



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 2020



* 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 second 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 records our sustainability performance on environmental protection, social responsibility and etc. during the year, we create commitment, measures and performance of sustainable value through principal activities. 2020 has been a challenging year, for which reason the importance to stick on sustainable development becomes increasingly prominent. For the part related to corporate governance, please refer to the section headed “Corporate Governance Report” in the 2020 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 “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 summarized information of “Review on Environmental, Social and Governance Reporting Guide and Relevant Provisions of Listing Rules” in December 2019, and modified the Reporting Guide and the Listing Rules, such as upgrading the disclosure obligation of all “social” key performance indicators to “comply or explain”, shortening the deadline for publication and etc. We conducted several discussions about improving the sustainability performance and relevant policies during the year, and established the preliminary enhancement scheme according to the latest guide and have implemented and plan to implement a series of enhanced measures during the Reporting Period and in 2021 respectively. These measures include improving the risk management system of the Group, establishing an ESG task force, strengthening supply chain management and etc. We understand and are fully aware that stakeholders cherish higher expectation for enterprises’ sustainable development, and we commit that we are not only to accomplish compliance operation, but also to create long-term sustainable development value.

REPORTING PRINCIPLES

When preparing the Report, we adhered to the following reporting principles: materiality, quantitative, balance and consistency. Please refer to the table below for details:

Reporting Principles	Responses from the Group
materiality	Taizhou Water reviews and determines the reporting scope based on the materiality of its principal activities and discloses issues of material impact in the Report. At the same time, we identify current material sustainability issues through stakeholder engagement. Internal and external factors, such as corporate operating strategies and stakeholders’ concerns, are considered in this process. Please refer to the “Stakeholder Engagement” section for details.
quantitative	Taizhou Water discloses environmental and social key performance indicators (“KPIs”) in a quantitative manner, where practicable and applicable. Historical data is also disclosed for comparison purposes.
balance	Taizhou Water discloses our achievements and challenges in a fair and transparent manner to all stakeholders.
consistency	Taizhou Water discloses in this Report KPIs for the year and before across different scopes. We prepare and use these data in a consistent manner so that these data are comparable.

ABOUT THIS REPORT

REPORTING SCOPE

The Report covers the sustainability performance of the Group for period from 1 January 2020 to 31 December 2020 (the “Reporting Period”), and some contents may exceed the abovementioned time scope due to illustration needs. 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. In addition, 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.

MAJOR PROJECT CONSTRUCTION MILESTONE

During the Reporting Period, the two key projects – Taizhou Water Diversion Project and Taizhou South Bay Water Diversion Project have reached full-scale construction peak. The Group maintained the pandemic prevention and control, pushed forward the resumption of work and production in an orderly manner, kept a close eye on the target of water supply, accelerated the construction speed under the premise of ensuring quality and safety, and exceeded the annual investment plan. Among them, all tunnels of Taizhou Water Diversion Project were completed on schedule, and the main civil structure of the Eastern Water Treatment Plant was completed. The North-South Water Supply Emergency Backup Project completed the bidding process and has commenced construction. The first and second sections of the tunnels of Taizhou South Bay Water Diversion Project have been completed; the ancillary complex, the office building and the logistics building in South Bay Treatment Plant have completed the delivery and acceptance, and the pile foundation of the main project has been completed.

Taizhou South Bay Water Diversion Project – Tunnel penetration works have been completed



ABOUT THE GROUP

The main civil structure of the Eastern Water Treatment Plant of Taizhou Water Diversion Project was completed



The main construction of raw water pipeline of Taizhou South Bay Water Diversion Project was fully launched



AWARDS AND HONOURS

Issuer	Honor
Taizhou City Committee of the Communist Party of China, People's Government of Taizhou City	2019 Listed Enterprises with Outstanding Contribution (2019年度突出貢獻上市企業)
Taizhou City Committee of the Communist Party of China, People's Government of Taizhou City	2019 Excellent Municipal Units under Working Target Accountability Assessment (2019年度工作目標責任制考核優秀市級單位)
Taizhou City Committee of the Communist Party of China, People's Government of Taizhou City	Chen Liying (陳麗英), an employee of the Company, was honored as an Advanced Individual in the 2019 "Spending the best efforts on industrial projects, and vigorously developing real economy" activity of Taizhou (2019年度台州市「狠抓產業項目、大抓實體經濟」活動先進個人)
Taizhou City Committee of the Communist Party of China, People's Government of Taizhou City	Model for Taizhou Enterprises (台州市模範集體)
Taizhou City Committee of the Communist Party of China, People's Government of Taizhou City	Advanced Unit for Fighting Against the COVID-19 Pandemic in Taizhou City (台州市抗擊新冠肺炎疫情先進集體)
Taizhou City Committee of the Communist Party of China, People's Government of Taizhou City	Excellent-graded in 2020 city-wide production safety target accountability assessment (2020年度全市安全生產目標管理責任制考核先進等次)
Taizhou City Committee of the Communist Party of China, People's Government of Taizhou City	Excellent Unit in 2020 Municipal-level Target Accountability Assessment (2020年度市級單位目標責任考核優秀單位)
Zhejiang Provincial Department of Public Security	2019 Provincial-level "Safe Unit" and "Intelligent Security Unit" (2019年度省級「平安單位」暨省級「智慧安防單位」)
Taizhou City Committee of the Communist Party of China	Dai Feng (戴峰), an employee of the Company, was honored as a "Taizhou Responsible Cadre" (「台州市擔當作為好幹部」)
Zhejiang Federation of Trade Unions	Policy Addressing Department of Taizhou Binhai Water Co., Ltd.* (台州市濱海水務有限公司) and the pipe jacking construction group of downstream pipeline section II of Taizhou Water Diversion Project were honored as a "Pioneer among Zhejiang Workers" (「浙江省工人先鋒號」)

SUSTAINABILITY GOVERNANCE STRUCTURE OF TAIZHOU WATER

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.

RISK MANAGEMENT SYSTEM OF SUSTAINABILITY

Being responsible for the Group’s long-term stable growth, the Board assumes the ultimate responsibility for monitoring the Group’s risk management activities and monitors significant environmental, social and governance 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 2020 annual report of the Group.



SUSTAINABILITY GOVERNANCE STRUCTURE

We believe that the establishment of a task force is an indispensable measure to promote corporate sustainability. As a result, we initiated preparations and research on the establishment of the ESG working group (“ESG Working Group”) during the year and formally established the ESG Working Group which was headed by the Chairman of the Group, the management and various functional departments subsequent to the Reporting Period. We look forward to further promoting the Group’s sustainability efforts through the establishment of a working group and enabling the Board of the Group to better understand and continuously monitor the content of the ESG work, the achievement of objectives, risks etc. through regular reporting.

STAKEHOLDER ENGAGEMENT

Stakeholder engagement is an indispensable part in the process of determining our sustainable strategy. Stakeholders of the Group are employees, customers, suppliers, business partners, shareholders and investors, government, 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 and Frequency
Employees	<ul style="list-style-type: none"> • Regular internal meetings • Training and workshop for business needs • Festive care and welfare activities • Annual performance appraisal • Annual employee satisfaction survey
Customers	<ul style="list-style-type: none"> • Conduct business meetings and interviews with clients as required • WeChat public posts • Respond to customers' telephone inquiries regarding water supply issues • Reading meters on a regular basis
Suppliers and other business partners	<ul style="list-style-type: none"> • Conduct business meetings and calls with suppliers as required • Assess the suppliers on a regular basis • Conduct site visits as scheduled • Seeking deeper cooperation opportunities through exchange-oriented secondment
Shareholders and investors	<ul style="list-style-type: none"> • Annual general meeting or extraordinary general meeting • Interim reports and annual reports • Corporate circulars and announcements • Website of the Group and WeChat public account
Governmental and regulatory authorities	<ul style="list-style-type: none"> • Compliance reports and water quality reports on a case-by-case basis • Attending meetings and cooperation project negotiations with government departments on related projects • Organising party building activities of the Communist Party of China ("Party")
Media and the broader community	<ul style="list-style-type: none"> • Website of the Group and WeChat public account • Corporate circulars and announcements • Collaborate with external agencies to organize community and volunteer activities

MATERIALITY ASSESSMENT

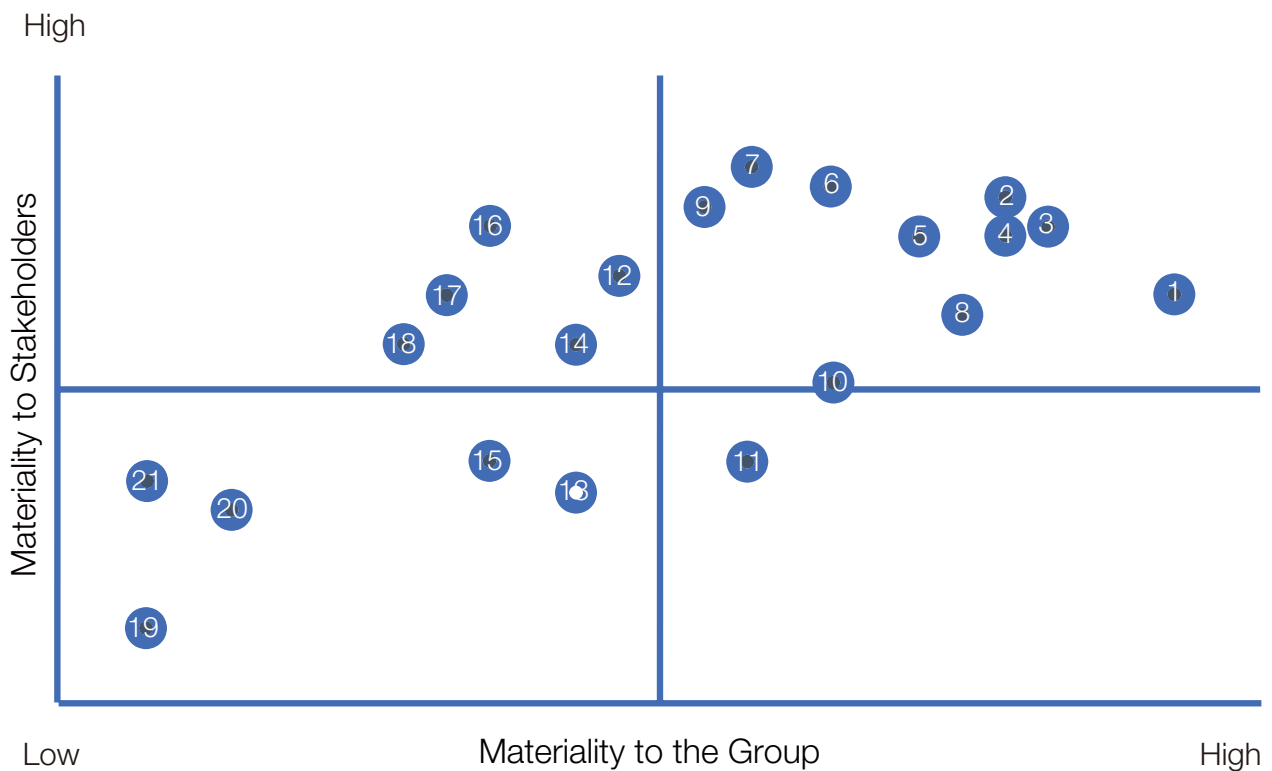
Materiality assessment helps us to properly assess the issues that are valued by stakeholders and have a significant impact on the Group's operations and development.

Phase	Action
Phase 1 – Identify related issues	Based on previous and existing results of stakeholder communications and the Reporting Guide, 21 issues related to ESG were identified.
Phase 2 – Collect stakeholders' advice	Invite stakeholders from various fields to advise on the sustainable development of Taizhou Water.
Phase 3 – Identify Significant issues	Based on materiality ratings collected from different stakeholders and management in the Group, quantitative analysis is sequenced and expressed in a matrix to identify the most important issue at both levels.
Phase 4 – Verification	The 10 key summarized issues were passed to the ESG Working Group for review, and were identified as issues that need prioritizing and highlighted for reporting.

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. We collect opinion of stakeholders through questionnaires to assess the materiality of each issue, which was conducive to the preparation of the ESG Report and the formulation of future corporate social responsibility strategy. Based on the results of current and previous stakeholder engagement activities, the industry trends and the Reporting Guide, we summarised 21 ESG issues applicable to the Group. In the process of conducting questionnaires, we invited internal and external stakeholders to score these 21 issues. Stakeholders' valuable opinions helped us to prioritise the following issues:

Materiality Matrix



MATERIALITY ASSESSMENT

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 10 material issues that are material to both stakeholders and the Group: water quality safety, data protection and system safety, daily water management, employee development and training, anti-corruption, employee welfare, occupational health and safety, water quality and service quality, prevention of child labour and forced labour, and project development.

IMPORTANT ISSUES

No.	Issue	Reporting Guide	Related Chapter	Page
1	Water quality safety	B6	Stable Water Supply	15
2	Data protection and system safety	B6	Stable Water Supply – Quality of Water Supply	16
3	Daily water management	A2	Environmental Protection – Water Saving	34
4	Employee development and training	B3	Occupational Health and Safety – Development and Training	22
5	Anti-corruption	B7	Anti-corruption	25
6	Employee welfare	B1	Caring for Employees	18
7	Occupational health and safety	B2	Occupational Health and Safety	20
8	Water quality and service quality	B6	Stable Water Supply – Quality of Water Supply and Project Quality	15,16
9	Prevention of child labour and forced labour	B4	Occupational Health and Safety – Prevention of Child Labour and Forced Labour	25
10	Project development	B6	Stable Water Supply – Project Quality	16

FIGHTING AGAINST PANDEMIC TOGETHER

The COVID-19 pandemic brought unexpected impact to the Chinese New Year holidays across the country in 2020. However, Taizhou Water strove to maintain a stable water supply during the pandemic. We also proactively followed the instruction of the national leader to implement important national instruction regarding pneumonia associated with the novel coronavirus, adopted a series of measures at the provincial and city level, enhanced organisational leadership and formulated comprehensive deployment to actively prevent the COVID-19 pandemic.



STRINGENT AND COMPREHENSIVE PANDEMIC PREVENTION MEASURES

While the pandemic was severe during the year, the Group established a series of stringent pandemic prevention measures for the resumption of work. By addressing every detail, we aimed at safeguarding the personal safety of our employees while resumed operation. During the Reporting Period, we have adopted pandemic prevention measures included but not limited to the following:

- Carry out basic pandemic prevention measures, including personnel registration, comprehensive disinfection, compulsory wearing of masks and temperature screening;
- Strengthen the cleaning and disinfection of places that gather crowds, such as canteen and dormitories at the construction site;
- Conduct strict management on employees who return to work and keep track of their health information;
- Store pandemic prevention materials such as masks and disinfectants in advance; and
- Properly carry out pandemic prevention works according to the “Guidance Notes on the Public Protection of Pneumonia associated with the Novel Coronavirus” (《新型冠状病毒感染的肺炎公眾防護指南》).



As for water supply, we conducted every task with organised and perfect arrangement. The Raw Water Production Department of the Group adopted a three-shifts system to regularly inspect the operation of the water supply facilities and carefully record the operation data, constantly check the movement of water pressure and water volume, and conduct temperature screening when employees of different shifts perform job handover. During the pandemic, some of our frontline workers were not able to come to work due to certain restrictions such as traffic control. Under the circumstance of a relative lack of frontline operating workers, 27 employees from our subsidiaries voluntarily took the shifts of those employees to secure normal water supply.

FIGHTING AGAINST PANDEMIC TOGETHER

Inspection of pandemic prevention works by the management of the Group

During the pandemic, the inspection team consisted of members of the management of Taizhou Water conducted checkups on the pandemic prevention works carried out by respective subsidiary, including checkups on the pandemic prevention in office areas, dining areas and disinfection. When the pandemic reached its peak in mainland China, the general manager of the Group emphasized to employees who were responsible for the pandemic prevention works to strictly follow and implement various pandemic prevention measures required by the Company as well as local governments and attach the greatest importance to the employee health, hence established the core concept within the Group that safeguarding employees' safety and health is a primary condition of safe water supply for Taizhou Water.

**Enhance employee awareness of pandemic prevention**

Wenling Zeguo Water Supply Co., Ltd.* (溫嶺市澤國自來水有限公司), a subsidiary of the Group, especially invited the volunteer team from Taizhou Enze Medical Center (Group) (台州恩澤醫療中心(集團)) to offer pandemic prevention instruction at the Company, including guidance on personal protection for employees, such as the selection of masks, ways to wear masks and the frequency of wearing masks, further enhanced the safety protection level.

**Awarded as the "Advanced Unit for Fighting Against the COVID-19 Pandemic in Taizhou City" (「台州市抗擊新冠肺炎疫情先進集體」)**

Our efforts in fighting against the pandemic were recognised by the local government. On 15 December 2020, Taizhou City Water Co., Ltd.* (台州城市水務有限公司) ("Taizhou City Water") a subsidiary of the Group was awarded as the "Advanced Unit for Fighting Against the COVID-19 Pandemic in Taizhou City" (「台州市抗擊新冠肺炎疫情先進集體」), which recognised the efforts we put in during the pandemic.



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STABLE WATER SUPPLY

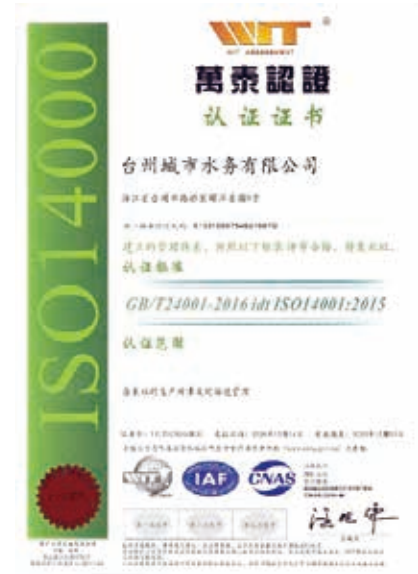
QUALITY OF WATER SUPPLY

During the Reporting Period, the Group constantly adopted the “safe, efficient and orderly” water supply operating policy and 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. In particular, Taizhou City Water has 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.

The 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 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 quality of 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 truthfully report water testing data to competent departments of local urban water supply.



As early as 2015, the Water Quality Testing Center of Taizhou City Water* (台州城市水務水質檢測中心) 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.



* for identification purposes only

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 carried out at full capacity despite the impact brought by the pandemic. We formulated the Project Quality Management Measures (《工程質量管理辦法》) in accordance with the Construction Law of the People's Republic of China (《中華人民共和國建築法》), the Regulation on the Quality Management of Construction Projects (《建築工程質量管理條例》) 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 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.

Comprehensive Inspection of the Water Diversion Project in Taizhou City

During the Reporting Period, the project inspection team of the Group conducted several on-site inspections and coordinated difficulties and problems identified during the construction, so as to ensure the project quality, as well as the safety of the construction workers. The inspection team consists of members from the management, including the general manager, deputy general manager, and the secretary of the Discipline Inspection Commission. The inspection team urged the project departments of the respective construction site to catch up with the construction progress, rectify the construction quality issue in a timely manner, and conduct a strict quality inspection. For construction projects with delayed schedules, the inspection team would keep up with the progress and request the construction unit to review the construction management issue, aiming to control project quality and construction safety while accelerating construction progress. When the construction obstacles and difficulties emerged, the inspection team would also visit the construction site to figure out the root of the problem, assist the construction team in communicating with relevant departments and personnel to fix the construction problems promptly. By doing so, the inspection team could ensure the construction progress was in line with the schedule, establish a safe and harmonious construction site, and closely monitor the construction quality.



CUSTOMER PRIVACY PROTECTION

We will collect customer's personal information for business operation needs during operation, and we guarantee that we only collect customer information as and when necessary, and will not utilise customer information for purposes other than the Group's business. Besides, we promote the importance of data confidentiality among our employees with the labour contract and employee handbook specifying that employees are obliged to keep the Group's business secret and the customer information confidential. We require all employees to handle and use customer information carefully, protect customer information and comply with statutory requirements including the Criminal Law of the People's Republic of China (《中華人民共和國刑法》).

STABLE WATER SUPPLY

CUSTOMER SATISFACTION

We attach importance to customer feedback and handle customer complaints carefully. The Group sets up the customer service hotline and designated email to collect complaints and keeps written records. The responsible department of the Group will analyse and investigate the matters related to the complaints and provide advice on how to handle such complaints. Then, such department will provide complainants with feedback and track the complainants' satisfaction about the solutions. During the Reporting Period, we received a total of 46 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 (《技術專利管理制度》) 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 established the Intellectual Property and Patent Management System (《知識產權及專利管理制度》) 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, intellectual property and privacy matters of products and services.

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 for daily repair and chemicals used for water treatment, such as sodium hypochlorite and hydrated lime. The Group values the development and maintenance of long-term relationships with suppliers and builds long-term business partnership with suppliers.

To enhance supply chain management, the Group has established a comprehensive internal control system in respect of supply chain management by formulating internal management systems such as the Materials Management System (《物資管理制度》). According to the internal rules and regulations of the Group, the department that needs to use the materials shall submit procurement applications first. After the approval of multiple departments, the procurement department will purchase through open tendering, selected bidding, request for quotation, competitive negotiation, market comparison and selection, business relationship continuation, etc.. Procurement methods, principles and procedures are conducted in accordance with the Government Procurement Law of the People's Republic of China (《中華人民共和國政府採購法》). We will disclose the procurement information under the open and transparent principles, clearly state 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, most outstanding suppliers are chosen in accordance with prescribed bid acceptance conditions or procurement principles. We hope to collaborate with suppliers who have shared moral values and standards. The Group 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 a long-term relationship with suppliers and contractors based on mutual trust. The Group procures materials and services with strict moral standards to ensure the quality of finished products and maintain customers, suppliers and the public's confidence in the Group.

As of 31 December 2020, the number of our major suppliers was 93 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 an on-site assessment on 55 of the suppliers.

CARING FOR EMPLOYEES

OVERVIEW OF EMPLOYEES

As at 31 December 2020, we have 194 employees in total. All of them are full-time employees and based in China. One employee resigned during the Reporting Period (No employee resigned in 2019).

Indicators	2020	2019
By Gender		
Male	133	125
Female	61	60
By Age Group		
21-30	17	19
31-40	64	56
41-50	88	84
51-60	25	26
By Employment Type		
Senior management	8	7
Middle management	23	22
General employees	163	156

In accordance with the Labour Law of the People's Republic of China (《中華人民共和國勞動法》) and the Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》), 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.

CARING FOR EMPLOYEES

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. When an employee resigns voluntarily or being laid off, the human resources department shall have an exit interview with such employee to understand the reason for the resignation. We will issue employment verification document to the dismissed employee. When the Group terminates an employee's employment contract, the dismissed employee shall be given due notice or wages in lieu of notice, 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 accordance with the Labour Law of the People's Republic of China, 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	In accordance with the Labour Law of the People's Republic of China (《中華人民共和國勞動法》), employees enjoy holidays to which they are entitled.
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, activities such as spring and autumn outings, health lectures, visiting employees who are hospitalized, festival condolences 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 (《中華人民共和國職業病防治法》), the Work Safety Law of the People's Republic of China (《中華人民共和國安全生產法》) and other regulations and with reference to the standards of Occupational Health and Safety Management System ISO45001:2018.

We consider work safety to be one of the Group's key priorities and have therefore established a comprehensive work safety risk management mechanism, which includes the establishment of a hierarchical risk management checklist, whereby risk sources are regularly checked by dedicated departments, and the establishment of a list of significant hazard sources, so that relevant departments can be more watchful of and cautious about significant hazard incidents. 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, the Group had no work-related fatality but there was one work-related injury accident with a total of 15 lost working days due to work injury.



CARING FOR EMPLOYEES

Recognition of our efforts on work safety

The Group had spared no effort in work safety and our efforts were recognised by the local authorities. On 12 May 2020, Taizhou City Committee of the Communist Party of China and the People's Government of Taizhou City awarded companies and individuals that made outstanding contributions to work safety (food safety) in the year of 2019, and the Company was honoured to be one of the awarded enterprises. In the future, the Group will continue to improve work safety.

“Work Safety Month”

2020 was the Group's 3rd “Work Safety Month”. During the Reporting Period, the Group set June as “Work Safety Month” and released the Implementation Plan of 2020 “Work Safety Month” Campaign of the Company (《台州市水務集團股份有限公司2020年「安全生產月」活動實施方案》). The themed event of “6.6 Water Safety Day” focused on the safety of water supply pipelines and explained the inspection and protection of water supply pipelines via case studies. The Company invited safety engineers to deliver lectures about water conservancy projects to employees. In addition, education was also enhanced in other areas, including firefighting training, safety knowledge education activities, safety warning educational video watching, short video competition on work safety, comprehensive emergency drill on pandemic prevention and control, fire drill, drill on fighting flood, large-scale inspections for potential work safety risks, inspections for potential risks involved in fighting typhoon and flood, assessment against the Guidelines for Construction Safety Management of Water Conservancy and Hydropower Projects (《水利水電工程施工安全管理導則》), training of hazard source identification, training of fire brigade, etc. We also arranged for our safety management officers to participate in the “Safety Training for Millions of Employees”(百萬員工安全大培訓) organised by the Bureau of Emergency Management of Taizhou and successfully passed the examination.



CARING FOR EMPLOYEES

DEVELOPMENT AND TRAINING

The Group emphasises the importance of employee development. Every year, we prepare the annual training schedule based on the learning requirements of the employees of each department of the Group. The actual training work of the Group will be adjusted with reference to the annual plan and in accordance with the actual conditions, aiming at offering appropriate training activities for employees. In addition, we also strongly encourage our employees to attend external training activities. When such needs arise, applicants can apply with and be approved by the relevant management by completing the Employee Training Application Form (《員工學習培訓申請表》) or the Application Form for Safety Managers of Business Units to Attend Ongoing Training (《企業單位安全管理人員複訓申請表》). Employees are generally required to share or summarise the learning experience after the completion of external training activities.

	2020 Unit
Employee training analysis	
Total training hours	2,786.20 Hour
Average training hours	14.36 Hour/person
Percentage of employees trained by gender	
Male	68.48 %
Female	31.52 %
Percentage of employees trained by employment type	
Senior management	4.35 %
Middle management	12.50 %
General and technical employees	83.15 %
Average hours of training received per employee by gender	
Male	14.44 Hour/person
Female	14.19 Hour/person
Average hours of training received per employee by employment type	
Senior management	45.19 Hour/person
Middle management	20.38 Hour/person
General and technical employees	12.00 Hour/person

CARING FOR EMPLOYEES

Learning and Exchange with Shanghai Water Enterprises

Under the arrangement of the Organisational Department of Taizhou City Committee, 2 young managers were assigned by the Group to Shanghai water enterprises for exchange and learning, hoping to learn about the operation and management modes of other water enterprises through this trip, and to promote in-depth cooperation and exchange opportunities with STEC Shanghai Tap Water Pipeline Engineering Co., LTD (隧道股份上海城建水务工程有限公司) and Shanghai Chengtong Raw Water Co., Ltd. (上海城投原水有限公司) so as to know more about the advanced technology and construction experience of other water enterprises.

The two young managers of Taizhou Water gained in-depth understanding of the characteristics and difficulties of each work type and position by working and managing in different positions. Leveraging on this opportunity of specialist coaching and on-the-job training, the young managers learned how to arrange and manage various tasks in an orderly manner, and at the same time enhanced their adaptability and problem solving ability by working in different environments, and more importantly, learned more about the expertise on water enterprise management. The cooperative enterprises also gave full recognition to the learning and work performance of our managers during the discussion forum, and believed that such collaboration was not only beneficial to the participating employees, but also a rare learning opportunity for both enterprises. Both parties were satisfied with the arrangement of the work-study exchange program under this cooperation and they were willing to promote further cooperation in the future. For the Group, the training of young management will also help to enrich the talent pool, promote the development of talent pipeline and pave the way for the future growth of the Company.



CARING FOR EMPLOYEES

Holding Special Lectures on the Civil Code

Tian Yuan Law Firm was invited by the Group to give lectures on the Civil Code (《民法典》) to its employees. The Civil Code is known as the “encyclopedia of social life”. The Civil Code is the first law named after the “code” since the founding of the People’s Republic of China (“PRC”) and is also a major achievement in the construction of socialist rule of law in the PRC in the new era, which plays an important role in the socialist system of laws with Chinese characteristics and belongs to a fundamental law of the PRC. The lawyer explained some of the articles and key points of the Civil Code and relevant legal persons, contracts and other work-related contents to the participating employees in easy-to-understand language combined with cases from daily life, helping the employees to clearly understand and grasp the articles, thus enhancing their awareness of compliance with the law and avoiding inadvertent violation of the law due to lack of understanding of laws. This lecture covered both the theories of the civil law and the real-life examples, showing how the Civil Code can be applied in work or daily life. The participating management all expressed that the relevant topics were very practical, and they hoped that they could continue to learn more about the Civil Code and gain a deeper understanding of its essence and core values, with an aim to promote the integration of the Civil Code into corporate management and provide legal protection with the development of the Company.



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 regulations including the Law of the People's Republic of China on the Protection of Minors (《中華人民共和國未成年人保護法》), the Regulations on Labour Security Supervision (《勞動保障監察條例》) and the Provisions on the Prohibition of Using Child Labour (《禁止使用童工規定》). The human resources department of Taizhou Water, as a gatekeeper, has established a systematic internal control procedure in its recruitment process to avoid the occurrence of recruiting child labour, including obtaining the identity documents of new employees and conducting inspection and verification procedures. In addition, the working time of the employees are also clearly specified in the labour contracts signed with the employees. The human resources department of Taizhou Water would continuously supervise and review 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 cornerstones of the Group's success. The Group adopts the "zero-tolerance" attitude toward bribery, extortion, fraud and money laundering. 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 in their daily work.

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 of the Group ("Discipline 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 from 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 Division appointed by the Municipal Finance Bureau of Taizhou Municipal Discipline Inspection Commission and Taizhou Municipal Supervision Commission (台州市紀委監委派駐市財政局紀檢監察組) periodically, thus effectively protecting the whistle-blower and the materials we have received and keep them confidential.

CARING FOR EMPLOYEES

We also released the Notice on Complying with Discipline Rules in Holidays and Festivals (有關節日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 developed and implemented the Measures on the Interview Related to Clean Party Construction Issues (《黨風廉政建設約談辦法》), talked to employees on key positions to get information of the implementation and construction of clean Party accountability mechanism. With regard to anti-money laundering work, we have established the Anti-money Laundering Management System (《反洗錢管理制度》) to promote and strengthen the Company's work to combat money laundering and prevent the Group from becoming a money laundering tool of criminals. During the Reporting Period, the Group was not aware of any concluded legal cases regarding corruption brought against the Group or its employees.

During the Reporting Period, Taizhou Water formulated the "2020 List of Primary Responsibilities of the Group's Party Committee to Run the Party Comprehensively with Strict Discipline" (《2020年集團黨委落實全面從嚴治黨主體責任清單》) and the "Work Manual on Primary Responsibilities to Run the Party Comprehensively with Strict Discipline" (《落實全面從嚴治黨主體責任工作手冊》), which set out a list of responsibilities for complying with the principle of "running the Party comprehensively with strict discipline", the clean Party construction and ideological work to further fulfill the primary responsibilities and improve the internal management mechanism. The Group has also rectified 9 measures to solve problems in employment management, team building and internal control risks, and issued notices on main holidays and festivals to remind employees at all levels of the typical problems of "formalism, bureaucracy, hedonism and extravagance".

ENHANCING TRAINING TO IMPROVE THE QUALITY OF DISCIPLINE INSPECTION AND SUPERVISION

Continuing to enhance the quality of our Discipline Inspection and Supervision Office and ensuring the independence of our Discipline Inspection and Supervision Office is one of the Group's priorities of anti-corruption initiatives. During the Reporting Period, we have strengthened our supervision within the Group by complementing the members of the Discipline Inspection and Supervision Office. During the Reporting Period, the management personnel of the Discipline Inspection and Supervision Office of the Group also attended the comprehensive business training courses on discipline inspection and supervision organised by Hangzhou Training Center under Supervision Department of the CPC Central Commission for Discipline Inspection and the Municipal State-owned Assets Supervision and Administration Commission of the State Council. Through these training activities, our discipline inspection and supervision members were able to identify their own shortcomings and take the opportunity to enhance their understanding.

Convening the 2020 Party Building and Clean Party Construction Work Conference

On 2 April 2020, the Group convened the 2020 Party building and clean Party construction work conference, during which the Group thoroughly implemented the new requirements and new deployments of the Central, Provincial and Municipal Party Committees on Party building work, clean Party construction and ideological work, and mobilised Party members, cadres and employees to further emancipate their minds and gather their strengths so as to turn the advantages of Party building into business development and turn the institutional strength into governance effectiveness, thereby leading the Group's high-quality development with high-quality Party building.



CARING FOR EMPLOYEES

Leading the Group's Cadres to Attend the Warning and Education Exhibition

In order to raise the employees' compliance awareness, the Group organised all Party members and cadres to attend the "Taizhou City Warning and Education Exhibition on Running the Party Comprehensively with Strict Discipline" (《台州市全面从严治黨警示教育展》). In the exhibition hall, various cases of violations of discipline and law in the past were displayed and the confession of the fallen cadres was played in a loop. This warning and education exhibition was mainly divided into four parts, including "Take Out Tigers," "Swat Flies," "Hunt Down Foxes" and "Breaking Umbrellas". Through a large number of illustrations, videos and figures, the typical cases investigated and punished within the city since the 19th National Congress of the Communist Party of China were unfolded, and each case served as a mirror for visitors to reflect themselves. After the visit, our employees all expressed that they were strongly and profoundly shocked. By learning from the previous cases, they are reminded to always stay alert and take such cases as lessons, not to take chances and not to repeat the same mistakes.



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 (《中華人民共和國環境保護法》), the Solid Waste Pollution Prevention and Control Law of the People's Republic of China (《中華人民共和國固體廢物污染環境防治法》), the Water Pollution Prevention and Control Law of the People's Republic of China (《中華人民共和國水污染防治法》) and the Atmospheric Pollution Prevention and Control Law of the People's Republic of China (《中華人民共和國大氣污染防治法》), 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 has established the environmental management system in accordance with the standards of ISO14001:2015 Environmental Management System and has obtained the relevant standard certification.

RESPONSE TO CLIMATE CHANGE

As a common challenge faced by the world, climate change may have significant impact on our daily lives. In recent years, the issues arise from climate change have become more serious. One of the most obvious examples is global warming. According to certain recent international studies, climate change will cause more powerful typhoons. During the Reporting Period, although the Group's operation has not been significantly affected, the Group will continue to pay attention to climate change issues. The Group continue to identify risk factors from climate change that may have a significant impact on the Group's operation in the future and will take corresponding measures in a timely manner. Meanwhile, Taizhou Water is committed to well preparing for impact caused by climate change, including hidden risks such as typhoons and mudslides.



During the Reporting Period, typhoon Hagupit (黑格比) landed in the coastal areas of Yueqing. Before the arrival of the typhoon, the Group held meetings in advance to deploy disaster prevention actions according to emergency plans against typhoon and flood. In two major water diversion projects of the Group, we made every effort to organise workers to move to safer areas, dismantle overhead cranes, strengthen temporary structures, inspect power systems and enhance drainage systems, all these prevention efforts aiming to avoid hidden safety risks might be caused by the typhoon.

ENVIRONMENTAL PROTECTION

Improving aging equipment to enhance operational efficiency and reduce emissions

Since the completion of Taizhou First Phase Water Supply Project in 1995, the Huangyan Pumping Station has become an important part of Taizhou First Phase Water Supply Project. After more than 20 years of operation, however, certain problems have emerged gradually, such as aging equipment and high failure rates. As those problems have a certain degree of impact on the stability and safety of water supply, the demand for water in Jiaojiang District, Taizhou City has increased in recent years. The stability of operation of the Huangyan Pumping Station is important to the downstream water supply. Therefore, we have planned to carry out comprehensive renovation of aging equipment since 2018, and the entire renovation has formally completed during the Reporting Period. The Group hopes to reduce failure rates and equipment failure-caused water supply interruption rates and improve the safety of water supply through the renovation and the use of high-performance equipment. Meanwhile, the Group hopes to reduce energy consumption and reduce carbon emissions through the improvement of equipment efficiency.

Through the comprehensive renovation, the Group aims to achieve the following:

- Improve equipment efficiency, extend the cycle of large-scale maintenance and reduce the pressure of daily operation management and maintenance;
- Equip with backup water pumps to reduce the probability of accident-caused water supply interruption and improve the safety and stability of water supply;
- Reduce the noise caused by the operation of pump stations, meet the requirements in the “Standard of Environmental Noise of Urban Area (GB3096-93)” and “Standard for Industrial Enterprises Noise at Boundary (GB12348-90)”, and reduce the impact on residents nearby; and
- Improve the overall efficiency of water pumping set to achieve energy saving and emission reduction through improvement of efficiency of water pumps and motors.

Based on the actual operation of the Huangyan Pumping Station in 2017, assuming that the water supply volume remains unchanged, we expect to save more than 1.87 million kWh¹ per year through the renovation. During the Reporting Period, after the renovation, the equipment efficiency of the Huangyan Pumping Station has indeed been improved and energy consumption has been reduced.

¹ The data derives from a third-party research institution engaged by the Group, which is qualified as a national research institution and has produced feasibility research data and project proposals for the Group’s renovation project.

ENVIRONMENTAL PROTECTION

Advocating Clean Dish Action, practising strict economy and combatting waste

During the Reporting Period, Taizhou Water organised Clean Dish Action to advocate food conservation, stop food waste and encourage all employees to save water, electricity and food. The Group posts slogans such as “Advocate Clean Dish Action” and “Advocate Thrift, Combat Waste” everywhere in the offices. Through different forms of conservation promotion, the Group wishes to spread the idea of thrift. Meanwhile, in order to further enhance the promotion of conservation, we revised the “Staff Canteen Management System”, requiring the relevant departments in charge to measure the required food ingredients based on rigorous statistics and make arrangements based on the actual needs of the employees.



ENVIRONMENTAL PROTECTION

ENVIRONMENTAL PROTECTION MEASURES ADOPTED FOR CONSTRUCTION PROJECTS

According to the Law of the People's Republic of China on Environmental Impact Assessment (《中華人民共和國環境影響評價法》), the Regulations on the Administration of Construction Project Environmental Protection (《建設項目環境保護管理條例》), 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 environmental measures adopted for construction projects are set out below:

Prevention of air pollution	<ul style="list-style-type: none"> 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
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 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

ENVIRONMENTAL PROTECTION

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

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 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, reusing, recycling and properly treating waste, and preparing appropriate amount of food on demand. 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.

ENVIRONMENTAL PROTECTION

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 or 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.

USE OF RESOURCES

We have developed 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 paper;
- Everyone brings his/her own cups, and avoids the use of paper cups; and
- Reuse folders, envelopes and other stationery supplies.

ENVIRONMENTAL PROTECTION

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 have developed 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 equipments 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 ²	2020	2019 ³	Unit
Greenhouse gas			
Total emission (Scope 1 and 2)	34,548.06	30,220.18	tCO ₂ e
Direct emission (Scope 1)	200.33	218.56	tCO ₂ e
Indirect emission (Scope 2)	34,431.77	30,090.61	tCO ₂ e
Total greenhouse gas reduced by planting trees	84.04	88.99	tCO ₂ e
Greenhouse gas emission per million tonne water supply (Scope 1 and 2)	84.15	123.80	tCO ₂ e (per million tonne water supply)
Waste gas			
Nitrogen oxides (NOx)	83.80	82.81	kg
Sulfur oxide (Sox)	1.02	1.15	kg
Particulate matter (PM)	6.49	6.16	kg
Energy⁴			
Total consumption	43,521.08	38,187.08	'000 kWh
– Electricity	42,793.65	37,398.22	'000 kWh
– Diesel	21.47	19.95	'000 kWh
– Liquefied petroleum gas	82.92	67.36	'000 kWh
– Natural gas	69.31	78.57	'000 kWh
– Unleaded gasoline	553.73	622.98	'000 kWh
Energy consumption per million tonne water supply	106.00	156.44	'000 kWh (per million tonne water supply)
Water consumption⁵			
Total water consumption	7,257.00	10,910.00	m ³
Water consumption per million tonne water supply	17.68	44.69	m ³ (per million tonne water supply)
Waste⁶			
Total non-hazardous waste	17,606.28	7,731.24	tonne
Non-hazardous waste per million tonne water supply	42.88	31.67	tonne (per million tonne water supply)

² Our disclosures on air and greenhouse gases (GHG) emissions have been prepared based on the requirements in Appendix 2 to “How to prepare an ESG report” published by the Stock Exchange and “GHG Protocol Corporate Accounting and Reporting Standard (revised edition)” published by the World Resources Institute (WRI) and World Business Council for Sustainable Development (WBCSD).

GHG emissions data is presented in terms of carbon dioxide equivalent. The data of direct emissions (Scope 1) includes operations that are direct controlled or managed by the Group. The data of indirect emissions (Scope 2) takes into consideration the indirect electricity, heat, refrigerants and steam consumed by the Group (purchased or sourced from external parties).

³ With reference to the emission factors for the People’s Republic of China based operations associated with purchased electricity specified in “How to prepare an ESG report” published by the Stock Exchange, the data of indirect emissions (Scope 2) in 2019 has been restated.

⁴ The date of total consumption includes the use of purchased electricity and fuel (renewable and non-renewable). The relevant conversion factors were calculated with reference to the CDP Technical Note: Conversion of fuel data to MWh published by CDP.

⁵ 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 measurable data of the Group, and does not include all the data of water consumption.

⁶ Non-hazardous waste of the Group mainly includes sludge 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, 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 due to the materiality principle. We will continue to measure on such aspect and make relevant disclosures in the report when significant hazardous waste is involved.

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. Also, the Group is committed to reducing the impact of project construction and development on the community. During the Reporting Period, we donated over RMB800,000 in total, including one-to-one sponsoring and community activities like festival grants.

Sparing No Efforts in Educating the Next Generation

Chen Liying, a Party committee member and the chief accountant (the “Chief Accountant”) of the Group, was invited to participate in an on-campus law promotion activity. The event aimed to help youngsters build up, at an early age, a proper awareness of knowing the laws and abiding by them, understanding the laws and applying them in self-protection, and to prevent juvenile delinquency in a practical manner. The organiser arranged a lively fairy tale show, integrated with legal knowledge, to help students understand the importance of keeping the law. As a part of the event, a “Safe House, Safety Education Programme for Children” was also launched, in which a themed teaching programme on a series of children-oriented safety courses, covering electricity usage, drowning prevention, sexual assault prevention and school violence prevention, was organised to enhance students’ safety awareness. The Group also donated children’s books to Mao She Yifu Primary School and facilitated the school to organise a one-year safety course, aiming at helping children better master self-protection skills and improve the overall safety level of the community.

During the Reporting Period, the Chief Accountant was also invited to give a lecture to the postgraduate accounting students of Zhejiang University of Technology on the topic of initial public offering (“IPO”) in Hong Kong via the MPAcc Online Lecture Hall of Zhejiang University of Technology. Drawing on the Group’s successful Hong Kong IPO experience, the lecturer shared with postgraduates the whole listing process and relevant key points from pre-listing preparation to post-listing management work. At the end of the lecture, the Chief Accountant was appointed as the external practice tutor for postgraduates by Zhejiang University of Technology. The lecture provided the students with an in-depth understanding of financial decisions and management of the Chinese enterprises going public in Hong Kong, and enhanced the knowledge and skills of the MPAcc postgraduates in deploying capital markets of different regions for direct financing purpose, so that they are better prepared for any relevant work in the future. More lectures and forums will be held in the future to irrigate the next generation with the Group’s business experience.



BEARING IN MIND THE COMMUNITY

Caring For Remote Areas and Going Prosperous With Them

In accordance with the requirements of documents issued by the Leadership Group for Pairing Assistance Work of Zhejiang Province (浙江省對口支援工作領導小組), the Group has been placing significant efforts in the scheme of “going prosperous together” with high standard and quality, to help our pairing object, Jia Li County in Nagqu Prefecture, Tibet, to complete the tough task of poverty alleviation and contributing to the national campaign of poverty alleviation with efforts from Taizhou. During the Reporting Period, the Group held a Board meeting to consider and approve the resolutions on social donation to six villages in Jiali County, Tibet to carry out “enterprise-village pairing assistance” and facilitate construction of livelihood projects. Each poverty-stricken village was granted an assistance fund of RMB50,000, totaling RMB300,000.

Strengthening Communication between Villages and Enterprises for Precise Pairing Assistance

During the Reporting Period, in response to major decisions of the municipal Party committee and municipal government in pairing assistance, the Group dispatched cadres to Jinlang Village and Ninglian Village in Yutou Township, to carry out poverty alleviation-oriented pairing assistance work. In 2020, the Group donated RMB50,000 to support the poor villages in view of the influence of COVID-19 pandemic, the pressure of economic downturn and the hygiene management campaign for the beautiful countryside. The Group’s resident cadres actively brought their initiative into play to effect precise pairing assistance. After in-depth researches, industrial development was conspired, based on the ecological resources and industrial base of Jinlang Village and the Group’s own strengths, we helped low-income farmers to increase their income and develop and expand collective economy at a village level, so as to truly transform “lucid waters and lush mountains” (綠水青山) into “invaluable assets” (金山銀山).



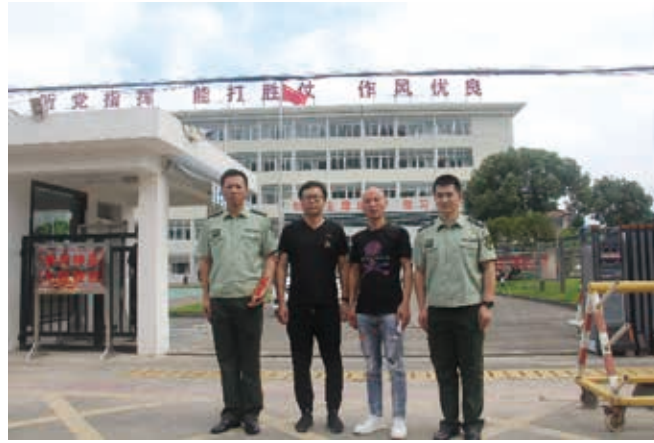
Yang Jun, Chairman of the Board, visited Jinlang Village to look into the pairing assistance work

Writing Spring Festival Couplets for Lunar New Year

We have always been committed to maintaining good relationship with the community. During the Reporting Period, the Party committee of the Group and the Party committee of Beiyang Township of Huangyan District jointly organised a spring festival couplet writing and distribution activity titled “keeping grateful and blessing for all families (引水思源 福送萬家)” at the Cultural Hall of Shanxia Street, Beiyang Township, to send Chinese New Year blessings to all families. Chinese New Year is always the most important festival to Chinese people. Therefore, the Group took the opportunity to invite calligraphers to write on site and distribute spring festival couplets to the neighbouring communities. By interacting with the community, the Group consolidated the positive situation of general public along the route supporting project construction and promoted integration with the community.



BEARING IN MIND THE COMMUNITY



Sending Greetings to the People's Armed Police



Volunteer Team Engaged in Street Cleaning

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Aspect A1: Emissions			
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.		Environmental Protection	28-35
KPI A1.1	The types of emissions and respective emissions data.	Environmental Protection – Overview of Environmental Performance Data	35
KPI A1.2	Greenhouse gas emissions in total and intensity.	Environmental Protection – Overview of Environmental Performance Data	35
KPI A1.3	Total hazardous waste produced and intensity.	As required in laboratory testing work, limited hazardous waste is involved in the production activities of the Group. Considering the materiality principle, relevant data is not disclosed. We will continue to measure on such aspect and make relevant disclosures in the report when significant hazardous waste is involved.	35
KPI A1.4	Total non-hazardous waste produced and intensity.	Environmental Protection – Overview of Environmental Performance Data	35
KPI A1.5	Description of measures to mitigate emissions and results achieved.	Environmental Protection – Energy Management	32
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Aspect A2: Use of Resources			
General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials. Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.		Environmental Protection	28-35
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity.	Environmental Protection – Overview of Environmental Performance Data	35
KPI A2.2	Water consumption in total and intensity.	Environmental Protection – Overview of Environmental Performance Data	35
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Environmental Protection – Energy Management Please refer to the Overview of Environmental Performance Data for the results achieved.	32,35
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Environmental Protection – Water Saving Please refer to the Overview of Environmental Performance Data for the results achieved.	34,35
KPI A2.5	Total packaging material used for finished products and with reference to per unit produced.	Businesses of the Group do not involve packaging materials.	Not applicable
Aspect A3: The Environment and Natural Resources			
General Disclosure Policies on minimising the issuer's significant impacts on the environment and natural resources.		Environmental Protection	28-35
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Protection – Response to Climate Change	28

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B. Social			
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KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Caring for Employees – Overview of Employees	18
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Caring for Employees – Overview of Employees	18
Aspect B2: Health and Safety			
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.		Caring for Employees – Occupational Health and Safety	20-21
KPI B2.1	Number and rate of work-related fatalities.	During the Reporting Period, there was no incidence of work-related fatalities.	20
KPI B2.2	Lost days due to work injury.	Caring for Employees – Occupational Health and Safety	20
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Caring for Employees – Occupational Health and Safety	20-21

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Aspect B3: Development and Training			
General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.		Caring for Employees – Development and Training	22-24
KPI B3.1	The percentage of employees trained by gender and employee category.	Caring for Employees – Development and Training	22
KPI B3.2	The average training hours completed per employee by gender and employee category.	Caring for Employees – Development and Training	22
Aspect B4: Labour Standards			
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.		Caring for Employees – Prevention of Child Labour and Forced Labour	25
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Caring for Employees – Prevention of Child Labour and Forced Labour	25
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Caring for Employees – Prevention of Child Labour and Forced Labour	25
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KPI B5.1	Number of suppliers by geographical region.	Stable Water Supply – Supply Chain Management	17
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Stable Water Supply – Supply Chain Management	17

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Aspect B6: Product Responsibility			
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.		Stable Water Supply – Quality of Water Supply and Project Quality Businesses of the Group do not involve advertising and labelling.	15,16
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Businesses of the Group do not involve product recalls	Not applicable
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Stable Water Supply – Customer Satisfaction	17
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Stable Water Supply – Intellectual Property Protection	17
KPI B6.4	Description of quality assurance process and recall procedures.	Stable Water Supply – Quality of Water Supply and Project Quality Businesses of the Group do not involve product recalls.	15,16
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Stable Water Supply – Customer Privacy Protection	16
Aspect B7: Anti-corruption			
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.		Caring for Employees – Anti-corruption	25-27
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Caring for Employees – Anti-corruption	25-27
KPI B7.2	Description of preventive measures and whistleblowing procedures, and how they are implemented and monitored.	Caring for Employees – Anti-corruption and Enhancing Training to Improve the Quality of Discipline Inspection and Supervision	25-27

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Aspect B8: Community Investment			
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KPI B8.2	Resources contributed to the focus area.	Bearing in Mind the Community	36-38

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

* for identification purposes only