

Going Green Investing Green



中国节能环保集团公司

CHINA ENERGY CONSERVATION AND ENVIRONMENTAL PROTECTION GROUP

Focus · Dream 2014

About the Report

Reporting Period

The Report covers the period from Jan. 1st to Dec. 31st, 2014, and may use data of previous years.

Release Cycle

Released annually; the Report is the 5th CSR report of CECEP.

Reporting Boundary

The Report covers all relevant information of CECEP and its subsidiaries and branches.

Data Sources

All data referred by the Report are based on the Group's calculation and analysis. The operating data come from the audited 2014 Report on CECEP's Final Accounting and CECEP Annual Report. The industrial data come from the National Bureau of Statistics, the Ministry of Housing and Urban-Rural Development (MOHURD), the Ministry of Environmental Protection (MEP) and EPIA.

References

The Outline of the Twelfth Five-Year Plan for Implementing the Strategy of Harmonious Development by Central Enterprises and the *Guiding Opinions on Performance of Social Responsibilities by Central Enterprises* (GZWFYJ [2008] No.1) of the State-owned Assets Supervision and Administration Commission of the State Council (SASAC);

Writing and Compiling Guidelines of the Chinese Corporate Social Responsibility Report by Chinese Academy of Social Sciences (CASS-CSR 3.0);

International standards such as ISO 26000:2010 *Guidance on Social Responsibility*.

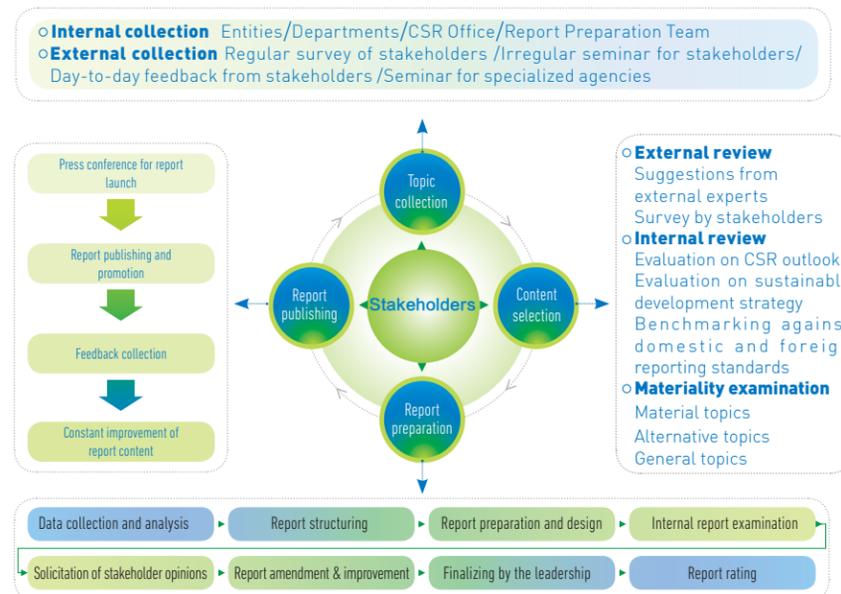
Language Versions

The Report is prepared in Chinese and English, and available in hard copy and PDF. Please visit the Group's official website (www.cecep.cn) to download the PDF file, or contact us for the hard copy at (86) 010-62245671.

Appellations

For the convenience of expression and reading, China Energy Conservation and Environmental Protection Group is hereinafter referred to as "CECEP", "the Group", or "we/us", and the subsidiaries are expressed in the form of "CECEP [company name in short]".

Report Preparation Process



Declaration

The 2014 CECEP CSR Report, with emphases placed on process management, completeness, materiality, balance, creativity, comparability and readability in its preparation, makes a comprehensive introduction to the Group's CSR commitment, practices, performance, commitment and further improvement over the past year. We hereby ensure the reliability, authenticity, objectivity and timeliness of the information disclosed in the Report. By publishing the Report, we aim to promote win-win cooperation, mutual growth and resource sharing with stakeholders, and consistently contribute to the sustainable development of economy, environment and society.

Our Regards

The shining sun attires the June land in a green gown; the spring chill gives way to overflowing vigor and vitality.

In 2014, we once again witness the glory of Chinese dream. After over 30 years of high-speed economic growth, we are now one step closer to the rejuvenation of our nation. Meanwhile, however, such constraints as capacity surplus, resource shortage and environmental pollution have dampened our aspirations for economic, environmental and social sustainability.

Enterprises, one of the "stem cells" of society, should be not only profit makers, but also the driver of social development. CECEP believes a responsible enterprise refers to one that is driven by technical innovation, duty-bound for technology preeminence, principled on integrity and pragmatism, committed to customer satisfaction, and in endless pursuit of a great dream. As the only central enterprise specializing in energy conservation, emission reduction and environmental protection, we are consistently dedicated to comprehensive resource utilization, wellness industries, clean technology, and development and utilization of new energy.

We set much store by CSR and proceed from the overall situation. From 2014 to 2020, China's socioeconomic development and the building of a moderately prosperous society in all respects will hinge more on the bearing capacity of ecological environment. In such a context, we have been implementing the intrinsic task of environmental protection and anti-pollution. Over the past year, we have generated 9.23 billion kWh of green power, equivalent of reducing 7.38 million tons of CO₂ emission and saving 2.96 million tons of standard coal. We have handled 7.49 million tons of solid waste, up 19.3% YoY, disposed of 550 million tons of sewage and industrial wastewater, up 14.9% YoY, and reduced 126,000 tons of COD, which is a great contribution to the environment protection.

In pursuit of CSR, we adhere to innovation. Innovation is the key to existence and development of an enterprise. Like a dream maker who cannot afford to rest on his laurels, we are constantly spurring innovation with the dual engines of technology and talents. Over the past year, we have optimized our technology management and R&D system, and established the Specialized Commission of Technology and Environmental Protection as well as an R&D platform for industrial wastewater disposal technologies and energy conservation technologies. We have set in motion 17 technical innovation projects, and applied for undertaking seven government science programs of different types. We have invested RMB 732 million in technology, acquired 230 patent licenses and 27 awards at the ministerial or provincial level, and developed 27 national or industrial standards. Those provide never-ending driving force to our dream.

In pursuit of CSR, we consistently put people first. Keeping in mind our environmental responsibilities and green vision, we have been fighting on the anti-pollution and anti-haze frontline for decades. Employees, as far as we are concerned, are dynamos for CSR performance. Over the past year, we have engaged in HR standardization by establishing or amending ten-odd by-laws including the Detailed Rules on Approval of Major Issues. We have set up a featured training system, laid down the "blue sky plan", and further improved our talent development mechanism. As a result, we hired and cultivated six high-end leading talents, and lifted employee training hours by 15.4% YoY.

In pursuit of CSR, we start from the trifle deeds. CSR is what CECEP was born with. Over the past year, we have launched the campaign of "setting the most excellent exemplars" and published a reportage series concerned, thus receiving high accolades from SASAC and other central authorities. For the sake of student subsidy and poverty alleviation, we have donated a total of RMB 3 million to Fujian, Henan and Guangxi, earning ourselves the titles of "outstanding central enterprise" and "outstanding individuals" in partner assistance in Henan. Our CSR report has been ranked as "leading" by an authoritative rating agency under SASAC, and our CSR development index has taken the 21st position among Top 100 State-owned enterprises.

Committed to CSR, we are always poised for fresh starts. In 2015, Chinese economy will enter into a "new normal" of medium-to-high-speed and medium-to-high-end development, ushering a new era of eco-civilization construction and environmental protection. We will strive to adapt to the new situation, further implement the ideology of the 4th Plenum of the 18th CPC Central Committee, and constantly promote CSR through Group-wide innovative practices.

Azure sky, serene water, luxuriant hill....Aren't those what everybody wants? The contribution of any individual may be little, but many a little makes a mickle. In the new year, we sincerely hope to join hands with all stakeholders to support national economic growth, economize on energy and resources, streamline energy structure, enhance ecological protection, build up sustainability through technical development, and strive for a greener and more harmonious world.



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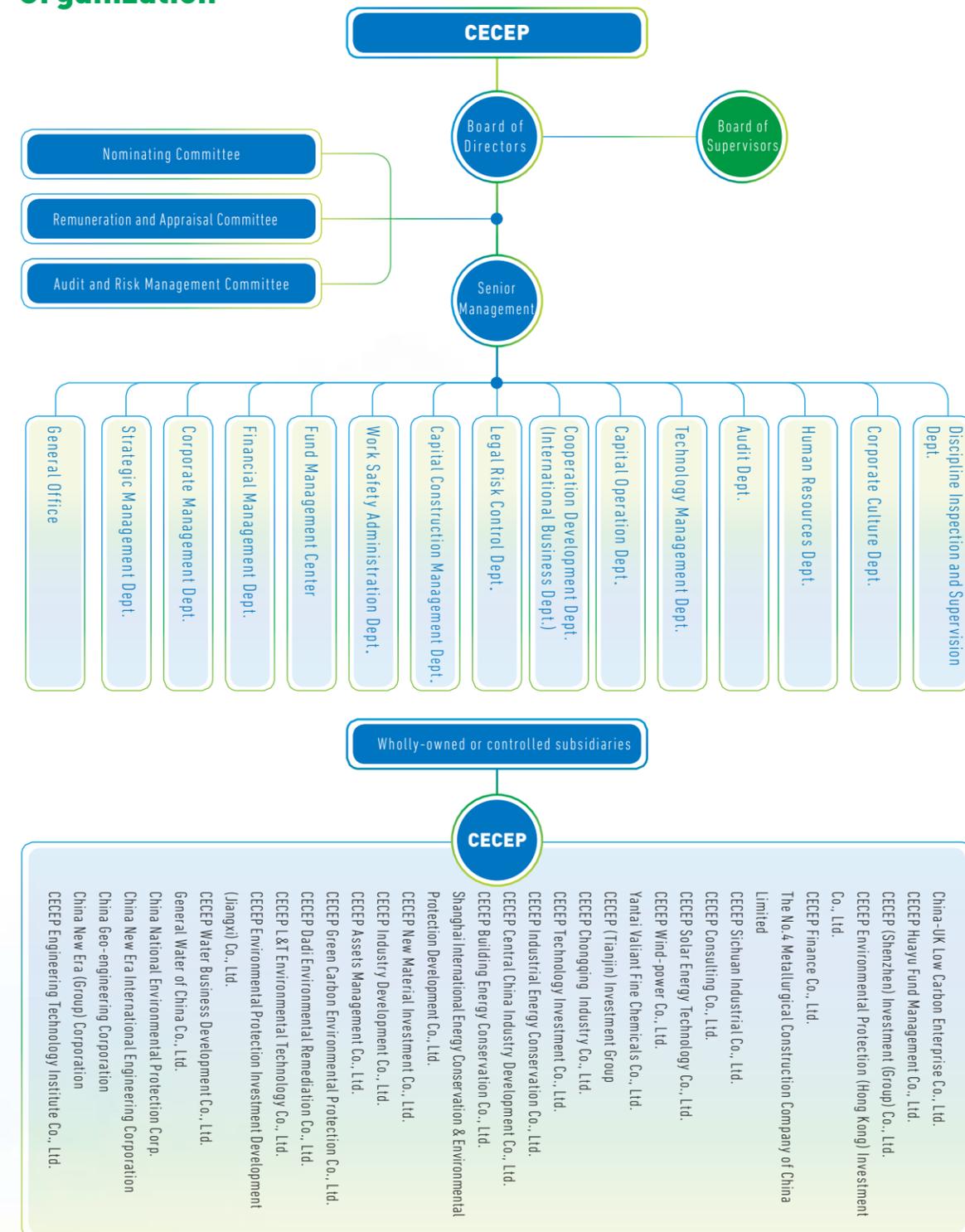
About CECEP

CECEP is the largest service-and technology-oriented conglomerate in the field of energy conservation and environmental protection in China, and the only central enterprise specializing in energy conservation, emission reduction and environmental protection. Headquartered in Beijing, we have extended our reach to over 30 provinces and municipalities in China and more than 60 foreign countries and regions. As of the end of last year, we had registered 474 subsidiaries at various levels. In 2014, CECEP Wind-power Co., Ltd. made its way to the Main Board of Shanghai Stock Exchange (SSE), thus becoming China's first A-share wind-power enterprise; Chengdu Trailblazer Technology Stock Co., Ltd. was successfully listed on the New Three Board, uplifting the number of publicly traded subsidiaries to six.

Since the very beginning, we have been committed to energy conservation, environmental protection, resource recycling, and development and utilization of clean energy. We have brought into shape an industry chain of energy conservation and environmental protection, provided solutions and integrated services for domestic and foreign markets, and spared no effort to build a world class service and technology-oriented conglomerate in the field of energy conservation and environmental protection.

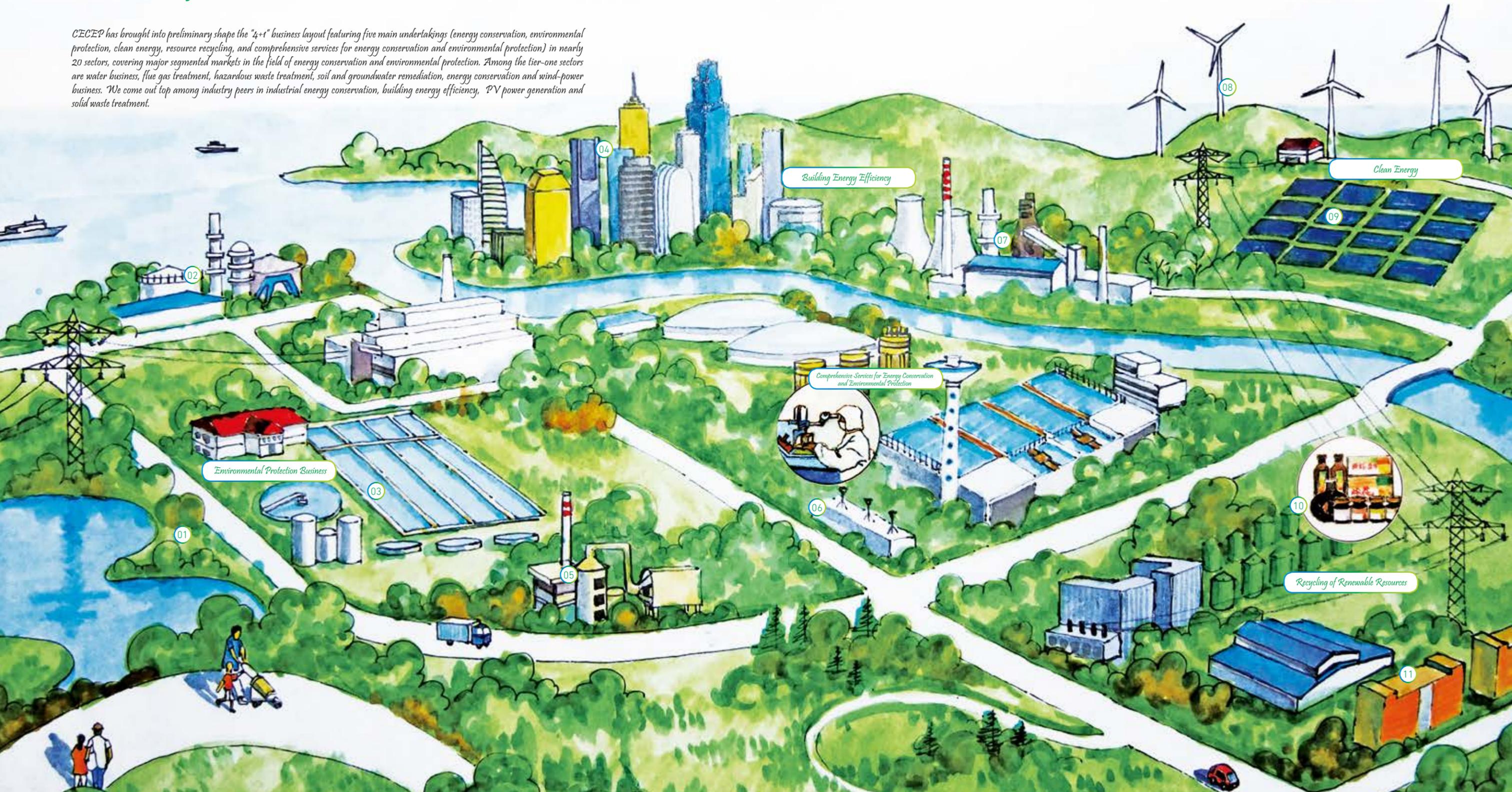
In a bid to constantly lead the development of energy conservation and environmental protection sector, we will strive for a sizable global market share of our main business, strong capacity for resource allocation, advanced technology, service and product systems in key fields, influential brands and leading overall labor productivity, thus becoming a multinational boasting scientific management, efficient operation and quality offerings.

Organization



Business Layout

CECEP has brought into preliminary shape the "4+1" business layout featuring five main undertakings (energy conservation, environmental protection, clean energy, resource recycling, and comprehensive services for energy conservation and environmental protection) in nearly 20 sectors, covering major segmented markets in the field of energy conservation and environmental protection. Among the tier-one sectors are water business, flue gas treatment, hazardous waste treatment, soil and groundwater remediation, energy conservation and wind-power business. We come out top among industry peers in industrial energy conservation, building energy efficiency, PV power generation and solid waste treatment.



Main Business of Tier-two Subsidiaries

Conservation



CECEP Technology Investment Co., Ltd. Providing integrated solutions to industrial recycling of energy and resources	CECEP Industrial Energy Conservation Co., Ltd. Industrial recycling of excess heat and pressure and diffusion-type combustible gas; industrial energy system optimization
CECEP Building Energy Conservation Co., Ltd. Building energy supply, transmission and utilization; energy-efficient renovation of existing buildings and urban heating system; comprehensive energy supply services for buildings in the locality	Shanghai International Energy Conservation & Environmental Protection Development Co., Ltd. Financing, development and management of Shanghai International Energy Conservation & Environmental Protection Park
	CECEP Central China Industry Development Co., Ltd. Energy conservation and environmental protection

Resource Recycling



China New Era (Group) Corporation Wellness products, daily chemicals and medical care	CECEP New Material Investment Co., Ltd. R&D and production of new energy-efficient building materials and equipment	Yantai Valiant Fine Chemicals Co., Ltd. R&D, production and marketing of liquid crystal materials, medical equipment intermediates, organic light-emitting diode (OLED) and environmental protection materials
CECEP Chongqing Industry Co., Ltd. Recycling of new materials and other resources concerned	CECEP (Tianjin) Investment Group Recycling of renewable resources	CECEP Green Carbon Environmental Protection Co., Ltd. Recycling of organic waste

Environmental Protection



China National Environmental Protection Corp. Disposal of domestic wastes as well as agricultural and forestry residues	CECEP Water Business Development Co., Ltd. Raw water development and supply; urban water supply and wastewater treatment; industrial wastewater treatment	General Water of China Co., Ltd. Raw water development and supply; urban water supply and wastewater treatment
CECEP L&T Environmental Technology Co., Ltd. Flue gas desulfurization and denitrification; environmental and energy efficiency information monitoring and big data application	CECEP Dadi Environmental Remediation Co., Ltd. Monitoring, evaluation, consulting, design and engineering in respect of soil and groundwater remediation	CECEP Environmental Protection Investment Development (Jiangxi) Co., Ltd. R&D, production and application of key products for industrial wastewater treatment

Comprehensive Services for Energy Conservation and Environmental Protection



China Geo-engineering Corporation Project design, construction and general contracting	The No.4 Metallurgical Construction Company of China Limited Construction and general contracting	CECEP Consulting Co., Ltd. Energy conservation and environmental protection policy research and consulting
CECEP Engineering Technology Institute R&D, industrialization and productization of key technology; technology incubation & integration and related services	CECEP Assets Management Co., Ltd. Non-performing assets disposal; hazardous waste treatment; R&D, production and consulting; volatile organic compounds (VOCs) treatment	CECEP Huayu Fund Management Co., Ltd. Private equity, venture capital, fund and financing services
China-UK Low Carbon Enterprise Co., Ltd. Venture capital, technology introduction and low carbon technology incubation	China New Era International Engineering Corporation Project planning, design, engineering, general contracting, R&D and manufacturing of industrial equipment	CECEP Industry Development Co., Ltd. Development, construction, operation & management concerning green buildings
CECEP Environmental Protection (Hong Kong) Investment Co., Ltd. Overseas investment, operation & management; IPO and management of listed companies; international credit and overseas capital operation	CECEP Sichuan Industrial Co., Ltd. Prospecting planning, design, supervision and consulting; construction and general contracting	CECEP (Shenzhen) Investment (Group) Co., Ltd. Venture capital and venture investment fund

Clean Energy

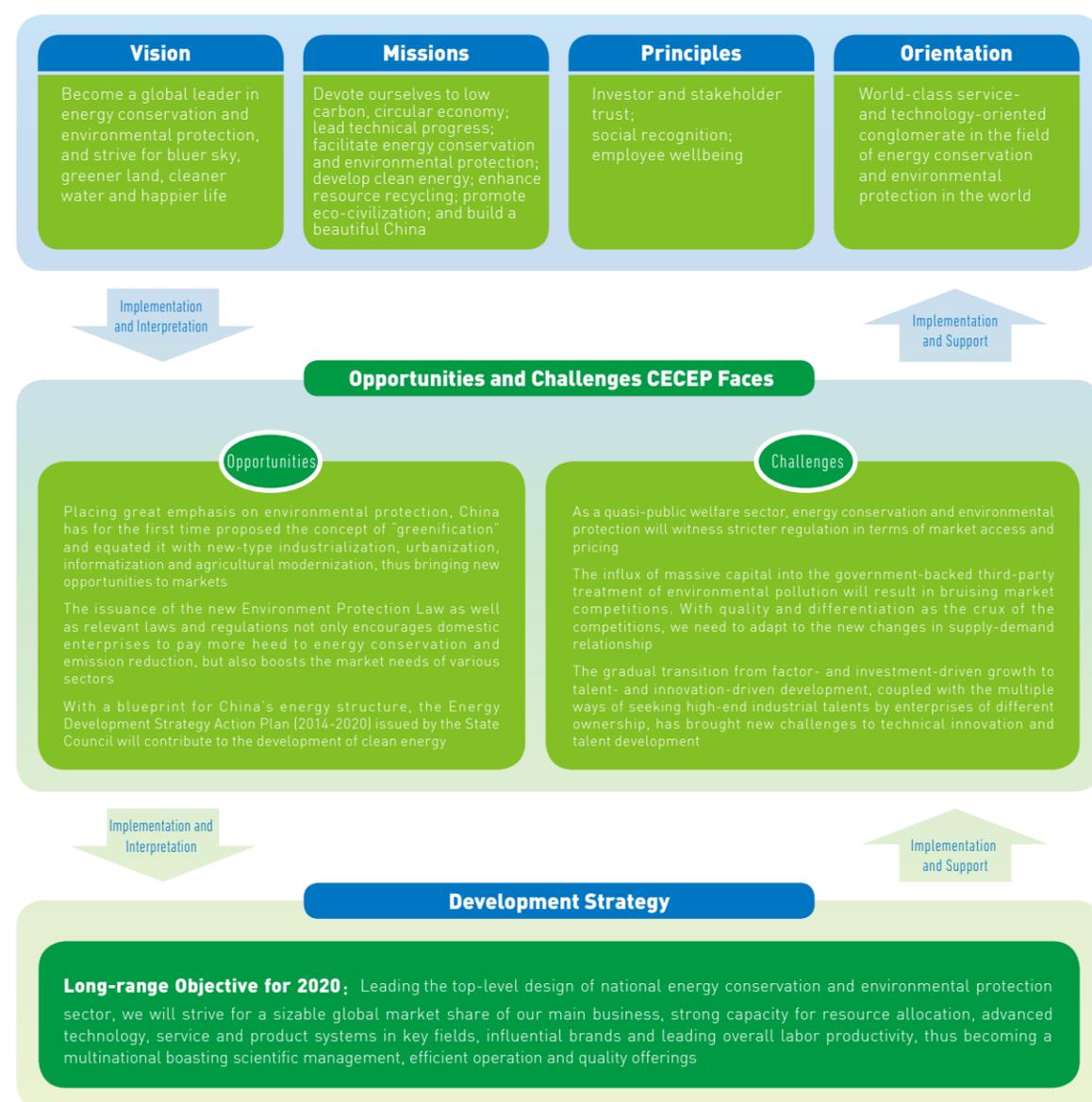


CECEP Wind-power Co., Ltd. Investment, construction, acquisition, operation and services with respect to wind-power	CECEP Solar Energy Technology Co., Ltd. Investment, construction, acquisition and operation regarding PV power stations; production of PV cells and components
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Strategy and Governance

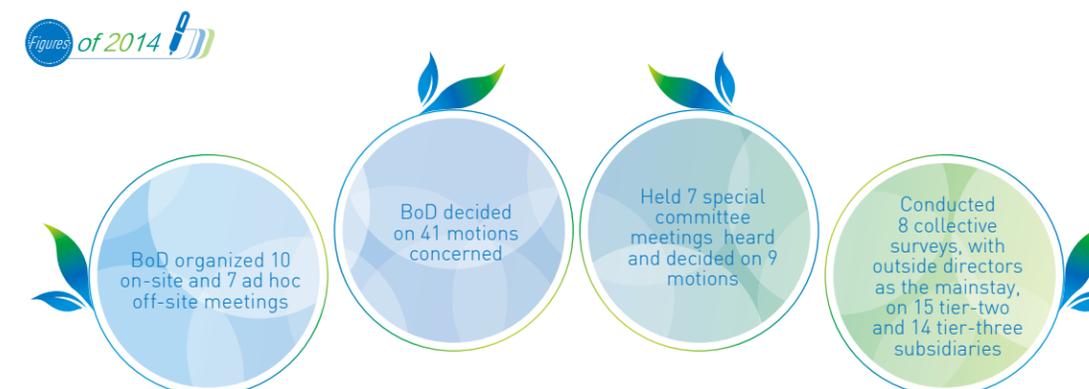
Development Strategy

We have laid down and constantly amended the 2014-2016 Strategic Plans, and urged the headquarters, branches and subsidiaries to develop the mechanism of yearly adjustment to their respective strategic plans.



Corporate Governance

CECEP is a wholly State-owned central enterprise to which SASAC exercises the investor's rights on behalf of the State. Strictly following the laws, regulations and SASAC's requirements, we have established a standardized BoD, which membered by a majority of outside directors, is in favor of transparency and long-term shareholder returns. We have kept well-informed the Board of Supervisors which enjoys the same access to our information system as our leadership does. According to *The Company Law*, we have disclosed information to investors through financial statements and annual reports. As per *The Administrative Measures for the Disclosure of Information of Listed Companies*, listed subsidiaries have brought shareholders up to speed and thus safeguarded the rights and interests of minority shareholders in particular. In 2014, as one of the enterprises piloting the SASAC-led reform of BoD's functions and powers, we focused our reform on executive recruitment & appointment, remuneration, performance, and payroll filing for better governance. Moreover, we organized open internal selection of Vice General Managers, probed into the mechanism for central enterprises to appoint their leaders, and worked on the method by which BoD can exercise its right to select and use talents.



Compliance

Compliance is the basis for sustainable development. As a globalizing enterprise engaged in energy conservation and environmental protection, CECEP requires all members to abide by local and international laws and regulations so as to ensure business integrity and compliance. Through regular courses, group discussions and online training, we have spread legal knowledge Group-wide and included compliance-based behavior into our employee evaluation system. We have strictly examined all contracts and ensured 100% compliance. In 2014, we developed or amended 48 by-laws, uplifting the number of active by-laws to 240 (in 17 categories); we registered 11 types of CECEP brands in Hong Kong, and acquired 175 trademarks registered at home and abroad.

We have strived to nip operating risks in the bud and promote healthy development of the Group. In 2014, based on *The Interim Measures of CECEP for Internal Control Evaluation*, we published the Detailed Rules on Internal Control Evaluation, optimized the internal control evaluation process and general standards for identification of internal control defects, further built our capacity for risk identification, evaluation and analysis, and enhanced operating efficiency while reducing systematic risks.

We have deepened anti-corruption by establishing a featured corruption prevention and punishment system. In 2014, we developed *The Measures for Construction and Implementation of Corruption Prevention and Punishment System*, and executed the Letter of Responsibility on Business Integrity with entities at different levels. We held the seminar on State policies, and organized anti-corruption education where 8,760 people were involved. We made inspection tours around four subsidiaries, and monitored the procurement efficiency of five subsidiaries. We ameliorated our whistle blowing system, and responded to 100% of the petition letters and visits. The past year has recorded zero case of serious irregularity. We have been honored twice as "Educational practice experience sharing entity" by SASAC.

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Focusing on

Chinese Dream & CECEP Dream



Chinese dream is a dream for a greener future. The rejuvenation of our country synchronizes with the building of a greener homeland. As the largest service- and technology-oriented conglomerate in the field of energy conservation and environmental protection in China, CECEP is committed to low carbon, circular economy and a beautiful China.

In 2014, our footsteps could be found in every corner of the energy conservation and environmental protection sector. Adhering to "Green" production mode, we engaged in R&D of energy conservation and environmental protection technology and products to fight against air pollution. With CECEP Wind-power listed, we stepped up development and utilization of clean energy to address climate changes. In cooperation with the government, industry peers and international stakeholders, we have disseminated managerial and operational experience, developed solutions to environmental issues, and promoted global sustainable development.

Peaceful and prosperous
China is concerned about nature
Conservation and low-carbon life
Points the way to the future
Let our dream set sail for a harmonious isle
Let us work together to write an exciting chapter

In February, we concluded a strategic cooperation agreement with Chongqing Chemical & Pharmaceutical Holding (Group) Company to provide the latter with comprehensive services for energy conservation and environmental protection

March saw the start of a National Key Scientific Instrument and Equipment Development Program for haze control, the "development and application of device for online monitoring of chemical composition of atmospheric fine particles", led by Chinatech Talroad (Beijing) Technology Co., Ltd. under CECEP

In April, CECEP President Wang Xiaokang was invited to deliver a keynote speech entitled "Clean Air, Green Dream" at Sustainable Economic Development - Future-oriented Sino-Danish Cooperation in quest of international cooperation on environmental issues

In May, seven ministries/commissions including the National Development and Reform Commission (NDRC), the Ministry of Environmental Protection (MEP) and the National Energy Administration (NEA) jointly published the Plan for Retrofitting Coal-fired Boilers for Energy Conservation and Environmental Protection laid down by CECEP, with a view to enhancing energy efficiency of boiler system and reducing water pollutant discharge

In June, we facilitated the issuance of APEC low-carbon model town indicator system and had it exhibited at the 11th APEC Energy Ministerial Meeting, thus leading and promoting industrial development and jointly building low-carbon cities

In September, CECEP Wind-power was officially listed on the SSE Main Board, thus becoming the only publicly traded enterprise specializing in wind-power operation in domestic capital markets. It has rewed up the development of clean energy to address climate changes

In November, we held a seminar on the promotion of PPP mode in environmental protection sector, which mode seems a new approach to further developing China's environmental stewardship sector

We participated in 2014 International Trade Fair for Energy Conservation and Environmental Protection, aiming to share our development ideology, CSR practices as well as managerial and operational experience



Building eco-civilization and a beautiful homeland is our intrinsic task and unremitting pursuit. In 2014, by dint of our "4+" business layout, we engaged in energy conservation and environmental protection, development and utilization of clean energy, resource recycling and comprehensive services. We are as committed to an integrated industrial chain as to a world-class service- and technology-oriented conglomerate in the field of energy conservation and environmental protection.

Energy Conservation

For a long time, extensive energy use has accompanied with China's economic boom. And now, the increasing energy and environmental stress has presented a serious test for the sustainability of the government and enterprises. Since the revolution in energy consumption and energy technology has been defined as a national strategy, it is imperative to enhance energy efficiency and promote environmental protection. By virtue of leading technology and service capacity, CECEP has cooperated with numerous large enterprises to facilitate industrial transformation and upgrading as well as quality and efficiency improvement.

Industrial Energy Conservation

Through integration of sophisticated energy conservation and environmental protection technology at home and abroad, CECEP provides conservation projects and large energy-consuming enterprises specializing in smelting, building materials, oil, power, chemical engineering and coal with comprehensive solutions including energy efficiency diagnosis & evaluation, financing & retrofitting, operation & management.

The year 2014 saw major breakthroughs in industrial energy conservation. We inked a deal on Lu'an coal-to-liquid thermal power project, and purchased a 51% stake in Ningxia Antai New Resources Co., Ltd. Saving 692,000 tons of standard coal each year, CECEP Industrial Energy Conservation Co., Ltd. has been ranked first among "Top 100 energy conservation service providers" for two consecutive years.

[Smelting]	[Coal]	[Oil]	[Building Materials]
CCPP-CDQ	1.8-million-ton coal-to-liquid efficient heating and excess heat power generation project of Shanxi Lu'an Mining Group	Excess heat power generation projects at ENPC's compressor stations in Nanchang and Yanchi	Cement kiln excess heat power generation project of Lafarge Group
1.8 Annual power generation billion kWh	870 Annual power generation million kWh	162 Annual power generation million kWh	108 Annual power generation million kWh
750,000 Annual saving of standard coal tons	265,000 Annual saving of standard coal tons	62,900 Annual saving of standard coal tons	66,000 Annual saving of standard coal tons
1.98 Annual CO ₂ emission reduction million tons	663,000 Annual CO ₂ emission reduction tons	164,000 Annual CO ₂ emission reduction tons	195,000 Annual CO ₂ emission reduction tons
			

CECEP's Major Industrial Energy Conservation Projects



Case: Assisting Chongqing Iron & Steel Group with Energy Conservation and Emission Reduction

CECEP Industrial Energy Conservation Co., Ltd. has cooperated with Chongqing Iron & Steel Group on CCPP-CDQ project which can effectively reduce energy consumption by using the abundant excess heat of CDQ for primary power generation, and the steam thus produced for secondary power generation. With a total installed capacity of 355,000 kWh, the project can generate grid-connected power of 1.8 billion kWh per year, accounting for 75% of power supply to the new premises of Chongqing Iron & Steel Group. Given the same power generation and productivity, the project can save about 750,000 tons of standard coal and reduce CO₂ emission by 1.98 million tons per year.



CCPP-CDQ Project of CECEP and Chongqing Iron & Steel Group



Case: Retrofitting China's Coal-fired Boilers

In October 2014, commissioned by NDRC and the General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ), CECEP Consulting Co., Ltd. organized the preparation of *The Plan for Retrofitting Coal-fired Boilers for Energy Conservation and Environmental Protection*, and had it jointly published by seven ministries/commissions, namely NDRC, MEP, the Ministry of Finance (MOF), AQSIQ, the Ministry of Industry and Information Technology (MIIT), the National Government Offices Administration and NEA.

As a major national program for 2011-2020, the retrofitting of coal-fired boilers is intended to enhance energy efficiency and reduce pollutant discharge. By unleashing our research and technical strength and drawing on proven international experience, we have laid down the sinonized Plan and robustly supported the fulfillment of China's energy conservation and emission reduction targets.

Case: Revving up Promotion and Application of Energy-efficient Equipment

In order to rev up the industrial promotion and application of key energy-efficient equipment and technology, CECEP Consulting Co., Ltd., commissioned by MIIT, has organized the preparation of *the Plan for Implementing the Industrialization of Key Energy-efficient Equipment and Technology*, and had it jointly published by MIIT and NDRC.

As one of the 20 key national programs for incubating strategic emerging industries, the industrialization of key energy-efficient equipment and technology will robustly contribute to energy efficiency of the whole society. It is the second time that CECEP has prepared and issued, under the authorization of ministry/commission, a major implementation plan for the industrial energy conservation. The Plan will lay the technical foundation for mass promotion of energy-efficient products and equipment, and provide catalyst for the combined effect of sectors concerned.

Building Energy-efficiency and Green Building

Based on energy, project and territorial characteristics, we have developed the economical, reliable and safe mode of multi-source heating/cooling by integrating traditional energy, renewable energy and industrial excess heat. We have offered centralized heating/cooling to CBD, large hospitals and other complexes in specific areas, optimized the energy system, realized graded use of energy through specialized management, and promoted low-carbon and green operation in buildings.

The ground-source heat pump system of CECEP Ever Source Science and Technology Development Co., Ltd. can provide heating/cooling and domestic hot water for buildings/complexes of 10,000-500,000 m². Compared with centralized heating by boilers, the system which replaces fossil fuels is economical, energy-saving, land-efficient, environmental-friendly and less polluting.

On the strength of our influential brand and competitive financial position, managerial expertise and talent resources, we have integrated a number of world-leading green building techniques, developed and operated low-carbon model industrial parks, incubated and boosted the upgrading of energy conservation and environmental sectors. In 2014, we put into operation seven energy stations/heat exchange stations with a service coverage of 1.06 million m² (building area). We wrapped up eight energy retrofitting programs of Sunshine Campus, MIIT and the Ministry of Housing and Urban-Rural Development, with a service output value of RMB 52.95 million.

As of the end of 2014, we had put into operation ten energy stations with service coverage of 1.78 million m². We have brought into shape five demonstration areas respectively in Jiangsu, Hunan, Guizhou, Shaanxi (Xi'an) and Shandong (Qingdao); set up project reserve zones in Zhejiang, Anhui, Fujian, Beijing and Guangxi; and engaged in project alignment in Guangdong, Hubei, Sichuan, Chongqing and Gansu, thus drafting a blueprint for domestic building energy efficiency markets.



CECEP Building Energy Retrofitting Service System

In cooperation with local governments, we have developed 15 low-carbon industrial parks in Shanghai, Suzhou, Hangzhou, Chengdu etc., with a planned floor area of over 7 million m² and a construction area of 8 million m². The parks, together with low-carbon smart centers, have promoted the introduction and incubation of industrialized energy conservation and environmental protection projects, and played an important role in local economic restructuring and industrial upgrading.



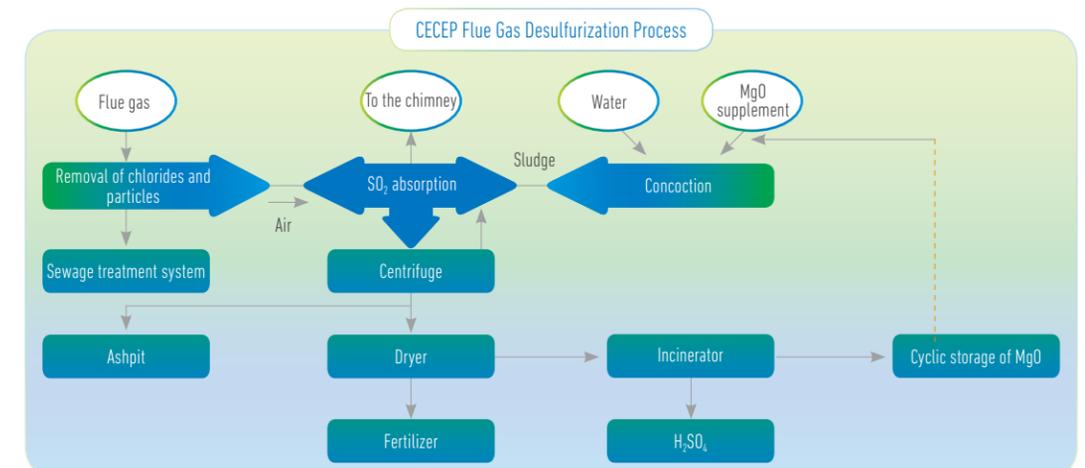
Green Building Museum of Hangzhou

Air Quality Improvement

Given the severely worsening air quality and the brooding haze in recent years, air pollution has become a major issue of public concern and one that is prioritized by the national government. Placing equal emphases on leading business and research, CECEP has made proactive response to air pollution.

Air Pollution Control

Boasting a number of world-leading, self-developed techniques in the fields of industrial dust removal and industrial waste gas disposal, CECEP comes out top among domestic steel enterprises in flue gas desulfurization market share.



In 2014, CECEP enhanced resource input, technical innovation and market services, thus engaging in the air purification and anti-haze campaign. Three techniques of CECEP Tianchen (Beijing) Environmental Protection S&T Co., Ltd., namely, the "organic waste gas absorption and recycling device", the "efficient pulse cartridge dust collector" and the "composite ultra-high-efficiency lead powder dust collector", were included in *Beijing's Catalogue of Air Pollution Control Products and Technology*. We are the first in China to be in a position to produce exhaust gas catalyst-supported materials up to Euro VI standards. Representing the height of diesel engine exhaust gas purification capability in the world, such materials can help reduce the amount of PM2.5.

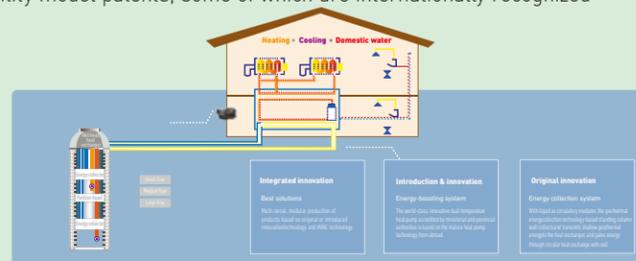
Figures of 2014 Data Source: CECEP L&T Environmental Technology



Case: Geothermal Energy Collection Technology for Standing Column Wells

The geothermal energy collection technology for standing column wells, independently developed by CECEP Ever Source Science and Technology Development, can reduce coal consumption for heating and the occurrence of haze. Each year, Beijing can replace the use of 4.6 million tons of coal and cut flue gas by 15% or so. Over the past decade, the technology has received over 50 awards and certificates, including 24 at the ministerial or provincial level; it has registered 80-odd invention and utility model patents, some of which are internationally recognized and used for value.

CECEP Ever Source Science and Technology Development has shared the patented technology with industry peers and promoted its industrialization by setting out *The Technical Standards for Engineering in Geothermal Energy Collection Technology-based Standing Column Wells (DB11/T935-2012)*. In 2014, the technology found application for an area of over 1 million m² in China, saving power of 79.93 million kWh (equivalent to the annual power generation of a 15.8MW thermal power plant), and reducing 27,976 tons of standard coal and 72,737 tons of CO₂ compared with electric heating. Standard coal and CO₂ emission reduction would be 9,830 tons and 25,558 tons respectively as opposed to traditional boiler heating.



Geothermal Energy Collection System for Standing Column Wells

Case: Improving Air Quality through Organic Waste Gas Treatment Technology

In 2014, the activated carbon fiber-based organic waste gas absorption and recycling technology developed by CECEP Tianchen (Beijing) Environmental Protection S&T was included in *The Category of Key Techniques for Environmental Protection and Clean Production by Oil and Chemical Engineering Industry*. Capable of absorbing and recycling organic solvent in waste gas from industrial production, the technology plays an important role in promoting clean production, reducing waste gas discharge and improving air quality.

Air Quality Monitoring

Tracing the source of pollution and snuffing out hidden dangers are among our solutions to environmental problems. By means of sophisticated technology, CECEP has done well in air quality monitoring, provided basis for government decision-making, and issued timely warning of foul air to the public. As of the end of 2014, we had put in place nearly 5,000 sets of online monitoring devices for over 1,500 customers in China.

Case: Developing Haze Monitoring Devices to Nip Haze in the Bud

The PM2.5 monitoring device R&D program led by CECEP L&T Environmental Technology Co., Ltd. has made a breakthrough in the manufacturing of principled sample machine, indicating that such device will be put on the market in three years. As a national model program for "development and application of device for online monitoring of chemical composition of atmospheric fine particles", it has filled the void in domestic sectors concerned and, coupled with China's first PM2.5 analysis and monitoring standards which took shape in the course of R&D, ensured that the haze would be nipped in the bud.

With the size of a microwave, the prototype comprises the photo-thermal furnace, air sampling system and temperature control system. Affordable, easy to operate, and as technically sophisticated as imported apparatus, such device can better meet national demands.



Low-carbon Technology

In order to address global warming, CECEP has passed on the low-carbon ideology and devoted efforts to reducing CO₂ emission. While tapping into our potential for energy conservation and emission reduction, we are expanding our carbon business to create a green socio-economic development mode.

Commissioned by the NDRC Department of Climate Change, CECEP Consulting Co., Ltd. prepared *The Catalogue of Low-carbon Techniques Prioritized by China* and had it officially published on Aug. 25th, 2014. Covering 33 techniques for 12 sectors including coal, power and steel, the Catalogue has spurred the promotion and application of low-carbon technology, and facilitated the fulfillment of China's greenhouse gas emission targets for 2020.

Recycling

Recycling is a major approach to reducing resource consumption and realizing sustainable development. Channeling technical advantages and innovation capacity into driving power, CECEP has constantly promoted the fundamental change in resource utilization mode, thus contributing to a resource-intensive, environment-friendly society.

Solid waste treatment

CECEP stands out among domestic peers with sophisticated core technology, rich operational experience, and the greatest capacity for disposing of domestic waste as well as agricultural and forestry residues. In 2014, we launched six waste incineration and power generation projects and one biomass power generation project. The additional 10,280 tons of solid waste treatment capacity has further improved our environmental services.

Figures of 2014

Data Source: China National Environmental Protection Corp.



Installed capacity for waste incineration and power generation



Aggregate power generation



Aggregate grid-connected power

Case: Building China's First IPR-based Biomass Power Plant

China National Environmental Protection Corp. has invested in the construction of China's first IPR-based biomass power generation model project in Suqian, Jiangsu Province. It is also one of China's first biomass CDM projects with certified emission reduction (CER) credits (nearly 120,000 tons of CO₂ emission reduction per year) issued by CDM Executive Board of the UN. With an installed capacity of 24MW, the project can handle 260,000 tons of agricultural and forestry residues, generate power of 156 million kWh, save 100,000 tons of standard coal, and increase the income of local peasants by over RMB 60 million.

Biomass Power Plant in Suqian, Jiangsu Province



Case: Building Highest-standard Power Plant

CECEP's waste incinerator in Chengdu is China's first project designed as per *The EU Standards for the Incinerator Exhaust*, the highest standards applicable to domestic waste incineration in our country. The project has introduced the state-of-the-art grate furnace waste incineration and flue gas treatment process. With a designed domestic waste treatment capacity of 1,800 tons per day, the project can incinerate 650,000 tons of waste, supply power of 190 million kWh, save standard coal of 81,000 tons and reduce CO₂ emission by 189,400 tons.

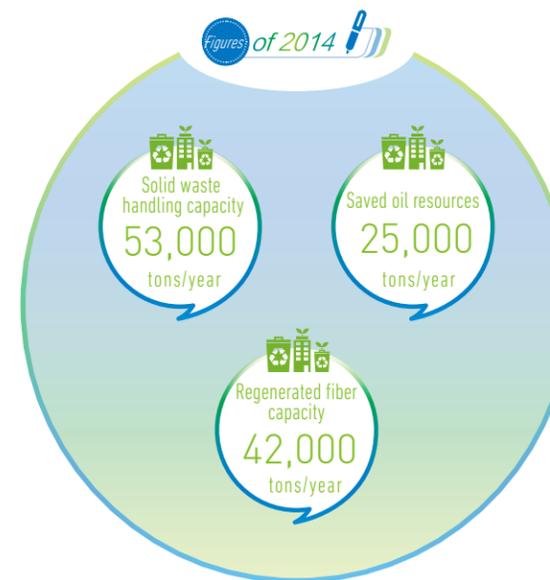
Waste-incinerating Power Plant in Chengdu



Waste Recycling

CECEP has established a national green filtering material development base certified by China Textiles Development Centre. The base turns waste into filtering materials for dust collection at high temperatures, and offers 100-odd patent-based green wellness products by means of self-developed technology and forest residues. As China's first and only leading nonwoven enterprise listed on the Main Board of Hong Kong Stock Exchange, CECEP COSTIN New Materials Group specializes in the capitalization of fiber, petrochemical and plastic wastes and the production of regenerated fiber. It is also China's first nonwoven enterprise to be certified to "carbon footprint" and SCS Recycled.

Figures of 2014



Data Source: CECEP Chongqing Industry

Case: Supporting the Planning of Moutai Circular Economic Industry Park

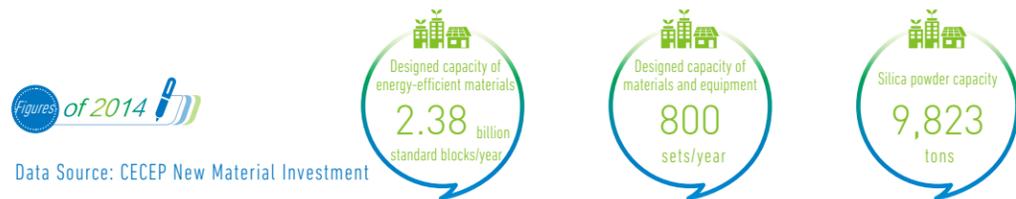
In 2014, Zunyi branch of CECEP Green Carbon Environmental Protection Co., Ltd. and Moutai Group jointly invested in the construction of Moutai Circular Economic Industry Park. Covering an area of about 10,000 mu (6.67 km²), the Park adopts state-of-the-art green technology to maximize the use of clean energy and ensure zero pollutant discharge. On the principle of minimal intervention and in line with the characteristics of upper- and lower-stream sectors, the Park has showcased the brewing process of Moutai to industry peers, developed ecological agriculture and formed the ecological safety pattern. In 2015, CECEP Green Carbon Environmental Protection Co., Ltd. will team up with industrial park development enterprises to issue China's first *Standards for Developing Green Circular Economic Industry Parks*, leading the new mode of industry-city integration for new-type urbanization.

Artist Rendition of Moutai Circular Economic Industry Park



New Material Production

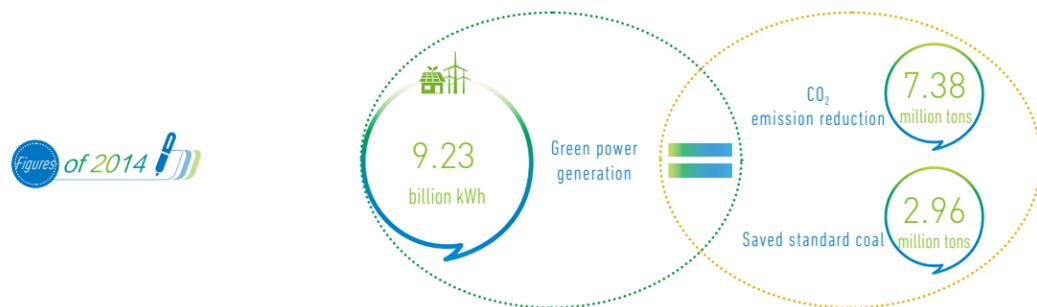
As an energy-efficient, green building material producer with the largest scale in Asia and the second largest productivity in the world, CECEP stays ahead of silica powder production and equipment design capacity in China. We are also a global leader in the R&D and production of cathode materials for lithium-ion battery, a high-end global supplier of lithium-ion battery materials, and China's only supplier of cathode materials for lithium-ion battery to do business with four of the world's Top Seven lithium-ion battery producers, ranking among the world's Top Three in sales.



In October 2014, CECEP New Material Investment Co., Ltd. was honored as one of the second group of model bases and outstanding enterprises running the "double 100 projects" for comprehensive resource utilization. By launching the "double 100 projects", NDRC aims to incubate and support 100 model projects (bases) and 100 outstanding enterprises dedicated to comprehensive resource utilization.

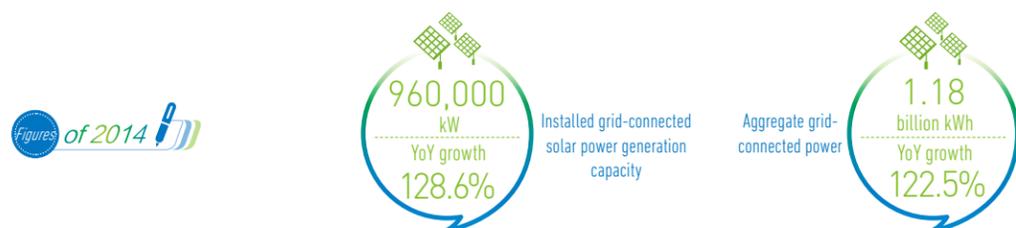
Utilization of Clean Energy

The ever-growing energy consumption in recent years has added strain on energy supply and emissions control, making it imperative for us to adjust energy structure, develop renewable energy, and increase the proportion of non-fossil energy. Committed to wind power and solar power, CECEP will constantly support the sustainable development of beautiful China.



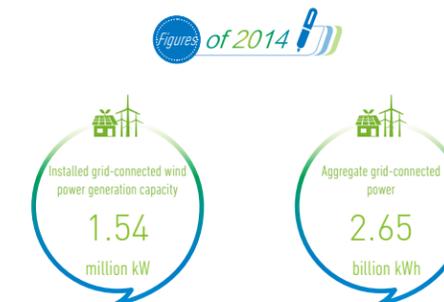
Solar Power

CECEP is committed to an outstanding solar enterprise integrating production, investment, construction, operation, maintenance and technical services. As of Dec. 31st, 2014, CECEP Solar Energy Technology Co., Ltd. had recorded an installed capacity of 1,230 MW, thus becoming one of China's largest PV investors/operators.



Wind Power

China abounds in wind energy resources. As one of the first central enterprises to initiate wind-power business, CECEP possesses premium wind resources of over 20 million kW, and stands out among domestic peers in wind-power project investment and operation. In 2014, we cooperated with local governments on the exploitation of wind energy resources so that green power could better serve the public and that more people could share the benefits of clean energy. CECEP Wind-power Co., Ltd. made common cause with Tongji University, Zhejiang University and 718th Research Institute of China Shipbuilding Industry Corporation to apply for a 863 program entitled "Technical research and demonstration of wind-power-based hydrogen production and fuel cell power system", thus promoting the technical progress of wind-power sector.



Case: Vigorously Tapping into Wind-power Potential of Jiuquan

Jiuquan, Gansu Province, is possessed of 150 million kW of wind power. CECEP has vigorously tapped into the wind-power potential of the city by establishing a wind-power plant with an installed capacity of 400,000 kW, planning for a 100,000kW national model project, and securing National Energy Administration's permission to build a 200,000kW wind-power project in Jiuquan Wind-power Base. We have inked deals with Subei County and Aksay County on 1 million kW wind-power projects, and concluded an agreement with Yumen City on 800,000kW wind-power projects, with contract-based resources amounting to nearly 2 million kW. As a pillar of Jiuquan, wind-power industry has vigorously boosted local economy and employment.



Jiuquan Wind-power Base

Water Environment Improvement

Water is the source of life. Water environment is linked with our living quality. As the only central enterprise specializing in water business for environmental protection, CECEP enjoys such key techniques as biological deodorization, efficient biological denitrification, sludge crushing and biological fermentation. Standing out among domestic peers in industrial sewage treatment capability and technology, we are committed to improving water environment through specialized approaches.

Water Treatment

General Water of China Co., Ltd. runs sewage treatment or water supply projects in ten-odd cities in China. With a daily handling capacity of nearly 6 million tons and an annual treatment volume of some 2 billion tons, the company provides services for 50 million people in ten provinces.



Case: Integrated Urban-Rural Water Supply by Laohutan Reservoir

Laohutan Reservoir in Huzhou, built by General Water of China Co., Ltd., is one of the "RMB 10 Billion water supply projects in Zhejiang Province", and involved by *The Opinions of the State Council on Enhancing Anti-flood Construction around Taihu Lake Basin (2001-2010)* and *The National Reservoir Construction Plans*. With a designed capacity of 99.66 million m³, the reservoir will irrigate an area of approx. 4,900 mu (3.3km²), protect some 350,000 mu (233.3 km²) of arable land, free about 670,000 people from flooding, and supply water to 470,000 people or so. Being China's first reservoir run via government-enterprise cooperation and BOT (build-operate-transfer), it is honored as a "water conservancy BOT project with Chinese characteristics". As a reserve water source of Taihu Lake, the reservoir has made remarkable contributions to household water use, and promoted the integration of urban-rural water supply in Huzhou.

In October 2014, Laohutan Reservoir was granted the "Qianjiang Cup" Outstanding Project Award, the highest honor of construction projects in Zhejiang.



Water Quality Monitoring

Identifying the type, concentration and changing trend of water pollutants through technical approaches will provide guidance for water treatment and relevant environmental tasks. As one of the first enterprises qualified for water quality monitoring and water business operation in China, CECEP has developed corporate standards for devices monitoring heavy metals in water. The China-leading wastewater online monitoring system of Chinatech Talroad (Beijing) Technology targets such parameters as ammonia nitrogen, total nitrogen, total phosphorus, oil in water, and heavy metals.



Wastewater Online Monitoring Project of Shanxi Environmental Administration

Ecological Restoration

CECEP is experienced in ecological restoration. On the strength of the world-leading devices for monitoring heavy metals in water and the bioremediation technology, both developed by ourselves, we stand out among domestic peers in ecological restoration rate. We have applied for the construction of the State Environmental Protection Engineering Center for Industrial Contaminated Site and Groundwater Remediation of MEP which will become China's first national engineering center for soil remediation. In 2014, we teamed up with local governments and enterprises to undertake a number of key programs after scientific reasoning and careful planning. Having remedied 133,000 m³ of polluted soil, we are fully committed to eco-civilization construction.

In 2014, CECEP Dadi Environmental Remediation Co., Ltd. handled such projects commissioned by Ministry of Environmental Protection as *The Selection of chromium slag contaminated site remediation technology* and *The Research on risk management & control over the entire process of site survey and remediation*, and applied for a number of research programs including the "technology integration and demonstration for safe use of farmland with exceeding Cd, As and Ni contents in mining and industrial areas in central and southern China", and the "integrated technology for fast remediation of soil from sites with organic pollutants". We participated in the researches on the Survey Report of Ministry of Science and Technology on *China's Groundwater Pollution Control and Remediation*, on MEP's *Piloting and Demonstration of Comprehensive Environmental Stewardship at Contaminated Sites*, *The Letter of Suggestions of NDRC on Survey and Remediation of Contaminated Sites* by National Engineering Centers/Labs as well as other industrial technical reports and guidelines, thus promoting China's ecological restoration technology in an all-round manner.

Case: Handling Heavy Metal Pollution for a Beautiful Hechi City

Hechi City, Guangxi is defined by the central authority as a key area for heavy metal pollution control. By integrating the systems of survey & evaluation, pollution control, eco-civilization construction, and circular economy, CECEP's subsidiary is engaged in the demonstration project of heavy metal pollution control in the city. Through phased pollution control and ecological restoration, it has gradually established a circular economic system in line with local development modes, turned tailings into harmless resources for industrial use, and contributed to the building of a beautiful city.



Heavy Metal Pollution Control in Hechi

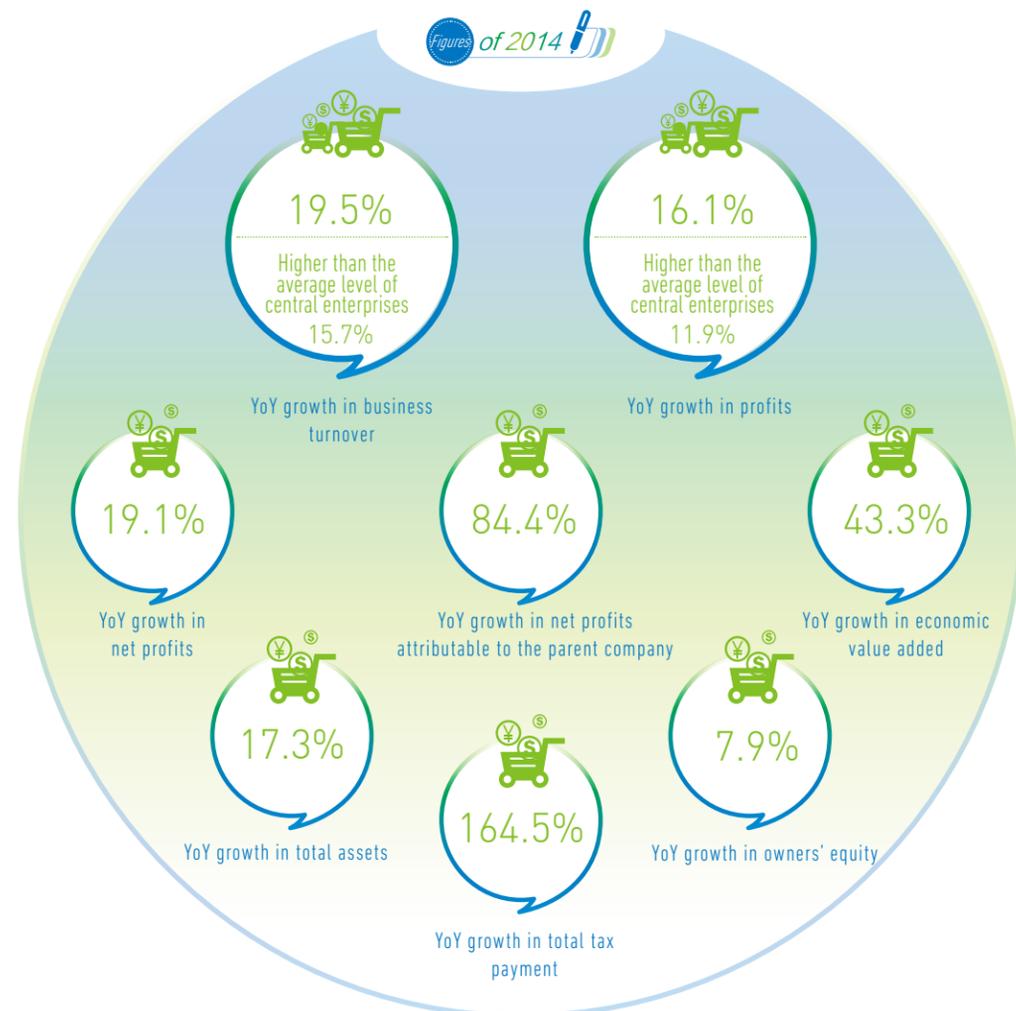


Pursuing

Managerial Excellence



Efficient and scientific management is an endogenous power for corporate development. CCEP has observed national guidance, deepened institutional reform, adhered to innovation-driven development, and strived for management improvement, steadily marching towards a world-class service- and technology-oriented conglomerate in the field of energy conservation and environmental protection.



Note: All figures above are accurate to one decimal place.

Work Safety

Safety is CECEP's core values and primary task. It constitutes an integral part of our culture. All of our members (including employees of our contractors) are entitled to, and responsible for the creation of, a safe workplace. Besides, we have included employee safety into our safety performance management system, established a life-respecting culture so that safety can become a part of our duties and life, stressed the leadership of executives at various levels, implemented the plan for safety commitment of main responsible persons and safe behavior of individuals, and called for proactive engagement and improved behavior of employees to realize safety goals. We have constantly improved our safety management system, and benchmarked ourselves against best industrial practices. We have traced and improved major safety indicators, striving to minimize our safety risks.

To create a safer workplace, we invested RMB 120 million to address hidden dangers in 2014.

Safety Management Approaches

In 2014, starting from the optimization of our safety management system, we established and streamlined the accountability system, institutional system, training system and performance evaluation system for work safety, and adopted multiple approaches to ensure production and operational safety and avoid accidents. Through work safety scrutiny, we identified over 260 hidden dangers, promptly removed safety problems on site and prevented their recurrence.

Nine Approaches to Work Safety



Safety Training

We have streamlined our safety training system, and enhanced employee awareness through off-the-job training, workshop practice, classroom education and simulation-based teaching.

In 2014, we organized six safety training sessions of different types for over 700 employees. Based on their realities, the headquarters, subsidiaries and branches held safety knowledge and skill competitions in various forms, in an effort to build employees' awareness and capability of safe work.



First Aid Training

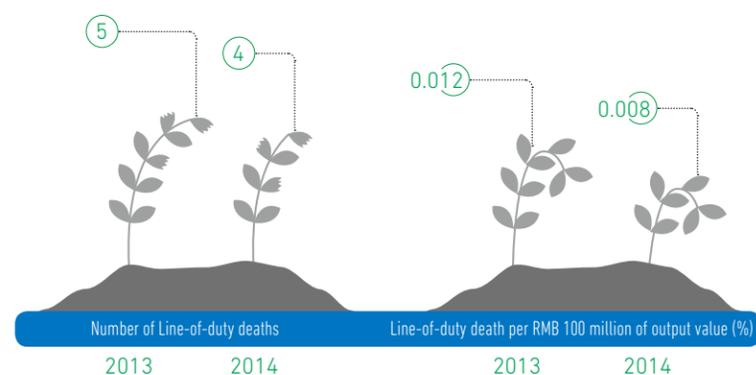
Enhancing Emergency Management

In 2014, we enhanced emergency management capacity building and prepared *The CECEP Contingency Plans Regarding Safety Accidents*. We engaged 150-odd employees to observe the production and operational emergency drill involving nearly 200 people, thus enhancing the awareness of branches at various levels and taking emergency drills up a notch.

Reflection on Accidents

In 2014, CECEP maintained work safety while seeking development. Nevertheless, we failed to eliminate safety accidents as certain subsidiaries were exposed to serious hazards. Such accidents sounded a wake-up call on our challenges. Starting from the optimization of our safety management system, we clamped down on irregularities, identified hidden dangers, and enhanced publicity, education and project outsourcing management, thus improving our work safety management in an all-round manner.

Figures of 2014



警钟长鸣 May 24 Fire Accident

Review:

Ningxia Branch of CECEP New Material Investment Co., Ltd., 13:45, May 24, 2014 - During the repair and cutting on the roof of a workshop, the insulation board was ignited and 2,800 m² of roofing materials burned out. Part of the assembly lines were destroyed and suspended for 30 hours. Fortunately, there was no line-of-duty death.

Response:

The Safety Monitoring Dept. and Capital Construction Dept. of the headquarters immediately headed for the scene to command and investigate for fear of recurrence of such accident. A special team, led by the head of CECEP New Material Investment Co., Ltd., was set up to conduct internal survey and scientific analysis of the cause of the accident. All subsidiaries of CECEP are urged to develop and optimize the high-risk operation management standards, strictly implement the high-risk operation licensing process, and pay heed to precautions.

警钟长鸣 July 3 Sunstroke Death

Review:

North China Branch of China Geo-engineering Corporation, 19:53, Jul. 3rd, 2014 - A male employee from Shahe Project Dept. of Jiangxi Sewage Treatment Plant was hit by sunstroke on the construction site, and died after first aid and hospital treatment.

Response:

After the accident occurred, China Geo-engineering Corporation and Jiangxi Sewage Treatment Plant, on behalf of the builder and the owner respectively, set up special teams to conduct internal survey and forward a report concerned. Tier-two subsidiaries of CECEP were ordered to strengthen safety management over high-temperature operation and flood-season production, assume responsibility for work safety, and implement various precautions. They were also expected to learn from the accident and take concrete steps to enhance contractor safety management.

警钟长鸣 April 13 Contractor Accident

Review:

Chengdu Branch of China National Environmental Protection Corp. around 13:30, Apr. 13th, 2014 - During the installation of pipe frame, an employee of our contractor fell from height due to a broken fastener and died in the course of medical treatment.

Response:

The Safety Monitoring Dept. of China National Environmental Protection Corp. immediately directed the accident to the higher-up and urged Chengdu Branch to check its outsourced projects. Meanwhile, a special team was set up to conduct internal survey, hold persons involved accountable and forward an accident survey report. Tier-two subsidiaries of CECEP were disabused of the idea of outsourcing all safety responsibilities to contractors. Instead, they were supposed to strictly perform their work safety responsibilities, include contractor safety management into their safety management systems, develop the contractor access rules, standardize the safety contract, and take pains with supervising the work process of contractors.

Customer Services

It is our existential basis and relentless pursuit to provide satisfactory products and services. In 2014, we integrated industrial resources to improve our offerings and create higher customer value. CECEP Technology Investment has registered 100% customer satisfaction, 100% product acceptance and 100% customer complaint settlement for three consecutive years.

Customer Management

Setting much store by customer services and management, we have constantly improved our comprehensive service capacity, pressed ahead with systematic customer management, integrated competitive resources and talents from the industrial chain, and provided customers with all-round services and solutions. We have kept customer information under wraps, concluded non-disclosure agreements with employees, and strictly prohibited disclosure of individual information and business secrets.



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Case: Enhancing Services and Customer Management

Given the concentration and large scale of flue gas treatment business, CECEP L&T Environmental Technology Co., Ltd. has established a customer management system, classified customers into specific groups, enhanced communication and provided a wider array of value-added services, realizing sharp increase in service quality and customer management.

Updating the basic information, corporate plans, business development and organizational changes of customers; gaining a deeper insight into customer needs; and working out featured environmental service proposals and implementation plans

Preparing the Environmental Protection Monthly Report; paying regular visits to partner enterprises and offering environmental solutions; and providing considerate environmental consulting services

Setting up customer files

Strengthening customer feedback management

Establishing the customer credit rating system

Enhancing value-added customer services

Rating customers as per their business scale and credit; and tilting premium resources towards outstanding customers

Routine surveys and visits; in-depth communications with responsible persons; identifying weaknesses and soliciting advice from customers; and including customer satisfaction and the effectiveness of relationship improvement approaches into the performance evaluation system

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Case: Value-added Services for Sub-Park Customers

CECEP Suzhou State Environmental Protection Hi-Tech Industrial Park Development Co., Ltd. has established in the Park an environmental protection hi-tech incubator - Suzhou Energy Conservation and Environmental Protection Hi-Tech Entrepreneurial Sub-Park, thus building a complete industrial chain comprising the incubator, accelerator and the Park. The Sub-Park provides suitable resources for enterprises at different stages so that they can share the services and support facilities of the Park at low costs. Priority is given to energy conservation and environmental protection start-ups which, after incubation, can seek accelerated development in the Park. So far, the Sub-Park has accommodated 130 enterprises; 56 of them are being incubated, and 36 have been incubated. An energy conservation and environmental protection industry cluster has thus taken shape, recording an annual output value of over RMB 3 billion. In 2014, the Sub-Park was named a "model entrepreneurial base for small-sized start-ups in Jiangsu", and identified as a provincial "technology enterprise accelerator" by the Science and Technology Dept. of Jiangsu Province.

Quality Management

In 2014, committed to higher-quality products, CECEP further improved the organizational system, institutional system and evaluation system for quality management of the headquarters, subsidiaries and branches, realizing 100% coverage of the systems. The entire production process strictly complies with the various quality requirements, aiming to provide customers with reliable, satisfactory and green products.

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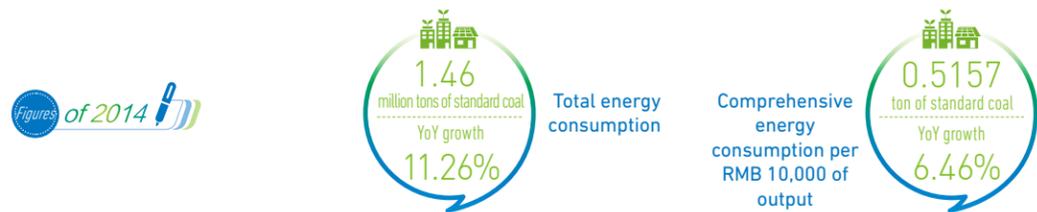
Case: Constant Improvement in Quality-centered Management

In 2014, CECEP New Material Investment Co., Ltd. saw a sharp increase in product quality as a result of stricter quality control. Its subsidiary, Shuangyashan Oriental Wall Material Group, has applied its quality-focused business ideology to various tasks:

- Aligning the entire process of equipment production with European standards, and strictly implementing the quality management rules concerned;
- Interiorizing the ideology of combining prevention and process control, and enhancing quality assessment of bulk commodities so as to identify and solve problems before product delivery, and prohibit the marketing of sub-standard goods;
- Extending quality check to assembly lines commissioned or being installed;
- Monitoring the entire process of key international projects, identifying and solving quality problems through the systematic process from laying down procedures and enforcement to evaluation and rectification”, thus realizing closed-loop management.

Green Operation

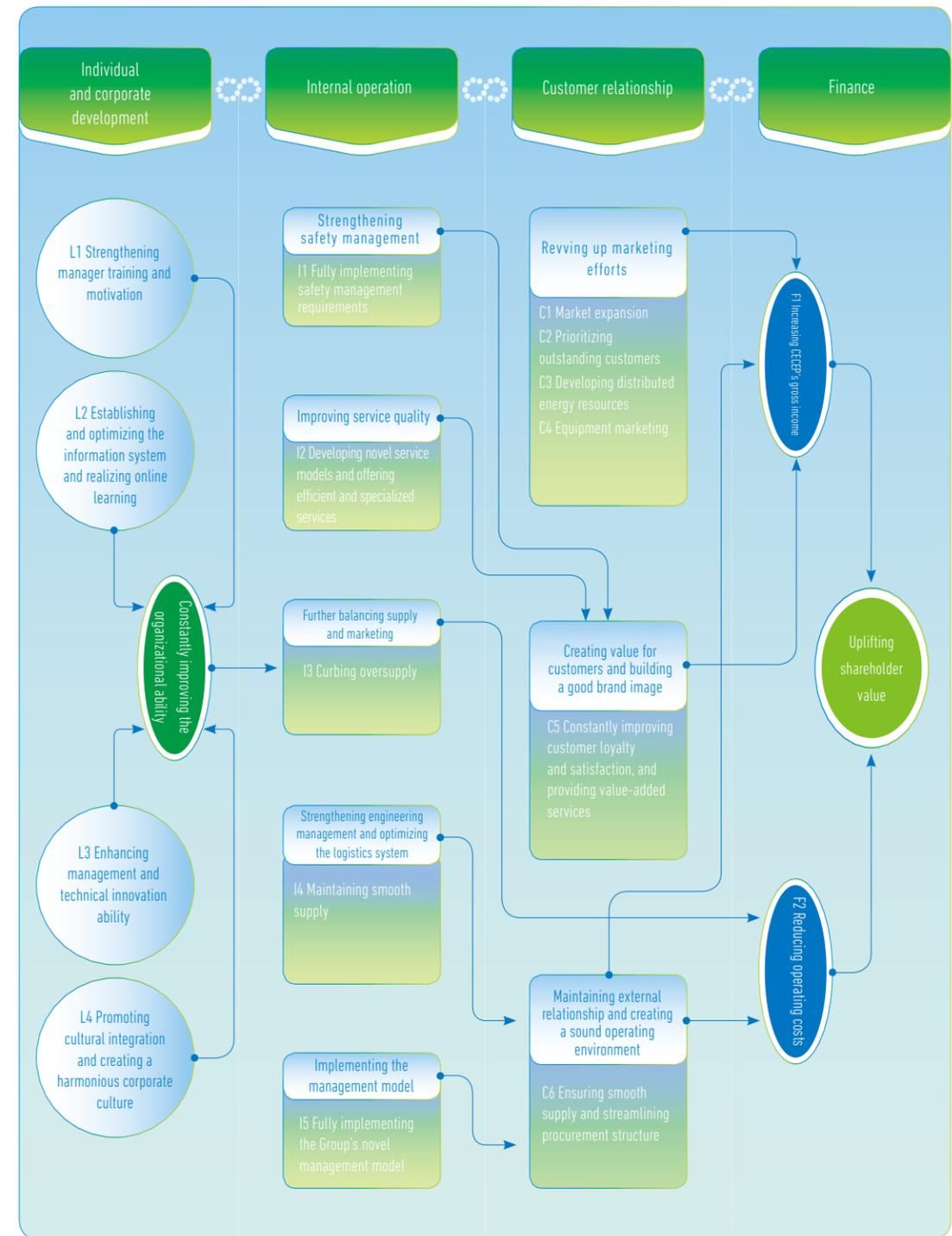
Green operation is our natural attribute and inevitable choice for sustainable development. We have promoted green production, engaged in biodiversity conservation, and reduced energy consumption at every rung of the operational ladder.

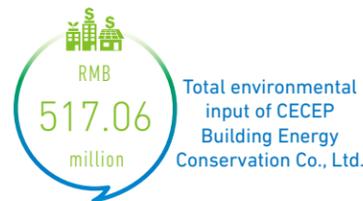


Management System

To better address environmental problems and implement the strategy of low-carbon development, we have constantly increased capital input, established and optimized the organizational and institutional systems for environmental stewardship, and boosted green business through green operation. By regularly publishing the CSR report and releasing news on our website, we make public the information concerning environmental protection and thus ensure operational transparency.

CECEP Green Operation System

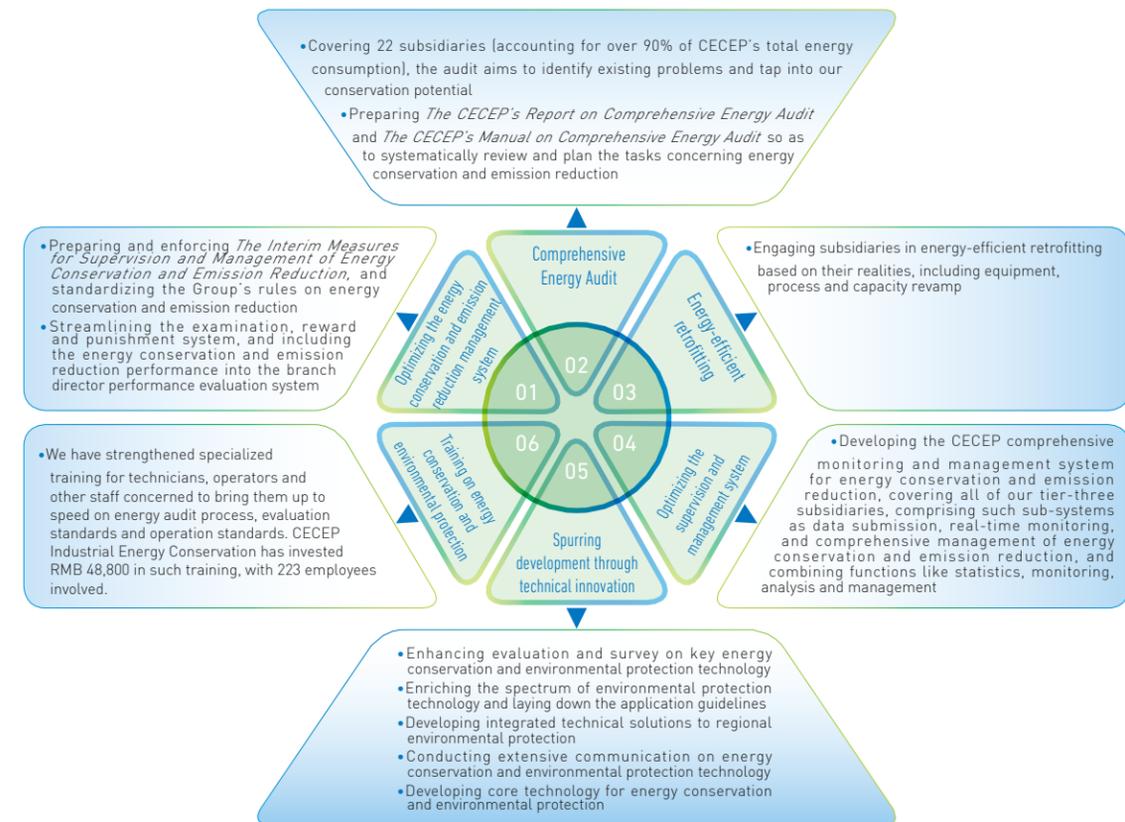




CECEP has carefully implemented *The Guiding Opinions of SASAC on Establishing the Mechanism for Assessing Social Stability Risks of Major Issues Concerning State-owned Enterprises Reform*, and defined environmental impact and risk assessment as a prerequisite for major programs and decisions. As a result, 100% of new construction projects have gone through risk assessment. We have stayed in close touch with communities within the radius of major projects and, based on their feedbacks, developed improvement procedures, warning mechanism and contingency plans. We have analyzed the natural environment and biodiversity of areas where our operations are based, and applied sophisticated technology to environmental protection and restoration.

Energy Conservation and Emission Reduction

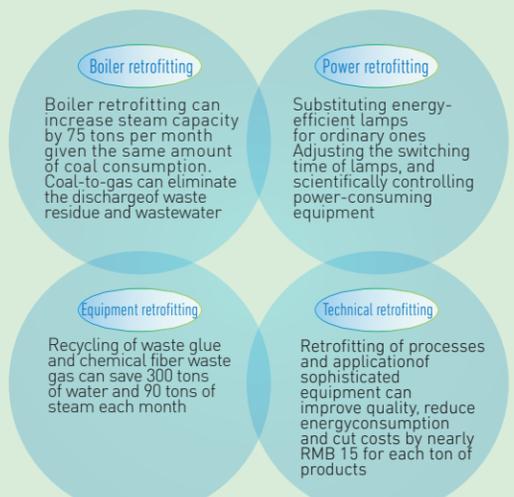
To rev up transformation and upgrading, we have defined energy conservation and emission reduction as a long-term endeavor. In 2014, we established and optimized our institutional framework, strengthened technical innovation, developed and promoted technology and procedures concerning energy conservation and emission reduction, and accelerated the conservation capacity building of subsidiaries. As a result, there is a significant improvement in water and gas cycling, marking the standardization and normalization of energy conservation and emission reduction. In 2014, we proceeded with the minimization and recycling of packaging. CECEP Environmental Protection Investment Development (Jiangxi) recycled 350,000 tons of packaging materials.



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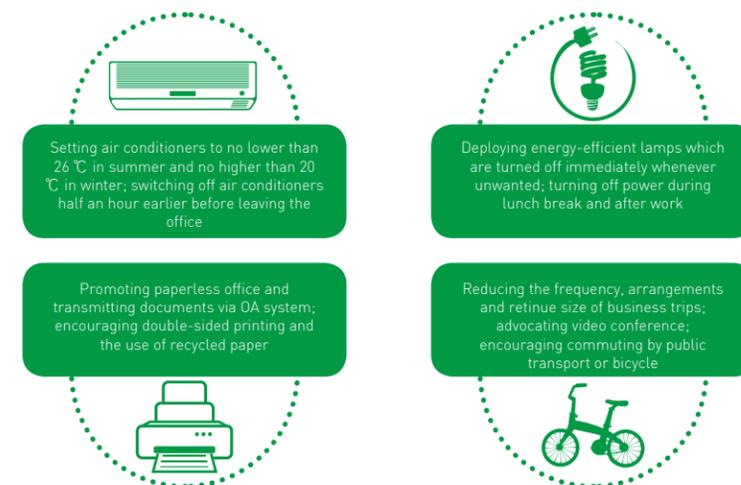
Case: Promoting Environmental Retrofitting and Tapping into Conservation Potential

CECEP COSTIN New Materials is a hi-tech enterprise specializing in nonwovens production and technical development. In 2014, it retrofitted its production process and technology, tapped into its conservation potential, further reduced energy and material consumption on condition of meeting the emission standards, and enhanced the performance of green production.



Green Workplace

Advocating low-carbon, green workplace, we start from the trifle deeds and conduct publicity and training to create an energy and material conservation environment.



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Case: Green Workplace and Low-carbon Life

CECEP New Era Health Industry (Group) Co., Ltd. has launched a green workplace campaign, and organized a survey on the effectiveness of the campaign and employees' environmental awareness and behavior. Results show that 95.46% of the employees are willing to use recycled paper in their work. After the launch of the campaign, employees have proactively engaged in waste paper classification and recycling, and created a conservation environment. So far, the campaign has been held twice, with about ten tons of waste paper collected.



Management Improvement

The new socioeconomic conditions have posed new challenges to State-owned enterprises. In 2014, we further probed into management reform and constantly improved our management system through scientific practices.

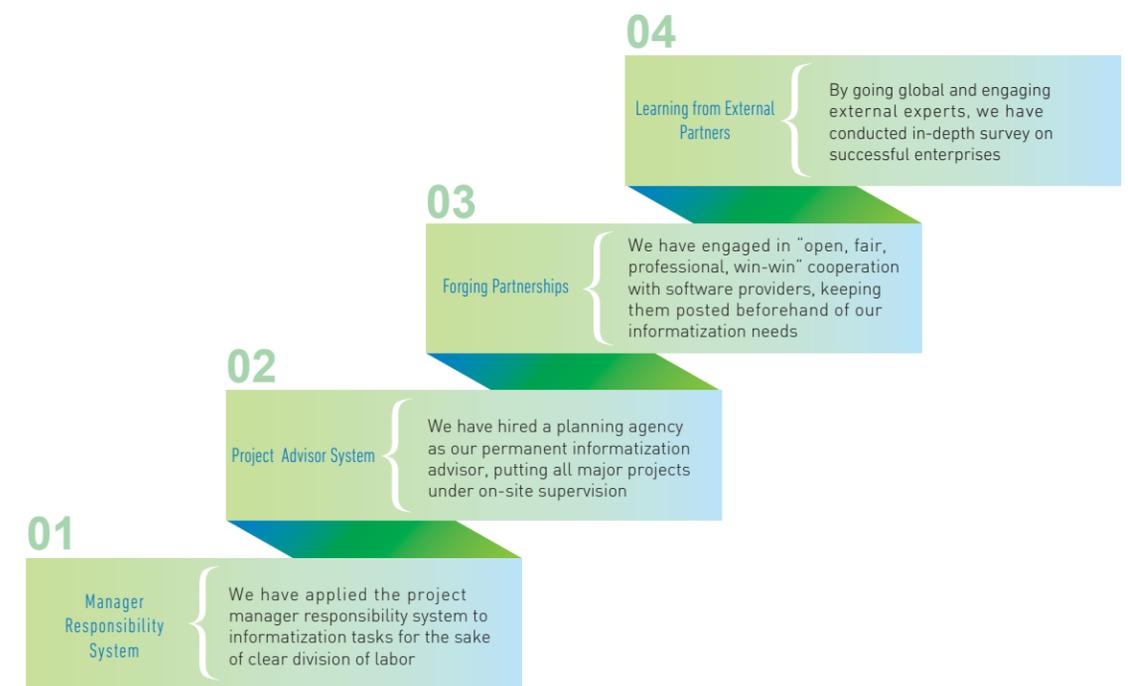
Industrial Restructuring

In 2014, given the trend towards above-scale enterprise specializing in segmented markets, we scientifically adjusted our industrial layout and strived to build core competence on the strength of competitive products and technology:

- We incorporated enterprises and assets of CECEP and those concerning green building, combining premium resources to build a professional green building platform;
- CECEP Wind-power Co., Ltd. was successfully listed on the SSE Main Board, thus enhancing its clean energy development capacity by dint of social capital;
- As a dividend sharing pilot entity approved by SASAC, CECEP L&T Environmental Technology Co., Ltd. will further integrate the interests of the enterprise and employees, enhancing the competitiveness of the former and mobilizing the latter;
- CECEP Building Energy Conservation Co., Ltd., CECEP Water Business Development Co., Ltd., and China National Environmental Protection Corp. successfully completed M&A of hi-tech enterprises and technical teams, integrating premium resources within and without the Group and streamlining the industrial chain.

Informatization

We have vigorously integrated informatization with industrialization, standardized our business process and enhanced internal risk control. In 2014, we brought into preliminary shape a top-down information ladder, held the first Group-wide informatization work meeting, fulfilled our annual goals of information system construction, summarized effective approaches and promoted overall improvement in the system.



CECEP's Featured Informatization Approaches

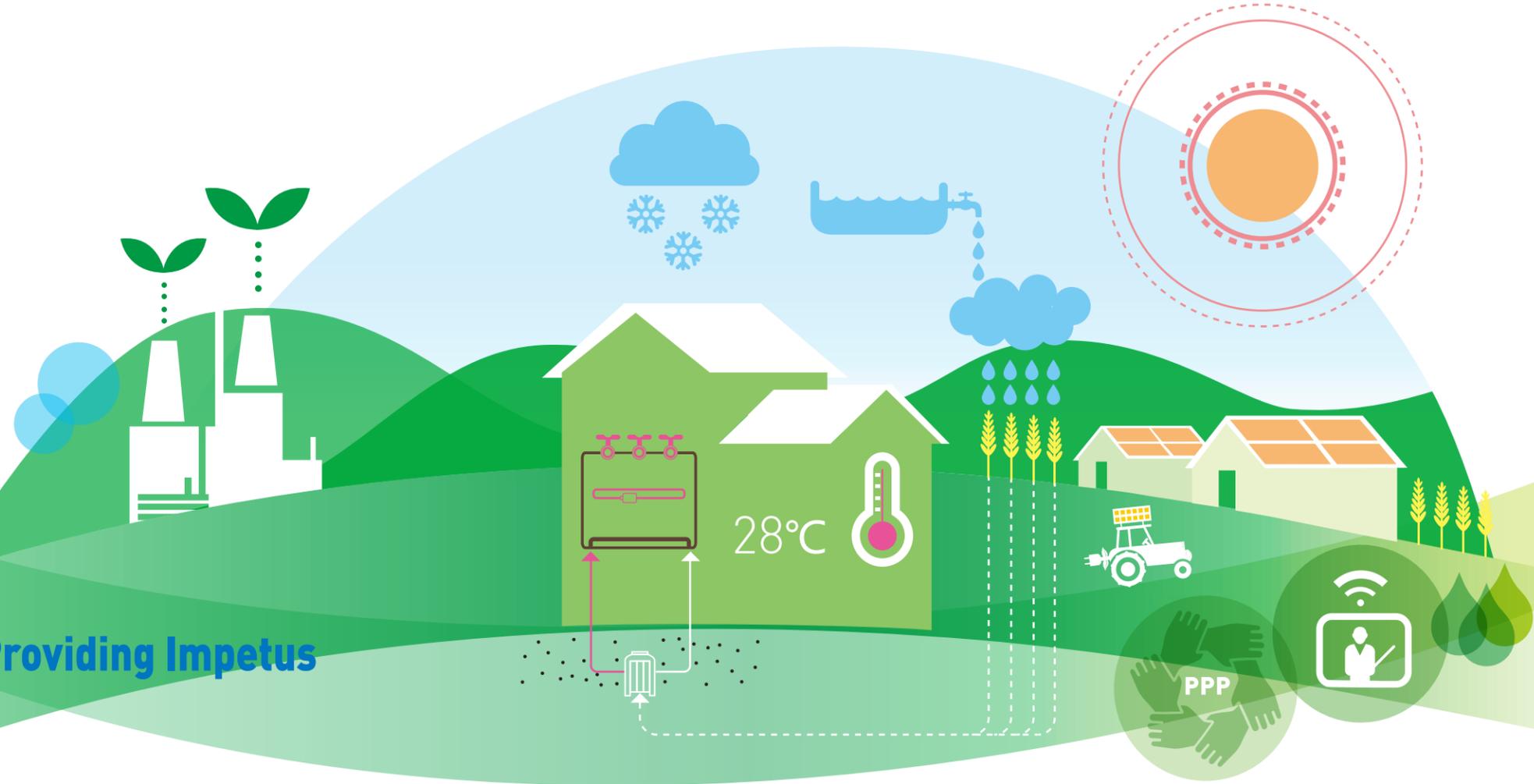
Standardization

Standardization is a key approach to consolidating management improvement and establishing a long-term mechanism concerned, an important aspect of "market-oriented, professional, standardized, internationalized and informatized" development, and a prerequisite for building a world-class service- and technology-oriented conglomerate in the field of energy conservation and environmental protection. In 2014, the "year of standardization", we promoted standardization from 11 perspectives (including production & operation, and management & control system) at three levels - the headquarters, tier-two subsidiaries and pilot enterprises. We developed new methods for management items structure analysis, and held project launches, training camps, on-the-spot sessions for benchmarks and on-site acceptance meetings, with over 2,000 employees involved in training.

滴

Providing Impetus

For Constant Innovation

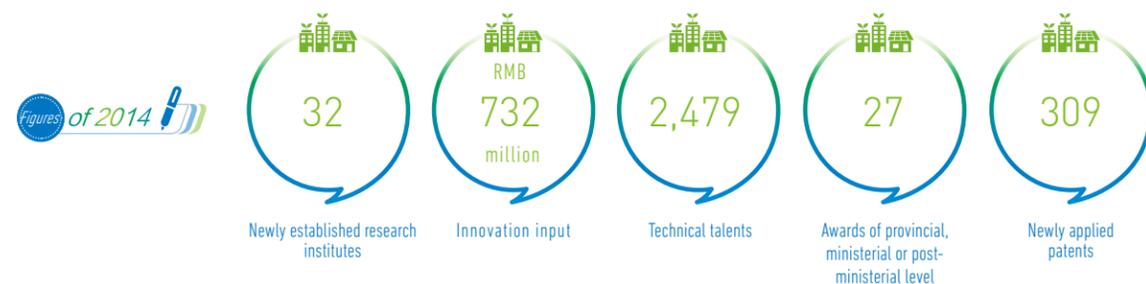


Innovation is an inexhaustible wellspring and cornerstone of corporate prosperity. By right of open innovation mode, strong economic position and advanced R&D platform, CICEP has laid a solid foundation for innovation. In 2014, we continued to translate innovations into productive force, creating new value for the Group, customers and society.

Technical Innovation

Seeing technical innovation as a driver of corporate sustainability, CECEP has established an orderly top-down innovation management system, increased innovation input, strengthened our platform, and optimized our talent cultivation mechanism. In 2014, innovation input accounted for 1.49% of business revenue, and technical talents for 8.56% of total employees. In the SASAC ranking of central enterprises by patent, CECEP rose from No.73 in 2011 to No.57 in 2013.

The "R&D of SCR denitrification equipment for large coal-fired plants and boilers and the construction of production base", a project led by China New Era International Engineering Corporation, has applied for the "key industry transformation and upgrading funds for central State-owned capital operating budgets", and received grants of RMB 5.4 million from MOF as well as awards and subsidies of RMB 4.2 million from governments at various levels over the year.



Case: Promoting Innovation through Multiple Approaches

CECEP Industry Development Co.,Ltd. has comprehensively strengthened management of technical innovation system, improved the institutional framework for innovation, created an innovation platform for technical talents, and promoted cooperation among enterprises, universities and institutes, thus providing catalyst for corporate development.



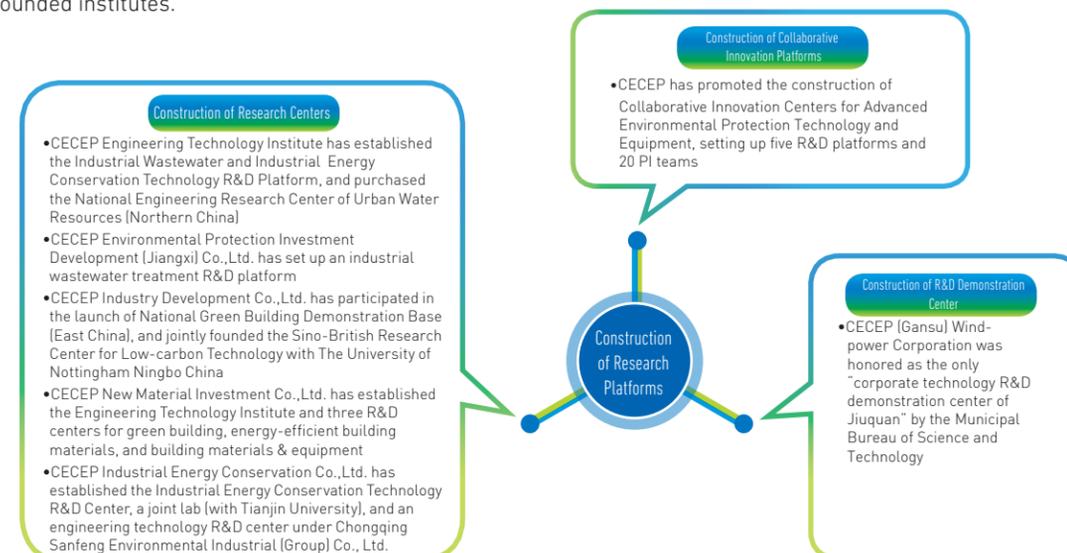
Enhancing Management

We have specified our technical innovation strategies, ameliorated our innovation system and developed an innovation-driven development mode, thus ensuring the sustainability of innovation from the perspectives of strategy, organization, institution and process. In 2014, we further improved our technology management and organizational systems, strengthened evaluation and gradually formed a supervision system targeting the entire innovation process, thus laying a solid foundation for innovation management.



Platforms Construction

CECEP has promoted the development of research platforms at various levels, calling on subsidiaries to apply for the establishment of 2014 National Certified Enterprise Technical Centers, National-Local Joint Engineering Research Centers (Engineering Laboratories) and other R&D entities. The year 2014 registered 32 newly founded institutes.



Case: Xie Xiaoqing Labor Model Innovation Studio Leads Industrial Technology Development

Based on the platform of Xie Xiaoqing Labor Model Innovation Studio, Xiamen Sewage Plant under General Water of China has engaged in talent cultivation and developed new technology and standards, thus contributing to a livable, eco-friendly Xiamen. In 2014, the Studio was named "pioneer entity of Xiamen", with its R&D project entitled the "application of nano-catalytic electrolysis and sludge deep dewatering technology to sewage plants" dubbed as an "outstanding technical innovation project of Labor Model Innovation Studio in Xiamen".

Technical Innovation

- We have developed, applied and promoted the anti-falling safety network for urban drainage pipeline inspection wells. Our sewage pipeline network has recorded zero personal injury due to loss of bilge well cover for eight years in a row since 2005

Standards

- We have led the preparation of Operation and Management Standards for Municipal Wastewater Treatment Plants in Fujian Province, promoted compliance of such plants and provided basis for competent authorities to enhance supervision

Talent Cultivation

- As of the end of 2014, 801 sewage treatment workers and 526 sewage assessors had passed our industrial training. Xie Xiaoqing was included in the list of "Millions of Leading Engineering Talents of Fujian Province"

Talent Cultivation

We have constantly improved our training curriculum, lecturer system and operating mechanism, promoted leadership development, and implemented the "blue sky plan" based on a four-rung talent development ladder. By 2014, we had 290 R&D talents, 38 national technical talents, and six newly recruited or developed high-end leading talents. Xue Zhifeng, Technical Director of CECEP Building Energy Conservation Co.,Ltd., was named "Talent in Technical Innovation and Entrepreneurship of the Innovative Talent Promotion Plan". Li Jie from CECEP L&T Environmental Technology Co.,Ltd. was granted the 9th National Award for Youth in Science and Technology by the Chinese Society for Environmental Sciences.

Case: Simulation Training Center Supports Cultivation of Technical Talents

Qinghuangdao Branch of China National Environmental Protection Corp. has retrofitted the simulation machines jointly developed in 2010 with North China Electric Power University and built the first simulation training center of China National Environmental Protection Corp. aiming to promptly translate research achievements into practical teaching resources, represent the in-situ conditions and shed light on the developments of plugged-in technology.

As an important internship and training base of China National Environmental Protection Corp. the Center stays in close touch with national power industry and research institutes. The Center has concluded a technical service agreement with Baoding SinoSimu Technology Co., Ltd. (SinoSimu), confirming that each student who has passed the simulation training test will receive a qualification certificate from the China Electricity Council. Since its initiation, the Center has offered simulation training to over 200 students who have been highly spoken of by employers for their improved practical skills.

Developing New Business Models

We have constantly improved our comprehensive services for energy conservation and environmental protection, prepared a white paper and a brochure on integrated solutions to environmental stewardship, energy conservation and emission reduction, promoted collaboration between industrial chains and between upper- and lower-stream of any industrial chain, and enhanced our profitability and brand influence.

Case: Developing New Business Modes and the Core Competence of Comprehensive Services

Through seamless integration of innovative business modes, strategies and investment, CECEP L&T Environmental Technology Co.,Ltd. has enhanced its core competence of comprehensive services for energy conservation and environmental protection, and spurred sustainable development of the company.

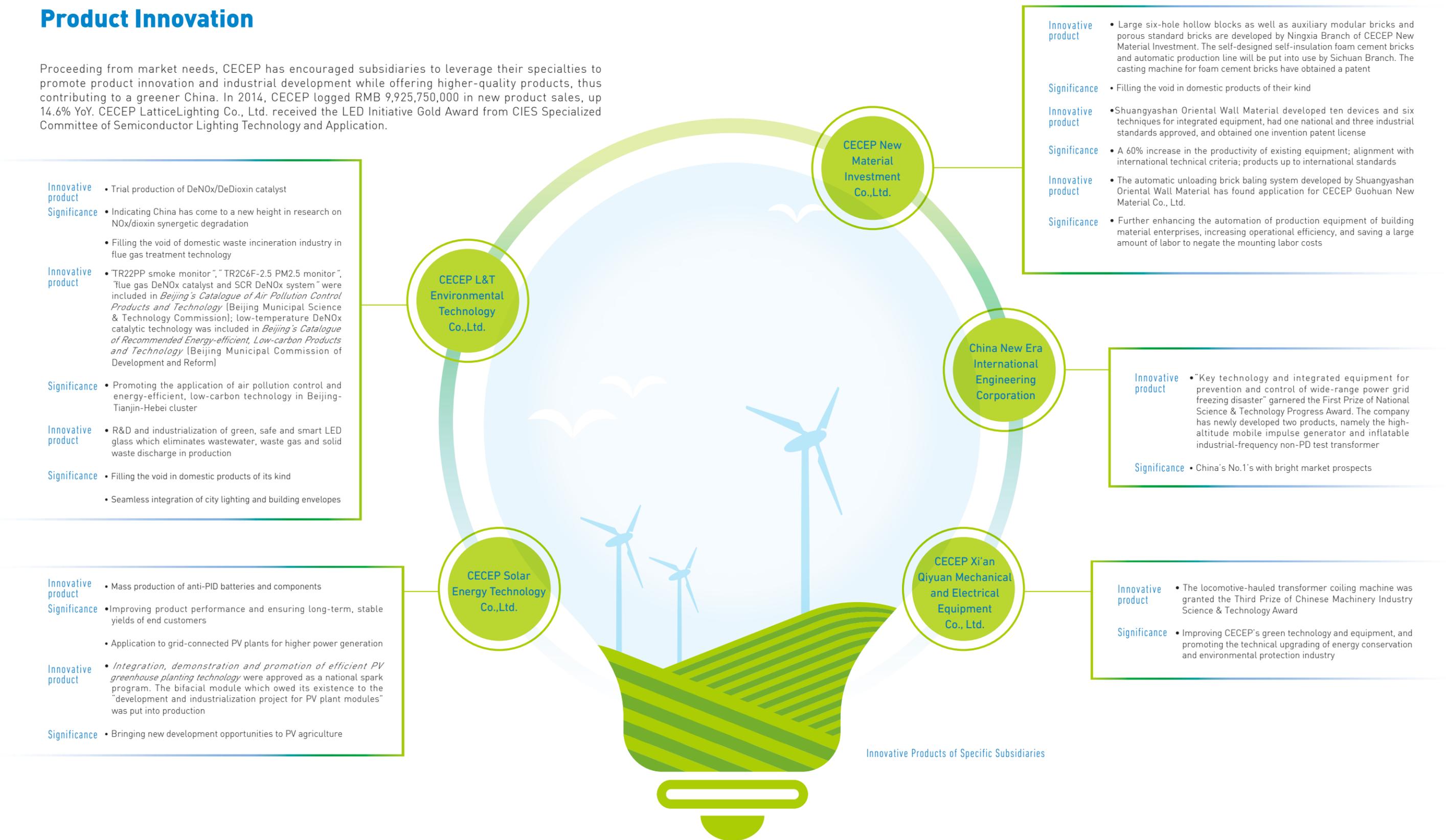
- Facilitating the establishment of China International Engineering Consulting Environmental Investment and Management Co., Ltd. and the implementation of lifecycle solutions to environmental stewardship;
- Promoting the initial application of PPP to environmental monitoring;
- Jointly establishing the CECEP Talroad Xingde Environmental Protection Technology Co., Ltd. with the Environmental Protection Department of Guizhou so as to provide environmental and energy efficiency monitoring and big data services in Guizhou.

Tips

Public-private partnership (PPP) refers to the mode by which the government and social capital forge partnership based on a concession agreement to jointly develop an urban infrastructure project or provide specific public goods or services. The rights and obligations of each party are specified in a contract to ensure smooth cooperation and better results than what each party may achieve if acting alone.

Product Innovation

Proceeding from market needs, CECEP has encouraged subsidiaries to leverage their specialties to promote product innovation and industrial development while offering higher-quality products, thus contributing to a greener China. In 2014, CECEP logged RMB 9,925,750,000 in new product sales, up 14.6% YoY. CECEP LatticeLighting Co., Ltd. received the LED Initiative Gold Award from CIES Specialized Committee of Semiconductor Lighting Technology and Application.



Innovative product • Trial production of DeNOx/DeDioxin catalyst
Significance • Indicating China has come to a new height in research on NOx/dioxin synergetic degradation
• Filling the void of domestic waste incineration industry in flue gas treatment technology

Innovative product • "TR22PP smoke monitor", "TR2C6F-2.5 PM2.5 monitor", "flue gas DeNOx catalyst and SCR DeNOx system" were included in *Beijing's Catalogue of Air Pollution Control Products and Technology* (Beijing Municipal Science & Technology Commission); low-temperature DeNOx catalytic technology was included in *Beijing's Catalogue of Recommended Energy-efficient, Low-carbon Products and Technology* (Beijing Municipal Commission of Development and Reform)

Significance • Promoting the application of air pollution control and energy-efficient, low-carbon technology in Beijing-Tianjin-Hebei cluster

Innovative product • R&D and industrialization of green, safe and smart LED glass which eliminates wastewater, waste gas and solid waste discharge in production

Significance • Filling the void in domestic products of its kind
• Seamless integration of city lighting and building envelopes

Innovative product • Mass production of anti-PID batteries and components
Significance • Improving product performance and ensuring long-term, stable yields of end customers
• Application to grid-connected PV plants for higher power generation

Innovative product • *Integration, demonstration and promotion of efficient PV greenhouse planting technology* were approved as a national spark program. The bifacial module which owed its existence to the "development and industrialization project for PV plant modules" was put into production

Significance • Bringing new development opportunities to PV agriculture

CECEP L&T
Environmental
Technology
Co.,Ltd.

CECEP Solar
Energy Technology
Co.,Ltd.

CECEP New
Material
Investment
Co.,Ltd.

China New Era
International
Engineering
Corporation

CECEP Xi'an
Qiyuan Mechanical
and Electrical
Equipment
Co., Ltd.

Innovative product • Large six-hole hollow blocks as well as auxiliary modular bricks and porous standard bricks are developed by Ningxia Branch of CECEP New Material Investment. The self-designed self-insulation foam cement bricks and automatic production line will be put into use by Sichuan Branch. The casting machine for foam cement bricks have obtained a patent

Significance • Filling the void in domestic products of their kind

Innovative product • Shuangyashan Oriental Wall Material developed ten devices and six techniques for integrated equipment, had one national and three industrial standards approved, and obtained one invention patent license

Significance • A 60% increase in the productivity of existing equipment; alignment with international technical criteria; products up to international standards

Innovative product • The automatic unloading brick baling system developed by Shuangyashan Oriental Wall Material has found application for CECEP Guohuan New Material Co., Ltd.

Significance • Further enhancing the automation of production equipment of building material enterprises, increasing operational efficiency, and saving a large amount of labor to negate the mounting labor costs

Innovative product • "Key technology and integrated equipment for prevention and control of wide-range power grid freezing disaster" garnered the First Prize of National Science & Technology Progress Award. The company has newly developed two products, namely the high-altitude mobile impulse generator and inflatable industrial-frequency non-PD test transformer

Significance • China's No.1's with bright market prospects

Innovative product • The locomotive-hauled transformer coiling machine was granted the Third Prize of Chinese Machinery Industry Science & Technology Award

Significance • Improving CECEP's green technology and equipment, and promoting the technical upgrading of energy conservation and environmental protection industry

Innovative Products of Specific Subsidiaries

创



Creating Platforms

For Win-win Cooperation



CECEP has established cooperation platforms and stayed in close touch with the government, research institutes and suppliers, thus promoting local energy conservation and environmental protection industry, and addressing climate changes and other global concerns with social stakeholders. We are committed to building a responsible supply chain, performing CSR with enterprises concerned, and promoting green, healthy development of the chain. We have enhanced communication with industries and peers so as to jointly promote industrial management and technical progress.

Cooperation for Mutual Benefits

CECEP promotes strategic cooperation and shares resources and achievements with partners. In 2014, we conducted over 60 cooperations and exchanges with the government, enterprises, banks, colleges and international stakeholders, signed 22 strategic agreements and six international pacts including *The MOU on Strategic Cooperation*.

	Targets of Cooperation	Field of Cooperation	Value of Cooperation
Government Cooperation	Governments of Beijing, Hubei, Hebei, Heilongjiang and Inner Mongolia, etc.	Energy conservation and environmental protection industry	Promoting local energy conservation and environmental protection industry
Banking Cooperation	China Development Bank Shanxi Branch, and Pudong Development Bank Tianjin Branch, etc.	Credit support, etc.	Jointly boosting energy conservation and environmental protection, and contributing to a greener China
Enterprise Cooperation	Chongqing Chemical and Pharmaceutical Holding (Group) Company, and Shanxi Lu'an Mining Group, etc.	Energy conservation, environmental protection, and comprehensive use of resources	Drawing on each other's strengths and building competitiveness
College Cooperation	Tianjin University, etc.	R&D of industrial energy conservation technology, etc.	Revving up the formation of technology layout and supporting major business
International Cooperation	Mali and Greece, etc.	Environmental monitoring, energy efficiency management, and comprehensive solutions to energy-efficient industry, etc.	Introducing sophisticated technology, addressing climate changes, and spurring the rapid development of local energy conservation and environmental protection, green agriculture and tourism

Case: 20 Years with Merck

2014 marked the 20th year of cooperation between Yantai Valiant Fine Chemicals Co.,Ltd. and Merck Co., Inc., the oldest pharmaceutical and chemical company in the world. Over the past two decades, the two parties have developed strategic partnership and profound friendship on the basis of mutual trust and mutual benefits.

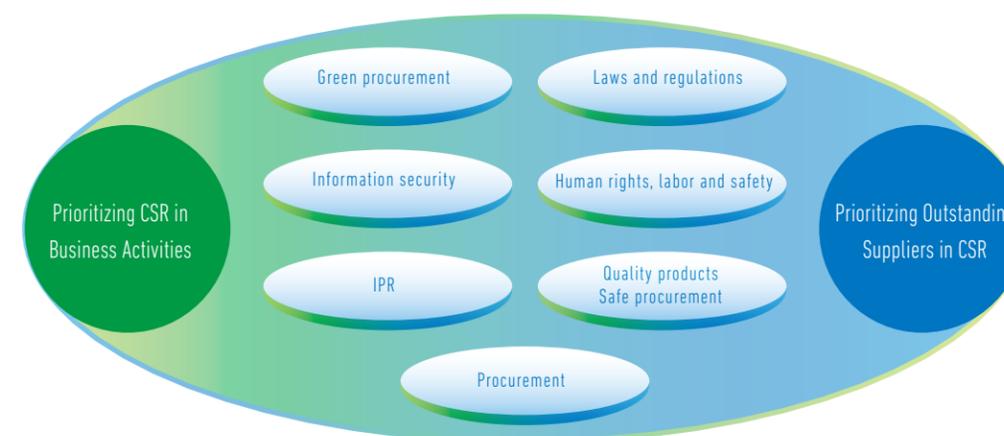
"Merck and Valiant have built a big family. We treat each other as half brothers."

— Merck



Supply Chain Management

CECEP safeguards suppliers' rights and interests, and promotes responsible, transparent procurement. We have called for suppliers' CSR performance, prepared *The Guiding Opinions on CECEP's Procurement and Bid Invitation*, strengthened quality management of upper- and lower-stream suppliers, and prevented quality risks of industrial chain. We have vigorously promoted contractor safety management, engaged CNPC's experts to train tier-two subsidiaries, and built the evaluation capacity of contractors at various levels, thus growing and performing CSR together with suppliers. In 2014, CECEP registered 100% economic contract compliance. CECEP Environmental Protection Investment Development (Jiangxi) Co.,Ltd. and CECEP New Material Investment Co.,Ltd. respectively clocked up a 98% and 95% responsible procurement rate. Suppliers certified to our quality, environment and occupational health and safety management systems account for over 31%.



CECEP Calls on Subsidiaries to Conduct Supply Chain Management

- Safeguarding Suppliers' Rights and Interests**
 - General Water of China Co.,Ltd. has engaged in bid invitation for transparent procurement across the board. It has adopted the supplier access system and strictly evaluated new suppliers
 - CECEP Dadi Environmental Remediation Co.,Ltd. has opened discussions on annual cooperation with examination and boring & sampling subcontractors
 - CECEP Building Energy Conservation Co.,Ltd. has collected supplier information and built three databanks on project contractors, equipment supply, and consulting respectively, setting the stage for centralized bid invitation and procurement
- Promoting CSR Performance of Suppliers**
 - General Water of China Co.,Ltd. has concluded with hazardous chemical suppliers the procurement and transport agreement containing environmental protection clauses
 - China New Era (Group) Corporation has laid down The Administrative Rules on Supplier Examination and Inspection, aiming at regular/irregular examination and on-site inspection on qualified suppliers. The results of such examination and inspection in a specific month are linked with the order of the next month
 - CECEP LatticeLighting has placed requirements on supplier commitment to trustworthy operation as well as labor and environmental protection
 - CECEP Industry Development Co.,Ltd. has made a catalogue of qualified product and service suppliers, and gradually brought into shape the green building industry chain
 - CECEP COSTIN New Materials has taken into full account suppliers' qualifications with respect to wastewater and air pollution control, waste removal and treatment, waste reduction and energy conservation, toxic substance management and declaration
- Growing with Suppliers**
 - CECEP Environmental Protection Investment Development (Jiangxi) Co.,Ltd. has invested RMB 17,500 in supplier training and RMB 32,800 in supplier communication
 - CECEP Solar Energy Technology Co.,Ltd. has conducted supplier evaluation and engagement, integrated information on procurement, supply and services, and developed an industrial chain in favor of supplier interactions
 - CECEP COSTIN New Materials has rewarded outstanding suppliers on an irregular basis, and routinely organized suppliers to visit the company

Promoting Industrial Development

We have advocated honest operation and fair competition, organized and participated in industrial exchanges, and shared our experience without reservation in energy conservation and environmental protection. We have led or participated in the preparation of national and industrial standards, thus regulating and driving industrial development and boosting the influence of relevant sectors.



The CECEP Seminar on Gas Turbine Technology and Application organized by CECEP Engineering Technology Institute and co-organized by CECEP Industrial Energy Conservation and Chongqing Sanfeng Environmental Industrial



The Exchange of Domestic Plastic Printing Composite Flexible Packaging Industry on Comprehensive Solutions of VOCs Governance, co-organized by CECEP TianChen (Beijing) Environmental Protection S&T under CECEP Assets Management

Industrial Exchange

- CECEP has participated in the International Trade Fair for Energy Conservation and Environmental Protection (EnerCon China 2014) as a special supporter, in an effort to enhance international cooperation and promote the transformation and upgrading of domestic industries
- The CECEP Seminar on Gas Turbine Technology and Application, organized by CECEP Engineering Technology Institute and co-organized by CECEP Industrial Energy Conservation and Chongqing Sanfeng Environmental Industrial, promotes technical cooperation and exchange with domestic key institutes and manufacturers concerned
- The symposiums on heavy metal pollution control policies and the seminars on heavy metal pollution control contribute to the development of soil (heavy metal) pollution control approaches
- The Exchange of Domestic Plastic Printing Composite Flexible Packaging Industry on Comprehensive Solutions of VOCs Governance, co-organized by CECEP TianChen (Beijing) Environmental Protection S&T under CECEP Assets Management, helps promote the information and technology concerning volatile organic compounds (VOCs) treatment

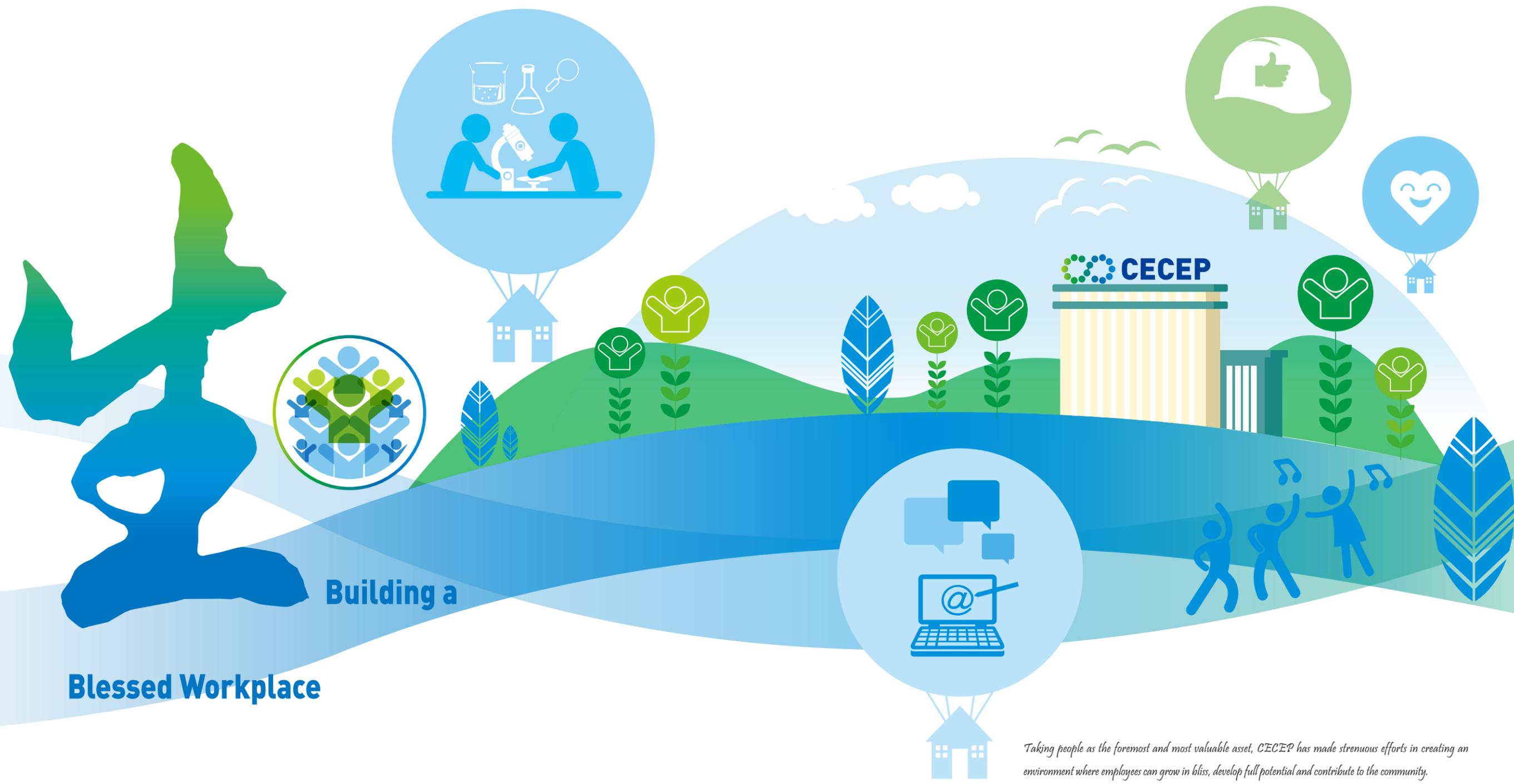
Standards

- In 2014, CECEP laid down 27 national or industrial standards
- The Plan for Implementing the Industrialization of Key Energy-efficient Technology and Equipment* prepared by CECEP has revved up the industrialization of key energy-efficient technology and equipment in China
- With the support of State Environmental Protection Engineering Center and China Engineering Center Partnership for Contaminated Sites Remediation (E3), CECEP Dadi Environmental Remediation Co.,Ltd. has participated in the preparation of 15 soil and groundwater standards, guidelines and technology catalogues of MOST, MEP and MOHURD. It has applied for the development of two national environmental protection standards and for two environmental research programs, thus promoting the standardized development of domestic environmental remediation industry
- The method for installation of large TRT-based compressor* and *The method for welding with expandable bellows*, both developed by The No.4 Metallurgical Construction Company of China Limited, were honored as engineering methods at the ministerial level of 2014
- CECEP TianChen (Beijing) Environmental Protection S&T has laid down *The Proposal for VOCs Treatment by Packing and Printing Industries and instructions concerned*, called for Implementation of Action Plan on Prevention and Control of Air Pollution across the country, and guided domestic packaging and printing industries in overall treatment of VOCs



Case: CECEP Advocates the Establishment of Beijing Water Environment Treatment Industry Alliance

Beijing Water Environment Treatment Industry Alliance, based in Beijing and oriented to Hebei, was jointly set up by CECEP, Beijing Drainage (Group) Co., Ltd. and other six enterprises concerned. Focused on technical innovation, market expansion and the development of standards, the Alliance has been working on sewage and sludge treatment, water recycling and water environment treatment, thus fostering the environmental protection industry, building the independent innovation capacity and overall competitiveness of water environment treatment sector, and relieving Beijing-Tianjin-Hebei cluster of water shortage and environmental degradation.



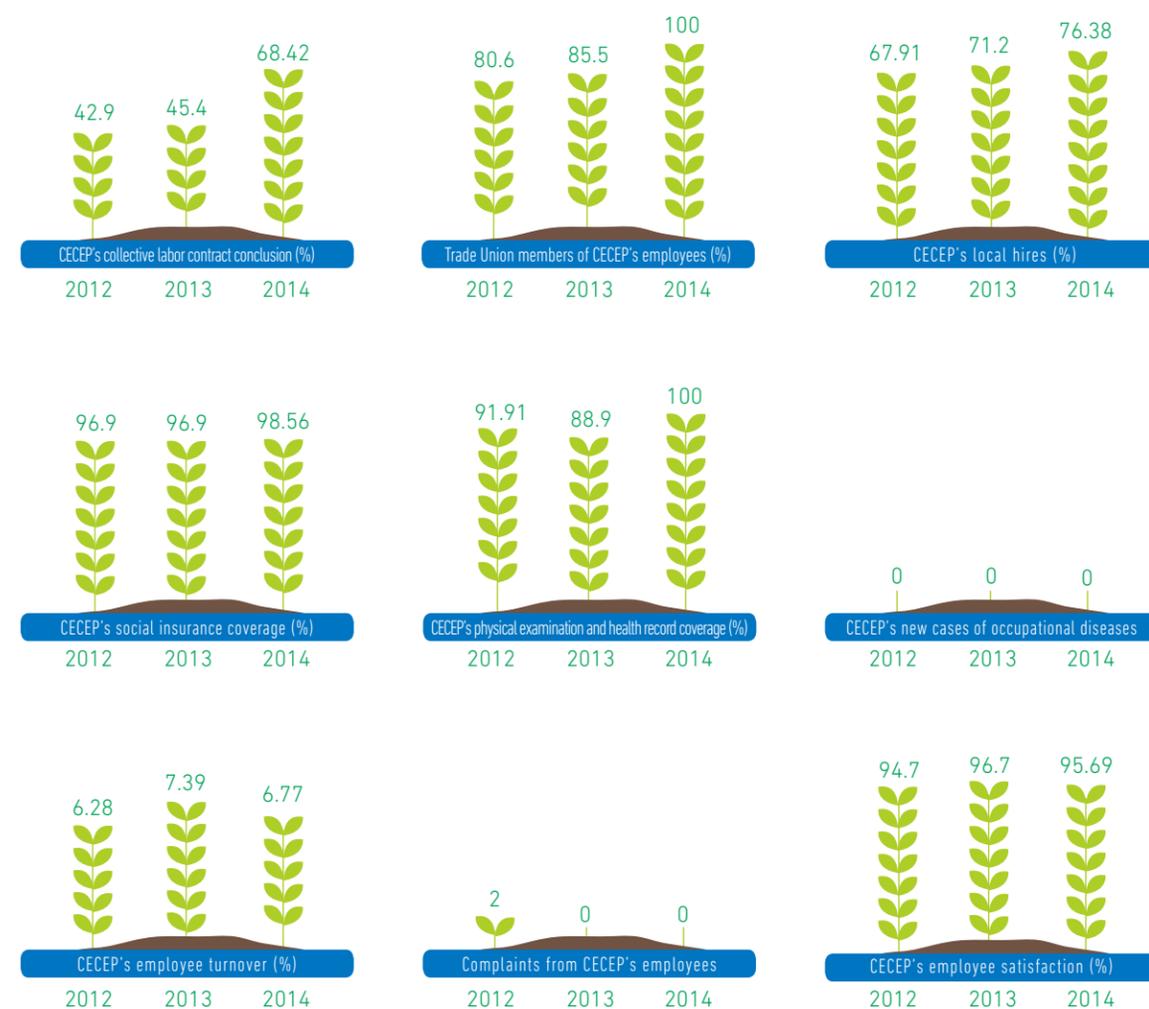
Taking people as the foremost and most valuable asset, CECEP has made strenuous efforts in creating an environment where employees can grow in bliss, develop full potential and contribute to the community.

Safeguarding Employees' Rights and Interests

In strict observance of *The Labor Law*, CECEP has established and improved the institutional systems for labor contracts, salary & welfare, female workforce protection and work-related injury insurance, and offered overtime compensation. In 2014, we improved the salaries and benefits for our employees, reconciling corporate performance with personal gains.

"Filling the heart of each employee with dignity, passion, social responsibilities and genuine joys."

— Wang Xiaokang, Chairman of CECEP



Respecting Employees

CECEP has opposed discrimination and forced labor in any forms, and improved and implemented the Administrative Measures for Maintenance of Secrecy and other internal by-laws. We have also insisted on fair recruitment and equal pay for equal work, and established a multi-level system for employees to enjoy social guarantee and annual leaves.

Occupational Health

With occupational health being one of our priorities, we have established and optimized the health and safety management systems and strived to offer better work environment for employees. Our magic weapons include streamlined occupational disease and injury prevention & control system, regular physical examination, and equal health and safety protection for part-time employees and contract employees. We have managed to establish an effective and healthy psychological counseling mechanism and, by dint of mental health lectures, helped relieve stress and ensured sound mental health of our employees. We have also seen a gradual increment in the number of employees among the Committee on Occupational Health and Safety, and a growing awareness for health and safety.



CASE: Lecture on Chronic Disease

In 2014, CECEP Sichuan Industrial Co., Ltd. invited doctors from Chengdu Chenghua Center for Disease Control and Prevention to give lectures on the features, causes and cures of most common chronic diseases as well as the importance of proper diets, cigarettes and alcohol abstinence, appropriate exercises and psychological equilibrium, encouraging employees to take part in the "Healthy Lifestyle for All" initiative.

The company offered oil control kits, salt control spoons, pedometers, sports intensity reference card and other health tools, and organized the knowledge competition about proper diets to foster among employees a strong sense of health and self-health care against chronic diseases.



Health Lecture

Employees' Involvement in Domestic Management

We have optimized the employees' congress and trade union systems, disclosing enterprise affairs. Multi-tiered channels for effective communication have been opened up through, among others, the Leadership Reception Day, the Chairman Reception Day and seminars, in a bid to ensure all employees have the rights to be informed, to participate, to be heard and to oversee. In 2014, the first representative membership conference was organized by the trade union of CECEP headquarters, where members of the first trade union committee, funds review committee and female employee committee for the headquarters were elected.



Election at the First Representative Membership Conference of CECEP Headquarters Trade Union

Stimulating Vitality

Taking talent development as a priority, CECEP has practiced in an all-round way the strategy of strengthening the Group by relying on talents and offered vigorous supports for individuals to obtain passion and growth.

CECEP "135" Strategy

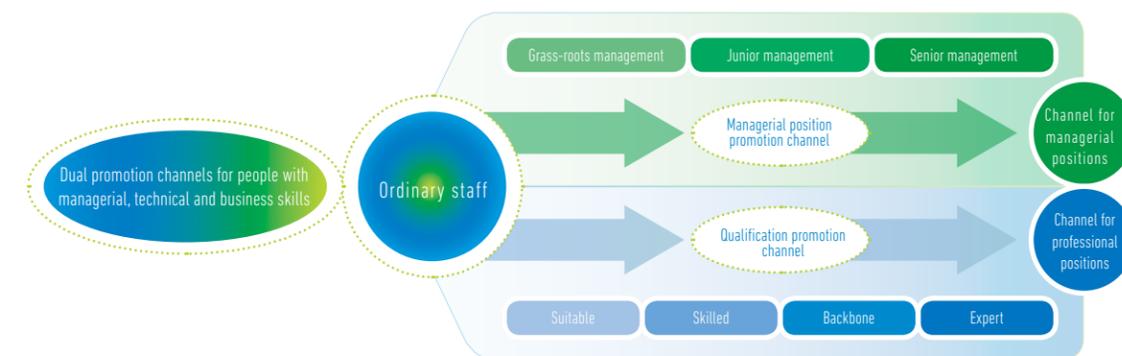


Main Measures to Optimize HR Management



Career Ladder

We have strengthened career planning and management, opened up dual promotion channels for people with managerial, technical and business skills, and created a broad vista for all experts at all levels. In 2014, we brought HR management up to standard, formulated and revised 10 odd institutional systems such as "rules on examination and approval of major events", facilitated job swap and learning among young employees, identified clear career development paths and enabled young employees to grow and become great talents.

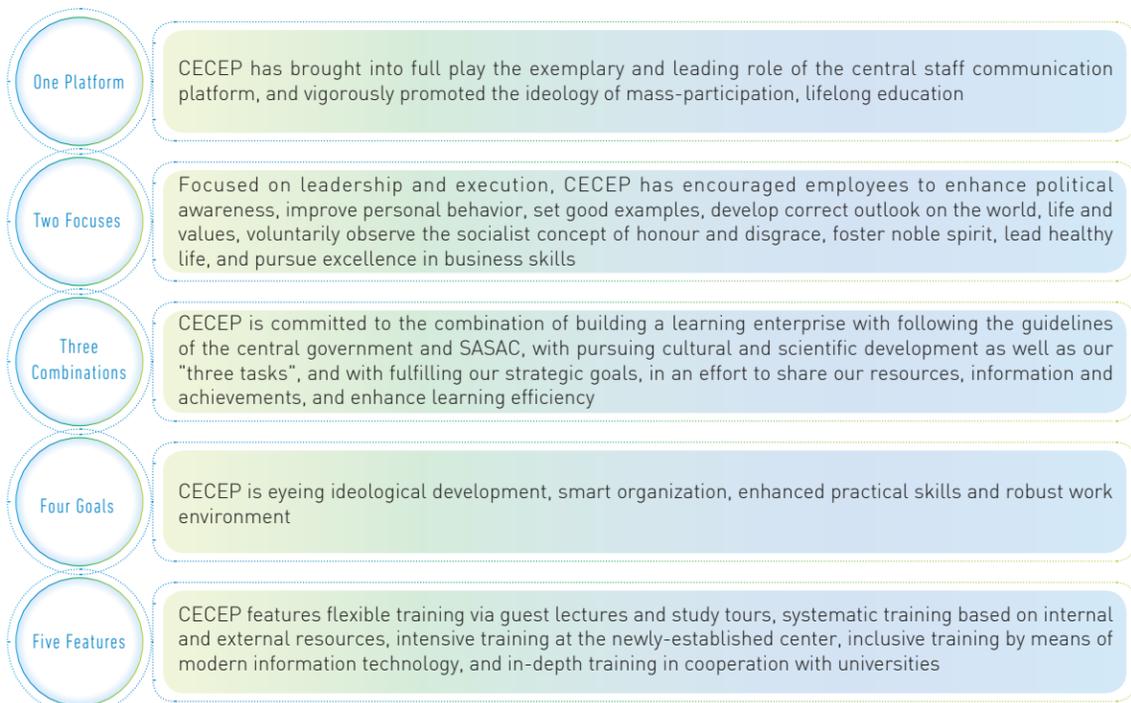


CASE: Diverse Kinds of Talents Put Expertise to Good Use in Overseas Markets

Of over 3,000 overseas employees of China Geo-engineering Corporation, 90% are temporarily seconded by peer companies or agencies and enjoy fair treatment in compliance with applicable local laws based on the principle of "equal pay for equal work". Anyone with excellent performance and certain years of overseas work experiences may be put on the payroll and may be promoted to leadership if qualified. In 2014, 12 overseas employees were added to the payroll. This has offered a new path for overseas workforce to step up further on their career ladder, and inspired and enhanced the sense of belonging and teamwork spirit.

Training and Exchanges

We have built up a stage for employees to grow and a staff training system to embody CECEP characteristics. In 2014, we conducted investigations to understand the training needs of our employees and issued *2014 CECEP Training Program*. We also completed all rectifications concerning the Party's mass line education practices and were chosen by SASAC to exchange experiences in writing at the summing-up meeting for the second time.



CECEP Employee Training System

In 2014, we set up a featured training system, promoted capacity building of the training center, worked out the implementation scheme for the "blue sky plan" training system, organized three training sessions for carrying out the important messages of President Xi Jinping, and offered special skill trainings for trade union leaders, grass-roots heads and workers at the production line. In 2014, the Group invested RMB 6,943,310 in 4,170 trainings for 20,753 people/times, reaching up to 40 hours per person after a YoY increase of 15.4%.



CASE: CECEP Held the First Skill Competition

To promote mutual exchange and learning, CECEP organized the first skill competition for all employees in 2014. Altogether 40 candidates from General Water of China Co., Ltd. CECEP Environmental Protection Investment Development (Jiangxi) Co., Ltd., CECEP L&T Environmental Technology Co., Ltd. and CECEP Chong Qing Industry Co., Ltd., etc. took part in the theory and practice examinations for two posts, where 6 candidates won the title of "skilled experts of enterprises directly under the Central Committee" awarded by SASAC and 10 won the title of "skilled experts of CECEP".



Practice Examination of the First Skill Competition

Caring for the Employees

It is our endless pursuit to realize harmony and felicity of the employees, and foster a harmonious, healthy and blessed work environment. In 2014, we invested RMB 4,623,970 in 276 recreational and sports activities which were participated by 26,074 people/times. We also organized the Second CECEP Sports Meeting, Reading Club, sharing activity and other theme events.

01	02	01	Power Walk	04	CECEP Table Tennis Team Joined the 7th "State Grid Cup" Tennis Team Match
03	04	02	Growing Together with CECEP III--- 2014 Reading Club Excellent Works	05	CECEP Solar Energy Technology (Zhenjiang) Co., Ltd. Held "Family Day" Activities
05	06	03	"Central Enterprises Youth Dialogues" CECEP Session	06	2 nd CECEP Sports Meeting

We have improved related systems to help employees in poverty and hardship, and organized all kinds of salutary activities for the retired employees. Also, we have intensified women's representation, setting up the female employees committee to protect women's rights and interests, and displayed the unique feminine charm through diverse and colorful activities.



CASE: Lending a Helping Hand to Needy Employees

China New Era International Engineering Corporation has set up a multi-layered assistance mechanism for employees in difficulties. In 2014, the company applied temporary assistance for 3 needy employees and regular assistance for the year 2015 for 6 employees via Xi'an Machinery and Metallurgy Trade Union, and applied financial subsidies for 6 employees via the Group's trade union. The company also, via Chinese Workers Mutual Insurance Association, renewed mutual-aid medical insurance for 1,000 employees and critical diseases insurance for 303 female employees, and settled claims for 25 employees/times, to minimize the concerns of the employees.



China National Environmental Protection Corp. Organized Shape-Up Dancing Training for Female Employees



Visiting Activities by the Retired

China New Era International Engineering Corporation Organized Tug-of-War for Female Employees to Celebrate the Women's Day



Meeting for the Retired of the Group



Homeland for the Mind

Adhering to the values of "realizing harmony and mutual benefits through due diligence and accountability", CECEP has carried forward the spirits of "hardworking, dedication and innovation" to foster a keen awareness of "responsibilities, eventualities and overall interests". In 2014, we strived to create a homeland for minds that "work attentively together in great harmony" and "respect, forgive, share with and show gratitude to" others.



CASE: Setting the Most Excellent Exemplars for Practicing Core Socialist Values

In March 2014, CECEP kicked off the initiative of "setting the most excellent exemplars and realizing the green Chinese dream". By making the pace with typical cases, CECEP upheld core socialist values, practiced corporate cultural philosophies and fostered a sense of belonging among employees.



The initiative lasted for almost one year; 10 most excellent exemplars were finally identified after rounds of election. In addition, 9 won Nomination Awards and 89 won Entrants Awards. *The Reporting Literature on the Most Excellent Exemplars of CECEP* was published.

Group Leaders Took Photos with the 10 Most Excellent Exemplars

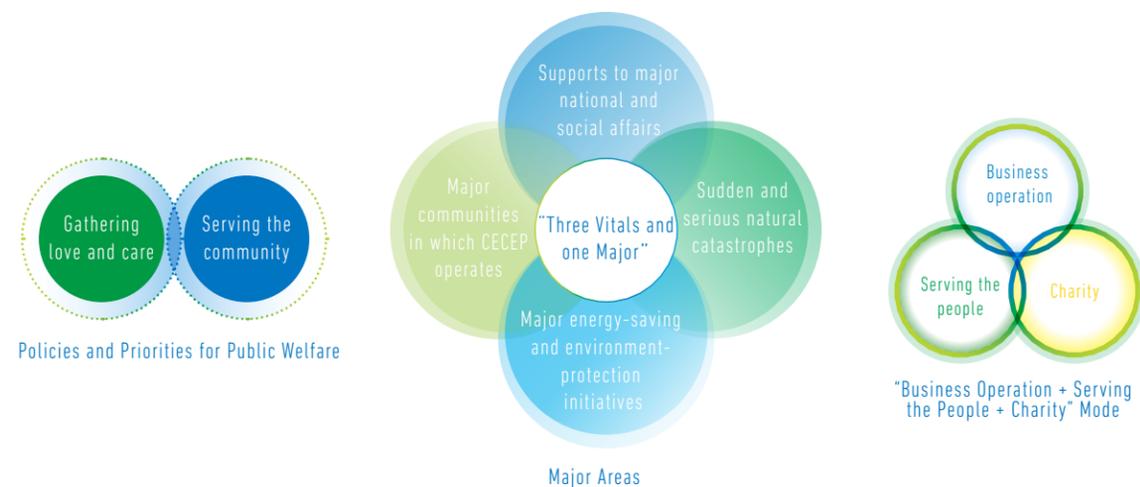




Showing Loving

Care for the Society

While pursuing the growth of the Group and creating benefits for the country, CECEP is always keen to social charity and public good, contributing continuous driving force to the society with sincerity and wisdom. By dint of our strengths in targeted poverty alleviation, counterpart support, charitable donations and other projects for the public good, we have improved the support and assistance programs for different localities, and solved social problems from a strategic and systematic perspective.



Spurring Local Development

CECEP attaches high importance to the social and economic development of communities in which we operate, and strives for mutual growth and benefits by dint of our business strengths.

Local Employment

CECEP has contributed greatly to the local community through localization and local employment policies and practices. In 2014, the Group increased local hires by 76.38%, where over 50% of senior management were locals; took in 52 graduates, 1 ex-serviceman and 1,798 migrant workers; improved localization where we were operating overseas and registered a localization rate of over 90%; and encouraged subordinate companies to offer jobs for disabled locals, the rate of which recorded 1.77% in CECEP Sichuan Industrial Co., Ltd.

CASE: China Geo-Engineering Corporation Promotes Local Employment in Overseas Markets

As a State-own entity engaged in global business, China Geo-Engineering Corporation has attached great importance to fulfilling overseas social responsibilities while pursuing economic gains. The company has attained a high level of localization management in Philippines, Sri Lanka, Ghana and other places where it operates. 100% of non-technical management comes from local communities, and this figure reaches 35% among technical managers.

Improving the Community Living Standard

We have been doing great work to support the communities where we operate, helping them solve practical difficulties and uplift the living standard. In 2014, at the national call of supporting Tibet and Xinjiang for poverty reduction and social development, we offered investment and financial aids to the Tibetan ethnic group and impoverished areas in Xinjiang, Tibet and Qinghai. We also encouraged subsidiaries to evaluate the social impacts of any new projects, and the evaluation rate reached 100% in CECEP Chongqing Industry Co., Ltd., CECEP Wind-power Co., Ltd., CECEP Assets Management Co., Ltd., CECEP Building Energy Conservation Co., Ltd. and CECEP Environmental Protection (Hong Kong) Investment Co., Ltd.



CECEP's Financial Aids for Tibet and Xinjiang

CASE: Rwanda Farmland Irrigation Project

To offer a powerhouse for the sustainable development of agriculture in Rwanda, CECEP China Geo-Engineering Corporation has established a close tie with local communities through meetings, communications and technical trainings, and brought up a cohort of locals on top of new irrigation technologies. This project has enabled local communities to solve the difficulties in irrigation and avoid any conflicts arising from the joust for water sources, so as to promote peaceful coexistence of different tribes. The project has also set up a typical example for the agricultural transformation of Rwanda.

"China offers a powerhouse for local agriculture to soar." -- People's Daily



Case: Preferential Water Policies for Needy Households

General Water of China Co.,Ltd. offers preferential water policies for low-income and extremely poor households in the city proper of Xiangtan. Each low-income family receiving the minimum living allowance from the department of civil affairs is free to use 8m³ water, and each extremely poor household approved by the municipal trade union is free to use 10 m³ water, all on a monthly basis. In 2014, we exempted 30,674 low-income and extremely poor households from RMB 1.42 million bill for the use of 0.56 million tons of water.

CASE: Assisting Local Governments With the Destruction of Unsafe Food

The recent years have seen an increasing number of food, shoddy cotton and other stuff that fail to meet safety standards and jeopardize people's health. Across the nation, governments have taken big actions, disposing and sequestering a considerable amount of hazardous products. The huge cost, however, becomes what baffles local governments in properly disposing such products. In 2014, subordinate companies of China National Environmental Protection Corp. coordinated positively with local governments and destroyed unsafe food and shoddy cotton materials in a harmless and trash-to-treasure way.

China National Environmental Protection (Chengde)Corp.
Helped with the Destruction of Unsafe Food



China National Environmental Protection (Baoding)Corp.
Helped with the Destruction of Shoddy Cotton



Case: Joining forces with Guinea and Mali against Ebola

In 2014, to assist Guinea and Mali with Ebola control, the Guinea/Mali Department of CECEP China Geo-engineering Corporation purchased GNF 280 million (roughly RMB 245,000) worth of disinfectant products in line with the specific requirements of WHO and donated the same to Guinean Ministry of Agriculture, Ministry of National Defense, Ministry of Engineering, Ministry of Energy and other government sectors where the company was operating.

After the outbreak of the epidemic in Mali, the Guinea/Mali Department immediately donated 100 hand-held infrared thermo-detectors worth of RMB 20,000 to Mali for monitoring over Ebola.



Nagbe, Director of the Water Resources Bureau of Guinea (right) Received Disinfectant Products from Liu Zhonghua, GM Assistant of China Geo-Engineering Corporation and GM of Guinea/Mali Department

"It was the Chinese people who built up the first hospital in Gaoual. And it was them again who paved the first cement concrete road for us. When Ebola threatens us, they send disinfectant products. A friend in need is a friend indeed!"

- A much respected elder said at the handover ceremony of disinfectant products from our project team to Gaoual government

Disseminating Knowledge of Energy Conservation and Environmental Protection

We have been disseminating knowledge of energy conservation and environmental protection, to move towards "bluer sky, greener land, cleaner water and a more beautiful human society". As a member of the Climate Group, we have delivered keynote speeches at the Climate Change Conference for five straight years by the end of 2014 and won extensive recognition and respects from the global community. In 2014, the Group co-held the "International Trade Fair for Energy Conservation and Environmental Protection" to share industrial experiences.

CASE: Chairman Wang Xiaokang Addressed the 2nd Session of the 12th CPPCC National Committee

We have conducted vigorous research on the solutions to environmental pollution control and expected all sectors of the society to jointly protect the environment. In 2014, Wang Xiaokang expressed his opinions at the 2nd Session of the 12th CPPCC National Committee. He suggested the revision of the current environmental laws and regulations; confirmation of penalty standards by law for any breaches of pollution discharge requirements which penalty shall exceed the costs for environmental remediation; and establishment of an environmental audit and compensation system for pollution discharges to raise the cost of breaking the law.



As a member of the national committee of CPPCC, Wang Xiaokang has made many proposals which won high attention and recognition from the Chinese leaders. He was named "The Most Influential Figure in Energy Industry" by Xinhua News Agency, and was invited by relevant national departments and ministries as one of the leading experts for the compilation of *The Third National Report on Climate Change Assessment*.

Case: "Clear Your Plate" Campaign

CECEP put forward the proposal of "saving food and eating healthily" and "cherishing food" to all the employees. The measures included playing "Clear your plate" animation on the big screen of the office building, putting posters at very visible places, placing "saving food" notice boards on the desks of the dining hall, and advocating the dining etiquette of "showing courtesy and taking proper amounts of food quickly".

Since the launch of the "Clear your plate" campaign, the Group has seen significantly less wasting of food in the dining hall, leading to better cost control and improved food quality.



CASE: Youths Joining Hands for "Greening and Anti-smog Initiative"

On April 22, the World Earth Day, CYL Central Committee and the National Steering Team for Mother River Protection launched together the "greening and anti-smog initiative for youths in Beijing, Tianjin, Hebei, Shanxi and the Inner Mongolia". One of the priorities was to implement the action plan for the prevention and control of atmospheric pollution in Beijing, Tianjin, Hebei and surrounding areas, and carry out the project of combating wind and sand storms in the areas of Beijing and Tianjin. Over the next five years, more than 0.3 million mu(200 km²) greening area will be newly presented in the five provinces. CECEP GM Assistant Zhu Jiming, as entrusted by Chairman Wang Xiaokang, Secretary Li Wenke and General Manager Wang Tongzhou, attended the launching ceremony in Fangshan, and planted trees with youth representatives. The Group also contributed RMB 1 million to the "Greening and Anti-smog" Initiative.



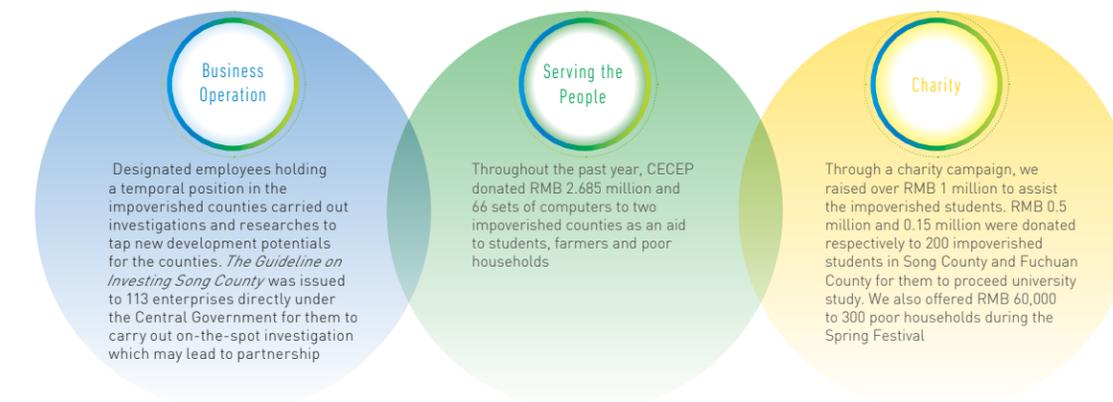
The Youths Camp for All the Ethnic Groups in Xinjiang Took Part in the "Energy Saving and Environmental Protection" Theme Event



CECEP Low-Carbon Campaign

Poverty Alleviation

We have been working on a model which reconciles business operation with public welfare, and contributing love and care to the society through poverty alleviation efforts. In 2014, the Group worked out and issued *Administrative Measures of CECEP for Special Funds for Poverty Alleviation*, to push forward related works in Song County, Luoyang, Henan and Fuchuan County, Hezhou, Guangxi in sound order. *The CECEP Poverty Alleviation Materials* was incorporated into *The 2014 Yearbook of China's Poverty Alleviation and Development*.



CASE: Offering Financial Aids to Alleviate Poverty in Song County

In succession, CECEP Wind-power Co., Ltd., Solar Energy Technology Co., Ltd. and Green Carbon Environmental Protection Co., Ltd. carried out researches and investigations in Song County over wind power, solar power and agricultural & forestry wastes comprehensive utilization projects. These companies also engaged with the Poverty Alleviation Office, Farming and Animal Husbandry Bureau and Civil Affairs Bureau of the County for the programs of kindergartens, solar heater on the geracomium roofs, sheep raising and collection walnuts, etc., to look for new opportunities for economic growth. The Group donated RMB 1.5 million for the reallocation of Pingdi Village, including new kindergartens, central water supply and waste discharge, public square lightening and landscaping, guard rail installation and road hardening, etc.

Our Honor: CECEP and its employees were rated as a leading entity and leading individuals for poverty alleviation in Henan among State organs.



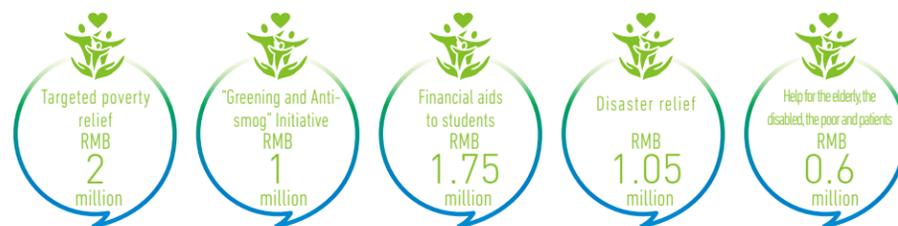
Voluntary Services

Under the mindset of "gathering love and care to make endless wonders", we have carried forward the spirit of Lei Feng, forged the distinctive brand of "GuoMingYi Caring Team", and lodged their activities in the public mind through little acts of kindness.

Priorities and Coverage of CECEP "GuoMingYi Caring Team"



Figures of 2014



GuoMingYi Caring Team

CECEP New Era Health Industry (Group) Co., Ltd. has set up Guozhen Foundation with long-term efforts for public good. In 2014, Guozhen Foundation offered aids to typhoon-stricken areas in Wenchang, Hainan and earthquake-stricken areas in Ludian, Yunnan. Together with Western China Human Resources Development Foundation, the company launched the "Spring Rain Initiative" to offer skill training for migrant workers and technical specialists in Sichuan. In addition, the company joined hands with China Youth Development Foundation to donate money to build Guozhen Hope Primary School.

Figures of 2014



Guozhen Foundation

CASE: Teaching and Anti-Poverty Programs

To build up a standard and professional platform for volunteer activities, CECEP New Era Health Industry (Group) Co., Ltd. has teamed up with various non-profit institutions to improve professional management of public welfare undertakings. In May 2014, through joint efforts with Youchange China Social Entrepreneur Foundation Volunteer Station, the company set up a volunteer service platform for Lahaigou Primary School, Luanping County, Hebei. For the first time, the company sent many employee volunteers to offer assistance to improve schooling in this backward area, teaching local students about arts & photography, presentation & speech crafts and other four classes.



"Volunteering is about giving and receiving, and more importantly, purifying our souls."

—An employee volunteer

"Teaching practices require good teaching quality and interaction, and are therefore spiced with interesting games. The enthusiasm of the students ran high. The classrooms were filled with joys and laughter."

—A teacher representative

Our Honor: CECEP New Era Health Industry (Group) Co., Ltd. won the award for outstanding contribution at the 25th Anniversary of the Hope Project.



Creating Values through CSRs

It is an inherent responsibility of CEECP to fulfill CSRs, which functions as a "stabilizer" that keeps an enterprise afloat, a "thruster" that boosts development, a "regulator" that promotes harmony, an "audio-phone" that strengthens information exchange and a "pacemaker" that builds the corporate culture. In 2014, CEECP further improved its CSR management system, integrated CSR into the Group's strategies and operation, and optimized CSR reporting system and indicator system. CEECP CSR Report was rated as leading by the authorities rating team, and CSR development index took the 21st position among Top 100 State-owned enterprises. CEECP has won Huapu Award for three consecutive years.

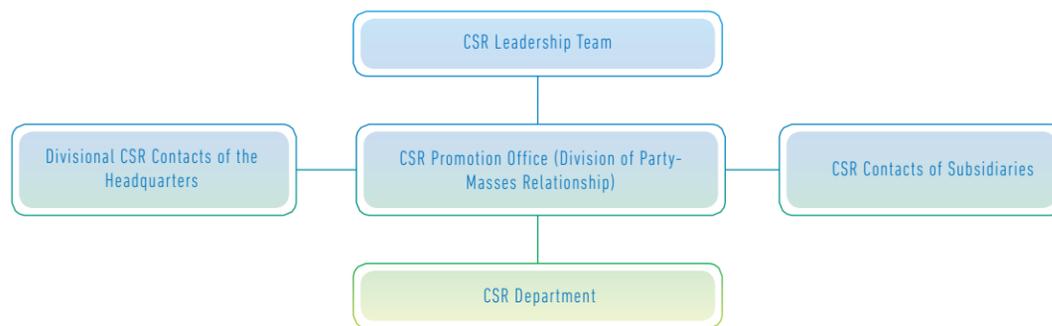
CSR Culture

A clearly identified CSR vision and mindset underpin great CSR performance. Against the backdrop of sustainable development, CECEP has strived to meet the stakeholders' expectation based on its development strategies and operational model, so as to maximize the integrated financial, social and environmental values under the mindset of "Going Green, Investing Green".



Organizational Structure

CECEP has injected constant efforts in setting up a complete and highly efficient CSR organizational system with clarified rights and responsibilities, in a bid to offer vigorous supports for the Group to implement social responsibilities and carry out CSR management. In 2014, we improved CSR organizational system and identified major functions of CSR Leadership Team and CSR Promotion Office. By working out related policies, establishing supportive organizational framework, uplifting CSR competence, intensifying supervision and evaluation, and carrying out transparent works, we have promoted CSR management and realized sustainable growth of the Group and the society.



Main Functions of CSR Leadership Team:

- Working out CECEP CSR strategies and overall objectives for the Group;
- Making CSR-related decision making and work arrangement;
- Leading the Group in CSR management system building;
- Reviewing and approving CSR work plans;
- Reviewing and approving CSR reports;
- Reviewing and approving major CSR events.

Main Functions of CSR Promotion Office:

- Implementation of CSR decisions and arrangements made by the Group;
- Coordinating the Group's efforts in building and implementing CSR management system;
- Working out the Group's CSR programs and plans;
- Formulating and implementing CSR training programs;
- Carrying out research over major CSR topics;
- Developing the Group's CSR management tools;
- Compiling the Group's CSR reports;
- Taking part in national and global CSR communications.

CSR Planning

Guided by proper planning, CECEP has arranged the CSR-related works of the Group at all stages in a systematic way with clear goals and directions as well as orderly and concrete measures, so as to finally incorporate the CSR mindset with the Group at all levels and positions.

Implementation phase Implementation plan	2014-2015: Introduction of mindsets	2016-2017: Optimization of systems	2018-2020: All-round integrations
Improved organizational structure	Setting up CSR Leadership Team and Promotion Office, and identifying CSR contacts of each department	Improving CSR organizational system which features vertical synergy and covers all departments and subsidiaries	Carrying out pilot CSR management by Leadership Team and Promotion Office to embed CSR requirements into daily operation of all business sectors
Standardized institutional systems	Improving CSR indicator system in line with SASAC's requirements	Aligning current institutional systems and documents with ISO 26000 and other pertinent standards	Incorporating CSR mindsets and requirements from related standards into CSR indicator system and other current institutional documents
Regular capacity building	Offering CSR trainings at regular intervals to disseminate related knowledge	Guiding and organizing subordinate companies for CSR trainings	Carrying out pilot activities to make CSRs a part of work duties for employees at the subsidiary level
Pertinent stakeholder management	Identifying CECEP stakeholders in all business sectors and determining material CSR issues	Carrying out research and investigation to understand the expectations and requirements of stakeholders	Working out communication strategies for different stakeholders

CSR Integration

CECEP has established and improved CSR reporting system and indicator system and constantly strengthened CSR foundations. In 2014, we further optimized the "butterfly model" for CSR management. By preparing and releasing CSR reports and working out the indicator system, we promoted the integration of social responsibilities with routine production and operation, to make sure that our policies, plans and practices on corporate vision, environmental protection, work safety, charity and public benefits go perfectly in line with sustainability requirements. Meanwhile, we have taken active parts in various activities organized by CSR agencies and contributed to the compilation of domestic CSR standards. In 2014, CECEP joined the discussion about *CASS-CSR 3.0*.



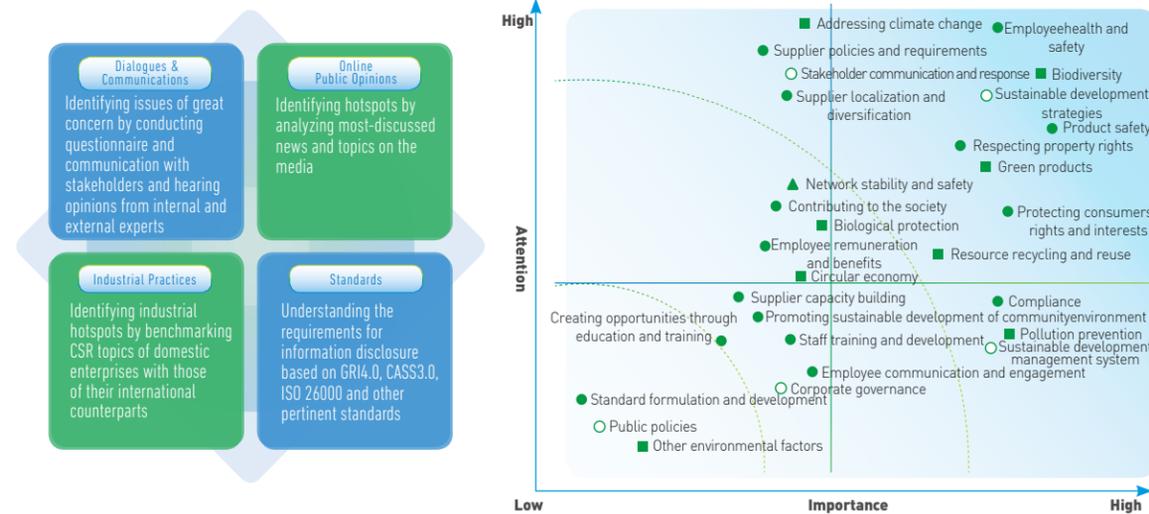
Establishing CSR Reporting System

In 2014, CECEP further improved the materiality determination process, and identified material CSR issues which were of great importance to the Group and of universal concerns among stakeholders by "identifying needs & priorities and obtaining approval of multiple parties", so as to disclose business operation and management information in an accurate and comprehensive manner. After the release of the report, we kept collecting feedbacks from our stakeholders, worked out improvement plans, reflected stakeholders' expectations in operational management goals, and realized effective integration of report with the internal management.



CECEP CSR Reporting System
For more information on CSR, please visit: <http://www.ccec.com.cn/g1255.aspx>

Identifying needs



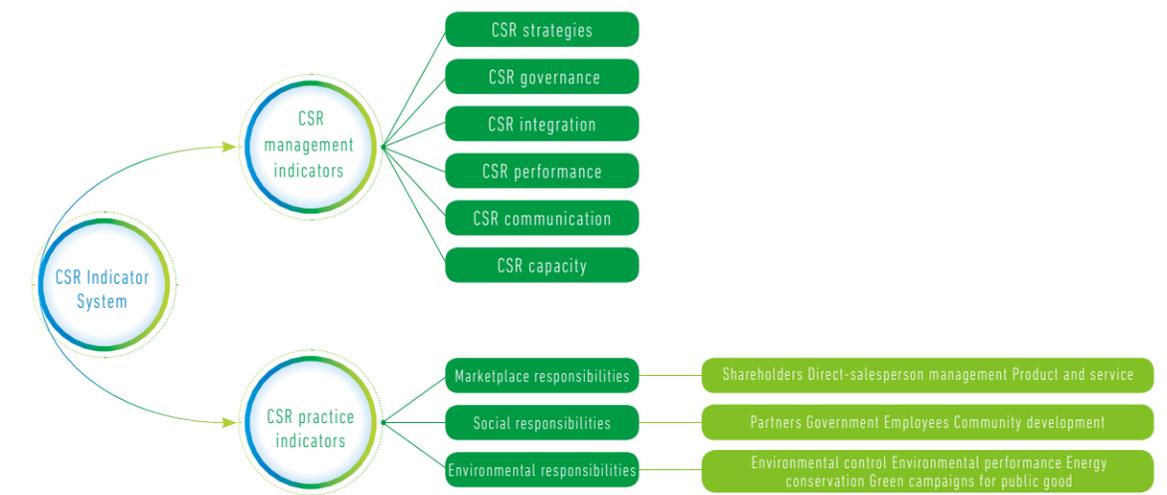
CASE: CECEP Released 2013 CSR Report

On June 10, 2014, CECEP released 2013 CSR Report. With the theme "Green Campaign", the report highlighted industrial data and some achievements of commercial plans. Folded pages and column charts were innovatively added to enrich the content. The report won high recognitions from all stakeholders and was rated "a leading report" for the first time.



Establishing CSR Indicator System

Referring to the CSR standards of domestic and overseas enterprises, CECEP has intensified cooperation with specialized institutions, further optimizing the CSR indicator system based on the features of green industries and CECEP. The system is composed of 63 indicators in two categories of CSR management and CSR practices, to facilitate decision and strategy making in a scientifically sound manner. The system offers also an important basis for CECEP to evaluate and rate the CSR management and practice performance of subordinate companies.



CECEP CSR Indicator System

Promoting CSR-related Tasks at the Subsidiary Level

By offering CSR trainings and setting up excellent CSR models, CECEP has enhanced, at the subsidiary level, the sense and competence of fulfilling social responsibilities, and embedded the CSR mindset into safe work, environmental protection and staff development. We have also strengthened the stability and long-term effectiveness of CSR management through related practices.

Approach to Promoting CSR-related Tasks at the Subsidiary Level



CASE: "Six steps" for CSR Management

With an aim of maximizing the integrated financial, social and environmental values, China National Environmental Protection Corp. has intensified CSR management, implemented CSR performance assessment and offered incentives and restraints for CSR-related work.



CASE: Taking Part in CSR Trainings

General Water of China Co., Ltd. organized and took part in various CSR-related trainings in a bid to enhance the professional qualities of CSR managers at the headquarters and subsidiaries and strengthen CSR management and practices of the Group.

- In April, the company, on behalf of CECEP, took part in "Sharing responsibilities – Chinese Enterprises CSR Lecture" hosted by the Research Center for Corporate Social Responsibility, Economics Division, CASS, and was appointed as the contact for CECEP in Beijing.
- In June, the company, on behalf of CECEP, took part in the 2nd Sino-Dutch Corporate Social Responsibility International High-level Forum to enhance exchanges in related domains.
- In July, the company made proper arrangements for relevant subsidiaries to join the 5th Chinese Enterprises CSR Lecture.



CASE: Promoting the Integration of Social Responsibilities into Daily Operation

In 2014, CECEP New Era Health Industry (Group) Co., Ltd. made social responsibilities a part of its development strategies, corporate culture, daily production and operation and codes of conduct and fostered a greater image of a responsible corporation.

CSR Cases

CSR cases about keeping in good health have been incorporated into the teaching materials for MBA students at Tsinghua University; *New Era Health Industry (Group) Co., Ltd.: CSR of the Whole Industrial Chain* was put into *Chinese Enterprise CSR Cases* published by Economy & Management Publishing House

Refined CSR Tasks

We have worked out lists with further refined CSR tasks and topics for 8 departments of the headquarters and nearly 40 departments of all subsidiaries

CSR Benchmarking

We have understood the performance of Infnitus, Amway and other peers in the dimensions of CSR management and CSR practices, and learned excellent CSR management experience

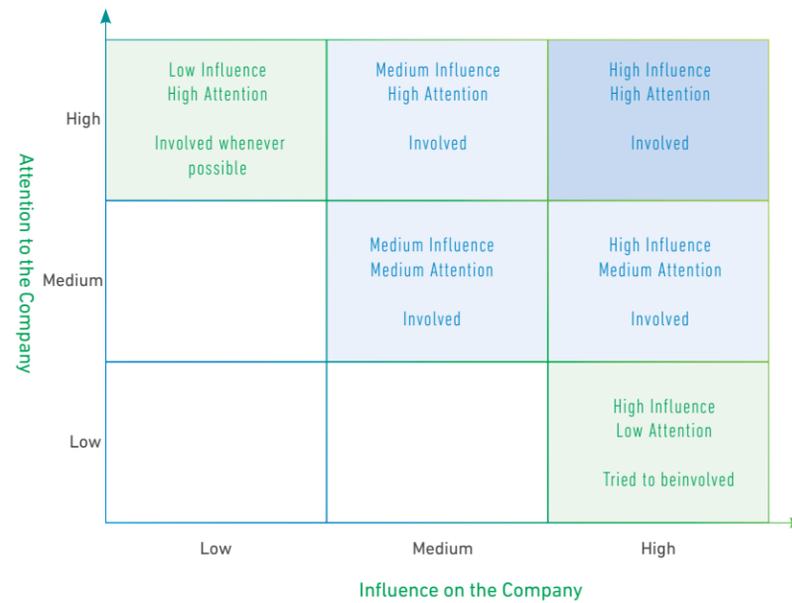
Special Researches

We have conducted researches over the whole supply chain to facilitate professional and international-standard supply chain management. We have also carried out special researches over female employee development and worked out *Analysis of Special Research Results on Female Employee Development and Suggestions*

Stakeholder Management

CECEP has carried out constructive dialogues with stakeholders, encouraging them to contribute to the decision making process of specific projects and safeguarding their rights to be informed, to participate and to oversee. We rely on a harmonious relationship with stakeholders for sustainable development.

Principle of Stakeholder Screening



Forms of Stockholder Involvement



Appeals and Responses

Stakeholders	Scope	Expectations	Communication & Responses
Government Agencies	NDRC, SASAC, MEP, Ministry of Industry and Information Technology, MOFCOM, MOHURD, Ministry of Health, Ministry of Finance, State Administration of Taxation, State Administration of Work Safety, local governments, related national and regional agencies	<ul style="list-style-type: none"> Observance of laws and disciplines Value maintenance and appreciation Environmental protection Job creation Technological innovation Work safety 	<ul style="list-style-type: none"> Engaging in the formulation of policies and plans on energy saving, emissions reduction and environmental protection Putting forth suggestions on energy saving, emissions reduction and environmental protection Offering consulting services on energy conservation, emission reduction and environmental protection Assessing and approving related projects on energy conservation, emission reduction and environmental protection upon due authorization Participating in such international conferences as UN Framework Convention on Climate Change on invitation, giving publicity to the initiatives and achievements of China and Chinese enterprises in energy saving, emissions reduction and environmental protection
Investors	SASAC; other shareholders of subsidiaries at all levels of CECEP	<ul style="list-style-type: none"> Standardized operation Scientific management Controllable risks Value maintenance and appreciation Gains on investments 	<ul style="list-style-type: none"> Improving the governance structure in accordance with the stipulations of <i>the Company Law</i> and <i>the Interim Measures for the Supervision and Administration of State-Owned Assets of Enterprises</i> Disclosing related information in a timely manner Carrying out unified management over finance and assets Implementing all-round budget management, comprehensive risk management and fine management
Partners	Suppliers Service providers Distributors	<ul style="list-style-type: none"> Keeping promise Business integrity Openness & fairness Mutual benefit and win-win result 	<ul style="list-style-type: none"> Entering into legitimate agreements and contracts in the principle of equality and voluntariness Strictly observing the terms and conditions of agreements and contracts Improving open-bidding system Establishing negotiation and consultation mechanism Safeguarding the business reputation of CECEP and rights & interests of all partners for mutual benefits Enhancing supplier management, and demanding due accountability from suppliers in complying with laws & regulations, protecting environments, safeguarding labor rights and upholding business integrity
Financial Institutions	China Construction Bank, China Development Bank, The Export-Import Bank of China, Industrial and Commercial Bank of China, Bank of Communications, China Guangfa Bank, non-bank financial institutions, and international financial institutions	<ul style="list-style-type: none"> Steady operation In-time loan repayment Business reputation Risk management and control 	<ul style="list-style-type: none"> Acquiring legitimately and making effective use of credit lines Stamping out short-term borrowing for long-term use Maintaining sound credit rating Maintaining a reasonable debt structure Buying insurance for related businesses in accordance with pertinent provisions to avoid risks and make effective use of the buyer's credit
Employees	All staff	<ul style="list-style-type: none"> Remuneration and benefits Career development Rights & interests protection Health and safety 	<ul style="list-style-type: none"> Signing labor contracts in time and in accordance with national labor laws Intensifying staff training to uplift their overall competence and enabling their development Setting up and improving the workers' congress, Trade Union and other channels for suggestions and feedbacks, disclosing enterprise affairs, and enhancing the employees' involvement in domestic management Taking proper protective measures to ensure work safety Offering health examination to all employees for prevention and control of occupational diseases
Communities & the Public	Communities where CECEP headquarters and all subsidiaries are located; regions where CECEP operates and assists in poverty-relief efforts.	<ul style="list-style-type: none"> Environmental protection Harmonious community Work safety Poverty relief Employment Stability 	<ul style="list-style-type: none"> Standard discharge Engaging in community development and striving to be a good neighbor Launching public-welfare activities, performing CSRs and increasing public recognition Employing fresh graduates, demobilized servicemen and disabled people Carrying out "one-vote-down system" on production safety issues Implementing "talent localization" strategy
Social Organizations	All kinds of public-welfare and industrial associations and community organizations	<ul style="list-style-type: none"> Supporting involvement Abiding by rules Performing duties Common development 	<ul style="list-style-type: none"> Ensuring active presence in, initiation of and preparation of societies and organizations Following organizational principals and operational procedures Fulfilling relevant duties Strengthening communication and cooperation
Customers & Users	Domestic and overseas customers and users of CECEP products and services	<ul style="list-style-type: none"> Quality assurance In-time service Health and environmental protection 	<ul style="list-style-type: none"> Passing the quality management system certification, environmental management system certification and occupational safety and health management system certification Uplifting the sense of service Holding conversations, social gatherings and return banquets with/for customers and consumers to understand their demands in a timely manner Insisting on high standards, low emissions, downsized production and minimized environmental destruction

Key Performance

Market Performance

S/N	Indicator	Unit	2012	2013	2014
1	YoY increment in total assets	%	25.64	24.96	17.34
2	YoY increment in business income	%	19.23	24.44	19.53
3	YoY increment in total profits	%	15.68	35.50	16.10
4	YoY increment in net profits attributable to parent company	%	11.60	11.48	84.37
5	YoY increment in EVA	%	50.58	18.49	43.34
6	YoY increment in major business profit ratio	%	0.85	0.36	0.67
7	YoY increment in profit margin on net assets	%	0.05	0.18	0.23
8	No. of major scientific research platforms	/	31	49	81
9	No. of declared technological innovation projects at all levels	/	69	111	112
10	No. of national or provincial/ministerial scientific and technological projects	/	19	42	31
11	No. of scientific and technological achievements at the provincial/ministerial level	/	35	18	27
12	No. of newly developed products	/	162	206	384
13	Sales income from new products	RMB 10,000	314,973	866,193	992,575
14	R&D investment	RMB 10,000	39,760	60,144	73,200
15	Proportion of R&D input in business incomes	%	1.2	1.46	1.49
16	No. of patent applications	/	186	347	309
17	No. of granted patents	/	129	261	230
18	No. of national, industrial or local standards compiled	/	3	24	27
19	No. of newly commenced projects	/	38	50	40
20	No. of newly commenced projects in the sector of energy saving	/	9	5	14
21	No. of newly commenced projects in the sector of environmental protection	/	12	11	9
22	No. of newly commenced projects in the sector of clean energy	/	12	29	15
23	No. of newly commenced projects in the sector of comprehensive resource utilization	/	5	5	2
24	No. of completed projects	/	17	34	34
25	No. of completed projects in the sector of energy saving	/	2	6	3
26	No. of completed projects in the sector of environmental protection	/	3	4	12
27	No. of completed projects in the sector of clean energy	/	9	20	17
28	No. of completed projects in the sector of comprehensive resource utilization	/	3	4	2
29	Rate of open tender of infrastructure projects	%	-	82.1	97.8

Social Performance

S/N	Indicator	Unit	2012	2013	2014
1	Total employees	People	20,781	24,457	34,364
2	Doctor degree holders	People	9	32	24
3	Master degree holders	People	169	206	288
4	Senior professional title holders	People	105	211	282
5	Scientific and technical personnel	People	2,450	1,988	2,479
6	Labor contract concluding rate	%	99.7	99.8	100
7	Proportion of female employees in total workforce	%	30.5	33.0	20.59
8	Proportion of female employees in management	%	18.37	16.98	31.02
9	Proportion of minorities	%	3.66	3.96	3.96
10	Paid leaves/per employee	Day	7.65	8.01	8.01
11	No. of persons employed this year	People	5,310	3,883	5,372
12	Employees covered by training	%	100	100	100
13	Total social charity donations	RMB 10,000	1,169.6	1,537.4	828.0909

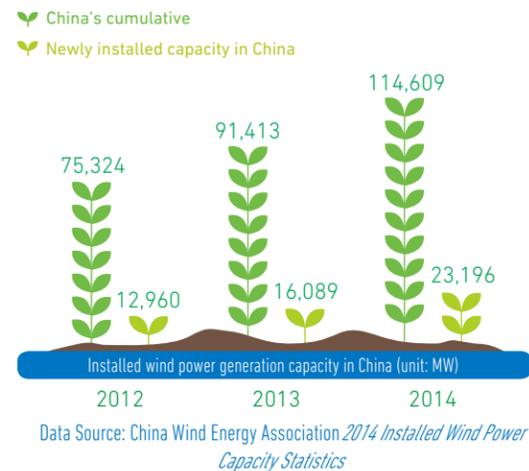
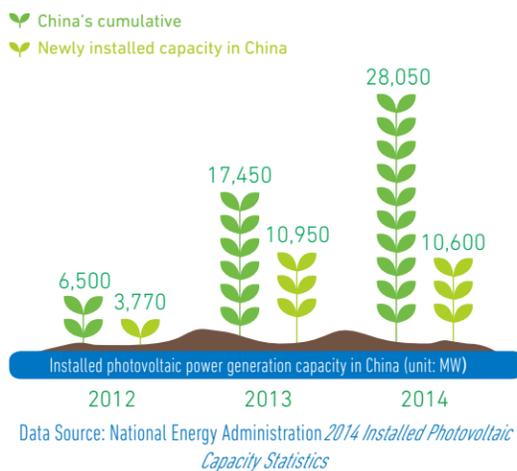
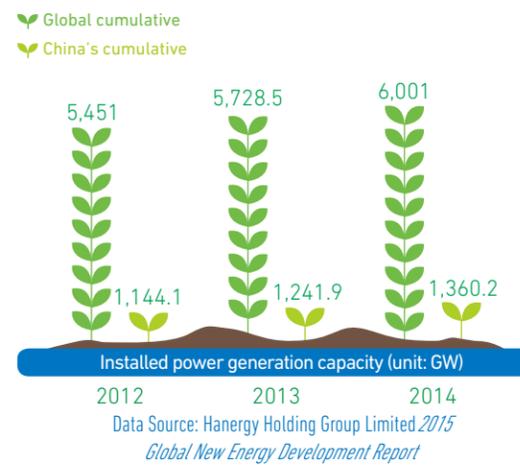
Environmental Performance

S/N	Indicator	Unit	2012	2013	2014
1	Production and domestic drinking water	10,000 tons	67,933.07	61,340	73,480.18
2	Disposed domestic and industrial sewage	10,000 tons	43,116.36	47,809	54,939.4677
3	Disposed solid wastes	10,000 tons	237.2398	627.7147	748.6591
4	Disposed hazardous wastes	10,000 tons	0.00018	1.8531	1.888
5	Exhaust gas control	10,000 tons	22,464	31,648	50,603
6	COD reduction	10,000 tons	11.05	10.88	12.6
7	Emission reduction	10,000 tons	69.76	99.96	162.3
8	Wind power generation	10,000 kWh	198,925.77	258,700	264,802
9	Solar power generation	10,000 kWh	35,072.59	53,220	118,282
10	Biomass (rubbish, straws, etc.) power generation	10,000 kWh	192,478.79	141,962	196,962
11	Residual energy (residual gas, residual heat, etc.) power generation	10,000 kWh	160,828.89	216,235	212,637
12	Hydropower generation	10,000 kWh	128,283	112,082	132,760

S/N	Indicator	Unit	2012	2013	2014
13	Total green power generation	100,000,000 kWh	73.22	68.65	92.30
14	Equivalent CO ₂ emission reduction	10,000 tons	595	549	738
15	Saved standard coal	10,000 tons	239	220	296
16	Environment-friendly construction materials (wall materials) production	Standard bricks (billion)	1.142	1.174	1.317
17	Saved land area	mu	1,884	1,937	2,173
18	No. of low-carbon parks	/	11	15	18
19	No. of low-carbon theme parks	/	1	1	1

Energy consumption per RMB 10,000 of GDP and decrease in energy consumption of major industrial products in 2014	
Indicator	Decrease over the past year (%)
Total national energy consumption per RMB 10,000 of GDP	4.8
Comprehensive energy consumption per ton of crude copper	3.76
Comprehensive energy consumption per ton of steel	1.65
Comprehensive energy consumption per unit of caustic soda	2.33
Comprehensive energy consumption per ton of cement	1.12
Standard coal consumed per kWh of thermal power	0.67

Data Source: National Bureau of Statistics *Statistical Communique of the People's Republic of China on the 2014 National Economic and Social Development*

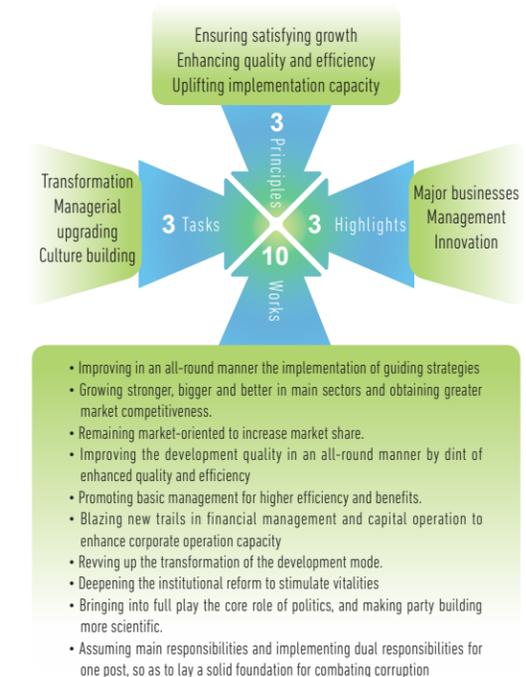


2015 Outlook

We will forge ahead into the future. Under the new circumstances, we will seize the development opportunities, injecting vigorous efforts in transformation, managerial upgrading and culture building to "grow bigger, better and stronger". We will also focus on major businesses, management and innovation, and strive for sustainable development by uplifting CSR planning, managerial and practice competence.

2015 Business Development Plan

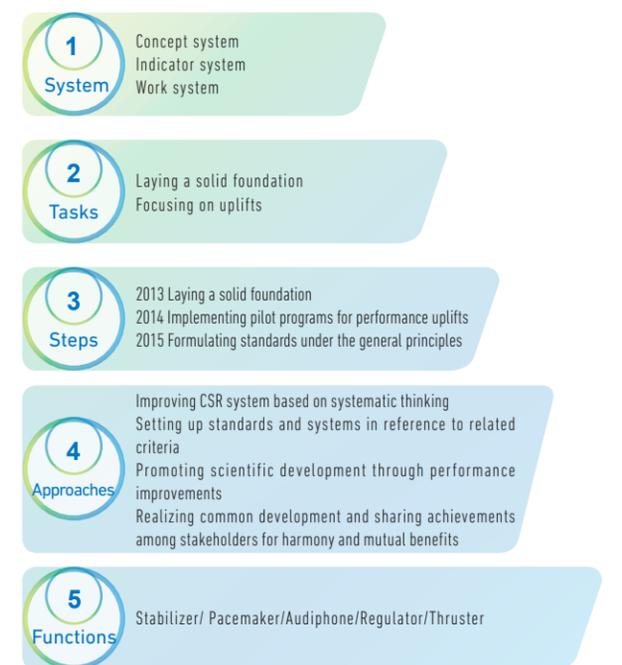
The year 2015 is the final year for completing the tasks set out in the Twelfth Five-Year Plan and is a crucial year for comprehensively deepening the reform of State-owned enterprises. CECEP will focus on major businesses, management and innovation to accomplish three tasks of "transformation, managerial upgrading and culture building". The Group will ensure satisfying growth by dint of enhanced quality and efficiency with uplifted implementation capacity, speed up "managerial innovation, technological innovation, and business model innovation" and strive to grow into a world-class technology-based and service-oriented energy saving and environmental protection conglomerate.



2015 CSR Ideas

In 2015, we will continue to explore a CSR management mode and practice approaches with distinctive CECEP characteristics. All business sectors, branches and subsidiaries will better coordinate their efforts, make unified planning, intensify assessment, uplift understanding and diversify practices, so as to enhance CSR management and performance.

We will optimize CSR management system, thus improving CSR report preparation and communication, strengthening standard CSR management, carrying out pilot CSR programs to promote managerial uplift, and striving to turn CSR performance an internal impetus and competitiveness of the Group.



Appendix Major Qualifications

Major Qualifications Acquired by CECEP in 2014	
S/N	Title
1	Engineering Design Qualification (Grade A)
2	Engineering Consultation Qualification (Grade A)
3	Engineering Supervision Qualification (Grade A)
4	Safety Assessment Qualification (Grade A)
5	Environmental Engineering and Municipal Public Engineering Consulting Qualification (Grade A)
6	Geological Hazard Control Engineering Design Qualification (Grade A)
7	Geological Hazard Risk Assessment Qualification (Grade A)
8	Geological Hazard Exploration Qualification (Grade A)
9	City Planning Qualification Certificate (Grade B)
10	Foreign Engineering Contracting Qualification
11	Hazardous Waste Disposal Qualification
12	Medical Equipment Production Qualification
13	Occupational Health and Safety Management System Certification
14	Eco-friendly Textile Certification
15	Organic Product Certification
16	Muslim certification
17	National Industrial Products Production License (Candy Products)
18	Health Food Hygiene License
19	Engineering Enterprise for State Organs' Projects within certain Budgetary Limits (Energy Saving)
20	Energy Saving and Emission Reduction Monitoring Center for Enterprises Directly under the Central Committee
21	NDRC Investment Consultation and Evaluation Institution
22	Evaluation Institution of SME Technology Innovation Fund
23	National Engineering Research Center for Optoelectronic Devices
24	Energy-saving Service Corporation Recommended by the Ministry of Industry and Information Technology
25	National High-tech Enterprise
26	AAAAA Energy Saving Service Corporation
27	Qualified Supplier for SASAC State Grid Beijing (Energy Monitoring Platform)
28	Beijing Municipal Pilot Units for Patents
29	Beijing Clean Production Audit Advisory Institution
30	Beijing Energy Conservation Assessment Agency
31	Energy Audit Institution of Beijing Municipal Commission of Development & Reform
32	Advisory Institution of Beijing Municipal Commission of Development & Reform
33	Third-party Evaluation Agency for Energy Management System in Beijing
34	Zhongguancun Science and Technology Park Enterprise Credit Rating(AAzc)
35	Jiangsu ISO Corporate Credit Management Certificate
36	Chongqing Comprehensive Resources Utilization Certificate
37	Chongqing Waste Discharge Permit
38	Changsha Energy Saving Service Institution Registration Certificate
39	Production, Teaching & Research Base for Hunan University

Social Recognition

Major Honors Awarded to CECEP in 2014			
S/N	Honors	From	To
1	2014 Huapu Award	The 8 th China Brand Festival Organizing Committee	CECEP
2	Leading Group and Individuals for Poverty Alleviation in Henan	Henan Poverty Alleviation Office	CECEP
3	National Exemplary Enterprise in Corporate Culture Building	China Enterprise Culture Improvement Association	China New Era (Group) Corporation
4	Award for Excellent Achievements in Corporate Culture Building for Practicing Socialist Core Values	China Enterprise Culture Improvement Association	China New Era (Group) Corporation
5	Top 10 Chinese Companies of China Food Safety Annual Conference in 2014	China Food Safety Annual Conference	China New Era (Group) Corporation
6	2014 Most Respected Direct Selling Enterprise	China Direct Selling Culture Forum Organizing Committee	China New Era (Group) Corporation
7	Award for Excellent Contributions to 25-year Development of the Hope Project	China Youth Development Foundation	Guozhen Foundation
8	Outstanding Group	Xi'an Federation of Trade Unions	China New Era International Engineering Corporation
9	Leading Enterprise	Xi'an Federation of Trade Unions	China New Era International Engineering Corporation
10	Model Worker's Home of Xi'an Machinery and Metallurgy Trade Union	Xi'an Machinery and Metallurgy Trade Union	China New Era International Engineering Corporation
11	Top Ten Influential Enterprises of Water Sectors	H2O-china.com	General Water of China Co., Ltd.
12	2014 Award for the Best CSR Enterprise	Charity Festival	General Water of China Co., Ltd.
13	Three-star Green Building Design Identification	Ministry of Housing and Urban-Rural Development	CECEP Environmental Protection Investment Development (Jiangxi) Co., Ltd.
14	Excellent Member of China Association of Lighting Industry	China Association of Lighting Industry	CECEP LatticeLighting Co., Ltd.
15	Gold Award of "LED Initiatives"	CIES SSL Technology and Application Committee	CECEP LatticeLighting Co., Ltd.
16	"May 1" Labor Award	Nanchang Federation of Trade Unions	CECEP LatticeLighting Co., Ltd.
17	Annual Leading Company in Bio-system Restoration	The Eighth Solid Waste Strategic Forum	CECEP Dadi Environmental Remediation Co., Ltd.
18	Leading Entity in IPR Strategy Implementation in China	State Intellectual Property Office	CECEP Qinghai General Health Bio-science Co. LLC
19	Famous Brand of Qinghai	Qinghai Provincial People's Government	CECEP Qinghai General Health Bio-science Co. LLC
20	Leading Enterprise of Qinghai Plateau	Qinghai Provincial Federation of Trade Unions	CECEP Qinghai General Health Bio-science Co. LLC
21	Top 100 Commercial Enterprises in Qinghai	Chamber of Commerce of Qinghai	CECEP Qinghai General Health Bio-science Co. LLC
22	High-tech Talents for the National Innovative Talent Development Plans.	Ministry of Science and Technology, P. R. China	CECEP Valeen Green Building Technology Co., Ltd.
23	Beijing Exemplary Patent Enterprise	Beijing Intellectual Property	CECEP Valeen Green Building Technology Co., Ltd.
24	No.1 Energy-efficient Service Provider in China in 2014	CIECCPA	CECEP Industrial Energy Conservation Co., Ltd.
25	2014 Energy Service Company Star	China Energy Conservation Association	CECEP Technology Investment Co., Ltd.
26	2014 Outstanding and Exemplary Project in EMC in China	China Energy Conservation Association	CECEP Technology Investment Co., Ltd.
27	Exemplary Safe Enterprise	SASAC Tianjin	CECEP (Tianjin) Investment Group
28	35th among Top 70 Service Providers in Tianjin in 2014	Tianjin Enterprise Confederation/Tianjin Enterprise Directors Association	CECEP (Tianjin) Investment Group
29	83th among Top 100 Enterprises in Tianjin in 2014	Tianjin Enterprise Directors Association	CECEP (Tianjin) Investment Group
30	Key Supportive Technologies for Environmental Protection and Clean Production in China's Petroleum and Chemical Industry	China Petroleum and Chemical Industry Federation/China Chemical Industry Environmental Protection Association	Yantai Valiant Fine Chemicals Co., Ltd.
31	Award for Excellent Enterprise in Technological Innovation	China Association of Quality Evaluation	Yantai Valiant Fine Chemicals Co., Ltd.
32	Shandong Famous Export Brand	Department of Commerce of Shandong Province	Yantai Valiant Fine Chemicals Co., Ltd.
33	Advanced League Committee of Enterprises Directly under the Central Committee	CCYL Central Enterprise Work Committee	The No.4 Metallurgical Construction Company of China Limited Jiujiang Branch
34	First Prize for QC Achievement of National Metallurgical Construction Industry in 2014	China Metallurgical Construction Association	The No.4 Metallurgical Construction Company of China Limited
35	2012-2013 AAA-class Company Observing Contracts and Credits in Jiangxi	Jiangxi Administration for Industry & Commerce	The No.4 Metallurgical Construction Company of China Limited

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Rating Report

Rating Report on 2014 CECEP CSR Report

Upon the request of China Energy Conservation and Environmental Protection Group (hereinafter "CECEP"), the Research Center for Corporate Social Responsibility of Chinese Academy of Social Sciences (hereinafter "the Center") invited experts from Chinese Expert Committee on CSR Report Rating to form a Rating Team. The rating team rated 2014 CECEP CSR Report (hereinafter "the report") as follows:

1. Rating Criteria

Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises (CASS-CSR 3.0) and Rating Standards of China Corporate Social Responsibility Report (2014)

2. Rating Process

- (1) Interviews conducted by the process evaluation panel on the CSR Dept. of CECEP;
- (2) On-site reviews conducted by the process evaluation panel on relevant data from CECEP headquarters;
- (3) The rating team evaluates the management process of the report and the information disclosed by the report.

3. Rating Results

Process management (★★★★☆)

The Corporate Culture Dept. has taken the lead in establishing the report authoring team. The senior leaders have been involved in report preparation and finalization. The authoring team has identified key stakeholders, and solicited advice of some stakeholders via questionnaires, interviews and public opinion monitoring; it has defined the material issues according to corporate development strategies and stakeholders opinions; it has also made a plan for report release during the Energy Conservation Publicity Week, and the report will be shown in presswork and electronic and H5 edition. The report has excellent process management.

Materiality (★★★★★)

The report discloses key industrial issues such as "product quality management", "production innovation", "work safety", "responsible procurement", "R&D and marketing of environment-friendly products", "energy and water conservation" and "reduction in discharge of three wastes". The report has excellent materiality.

Completeness (★★★★★)

From such perspectives as "Joining Hands to Protect Our Environment", "Pursuing Managerial Excellence", "Providing Impetus for Constant Innovation", "Creating Platforms for Win-win Cooperation", "Building a Blessed Workplace", "Showing Loving Care for the Society" and "Creating Values through CSRs", the report discloses 93.0% of core industrial indicators, and has excellent completeness.

Balance (★★★★★)

This report discloses negative information on "line-of-duty casualties", "employee turnover" and "line-of-duty death per RMB 100 million of output value". Besides, it sets special column of "Reflection on Accidents" to analyze the causes, processes and countermeasures of contractor accidents, fire accidents and heat stroke deaths. The report has leading balance.

Comparability (★★★★★)

This report discloses historical data on 78 key performance indicators for three consecutive years, and compares CECEP with its domestic and international peers in "sales volume of lithium-ion batteries" and "number of patents". The report has super excellent comparability.

Readability (★★★★☆)

This report has a clear structure, fluent language and rich cases. The eco-charts fit in well with the corporate business layout. The green layout manifests the green mindset of the Group and ensures leading readability of the report.

Creativity (★★★★★)

The table of contents takes on the form of an acrostic poetry, explaining in detail the CSR mindset of "Going Green, Investing Green". The "2014 Figures" showcase CECEP's CSR performance for stakeholders to understand. The report has excellent creativity.

Overall Rating (★★★★★)

Through evaluation and deliberation, the rating team agreed to rate the 2014 CECEP CSR Report as excellent by giving 5-star rating to it.

4. Suggested Improvement

Refining words to further improve the readability of the report.

Rating Team

Leader: Zhong Hongwu, Director of the Center

Members:

Han Bin, Deputy Director of the Employer Work Department of China Enterprise Confederation and Executive Secretary General at UN Global Compact Network China

Guo Yi, Associate Professor at School of Economics of Beijing Technology and Business University

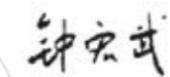
Wang Mengjuan and Chen Xiaofei, Members of the Process Evaluation Panel

Chairman of the Chinese Expert Committee on CSR Report Rating

Vice President of the Executive Council of the Center

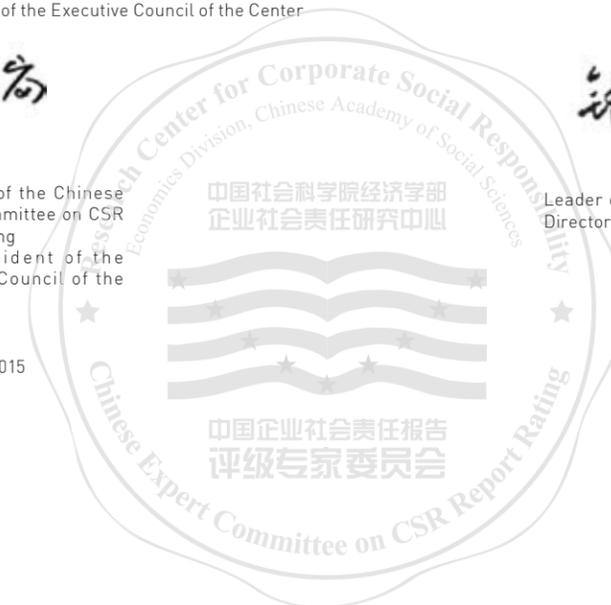


Chairman of the Chinese Expert Committee on CSR Report Rating
Vice President of the Executive Council of the Center



Leader of the Rating Team
Director of the Center

Date: June 1, 2015



Feedback

Dear readers:

Thanks for reading this report. We are looking forward to your comments and suggestions to help us uplift work performance and adapt the next CSR report to your expectations.

1. Are you satisfied with this report?

Yes No So-so

2. Does the report include all your concerns?

Yes No So-so

3. Do you think this report truthfully reflects CECEP's CSR-related work and impacts on stakeholders?

Yes No So-so

4. Can you easily find the information you need in the report?

Yes No So-so

5. Is the layout satisfying to you?

Yes No So-so

6. What are your comments and suggestions for CECEP's CSR-related tasks, report preparation and publishing?

.....

.....

.....

You are kindly requested to enter your personal information. Such information will be kept strictly confidential by us.

Name: _____ Company/Occupation: _____

Tel.: _____ Email: _____

Correspondence address: _____ Zip code: _____

Contact us:

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Proposal on Environmental Protection

Dear readers:

The rapid development of economy not only promotes social progress, but also causes tremendous changes in our living environment. The marvelous forest of skyscrapers, endless stream of growling cars and sparkling city lights are all sounding the bustling and hustling of the metropolis, which implies however the destruction to natural environment and abuse of nature resources.

Are green plants thinning out around you? How long haven't you been feasting your eyes on azure skies, serene water or luxuriant hills?

Are you assailed by smog and sand-dust weather? How long have you been away from sweet clean air?

Are our kids doomed to be brought up in such an environment? Is this an inevitable price to pay for the development?

The answer is an emphatic "No"! The environmental problems left over by extensive development have rammed home the need for us to take a green, environment-friendly path. The path leads to sustainable and harmonious development, and requires our joint efforts.

The State is taking actions. The Chinese government attaches great importance to the balance of economic development and environmental protection, and has put forward the concept of "green revolution" in the Opinions on Accelerating the Ecological Civilization Construction. We need it not only for economic and social development, but also for attaining high-level values. The launch of the updated Environmental Protection Law has just demonstrated the courage and determination of our government in solving environmental problems.

CECEP is taking actions. As the lynchpin to China's environment-protection industry, CECEP has, since day one, been assuming the sacred mission of saving energy and protecting the environment along its way up. We have extended our services and footprints across the nation. You can surely find around you CECEPers who strive ceaselessly for a better tomorrow.

And we need all your actions too! We're making this proposal to the whole society. Please join us now to:

1. Embrace the call of the nation to protect the environment and harmonious ecosystem through every little act of greatness;
2. Save on energy and reduce hazardous discharge, support and practice low-carbon green lifestyle and production;
3. Understand and disseminate knowledge about environmental protection, and reject any acts of damaging the environment or wasting the resources.

Let's pull together our strengths to protect this wonderful homeland.

We are looking forward to your efforts.



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Designed and made by



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