



台州市水務集團股份有限公司 Taizhou Water Group Co., Ltd.*

(a joint stock company incorporated in the People's Republic of China with limited liability)

Stock code : 1542



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2019

** For identification purposes only*

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ABOUT THIS REPORT

Purpose of Report

Taizhou Water Group Co., Ltd. (“Taizhou Water” or the “Company”, together with its subsidiaries, collectively the “Group” or “we”) is pleased to announce the first environmental, social and governance report (the “Report”) after the listing of our H Shares on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), which summarises our commitment, measures and performance of the creation of sustainable value through operation. For the part related to corporate governance, please refer to the section headed “Corporate Governance Report” in the 2019 annual report of the Group.

Reporting Standards

In preparing the Report, we strictly follow the applicable disclosure requirements of “Environmental, Social and Governance Reporting Guide” (the “ESG Reporting Guide”) as set out in Appendix 27 to the Rules Governing the Listing of Securities (the “Listing Rules”) issued by the Stock Exchange. In addition, the Stock Exchange released the latest amendments to the Listing Rules in December 2019, which mainly contains guidance to the amendments to the ESG Reporting Guide such as upgrading the disclosure obligation of all “social” key performance indicators (“KPIs”) to “comply or explain” and shortening the deadline for publication of ESG reports, which will be applicable to the next financial year of the Company. Currently, our disclosure has complied with part of the requirements, and we also understand that investors and stakeholders have higher expectations. We will strive to improve and target to upgrade our disclosure to fully comply with the new requirements by next year.

Reporting Scope

The Report covers the period from 1 January 2019 to 31 December 2019 (the “Reporting Period”), and some contents may exceed the abovementioned period due to reporting requirements. Unless otherwise specified, the Report covers the Group’s raw water supply project, municipal water supply project, tap water supply project, installation services and projects under construction of Taizhou Water Supply System (Phase III) and Taizhou Water Supply System (Phase IV), all of which are located in Taizhou City, China.

Reporting Language

This Report is published in both Traditional Chinese and English. In case of discrepancy, the Traditional Chinese version shall prevail.

Explanation on Figures

Unless otherwise specified, the currency amounts stated in the Report are denominated in Renminbi.

Feedback

We value your opinions. Whether you are customers, business partners, the public, media or non-governmental organisations, your advice and suggestions are helpful for determining and strengthening the Group’s future sustainable development strategies. Please contact us through email at ir@zjtzwater.com.

ABOUT THE GROUP

Upholding the concept of “Ensuring the safety of drinking water for everyone to provide quality services”, the Group is a leading water supply service provider in Taizhou, principally engaged in supply of raw water, municipal water and tap water, and ranks first in Taizhou in terms of raw water and municipal water supply. The Group also offers tap water directly to end-users and engages in the installation of water pipelines for distributing tap water to end-users. We supply raw water, municipal water and tap water in Taizhou through the Taizhou Water Supply System (Phase I) and the Taizhou Water Supply System (Phase II). The Taizhou Water Supply System (Phase I) offers raw water, while the Taizhou Water Supply System (Phase II) offers raw water, municipal water and tap water. We also sell tap water directly to end-users including commercial users, government authorities, industrial users and residential households. During the Reporting Period, the Group worked together to tackle difficulties to actively promote the construction of the Taizhou Water Supply System (Phase III) and the Taizhou Water Supply System (Phase IV), both of which were Zhejiang Province Key Construction Project (浙江省重點建設項目). In particular, the breakthrough of Huangmao Mountain tunnel and Liusha Mountain tunnel of the Taizhou Water Supply System (Phase III) was completed half a year earlier than the schedule as prescribed in the contract. As to the Taizhou Water Supply System (Phase IV), construction of 15 work-planes of the tunnel group has been fully implemented, construction of the foundation treatment and the complex building of the water purification plant has been completed, and the water diversion pipeline construction has commenced. After the completion of these two water supply systems, the Group will greatly expand the business of supplying tap water to end-users.



Commencement Ceremony of the Taizhou Water Supply System (Phase IV)

DEVELOPMENT HISTORY

May 1993

Our Predecessor Company – Taizhou Huangjiaowen Joint Water Supply Co., Ltd. was established

December 1995

Huangjiaowen Joint Water Supply Co., Ltd. commenced the water supply business

January 1996

The name was changed into Taizhou Water Supply Co., Ltd.



June 1999

Taizhou Water Supply Co., Ltd. was converted into a joint stock limited liability company, and its name was changed into Zhejiang Taizhou Water Supply Co., Ltd.

June 2003

Zhejiang Taizhou Water Supply Co., Ltd. changed its name into Zhejiang City Development Group Company Limited

September 2003

Taizhou City Water Co., Ltd., a majority-owned subsidiary, was established



February 2004



Construction of the Taizhou Water Supply System (Phase II) commenced

November 2006

Wenling Zeguo Water Supply Co., Ltd., a wholly-owned subsidiary, was established



September 2009

Construction of the Taizhou Water Supply System (Phase II) was completed



Development History

May 2015

Project proposal on the Taizhou Water Supply System (Phase III) was accepted by Taizhou Development and Reform Commission ("Taizhou DRC")

May 2016



The name was changed into Taizhou Water Supply Co., Ltd.

June 2016

Taizhou Binhai Water Co., Ltd., a majority owned subsidiary, was established

March 2018

Taizhou South Bay Water Supply Co., Ltd., a majority-owned subsidiary, was established

February 2018



Construction of the Taizhou Water Supply System (Phase III) commenced

September 2018

Taizhou Environmental Development Co., Ltd, a wholly-owned subsidiary, was established

November 2018



Construction of the Taizhou Water Supply System (Phase IV) commenced

April 2018

Project proposal on the Taizhou Water Supply System (Phase IV) was accepted by Taizhou DRC

December 2019



H Shares of the Company were listed on the Main Board of the Stock Exchange

AWARDS AND HONOURS

Issuer	Honor
Zhejiang Provincial Department of Public Security	2019 Provincial-level “Safety Unit” (2019年度省級「平安單位」)
Taizhou City Committee of the Communist Party of China, People’s Government of Taizhou City	Advanced Group Contributing to Major Projects of Taizhou 2018 (2018年度台州市重大項目攻堅先進集體)
Publicity Department of Taizhou City Committee of the Communist Party of China (中共台州市委宣傳部), Taizhou Daily Press Group (台州日報報業傳媒集團), Taizhou Broadcasting Group (台州廣播電影電視集團)	8th Inspiring Taizhou’s Group Award (第八屆感動台州群體)
Work Safety Commission of Taizhou City (台州市安全生產委員會)	2018 Annual Work Safety Assessment – Excellent Unit (2018年度安全生產考核優秀單位)
Organisational Department of Taizhou City Committee of the Communist Party of China (中共台州市委組織部)	Yan Chuanhua was honored the title “Taizhou Responsible Cadre” (「台州市擔當作為好幹部」)
Zhejiang Provincial Department of Finance	Chen Liying was named as “Zhejiang Advanced Accountant” (「浙江省先進會計工作者」)
Taizhou City Committee of the Communist Party of China, People’s Government of Taizhou City	Bao Liwan was named as “Advanced Individual of Typhoon, Emergency and Disaster Relief Work” (「防颱搶險救災先進個人」)
Taizhou City Committee of the Communist Party of China	Bao Liwan was honored 2018 Leader and Cadre Assessment – Excellent Grade (2018年度領導幹部考核優秀等次)
Office of Leading Group for “Remaining True to our Original Aspiration and Keeping our Mission Firmly in Mind” Theme Education of Zhejiang Provincial Committee of the Communist Party of China (浙江省委「不忘初心、牢記使命」主題教育領導小組辦公室), Organisational Department of Zhejiang Provincial Committee of the Communist Party of China (中共浙江省委組織部)	Zhang Huili was named “Zhejiang Responsible Secretary” (「浙江省擔當作為好支書」)
Zhejiang Federation of Construction and Building Materials Trade Unions (浙江省建設建材工會), Zhejiang Urban Water Association (浙江省城市水業協會)	He Jinbo secured the sixth place in the Electrician Professional Skill Competition of Zhejiang Water Industry (浙江省供排水行業維修電工職業技能競賽)
Taizhou Municipal Public Security Bureau	Municipal-level Safety Unit (市級平安單位)

SUSTAINABLE DEVELOPMENT STRATEGY

Since its establishment, the Group has been adhering to the concept of “Ensuring the safety of drinking water for everyone to provide quality services” and the “safe, efficient and orderly” water supply operating policy, seeking economic benefits while earnestly fulfilling corporate social responsibilities and duties, so as to realise sustainable development. The Group has developed policies related to sustainable development, fully incorporated the value of sustainable development into daily operation, and created sustained value for stakeholders through four major scopes, i.e. stable water supply, caring for employees, environmental protection and bearing in mind the community.

SUSTAINABLE DEVELOPMENT GOVERNANCE

Being responsible for the Group’s long-term stable growth, the board of directors of the Company (the “Board”) assumes the ultimate responsibility for monitoring the Group’s risk management activities and monitors significant environmental, social and governance (“ESG”) risks. The Group considers risk management as an indispensable part of daily management and comprehensive corporate governance. The risk management mechanism can assist the Group in assessing and minimising risks that may prevent or hamper the Group from achieving business objectives in the dynamic business environment with changing economic, industrial, regulatory and operating conditions. The Group assesses and identifies risks and opportunities related to ESG matters and evaluates their impacts. We also work out control measures related to ESG matters to deal with significant ESG risks, and such control measures operate effectively at appropriate business levels. In combination with the comprehensive internal control, such measures help continuously identify, assess, improve, manage, and monitor risks to which the Group is exposed in the course of operation. In addition, our internal audit department also plays an important role in the Group’s risk management system, continuously reviewing the internal control system in each scope to enable the internal control system to improve continuously. For details about our risk management and internal control systems, please refer to the section headed “Corporate Governance Report” of the 2019 annual report of the Group.



STAKEHOLDER ENGAGEMENT

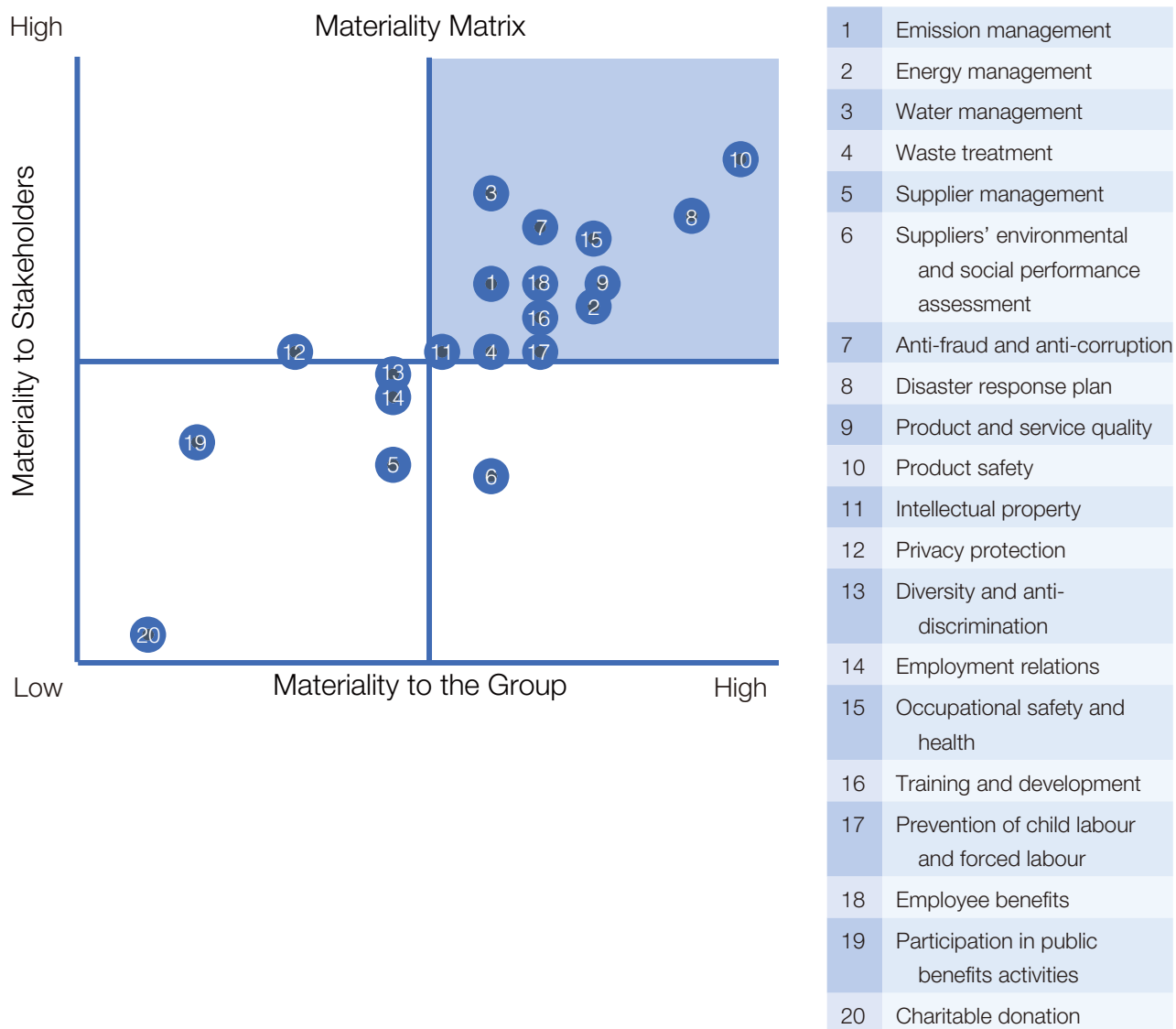
Stakeholder engagement is an indispensable part of our sustainable development strategy. Stakeholders of the Group are employees, customers, suppliers, business partners, shareholders and investors, government and regulatory authorities, media and the broader community. We maintain communication with stakeholders to understand their requirements and expectations to the Group.

Major Stakeholders and Communication Channels

Major Stakeholders	Communication Channels
Employees	<ul style="list-style-type: none"> • Regular communication and meetings • Training • Welfare activities • Regular performance appraisal • Questionnaire
Customers	<ul style="list-style-type: none"> • Teleconference and face-to-face meetings • Social media • Customer activities • Questionnaire
Suppliers and other business partners	<ul style="list-style-type: none"> • Meetings • Regular assessment • Field visit • Exchange visits
Shareholders and investors	<ul style="list-style-type: none"> • Annual general meeting or extraordinary general meeting • Regular publications (including annual reports) • Circulars and announcements released when necessary • Website of the Group
Governmental and regulatory authorities	<ul style="list-style-type: none"> • Compliance reports • Participating in government-related conferences and collaborative projects
Media and the broader community	<ul style="list-style-type: none"> • Website of the Group • Press release and announcements • Social media • Charity activities

MATERIALITY ASSESSMENT

To understand what matters stakeholders are concerned with, we engaged an independent third party to conduct online questionnaire during the Reporting Period, by which we launched the stakeholder engagement activity to identify material issues of the Group. The materiality assessment questionnaire we launched was to collect the opinions of stakeholders, which was conducive to the preparation of the Report and the development of corporate social responsibility (“CSR”) strategy. Based on the results of current and previous stakeholder engagement activities, the industry trends and the ESG Reporting Guide, we summarised 20 ESG issues applicable to the Group. In the materiality assessment, we invited internal and external stakeholders to score these 20 issues. Stakeholders’ valuable opinions helped us to prioritise the following issues:



The vertical axis of Materiality Matrix represents “Materiality to Stakeholders”; the horizontal axis represents “Materiality to the Group”; the upper right quadrant represents issues deemed as most material. Based on the analysis above, we identify 13 material issues that are material to both stakeholders and the Group: emission management, energy management, water management, waste management, anti-fraud and anti-corruption, disaster response plan, product and service quality, product safety, intellectual property, occupational safety and health, training and development, prevention of child labour and forced labour, and employee benefits.

STABLE WATER SUPPLY

Quality of Water Supply

During the Reporting Period, centring on the “safe, efficient and orderly” water supply operating policy, the Group managed the Taizhou Water Supply System (Phase I) and the Taizhou Water Supply System (Phase II) in a sound manner. The Group set up a strict product and service quality management system, and Taizhou City Water Co., Ltd., a subsidiary of the Company, particularly established the quality management system in line with the standards of ISO 9001: 2015 Product and Service Quality Management System and has obtained the standard certification of the system.

Raw water supply market is in the upstream of the industry value chain. Raw water can be sourced from surface water, ground water and other sources. Surface water constitutes the largest water supply volume in China according to the Water Resource Bulletin of China. Most of the municipal water factories sourced raw water as raw material for source production by ways of water storage, water diversion and water lifting. The municipal water supply locates in the midstream of the industry value chain. In the typical process of municipal water production, raw water is pumped into the treatment plant and goes through pre-treatment, sedimentation, filtration and disinfection, and then is stored in a clean water tank before distribution to end-users.



We have obtained the health permit in respect of products involving drinking water safety in accordance with the Measures for the Administration on the Health Supervision of Domestic Drinking Water (《生活飲用水衛生監督管理辦法》). We have also obtained the water intake permit pursuant to the Water Law of the People's Republic of China (《中華人民共和國水法》), the Regulations on Administration of Water Intake Permit and Levy of Water Resources Charges (《取水許可和水資源費徵收管理條例》) and the Measures on Administration of Water Intake Permit (《取水許可管理辦法》), and acquired water according to the approved annual water intake plan.

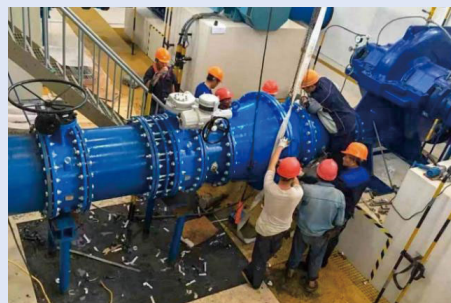
We ensure that the drinking water supplied by the Group complies with the Standards for Drinking Water Quality (《生活飲用水衛生標準》) (GB5749-2006), and are responsible for the quality of water supplied according to the Provisions of Water Quality Management for Urban Water Supply (《城市供水水質管理規定》). We regularly test the quality of raw water, treated water and pipe network water in accordance with testing items, frequencies and relevant standards stipulated and accordingly report water testing data to competent departments of local urban water supply.

During the Reporting Period, Taizhou was hit by the super typhoon “Lekima”. Facing the unprecedented challenges of high turbidity and water volume, the Group decisively launched the water quality emergency plan of “precise warning, fine handling, strict monitoring and multi-party cooperation”. Eventually, all treated water testing data met the Standards for Drinking Water Quality and the indicators of modern water plant of Zhejiang Province, thus ensuring the safety of drinking water in the areas to which we supplied water.

Stable Water Supply

Urgent Pipeline Rechannelling and the Replacement of Valves of Water Pumps

During the Reporting Period, due to the construction of city railway in Taizhou, the urgent rechannelling and reconstruction of Dongcun of Wenling Pipeline and Shanghuitou sections and the Dachichen Pipeline were required. In a bid to resume water supply as soon as possible, the crew cooperated seamlessly and worked continuously in the muddy operating pit, welding and cleaning the pipes. Draining is one of the difficulties in this rechannelling. The volume of draining at Dongcun draining point was about 10,000m³, and it was also difficult for the Dachichen Pipeline as water may flow backwards at the junctions. It was estimated that the draining would take eight hours. In view of this, we adopted two large-capacity, variable frequency pumps to effectively control the time of draining. Welding the new and old pipelines together was another difficulty in this action. The welding must be done with the slightest error, and the elbow pipes must perfectly fit with the joints of old and new pipes. To minimise the trouble which the water outage has brought to citizens, we made use of every minute to improve and upgrade relevant water supply facilities, and replaced outlet non-return valves, electrically operated valves and manually operated valves of Pump No. 5 and No. 8 of Pump House No. 2 at the same time. Operation over the past decade wore these valves away, so we had made preparation for the replacement even four months before this action. To complete the tasks of rechannelling and pump valve replacement simultaneously in the period of water outage, we must seize every minute and second. After fighting day and night for about 33 hours, the old and new pipelines were connected perfectly, and water supply was resumed gradually, which was three hours ahead of schedule.



As early as 2015, the Water Quality Testing Center of Taizhou City Water Co., Ltd. (台州城市水务有限公司水质检测中心) was accredited by China National Accreditation Service for Conformity Assessment as qualified for ISO/IEC 17025:2005 General Requirements for the Competence of Testing and Calibration Laboratories.

Stable Water Supply

Project Quality

During the Reporting Period, projects under construction related to the Group's Taizhou Water Supply System (Phase III) and Taizhou Water Supply System (Phase IV) were in full swing. We formulated the Project Quality Management Measures in accordance with the Construction Law of the People's Republic of China, the Regulation on the Quality Management of Construction Projects and other relevant laws and regulations in respect of project construction. Following the fundamental construction principle that "in a task so important for generations to come, good quality must be ensured", we firmly adhered to the management standard emphasizing the integration of quality, safety and civilization, strengthened advance control, in-process control and subsequent control in the whole course of project construction, so as to strictly manage the project quality. The quality management adopts a four-party quality assurance system, which requires "self-inspections of the construction unit, inspections of the supervision unit, inspections of the owner, and regulation of the government". With the concerted efforts of each party in actively promoting the comprehensive quality management, we improved the quality of the self-inspection and random inspection system and the delivery and acceptance system to create high-quality projects.

Privacy Protection

We state in the labour contract that employees are obliged to keep the Group's business secret confidential, and customer information can only be used for purposes specified in the business, but not for any other irrelevant purposes. We require all employees to carefully deal with and use customer information, protect customer information and comply with applicable statutory requirements including the Criminal Law of the People's Republic of China.

Customer Satisfaction

The Group sets up customer service hotline and email to collect complaints and keeps written records. With the Complaint Record Form, representatives of the management will communicate with the relevant personnel and analyse and investigate the matters related to the complaints and provide advice on how to handle such complaints. Then, such personnel will provide complainants with feedback and track the complainants' satisfaction about the solutions. During the Reporting Period, we received a total of five complaints about products and services, all of which have been properly handled.

Intellectual Property Protection

The Group has set up the Technical Patent Management System that covers the technical patent project establishment, research and development and acceptance, registration/application, filing, confidentiality, infringement/anti-infringement, maintenance procedures and archives management. We also establish the Intellectual Property and Patent Management System to standardise the Group's intellectual property and patent management, define responsibilities and duties, protect the Group's intellectual property and patent from infringement and fight against illegal infringements. During the Reporting Period, we were not aware of the Group's involvement in material violation of laws and regulations in respect of the health and safety, advertising and privacy matters of products and services.

Stable Water Supply

Supply Chain Management

The principal raw materials, power and parts and components used for our water supply and the installation of tap water pipeline networks business are mainly raw water, electricity, construction materials, pipelines, spare parts and components for daily repair and maintenance and chemicals used for water treatment, such as sodium hypochlorite and hydrated lime. The Group values the development and maintenance of long-term relationship with suppliers, and builds the long-term business partnership with suppliers. We procure materials and services by the fairness and openness principles, and only cooperate with suppliers who have shared moral values and standards. The Group also supports and encourages suppliers to improve resource utilisation, promote environmental protection and fulfil social responsibilities. The Group advocates the competition based on fairness and openness principles, and develops and maintains long-term relationship with suppliers and contractors on the basis of mutual trust. The Group procures materials and services with strict moral standards, so as to ensure the quality of finished products and maintain customers, suppliers and the public's confidence about the Group.

We have established the Materials Management System to standardise the Group's management in respect of materials procurement, inventory and utilisation. In general, departments that need to use the materials shall submit procurement applications first. After the approval of multiple departments, materials in such procurement applications will be purchased through open tendering, selected bidding, request for quotation, competitive negotiation, market comparison and selection, business relationship continuation. Procurement methods, principles and procedures are conducted in accordance with the Government Procurement Law of the People's Republic of China. The disclosure of procurement information is conducted by the openness and transparency principles, which clearly stated the procurement method, elements constituting the prices of procured items, the standards of determining the conclusion of transactions and other relevant matters. When reviewing the qualifications and the products of suppliers, we require procurement staff to check the truthfulness, validity and completeness of the qualifications and reputation of suppliers. In the selection of suppliers, outstanding suppliers are chosen in accordance with prescribed bid acceptance conditions or procurement principles.

For the Taizhou Water Supply System (Phase III) and the Taizhou Water Supply System (Phase IV) which are under construction, the Group strives to improve the health and safety level of the sites. In accordance with the Administrative Regulations on the Work Safety of Construction Projects, we set up the Work Safety Management System to standardise the work safety management in the course of project construction and ensure the smooth progress of project construction. We guarantee the safety of project workers through establishing the Project Work Safety Leading Group and conducting safety inspections strictly at the sites.

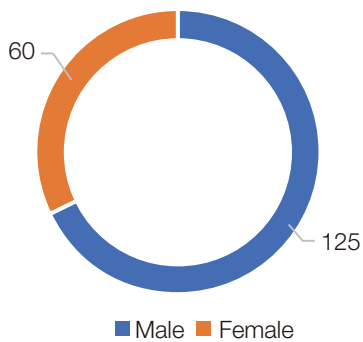
As at 31 December 2019, the number of our major suppliers was 30 and all the suppliers were located in China. All suppliers need to pass our established evaluation process prior to the initiation of formal purchases. Also, we have conducted on-site assessment on 18 of the suppliers.

CARING FOR EMPLOYEES

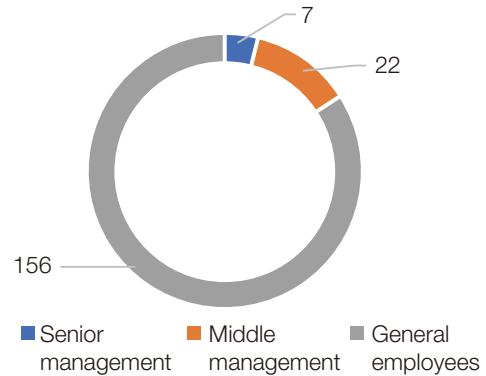
Overview of Employees

As at 31 December 2019, we have 185 employees in total. All of them are full-time employees and based in China. No employee resigned during the Reporting Period.

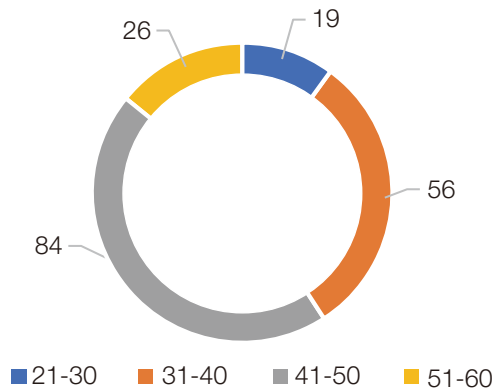
Employees by Gender



Employees by Employment Type



Employees by Age Group



Caring for Employees

In accordance with the Labour Law of the People's Republic of China and the Labour Contract Law of the People's Republic of China, the Group signs labour contracts with employees by the principles of equality and negotiation, establishes and improves the work safety and health system. We strictly follow the work safety and health regulations and standards issued by the State and offers employees education on work safety and health to prevent accidents and minimise occupational hazards in the period of employment.

Remuneration	We provide employees with competitive remuneration and benefits based on job requirements and personal performance. We review the overall employee remuneration and benefits on the annual basis to ensure that we are competitive in the local market, particularly when compared with related industries and similar institutions. Every year, our KPIs offer direction and guidance to employees' personal work plans. We also appraise and award employees based on their achievements and contribution.
Termination of employment	We ensure that all employees are subject to employment security in compliance with laws and regulations. When an employee resigns voluntarily, the human resources department shall have an exit interview with such employee to understand the reason for the resignation. Employees are required to obtain the "Employee Resignation Approval Form" from the human resources department one month in advance, and handle the approval items step by step in accordance with the requirements of the form. We have agreed with our employees that labor contracts can be terminated if it meets one of the circumstances specified in Article 39 of the "Company Law"; if it meets one of the circumstances specified in Article 40 of the "Company Law", the labor contract will be terminated after we notify the employee in writing 30 days in advance or the employee is paid an additional month's salary, and the paid annual leave and maternity leave are not counted in the notice period. We do not dismiss an employee because of being pregnant, or having paid sick leaves, or participating in labour unions or labour union activities, or having provided evidence or information in legal proceedings related to the enforcement of labour laws, industrial accidents or breach of work safety regulations. We do not dismiss an employee who is injured on duty before a work-related injury compensation agreement has yet been reached or the relevant injury assessment certificate has yet been issued.
Recruitment and Promotion	In recruitment, the Group adheres to the principle of "openness, fairness and justice", pursues bi-directional choosing and hires on the basis of merit, so as to avoid any discriminatory behavior. We have established a scientific and normative system for the selection and appointment of middle-level management staff, under which every staff has the opportunity to be promoted. As a result, it would facilitate exceptional talent with both moral integrity and ability and outstanding performance to differentiate themselves.
Working hours	In general, the average working hours per day should not exceed 8 hours, and the average working hours per week should not exceed 40 hours.

Caring for Employees

Holidays	Employees enjoy holidays which they are entitled to in accordance with local labour regulations.
Equal opportunity, diversity, anti-discrimination	We offer equal opportunity in recruitment, training, promotion, job relocation, remuneration, benefits, termination of contract and other matters. Such opportunities are not affected by age, gender, marital status, family status, race, skin colour, nationality, religion, sexual orientation and other factors.
Other benefits and welfare	In a bid to retain talent, we offer employees various benefits and welfare, including health check, supplementary medical insurance, annuity, various hobby groups such as walking group, badminton group, photography group and yoga group, spring and autumn outings and other fun activities, health lectures, visiting employees who are hospitalized, festival greetings and birthday blessings.

During the Reporting Period, we were not aware of the Group's involvement in any non-compliance or violation in respect of remuneration and termination of employment, recruitment and promotion, working hours, holidays, equal opportunity, diversity, anti-discrimination and other benefits and welfare.

Occupational Health and Safety

Sticking to the work safety principle "staying people oriented, insisting on safe development, prioritizing work safety, staying prevention oriented and adopting comprehensive management", we set the annual work safety objective and the implementation plan every year in accordance with the Law of People's Republic of China on the Prevention and Control of Occupational Diseases, the Work Safety Law of the People's Republic of China and other regulations and with reference to the standards of Occupational Health and Safety Management System ISO45001:2018. We carefully analyse the safety conditions on a quarterly basis to identify risks and develop countermeasures. The Group has released the Work Safety Incident Response Plan, and has conducted work safety incident risk assessment and investigated in work safety incident response resources. During the Reporting Period, we were not aware of the Group's involvement in any non-compliance or violation in respect of requirements on providing safe working environment and protecting employees from occupational hazards, and we did not notice any work-related injury event, any work-related fatality or lost days due to work injury.

Caring for Employees

2019 “Work Safety Month” Campaign

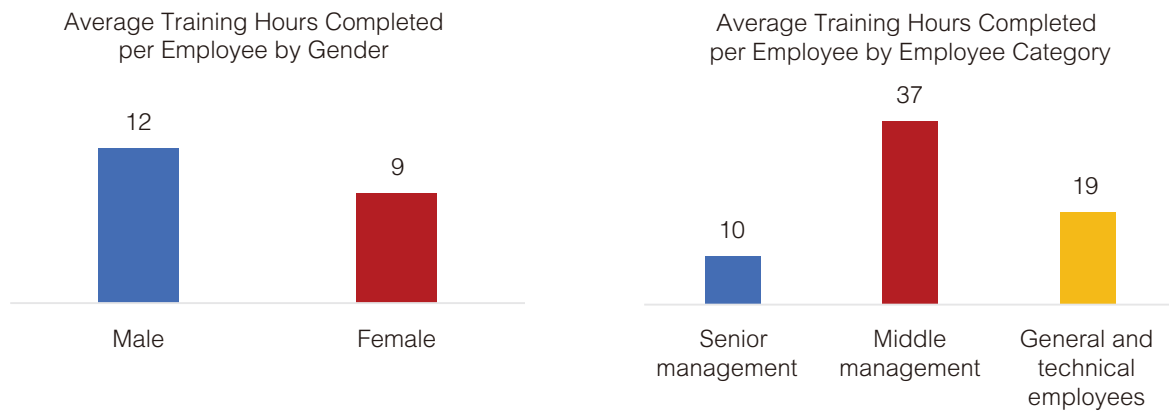
During the Reporting Period, in order to implement the specific requirement of the national “Work Safety Month” Campaign, we released the Implementation Plan of 2019 “Work Safety Month” Campaign of Taizhou Water Group Co., Ltd. (《台州市水務集團股份有限公司2019年「安全生產月」活動實施方案》). To make it an important event, we used banners, bulletin boards, display boards and electronic screens to create the atmosphere. “Work Safety Month” campaign included a variety of activities including The Second “6.6 Water Safety Day” theme activity, firefighting training, “First Aid and Health Knowledge” promotion lectures, work safety incident warning education activity, safety lectures delivered by external certified safety engineers, safety warning education video watching, work safety knowledge contest, comprehensive emergency drill on fighting typhoon, flood and geological disasters, fire drill, large-scale inspections for identifying potential work safety risks, deployment meeting for response to torrential rains in the rainy season, training related to the Measures for Supervision and Inspections of the Quality and Work Safety of Water Conservancy Projects (Trial) (《水利工程質量與安全生產監督檢查辦法(試行)》), emergency drill for sodium hypochlorite leakage, training of fire brigade, and arrangements for 15 certified safety officers to attend the safety training and certification exam organised by Huangyan District Emergency Management Agency (黃岩區應急管理局).



Caring for Employees

Development and Training

Every year, the Group prepares the annual learning and training schedule based on the learning requirements of the employees of each department. With reference to the annual plan, the Group adjusts the actual training according to actual conditions, and the internal training for employees are arranged on an irregular basis. Employees who are going to attend external training should complete the Employee Training Application Form (《員工學習培訓申請表》) or the Application Form for Safety Management Personnel of Business Units to Attend Ongoing Training (《企業單位安全管理人員複訓申請表》). We require such employees to share or summarise the learning experience after the completion of external training. During the Reporting Period, 100% of the Group's employees received training of different types.



Caring for Employees

The Group Established the “School-Enterprise Training Base” with Taizhou Vocational College of Science and Technology

Witnessed by Taizhou SASAC, the Group and Taizhou Vocational College of Science and Technology entered into a strategic cooperation agreement in relation to school-enterprise cooperation on talent cultivation and pre-employment training, to jointly nurture high-quality technology and skill-based “leading” talent in line with the development direction of the industry.

The “factory-in-school, school-in-factory” campaign as cooperated with Taizhou Vocational College of Science and Technology not only cultivates and reserves talent and builds a talent pool for the rapid development of the Group, but also provides good opportunities for Taizhou Vocational College of Science and Technology to deepen the integration of industry and education, improve its talent training mechanism and establish a good platform for student employment. At the same time, it also provides sufficient human resource support for the high quality development of Taizhou City, thus achieving “three-wins”. It is believed that this in-depth school-enterprise cooperation can explore a new model for state-owned enterprises to select and cultivate talent in a more scientific and reasonable way. In the next stage, the Group will become an internship training and practice base of Taizhou Vocational College of Science and Technology outside of school, and Taizhou Vocational College of Science and Technology will become a base of the Group for talent cultivation and training as well as the research and development and promotion of high-level technologies. Both parties will cooperate on human resources and employee sharing, student internship, student employment and employee training and construction of internship training and practice base, and carry out talent training for new enterprise apprenticeship through the model of “enterprise-school dual system, integration of working and learning” in order to achieve resource integration, complementary advantages and win-win development.



Caring for Employees

The Group's First "Plant as School" Practice Base Training Completed

After three months of production practice, 13 interns from Hangzhou Qiandaohu Raw Water Co., Ltd. (杭州市千岛湖原水股份有限公司) eventually proved themselves with outstanding performance in the final appraisal, which also marked the conclusion of the practice and training. This internship was the first one that the Raw Water Production Department offered externally to employees of other parties. To do better in the training and build the reputation, the Raw Water Production Department made careful organisation and elaborate arrangement, and prepared the practice plan carefully. The training commenced immediately after interns' arrival, and experienced mentors explained the water supply operation, electromechanics and professional knowledge in details, emphasized the work safety and related matters in this regard, led interns to visit stations, pipelines and other water supply facilities, and helped interns to have a general knowledge of the water supply operation system. To equip interns with a good command of practical operation ability that is necessary for the job, interns were sent to operation and maintenance teams to train and improve themselves in the duty performance and practical operation with mentors' "teaching, support and coaching". In the intensive three-month practical training, mentors of the Raw Water Production Department appreciated the vigour and vitality of their new apprentices, passed the valuable experience accumulated in over 20 years on to interns without reserve and taught by percept and example. Interns also worked hard, took notes and proactively consulted mentors about the operation and management of water supply system, the operating procedure, production monitoring and automation control. The success of this training provided a valuable experience for building the Group's talent practical training base. Given that the Group will need a huge talent pool as it develops further and grows stronger, the Group will explore and promote the "Plant as School, School as Plant" school-enterprise cooperation for talent cultivation and establish the intern education base and the "Eyas" talent cultivation mode, so as to enrich the talent pool and promote the development of talent pipeline.



Caring for Employees

Prevention of Child Labour and Forced Labour

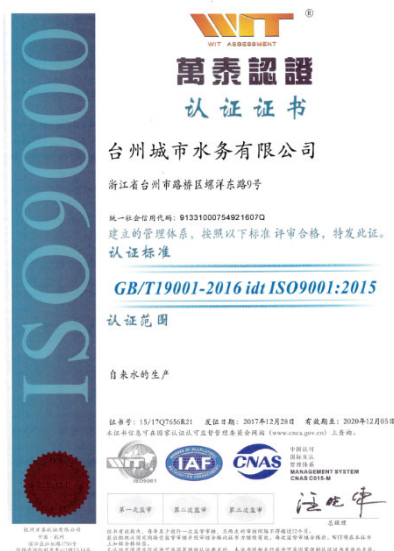
The Group firmly adopts the “zero-tolerance” policy on child labour and forced labour, and strictly forbids the use of child labour or forced labour which is prohibited by international standards and relevant domestic laws and regulations including the Law of the People’s Republic of China on the Protection of Minors, the Regulations on Labour Security Supervision and the Provisions on the Prohibition of Using Child Labour. Measures we have taken to prevent child labour and forced labour include verifying the age of candidates in the course of recruitment and reviewing employment contracts which employees have signed voluntarily and have specified the working time. The human resources department of the Group also continuously supervises and reviews such recruitment practices. In the case of any violation of laws and regulations, the Group will take measures immediately and order such employees to stop working. During the Reporting Period, we were not aware of the Group’s involvement in any non-compliance or violation in respect of child labour or forced labour.

Anti-corruption

Ethics and integrity are the cornerstone of the Group’s success. The Group adopts the “zero-tolerance” attitude toward bribery, extortion, fraud and money laundering. In their daily work, all directors, management members and employees must comply with relevant laws and regulations issued by the State and local governments in respect of preventing bribery, extortion, fraud and money laundering, including the Criminal Law of the People’s Republic of China. To build and maintain a good and clean organisational environment, we have formulated the Manual for Integrity Risk Control (《廉潔風險防控手冊》), which clearly states our core values to “anti-corruption” and the Group’s works to control integrity risk in all aspects, thereby enabling us to standardise the management and improve the procedures. We develop the Schedule of Division of Responsibilities in Clean Party Construction and Anti-corruption (《黨風廉政建設和反貪腐敗工作責任分工表》) every year to clarify the responsibility of each department in anti-corruption work. In the meantime, the Discipline Inspection and Supervision Office is the core department in such management, responsible for deploying the anti-corruption work and organising the formulation and implementation of discipline inspection and supervision work plan. The Discipline Inspection and Supervision Office also takes charge of accepting the whistleblowing and appeal of Party members and the public. In accordance with the Measures of Taizhou Municipal Discipline Inspection Commission and Taizhou Municipal Supervision Commission on the Management of Whistleblowing Box for Discipline Inspection and Supervision (Trial) (《台州市紀委市監委紀檢監察舉報箱管理辦法(試行)》), we set up the whistleblowing box at an appropriate place that makes it convenient for the public to report and also protects the interest of whistle-blower. The reports will be received by the Discipline Inspection and Supervision Group sent to the Municipal Finance Bureau by Taizhou Municipal Discipline Inspection Commission and Taizhou Municipal Supervision Commission periodically, thus effectively protecting the whistle-blower and the materials we have received and keep them confidential. We also release the Notice on Complying with Discipline Rules in Holidays and Festivals (《有關節期間紀律規定的通知》) in main holidays and festivals to regulate the discipline issues in holidays and festivals and eradicate any non-compliance. We also develop and implement the Measures on the Interview Related to Clean Party Construction Issues (《黨風廉政建設約談辦法》), talking with employees on key positions to get information of the implementation of clean Party construction accountability mechanism. With regard to anti-money laundering work, we have established the Anti-money Laundering Management System to promote and strengthen the Company’s work to combat money laundering and prevent the Group from becoming a money laundering tool of criminals. Meanwhile, we offered employees one training session on anti-money laundering during the Reporting Period, helping employees further acquire the anti-money laundering knowledge and thereby comprehensively improving the overall anti-money laundering work to make full preparation for our listing on the Stock Exchange. During the Reporting Period, the Group was not aware of any concluded legal cases regarding corruption brought against the Group or its employees.

ENVIRONMENTAL PROTECTION

The Group actively fulfils the environmental responsibility and strictly follows laws and regulations, including the Environmental Protection Law of the People's Republic of China, the Solid Waste Pollution Prevention and Control Law of the People's Republic of China, the Water Pollution Prevention and Control Law of the People's Republic of China and the Atmospheric Pollution Prevention and Control Law of the People's Republic of China, to reduce the impact on the environment in the course of operation and construction. The Group sets up a strict environmental management system, and in particular, Taizhou City Water Co., Ltd., a subsidiary of the Group, establishes the environmental management system in accordance with the standards of ISO14001:2015 Environmental Management System and has obtained the relevant standard certification.



Environmental Protection Measures of Construction Projects

According to the Law of the People's Republic of China on Environmental Impact Assessment, the Regulations on the Administration of Construction Project Environmental Protection, and other relevant laws and regulations, the Group conducts environmental impact assessment before commencement of construction projects. Based on the characteristics of construction projects and the features of local environment, major environmental issues include the impact of waste water, domestic sewage, construction noise and waste gas produced in the course of construction on the water, sound and atmospheric environment; the impact of land acquisition and occupation, earthwork and excavation, waste keeping and disposal in the course of project on the soil and water conservation and the ecological environment; and the impact of projects on regional water resources. Some of the control measures carried out by the Group are set out below:

Prevention of air pollution

- Set up dust proof cover for the mixer and other machinery, and conduct fully-enclosed construction or semi-enclosed construction
- Prohibit the use of concrete mixing system, cement loading and unloading and other operation in windy days
- Harden the roads inside and outside the site, strengthen the road maintenance and keep the road clean
- Equip main construction roads with watering cars, and spray water to prevent dust
- Prevent vehicles from overloading and adopt vehicles with closed compartment for transportation
- For construction sites with areas producing dust, adopt manual control to spray water on the regular basis
- Cover the temporary stockyard with colour strips

Environmental Protection

Prevention of water pollution	<ul style="list-style-type: none"> • Store the waste oil produced by the oil separating tank in the designated area, ensure safety in the designated area, engage qualified service providers to treat the waste oil in time, and prohibit careless treatment • Add flocculant to the waste water produced in the tunnel construction after adjusting the pH value, and discharge the waste water into nearby waterways after meeting the first-grade standard of Integrated Wastewater Discharge Standard (GB8978-1996) through oil separation and sedimentation • For domestic sewage in the course of construction, construction workers lease the existing buildings from villages and towns in the region as much as possible, and make use of the existing domestic sewage treatment facilities
Waste management	<ul style="list-style-type: none"> • Set up dustbins in the living quarters of construction sites, collect domestic waste produced by construction workers in a centralised manner, pick up the waste in a timely manner for centralised treatment, and incorporate such areas into the waste collection system of Taizhou City • Mud produced by waste water treatment and domestic waste are subject to the centralised treatment of local sanitation departments
Prevention of construction noise pollution	<ul style="list-style-type: none"> • Only machinery and transportation vehicles which comply with relevant national standards can be used, and high-quality equipment and processes with low-noise impact are used as much as possible • Install the concrete mixer and other high-noise equipment in the construction camp, and conduct fully-enclosed construction or semi-enclosed construction • Adopt vibration insulation cushion, muffler and other supporting facilities when installing the equipment, strengthen the maintenance and management of construction machinery, thus maintaining the machinery and equipment in good conditions with low noise and high efficiency
Prevention of soil and water loss	<ul style="list-style-type: none"> • Reduce the harm to vegetation, and make full use of the soil and stones produced in excavation
Protection of ecological environment	<ul style="list-style-type: none"> • Strictly prohibit construction workers from cutting trees and hunting animals in the areas surrounding the construction site; ensure the security of wild plants, animals and fishes living near the construction areas; protect the species diversity • Enhance the protection of trees and forests near the construction site; reduce the harm to the vegetation near the operation area; prohibit cutting trees outside the construction site; do not destroy the soil and vegetation outside the construction site; preserve the trees inside the land occupied as much as possible • Prohibit the construction project which causes heavy light pollution in the night, so as not to affect the rest and egg-laying of birds

Environmental Protection

Environmental Protection Measures in General Operation

Energy Management

The greenhouse gas emissions produced by electricity consumption and use of vehicles in our daily production and operation are the major source of the Group's carbon footprint, and we obtain information of and monitor the impact of our daily operation on the environment through continuously monitoring and disclosing the Group's carbon footprint. We will continue to improve the Group's energy management and implement the following energy conservation and energy efficiency measures in all production areas and offices to reduce greenhouse gas emissions:

- Actively promote energy conservation new technologies, new process, new equipment and new materials; and
- Employees must turn off the light and unnecessary energy consuming devices when leaving, so as to reduce energy consumption and avoid unnecessary energy waste.

Waste Management

To reduce the burden of landfills, we adopt the responsible waste management policy, which includes avoiding the production of waste, reducing waste at source, and reusing, recycling and properly treating waste. Offices should post notices and remarks everywhere to encourage employees to reduce the production of waste. We promote the measures of sorting waste at source:

Recyclable waste: waste paper, metal, glass, plastic, etc.

Non-recyclable waste: mud, kitchen waste, dust, etc.

Hazardous waste: empty bottles and waste liquid produced in laboratories, waste bulbs, waste fabric produced in machinery maintenance, waste batteries, waste toner cartridges, etc.

Waste control is achieved through the following measures:

- Control and reduce the production of waste in the process;
- Sort the waste produced by recyclable waste, non-recyclable waste and hazardous waste;
- Sale of the recyclable waste to the collector;
- Reduce the mud produced and transform the mud into other resources;
- Collect other non-recyclable waste into the dustbins every day for transportation to the urban waste collection point; and
- Store the hazardous waste to a certain quantity, and engage qualified service providers to handle such waste.

Environmental Protection

Use of Resources

We develop the following measures to reduce paper consumption:

- Set up recycling boxes for waste paper, posters, letters and document envelopes, and collect paper products that cannot be reused;
- Put single-sided paper and waste paper recycling boxes beside printers, and sort the paper for reuse;
- Adopt two-sided copying and printing, and write on both side of one piece of paper;
- Everyone brings his/her own cups, and avoids the use of paper cups; and
- Reuse folders, envelopes and other stationery supplies.

Water Saving

As a leading water enterprise, we are committed to reasonably developing and effectively protecting water resources, and actively promote water saving. During the Reporting Period, the Group did not have any issue in sourcing water that is fit for purpose. We develop the following measures to save water:

- Effectively control the water leakage rate, and reduce pipeline leakage and depreciation;
- Improve water production process, and reduce the loss in the course of water production;
- Adopt production methods and machinery that can effectively save water; and
- Check the water consumption frequently.

During the Reporting Period, the Group was not aware of any concluded case related to non-compliance or violation in respect of waste gas and greenhouse gas emission, waste discharge to water and land and the production of hazardous and non-hazardous waste.

Environmental Protection

Overview of Environmental Performance Data

Key Environmental Indicators	2019	Unit
Greenhouse gas		
Total emission (Scope 1 and 2)	26,439.22	tCO ₂ e
Direct emission (Scope 1)	218.56	tCO ₂ e
Indirect emission (Scope 2)	26,309.65	tCO ₂ e
Total greenhouse gas reduced by planting trees	88.99	tCO ₂ e
Greenhouse gas emission per million tonne water supply (Scope 1 and 2)	108.31	tCO ₂ e (per million tonne water supply)
Waste gas		
Nitrogen oxides (NOx)	82.81	kg
Sulfur oxide (SOx)	1.15	kg
Particulate matter (PM)	6.16	kg
Energy		
Total consumption	38,187.08	'000 kWh
– Electricity	37,398.22	'000 kWh
– Diesel	19.95	'000 kWh
– Liquefied petroleum gas	67.36	'000 kWh
– Natural gas	78.57	'000 kWh
– Unleaded gasoline	622.98	'000 kWh
Energy consumption per million tonne water supply	156.44	'000 kWh (per million tonne water supply)
Water consumption¹		
Total water consumption	10,910.00	m ³
Water consumption per million tonne water supply	44.69	m ³ (per million tonne water supply)
Waste²		
Total non-hazardous waste	7,731.24	tonne
Non-hazardous waste per million tonne water supply	31.67	tonne (per million tonne water supply)

¹ As a water supply enterprise, most subsidiaries of the Group produce water for the daily use of their own, and it is difficult to separately measure the water produced for own use. Therefore, the data of water consumption only include water consumed in the offices of the Group.

² Non-hazardous waste of the Group mainly includes mud cake, domestic waste and office paper produced in the course of production activities and hazardous waste is involved in the production activities of the Group. Considering the materiality principle and the reliability of some data, data of non-hazardous waste only includes some, not all data of the Group's non-hazardous waste, while data of the hazardous waste is not disclosed currently. We will continue to improve such aspect and make relevant disclosure in due course in the report.

BEARING IN MIND THE COMMUNITY

The Group has been actively investing in community construction, warmheartedly serving the public, and making contribution to the development of community economy and ecological environment through sincere communication and mutual support, so as to achieve harmonious development of the community.

Construction Team of Taizhou South Bay Water Diversion Project Honored Inspiring Taizhou's Group Award

The Taizhou South Bay Water Diversion Project (台州市南部灣區引水工程) is a major livelihood project that fundamentally addresses the water shortage issue in some parts of Wenling and Yuhuan. Completion of all the approval procedures of the project only took 98 days, which was supposed to take over one year, marking the fastest feasibility approval project for major infrastructure construction projects in Taizhou. As the principal builder of the project, the Group built a remarkable milestone in Taizhou's history of improving people's livelihood with its actions and attitude of responsibility.



Bearing in Mind the Community

Heading for Linhai to Fight Flood and Support Draining Operation

The typhoon “Lekima” heavily hit Taizhou with strong winds and torrential rains, and sieged Linhai, the thousand-year-old city, with floods, causing serious inland inundation. The Group sent an emergency rescue crew of over 70 members, bringing generators, water pumps and other equipment, to Linhai to support the draining operation in the city. In Linhai Dayang Community, the basement parking lot was submerged by about 70,000m³ standing water, and over 2,100 families totalling more than 5,000 people had been suffering power and water outage for many days. Cars were soaked by water, and residents were extremely worried. Immediately after arriving at 2:00 a.m., the rescue crew devoted themselves to the arduous standing water draining operation. The rescue crew first checked whether there was leakage of electricity in the parking lot and the lowest point on the ground to make sure that the draining could be conducted smoothly. They then surveyed the drainage pipe network, connected the water pumping pipes to build the network, picked up floating objects, and turned on the generators and water pumps they had brought to drain off water. When the equipment worked smoothly, the rescue crew was divided into several groups to take shifts to regularly check the equipment, the operation of water pumps and adjust the place of water pumps in time, so that the draining proceeded smoothly and efficiently. After fighting day and night for 79 hours, the crew drained off the standing water in the basement parking lots of Dayang Community and Liujiaojing Community with the concerted efforts of rescue teams from Hangzhou and other cities, drawing 160,000m³ of water and providing a strong support to 12,000 affected people in the region to return to normal production and life as early as possible.



Bearing in Mind the Community

Pupils' visit to Pump Station

Tianyangli Pump Station of Wenling Zeguo Water Supply Co., Ltd. received a group of first-grade pupils from Zeguo Primary School and gave them a vivid lesson about saving water and protecting water resources through the visit. Starting from the pump house, the guide led children all the way to the very end of the entire process, explaining in detail how the whole booster pump station produces and delivers water, illustrating the process flow chart and introducing the station's water advanced treatment process more deeply and vividly. It was the first time for the pupils to visit a water plant, and they were curious about every step, pipeline and instrument. Through the visit, pupils and parents had a deeper understanding of the procedure of water production, which improved their awareness that "every drop of water is not easily obtained, and environmental protection is necessary" and helped them cultivate the good habit of "saving water".



Bearing in Mind the Community

Other charity activities:



Sending goods and materials to the social welfare institute



Helping migrant workers who are in need of support

Donation Project	Donation Amount (RMB)
Pairing assistance funds to Wangjiadian Village, Ningxi Town	60,000.00
Pairing assistance funds to Qi Village, Jiali County	300,000.00
Donation to PLA Garrison in Taizhou	9,500.00
Pairing assistance funds to Sanmenshaliu Street	200,000.00

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台州市水務集團股份有限公司
Taizhou Water Group Co., Ltd.*

** For identification purposes only*