle blowing policies were as follows:

- · Applying anti-corruption principles to the audit process.
- Setting up whistling blowing mailbox and opening up whistling blowing channels.
- Educating employees on anti-corruption and enhancing their self-discipline.
- Identifying the facts behind emergent problems and reporting the results to Group management. Incidents that violated laws and regulations would be handed over to relevant government agencies.

8-7.2

Community Investment

The Group built good communication mechanisms with communities. We regularly visited communities to listen to their suggestions and understand their requirements through community representatives. Meanwhile, we also made sure that our projects had positive impact on people's livelihood and economy.

- General Disclosure

In 2015, the Group invested 256 thousand HongKong dollars in social welfare, mainly focusing on environmental protection. The Group took advantage of its expertise to raise the awareness of environmental protection concept and knowledge of community residents. We also paid special attention to vulnerable groups, and carried out public welfare programmes accordingly, such as instalment payment service for customers with financial difficulties and providing food support for families in poverty.



Governance

Governance Structure

BEWG strictly abides by laws and regulations. The Group has established sound corporate governance framework and the relevant policy system by integrating internal resources. The Board develops the Group's corporate strategy, and takes full responsibility for the Group's environmental, social and governance strategies. The Board has three committees, including the Audit Committee, Nomination Committee and Remuneration Committee. All these committees operate in accordance with their terms of reference. In 2015, the Group held 1 shareholders' conferences and 3 Board of Directors meetings, and made decisions through passing the written material for persual.

Risk Management

In 2015, the Group made steady progress in the development of a comprehensive risk management system, including investment management systems, contract management systems, and legal affairs management systems, etc. With these systems, we applied strict control over our investment risk as well as our environmental and social risks.

Internal Control

The Board is committed to implementing a sound and effective internal control system, and is responsible for evaluating the effectiveness of the Group's internal monitoring system. Board of Directors authorised management to implement internal control, as well as monitor and evaluate all relevant finance, operation, compliance control and risk management functions within the specified range. The Board regularly discusses finance, operation and risk management monitoring in conferences.

REPORT DISCLOSURE INDEX

GRI G4 Sustainability Reporting Guidelines

Strategy and AnalysisG4-14.5G4-24.27,33,45Drganisational ProfileG4-36G4-46G4-56G4-66G4-76G4-86G4-99,27,56G4-109,56G4-129,32,57G4-136G4-136G4-1410,21G4-1546G4-1646G4-171,6G4-181,10-11G4-1910G4-1910G4-2010G4-2110-11G4-22N/AG4-23N/A	No.	Page/Omissions
G4-2 4, 27, 33, 45 Organisational Profile G4-3 6 G4-4 6 G4-5 6 G4-6 6 G4-7 6 G4-8 6 G4-9 9, 27, 56 G4-10 9, 56 G4-12 9, 32, 57 G4-13 6 G4-14 10, 21 G4-15 46 G4-16 46 G4-17 1, 6 G4-18 1, 10-11 G4-19 10 G4-17 1, 6 G4-18 1, 10-11 G4-19 10 G4-17 1, 6 G4-18 1, 10-11 G4-20 10 G4-21 10-11	Strategy and Analysis	5
Organisational Profile G4-3 6 G4-4 6 G4-5 6 G4-6 6 G4-7 6 G4-8 6 G4-9 9,27,56 G4-10 9,56 G4-12 9,32,57 G4-13 6 Commitments to External Initiatives G4-16 46 Identified Material Aspects and Boundaries 10,21 G4-17 1,6 G4-18 1,10-11 G4-20 10 G4-21 10,21	G4-1	4-5
G4-3 6 G4-4 6 G4-5 6 G4-6 6 G4-7 6 G4-8 6 G4-9 9,27,56 G4-10 9,56 G4-12 9,32,57 G4-13 6 G4-14 10,21 G4-15 46 G4-16 46 Identified Material Aspects and Boundaries 10 G4-17 1,6 G4-19 10 G4-17 1,6 G4-18 1,10-11 G4-20 10 G4-21 10-11 G4-22 N/A	G4-2	4, 27, 33, 45
G4-4 6 G4-5 6 G4-6 6 G4-7 6 G4-8 6 G4-9 9,27,56 G4-10 9,56 G4-11 / G4-12 9,32,57 G4-13 6 Commitments to External Initiatives G4-14 10,21 G4-15 46 G4-16 46 Identified Material Aspects 10 G4-17 1,6 G4-19 10 G4-19 10 G4-20 10 G4-21 N/A	Organisational Profile	2
G4-5 6 G4-6 6 G4-7 6 G4-8 6 G4-9 9,27,56 G4-10 9,56 G4-11 / G4-12 9,32,57 G4-13 6 Commitments to External Initiatives G4-14 10,21 G4-15 46 G4-16 46 Identified Material Aspects 10 G4-17 1,6 G4-19 10 G4-19 10 G4-20 10 G4-21 10-11 G4-22 N/A	G4-3	6
G4-6 6 G4-7 6 G4-8 6 G4-9 9,27,56 G4-10 9,56 G4-11 / G4-12 9,32,57 G4-13 6 Commitments to External Initiatives G4-14 10,21 G4-15 46 G4-16 46 Identified Material Aspects 10 G4-17 1,6 G4-19 10 G4-20 10 G4-21 10-11 G4-22 N/A	G4-4	6
G4-7 6 G4-8 6 G4-9 9,27,56 G4-10 9,56 G4-11 / G4-12 9,32,57 G4-13 6 Commitments to External Initiatives G4-14 10,21 G4-15 46 G4-16 46 Identified Material Aspects 10 G4-17 1,6 G4-19 10 G4-20 10 G4-21 10-11 G4-22 N/A	G4-5	6
G4-8 6 G4-9 9, 27, 56 G4-10 9, 56 G4-11 / G4-12 9, 32, 57 G4-13 6 Commitments to External Initiatives 6 G4-14 10, 21 G4-15 46 G4-16 46 Identified Material Aspects and Boundaries 1, 10-11 G4-17 1, 6 G4-19 10 G4-20 10 G4-21 10-11 G4-22 N/A	G4-6	6
G4-9 9, 27, 56 G4-10 9, 56 G4-11 / G4-12 9, 32, 57 G4-13 6 Commitments to External Initiatives 6 G4-14 10, 21 G4-15 46 G4-16 46 Identified Material Aspects and Boundaries 1 G4-17 1, 6 G4-19 10 G4-20 10 G4-21 N/A	G4-7	6
G4-10 9, 56 G4-11 / G4-12 9, 32, 57 G4-13 6 Commitments to External Initiatives G4-14 10, 21 G4-15 46 G4-16 46 Identified Material Aspects and Boundaries G4-17 1, 6 G4-18 1, 10-11 G4-20 10 G4-21 10-11 G4-22 N/A	G4-8	6
G4-11 / G4-12 9, 32, 57 G4-13 6 Commitments to External Initiatives G4-14 10, 21 G4-15 46 G4-16 46 Identified Material Aspects and Boundaries 1, 6 G4-17 1, 6 G4-18 1, 10-11 G4-20 10 G4-21 10-11 G4-22 N/A	G4-9	9, 27, 56
G4-12 9, 32, 57 G4-13 6 Commitments to External Initiatives G4-14 10, 21 G4-15 46 G4-16 46 Identified Material Aspects and Boundaries G4-17 1, 6 G4-18 1, 10-11 G4-20 10 G4-21 10-11 G4-22 N/A	G4-10	9, 56
G4-13 6 Commitments to External Initiatives G4-14 10, 21 G4-15 46 G4-16 46 Identified Material Aspects and Boundaries 1, 10 G4-17 1, 6 G4-19 10 G4-20 10 G4-21 10-11 G4-22 N/A	G4-11	/
Commitments to External Initiatives G4-14 10, 21 G4-15 46 G4-16 46 Identified Material Aspects and Boundaries 46 G4-17 1, 6 G4-18 1, 10-11 G4-20 10 G4-21 10-11 G4-22 N/A	G4-12	9, 32, 57
G4-14 10, 21 G4-15 46 G4-16 46 Identified Material Aspects 10 G4-17 1, 6 G4-18 1, 10-11 G4-19 10 G4-20 10 G4-21 10-11 G4-22 N/A	G4-13	6
G4-15 46 G4-16 46 Identified Material Aspects and Boundaries 46 G4-17 1, 6 G4-18 1, 10-11 G4-19 10 G4-20 10 G4-21 10-11 G4-22 N/A	Commitments to Exte	ernal Initiatives
G4-16 46 Identified Material Aspects 46 Identified Material Aspects 1 G4-17 1, 6 G4-18 1, 10-11 G4-19 10 G4-20 10 G4-21 10-11 G4-22 N/A	G4-14	10, 21
Identified Material Aspects and Boundaries 1 G4-17 1, 6 G4-18 1, 10-11 G4-19 10 G4-20 10 G4-21 10-11 G4-22 N/A	G4-15	46
and Boundaries G4-17 1, 6 G4-18 1, 10-11 G4-19 10 G4-20 10 G4-21 10-11 G4-22 N/A	G4-16	46
G4-18 1, 10-11 G4-19 10 G4-20 10 G4-21 10-11 G4-22 N/A		pects
G4-19 10 G4-20 10 G4-21 10-11 G4-22 N/A	G4-17	1, 6
G4-20 10 G4-21 10-11 G4-22 N/A	G4-18	1, 10-11
G4-21 10-11 G4-22 N/A	G4-19	10
G4-22 N/A	G4-20	10
	G4-21	10-11
G4-23 N/A	G4-22	N/A
	G4-23	N/A

No.	Page/Omissions		N
Stakeholder Engagem	ent		Ċ
G4-24	11	-	C
G4-25	11		0
G4-26	11		C
G4-27	11		h
Report Profile			C
G4-28	1		C
G4-29	N/A		C
G4-30	1		P
G4-31	64		C
G4-32	60-61		0
G4-33	/		E
Governance			N
G4-34	29, 59		0
G4-35	9		C
G4-36	59		E
G4-37	11		C
G4-42	9		Ċ
G4-45	9		G
G4-46	29		Ċ
G4-48	5		۷
Ethics and Integrity			C
G4-56	28-30, 58	-	0
G4-57	30, 58		C
G4-58	30, 58		C
Economic			E
Economic Performanc	e		G

No.	Page/Omissions
G4-DMA	4-5, 13, 27
G4-EC1	9, 27, 49, 51, 58
G4-EC2	21
G4-EC4	45
Indirect Economic	Impacts
G4-DMA	37
G4-EC7	49, 51, 58
G4-EC8	37, 47-53, 58
Procurement Pract	ices
G4-DMA	9, 32, 57
G4-EC9	57
Environmental	
Materials	
G4-DMA	23, 55
G4-EN1	23, 55
Energy	
G4-DMA	13-14, 21-25, 55
G4-EN3	55
G4-EN6	23, 55
G4-EN7	21-25, 55
Water	
G4-DMA	13, 15, 20, 55
G4-EN8	55
G4-EN9	55
G4-EN10	9, 20, 55
Emissions	
G4-DMA	22-23, 54

No.	Page/Omissions	No.
G4-EN15 54		G4-EN34
G4-EN16	54	Labour Practices and D
G4-EN19	22, 54	Employment
G4-EN21	24	G4-DMA
Effluents and Wa	ste	G4-LA1
G4-DMA	13, 22, 24, 45, 54	G4-LA2
G4-EN22	54	Occupational Health an
G4-EN23	24, 54	G4-DMA
G4-EN24	54	G4-LA7
G4-EN25	54	Training and Education
G4-EN26 54		G4-DMA
Products and Ser	vices	G4-LA9
G4-DMA	13-24, 54-55	G4-LA10
G4-EN27 13-24, 54-55		Diversity and Equal Opp
G4-EN28 55 Compliance		G4-DMA
		G4-LA12
G4-DMA 54-55		Supplier Assessment for Labour Practices
G4-EN29	54-55	G4-DMA
Overall		G4-LA14
G4-DMA	54-55	G4-LA15
G4-EN31 54-55		Labour Practices Grievar
Supplier Environmental Assessment		G4-DMA
G4DMA	32, 57	G4-LA16
G4-EN32	9, 32, 57	Society
G4-EN33	57	Local Communities
Environmental Grievance Mechanisms		G4-DMA
G4-DMA	54-55	G4-SO1

Page/Omissions
54-55
Decent Work
37, 56
56
56
and Safety
31, 38-39, 55-56
38
n
38, 40-41
57
57
oportunity
56
56
for
32, 57
9, 57
57
ance Mechanisms
56
56
37, 47-53, 58

6, 47-53

No.	Page/Omissions
G4-SO2	6, 47-53
Anti-corruption	
G4-DMA	30, 58
G4-SO3	30, 58
G4-SO4	30, 58
G4-SO5	58
Compliance	
G4-DMA	56, 58
G4-SO8	56, 58
Supplier Assessment Impacts on Society	for
G4-DMA	32, 57
G4-SO9	57
G4-SO10	57
Grievance Mechanism Impacts on Society	s for
G4-DMA	56, 58
G4-SO11	30, 56, 58
Product Responsibility	y
Customer Health and	Safety
G4-DMA	4, 31, 58
G4-PR1	58
G4-PR2	58
Compliance	
G4-DMA	58
G4-PR9	58

Environmental, Social and Governance Reporting Guide of HKEX

Index	Page/Omissions	
A.Environmental		
Aspect A1: Emissions		
A1 General Disclosure	24, 25, 54	
A-1.1	Emissions complied with relevant laws and regulations, the relevant statistical process has not been established	
A-1.2	The relevant statistical process has not been established	
A-1.3	The relevant statistical process has not been established	
A-1.4	The relevant statistical process has not been established	
A-1.5	25, 54	
A-1.6	24, 54	
Aspect A2: Use of Resources		
A2 General Disclosure	17, 20, 21-22, 24, 55	
A-2.1	The relevant statistical process has not been established	
A-2.2	The relevant statistical process has not been established	
A-2.3	22, 23, 24, 55	
A-2.4	15-20, 55	
A-2.5 55		
Aspect A3: The Environment and Natural Resources		
A3 General Disclosure 55		
A-3.1	55	
B.Social		
Aspect B1: Employment		
B1 General Disclosure	41, 56	
B-1.1	56	
Aspect B2: Health and Safety		
B2 General Disclosure	38-39, 56	
B-2.1	The relevant statistical process has not been established	
B-2.3	38-39, 56	

Index	Page/Omissions	
Aspect B3: Development and Training		
B3 General Disclosure	40-41, 57	
B-3.1	57	
B-3.2	57	
Aspect B4: Labour Standards		
B4 General Disclosure	56	
B-4.1	56	
B-4.2	56	
Aspect B5: Supply Chain Management		
B5 General Disclosure	32, 57	
B-5.1	57	
B-5.2	32, 57	
Aspect B6: Product Responsibility	y	
B6 General Disclosure	16-17, 58	
B-6.1	The relevant statistical process has not been established	
B-6.2	58	
B-6.3	58	
B-6.4	58	
Aspect B7: Anti-corruption		
B7 General Disclosure	30, 58	
B-7.1	58	
B-7.2	58	
Aspect B8: Community Investment	nt	
B8 General Disclosure	47-51, 58	
B-8.1	52-53, 58	
B-8.2	58	

STAKEHOLDER COMMENTARY

Since the concept of Chinese corporate citizenship was first proposed by the Committee of Corporate Citizenship in 2009, it has been gradually recognised, adopted and practiced by businesses in recent years. Corporate citizenship emphasises that enterprises should fulfil their social responsibilities based on their operations, following the basic principle of providing satisfying products and service for customers. For enterprises in the environmental protection industry, it is their responsibility to provide environmental protection solutions and support the development of municipal environmental protection infrastructure. Their responsibilities as corporate citizens are closely related to the environment and everybody's livelihood and are the centre of attention of other industries and the entire society.

From *Beijing Enterprises Water Group Limited Sustainability Report 2015*, we can see that BEWG has integrated the concept of corporate citizenship into its own corporate culture and development strategy. By adhering to the business philosophy of "government's trust, citizen's confidence, shareholder's profitability, employee's rewarding life and win-win for all partners", BEWG aims at positioning itself strategically as a "leading professional integrated water environment service provider". In business practice, BEWG has established a comprehensive system of environmental protection businesses to contribute to the environment and livelihood with industry-leading effluent quality and service quality. It solves the water supply difficulties with the construction of water distribution plants and desalination facilities, improves river quality and regional environment through sewage treatment and comprehensive water environmental renovation, and combats resource and energy crisis through developing resource utilisation and clean energy businesses. BEWG promotes ecological environment and public well-being through its own business activities, showcasing the corporate citizenship of a water environmental protection enterprise.

In the near future, water resource and environmental problem will remain a huge sustainability challenge. As an important player for environmental protection, environmental protection enterprises are faced with greater responsibilities. I expect BEWG to seize the market and policy opportunities in the new era and to step into a new stage of development, making greater contribution to the improvement of ecological environment and the construction of green China.

Liu Weihua Vice President of Committee of Corporate Citizenship China Association of Social Work

FEEDBACK

Dear reader.

Thank you very much for sparing time reading Beijing Enterprises Water Group Sustainability Report 2015. In order to further improve our sustainability performance and report quality, your comments and suggestions are very much appreciated and we hope you could help us continuously improve our work.

BEWG Report Team July 2016

Please score from 1 to 5 (1 being the lowest and 5 being the highest) for the following questions:

	1. Your overall opinion on about this report			
	2. Your opinion on whether this report a economic, social and environmental impa			
	3. Your overall opinion on our communication	on with stakeholders		
	4. Your overall opinion on information disclosure in this report			
5. Your overall opinion on the format and design of this report				
	You are welcome to make more comments:			
	Your Contact Information:			
	Namer:	Companyr:		
	Phone Number:	EMAILr:		

You may send an email to BEWG 2015 Sustainability Report Team at csr@bewg.net.cn, or fax the filled form to +86-10-67048484. We will take your comments seriously and promise not to disclose your information to any unauthorized third-party.

