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2022

Environmental, Social and
Governance Report

Kangda International
Environmental Company
Limited



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ABOUT THIS REPORT

Overview and Principles

This is the Seventh Environmental, Social and Governance ("ESG") report of Kangda International Environmental Co., Ltd., which is compiled in accordance with the rules in the Appendix 27 of the *Guidelines for Environmental, Social and Governance Reporting* (the "ESG Reporting Guidelines") of the rules governing the listing of securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"), covering the Company's performance and data in the areas of business development, employee caring, environmental protection, and community investment from January 1 to December 31, 2022.

Report Scope

The policies, statements, materials, and data in this report cover the urban water projects, water environment comprehensive management and rural sewage treatment projects that the Company and its subsidiaries have major involvement. Unless otherwise stated, all currencies in this report refer to RMB.

The report follows the principles of "materiality", "quantification", "balance" and "consistency" of the ESG Reporting Guidelines of the Hong Kong Stock Exchange. The content of the report is derived mainly from the assessment and analysis of major topics and the opinions of the stakeholders. Please refer to the chapter "Sustainable Development" for detailed procedures.

Reference

For easier description and better readability, "Kangda International Environmental Company Limited" in this report is also referred to as "Kangda International", "the Company", or "we". "Chongqing Kangda Environmental Protection Industry (Group) Co., Ltd.", a wholly-owned subsidiary of Kangda International, is referred to as Chongqing Kangda in the report.

Confirmation and Approval

The content of this report has been confirmed by the management and directors on April 25, 2023.

This report is available in simplified Chinese, traditional Chinese and English. The digital version of the report is available on the website of the Hong Kong Stock Exchange in the category of Kangda International's "Financial Statements/ESG Information" and it can also be obtained from the Company's website. If you have any questions or comments on this report, please send them to us in the following ways:

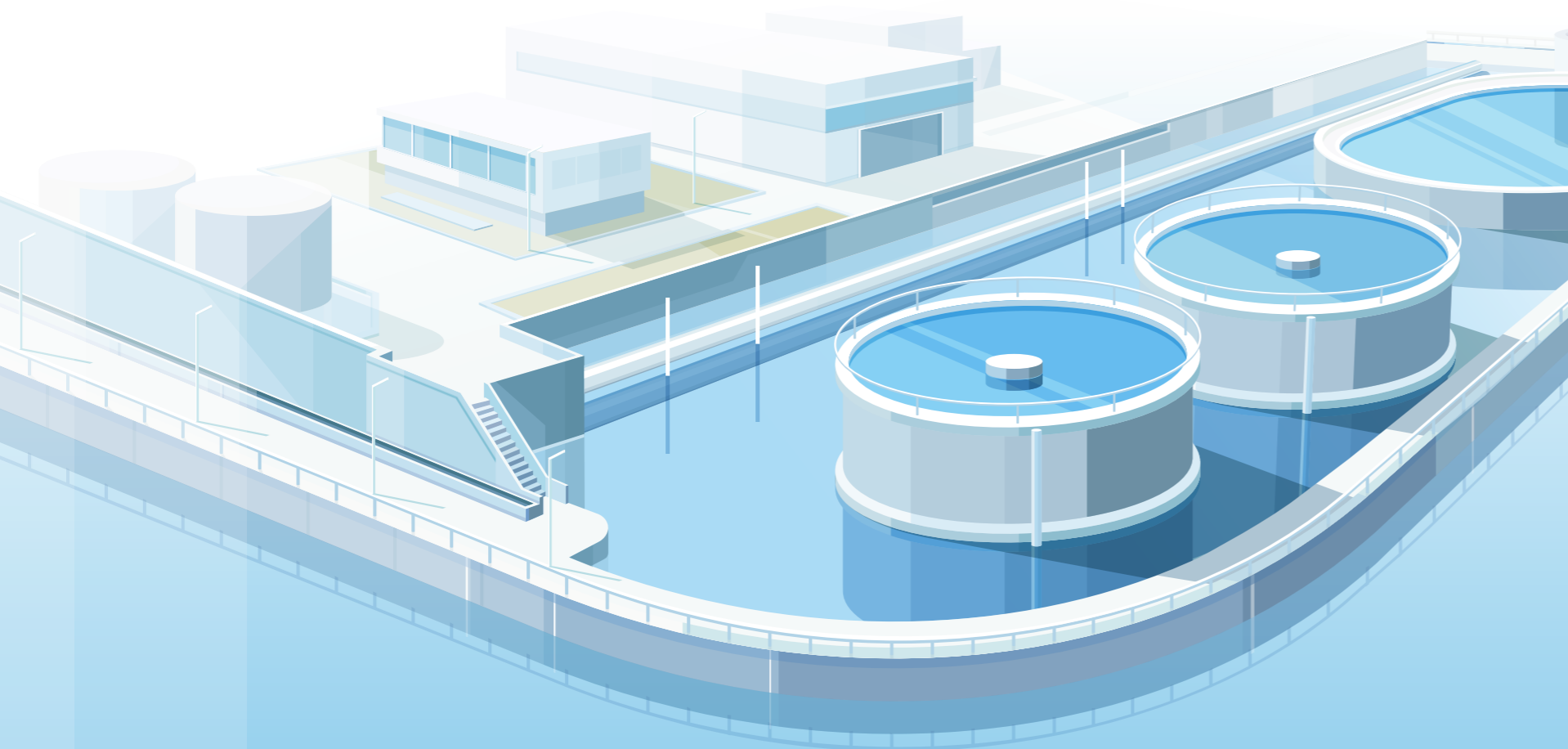
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Management's Statement

Kangda International, with its corporate mission of "Create an Environment with Greener Water, Lusher Mountains and Bluer Skies" in mind, closely follows policy changes, gives full play to its advantages in technology, market integration, and financing, and integrates internal and external resources. The Company also actively explores integrated environmental pollution management by continuously optimizing its technological innovation capability and industrial service chain. These efforts are aimed at contributing to environmental protection in China.

Kangda International is committed to achieving high-level corporate governance and implementing the concept of sustainable development in its overall operations to enhance corporate value and responsibility. We focus on safeguarding stakeholders' interests such as our shareholders, customers, and employees. By always holding ourselves to the highest business ethics, we seek to establish a comprehensive governance structure to maximize internal efficiency and strengthen risk prevention to maintain efficient and stable operations.

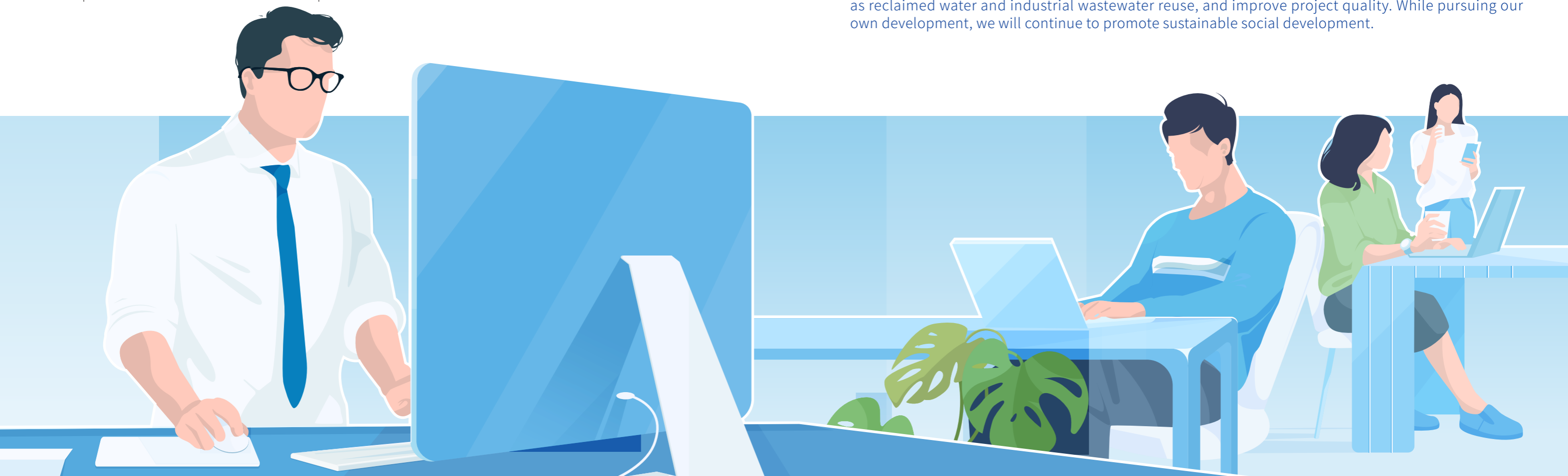
Kangda International stays true to the vision of "Creating a First-Class Environmental Protection and Creating a Century Enterprise" by constantly improving its quality management system, and consolidating the foundation of quality management and quality assurance initiatives to ensure high-quality project delivery. We carry out extensive industry exchanges and cooperation, and lead the industry with a business service philosophy of integrity, professionalism, and dedication.

We always follow the value of "putting people first", as we are well aware that the prosperous development of Kangda International cannot be achieved without the dedication and support of each employee. We constantly establish and optimize our talent management mechanisms, create a fair and just employment environment, and a safe and healthy workplace for our employees. To this end, we effectively safeguard their rights and interests, and promptly understand their needs, so that the Company and its employees can pursue common growth in harmony.

Kangda International insists on practicing the corporate vision of "Creating a First-Class Environmental Protection and Creating a Century Enterprise" and takes social responsibility as a crucial part of its corporate development strategy. Based on our business characteristics, we constantly upgrade new environmental protection technologies and methods, integrate environmental protection into aspects such as production, operations, sales, promotion, and daily office affairs, constantly improve energy efficiency, and reduce waste emissions. We aim to ensure that a sound ecological environment can support sustainable development, and contribute to the Beautiful China initiative.

Kangda International advocates that "As we need to think of the source when drinking water, we should give back to society." We will continue to develop and innovate sustainable public welfare models, organize various public welfare activities, promote environmental education, and create a harmonious and warm social atmosphere. These efforts will demonstrate our commitment to giving back to society.

Going forward, we will further extend the water industry chain, and seize the development opportunities brought by the national "dual carbon" strategy of "peaking carbon emissions by 2030 and achieving carbon neutrality by 2060." We will continue to expand the coverage of high-quality projects, such as reclaimed water and industrial wastewater reuse, and improve project quality. While pursuing our own development, we will continue to promote sustainable social development.



Statement by the Board of Directors

Responsibility of the Board of Directors

Kangda International has established an ESG governance structure to ensure that its ESG strategy is aligned with its business strategy and that ESG management is integrated into its business operations and decision-making processes. The Company has developed a three-tier governance structure composed of the Board of Directors, the Audit Committee, and the ESG Working Group as the core. The Board of Directors has primary responsibility for the Company's ESG strategy and performance to drive sustainable development.

The Audit Committee is responsible for suggesting ESG strategies and frameworks, identifying material ESG risks and opportunities, supervising and evaluating the ESG rules, strategies, policies, and objectives, deliberating the annual ESG report, and submitting the report for Board approval.

ESG Work Implementation

The ESG Working Group is in charge of carrying out the ESG concept and strategy, developing ESG objectives and action plans, and reporting to the Audit Committee on a regular basis. In addition, as part of its continued efforts to incorporate ESG requirements into everyday operations and management and improve ESG performance on an ongoing basis, the Company has assigned specialized staff to generate ESG reports.

The Audit Committee met 3 times during the reporting period to examine topics of concern to stakeholders and to summarize ESG work progress. We assessed the material ESG topics in terms of stakeholder expectations and demands, identified opportunities and response measures in climate risk mitigation, and established environmental goals for energy consumption, resource usage, and greenhouse gas (GHG) emissions. The ESG Working Groups would be assigned particular duties after the Board of Directors reviewed the opinions and proposals expressed by attendees at the meetings. The Audit Committee would be in charge of overseeing and examining progress toward the goals as well as the implementation of the ESG responsibilities. More information is laid out in Sections 1.3 Materiality Assessment, 4.2 Environmental Goals, and 4.5 Addressing Climate Change of this report.

ESG Risk Management and Target Monitoring

Kangda International places a high premium on the potential impact and related risks that ESG issues may bring. Based on regulatory requirements, national policies, and ESG-related risks in the industry, Kangda International conducts materiality assessments of ESG issues through approaches such as stakeholder research, and discussions by the Board of Directors and the Audit Committee. The Board of Directors approves and confirms the results of materiality assessments for the year.



About Kangda International

Company Profile

In 2011, Kangda International Environmental Co., Ltd. (HK·06136) was established. Since then, it has become an industry leader in the field of pollution control. On July 4, 2014, the Company was listed on the main board of the Hong Kong Stock Exchange. The Company participates in pollution control, sewage treatment, and solid waste disposal as a comprehensive urban environmental governance service provider. The Company attracts domestic and overseas capital through stock acquisition, TOT, BOT, PPP, and other models, and provides customers with integrated water project solutions and services.

Kangda International values research and development input and works to improve overall research and development capabilities. The Company has established a technological innovation team composed of renowned experts and scholars at home and abroad, as well as an Expert Committee that is tasked with tackling technological challenges. Moreover, the Company proactively seeks partnerships with famous universities and research institutions such as China Ship Scientific Research Center, Tianjin Municipal Engineering Design and Research Institute to jointly promote the Company's technological innovation.

Kangda International has won numerous honors for its leadership in the industry. The Company is one of China's top 50 environmental enterprises and one of the country's first AAA credit rating companies. It is also the Vice-Chairman Organization of the China Environmental Chamber of Commerce and has been the Vice-Chairman Organization of the China Association of Environmental Protection Industry for two consecutive terms. It is also the Vice-Chairman Organization of the China Environmental Chamber of Commerce and the China Association of Environmental Protection Industry. The Company was certified by the ISO 9001 Quality Management System, the ISO 14001 Environmental Management System, and the ISO 45001 Occupational Health and Safety Management System, as well as obtained the CAEPI level-1 industrial wastewater and domestic sewage operation and service ability evaluation certification.

Kangda International is committed to the corporate vision of "Creating a First-Class Environmental Protection and Creating a Century Enterprise" and practices the corporate value of "Sincere Commitment and Repaying the Society." Kangda International stays true to its corporate mission of "Create an Environment with Greener Water, Lusher Mountains and Bluer Skies." We seize industry development opportunities, improve our management structure, strengthen technological innovation capabilities, and optimize the service industry chain, contributing to environmental protection in China. Going forward, we will further extend the water industry chain, seize the opportunity presented by China's "dual carbon" goals, and continue to expand the coverage of high-quality projects such as reclaimed water and industrial wastewater reuse, to promote our sustainable development continuously.



Business Overview

Kangda International is committed to implementing the concept of sustainable development, responding to the national call to promote the development of ecological civilization, and contributing to the construction of green homeland. In 2022, Kangda International's business remained centered on urban water treatment, and incorporated existing projects in the comprehensive treatment of water environment, rural sewage treatment, and other fields. The Company has established a business network across China, with strong presence in 16 provinces and municipalities, including Shandong Province, Henan Province, Heilongjiang Province, Shanxi Province, and Zhejiang Province. During the reporting period, the Company prioritized its urban water treatment business, improved its project profitability through upgrading and expansion, and ensured a stable operating cash flow and a bigger source of returns for shareholders and investors. As of the end of the reporting period, Kangda International had registered a total operating revenue of RMB 2,896.6 million, a year-on-year decrease of nearly 0.8%. The decline was mainly caused by fewer revenues from its construction services.

Heat map of the geographical distribution of Kangda International wastewater treatment projects

Urban Water Treatment

The Company's urban water treatment business includes the design, construction, upgrading and operation of wastewater treatment plants, reclaimed water treatment plants, sludge treatment plants, and water distribution plants, as well as the operation and maintenance of government-entrusted sewage treatment facilities. It provides a number of service franchise arrangements based on contracts in such patterns as Build-Operate-Transfer (BOT), Transfer-Operate-Transfer (TOT), Public-Private Partnership (PPP), Build-Own-Operate (BOO), and Engineer-Pro-cure-Construct (EPC) with services covering the overall industrial chain of the urban water treatment industry.

During the reporting period, Kangda International had entered into a total of 112 service concession arrangements projects, including 106 wastewater treatment plants, 1 water distribution plant, 3 sludge treatment plants, and 2 reclaimed water treatment plants, with revenues of RMB 2,723.1 million, a year-on-year increase of 2%.

Water Environment Comprehensive Remediation

The Company's comprehensive water environment remediation business includes comprehensive treatment and improvement of the river basin, treatment of black and odorous water body, construction of a sponge city, and so on. We are also committed to reducing risks and integrating resources to operate and maintain the water environment treatment projects, through the execution of the signed PPP and EPC contracts. During the reporting period, the Company had 7 water environment comprehensive remediation projects under construction, mainly located in Jiangxi Province and Shandong Province, with a total revenue of RMB 114.4 million, a year-on-year decrease of 23%. The fall is a result of the completion of some existing EPC projects.

Rural Water Improvement

Rural water improvement includes the construction and operation of "Beautiful Village" sewage treatment facilities, such as sewage treatment equipment and sewage collection network to improve the rural living environment. The Company is engaged in the rural water improvement business mainly through the execution of the PPP contracts. During the reporting period, the Company had 2 rural water improvement project located in Guangdong Province. These projects had a total revenue of RMB 59.1 million, a year-on-year decrease of nearly 43%. The decline was mainly due to the net effect of a decrease in the completion of existing construction projects, and an increase in operating revenues from the partial operation of these two projects.



^① Other provinces/municipalities include Beijing, Tianjin, Hebei, Jilin, Liaoning, Shaanxi, Sichuan and Fujian.

Key Performance

Key Elements:

Kangda International's Financial Indicators in 2022

Revenue RMB **2,896.6million**, a year-on-year decrease of about **0.8%**

Gross profit RMB **1,268.6million**, a year-on-year decrease of about **5.0%**

Sales and distribution expenses RMB **0.9million**, a year-on-year decrease of about **16.2%**

EBITDA RMB **1,026.7million**, a year-on-year decrease of about **13.6%**

Net profit RMB **240.0million**, a year-on-year decrease of about **42.6%**

Total assets RMB **18,965.8million**, a year-on-year increase of about **3.7%**

Kangda International's Environmental Indicators in 2022

Obtained the **ISO 14001** Environmental Management System Certificate
Received the CAEPI level-1 industrial wastewater and domestic sewage operation and service ability evaluation certification

Set environmental goals:

Reduce water consumption and commit to the stability of wastewater treatment to meet standards;

Reduce solid waste such as sludge and construction waste, and further disposal compliance of solid waste;

Reduce energy consumption including electricity, diesel, gasoline, natural gas, etc., and reduce energy intensity gradually;

Reduce greenhouse gas emissions and intensity gradually.

Water consumption intensity in 2022 was 0.39 cubic meters/1,000 cubic meters of water treatment volume

Sludge generation intensity in 2022 was 0.80 tonnes/1,000 cubic meters of water treatment

Scope 1 greenhouse gas emissions in 2022 was 0.0011 tonnes of CO₂ equivalent/1,000 cubic meters of water treatment



Kangda International's Social Indicators in 2022

Received the **GB/T 19001-2016 and ISO 9001:2015** Quality Management System Certificate
Set an effluent quality compliance objective and achieved **99.99%** of effluent quality compliance throughout the year

Held a total of **16** intellectual property rights, including patents and trademarks

Established partnerships with **242** suppliers
100% of equipment suppliers were certified by the ISO 9001 Quality Management System, **79%** of equipment suppliers certified by the ISO 140001 Environmental Management System; For engineering contractors, the two ratios were **92%** and **92%**

A total of **2,318** employees

Optimized salary and performance policies and systems:

Released the *Training Management System (Revision)*

Offered a diverse training system, with **45,396** training hours for employees in total and an average of **19.5** hours per person

Implemented the *Subsidy Standards and Implementation Measures* to provide subsidies for advanced learning and qualification examinations

Conducted a total of **160** safety drills and training activities; **NO serious safety accidents and work safety accidents throughout the year; and NO work-related injury or death throughout** the year

Obtained the **GB/T 45001-2020 and ISO 45001:2018** Occupational Health and Safety Management System Certificate

Kangda International's Governance Indicators in 2022

Completed compliance audits of **10** project companies, special audits of **10** construction projects, and **3** off-office audits, and accepted **2** employee-reported cases

Compiled the *Anti-Fraud Journal*, *the Kangda International: Special Issue on Corporate Management Systems*, and *the Kangda International: Special Issue on Corporate Job Responsibilities*

Conducted the **Third-Party Risk Management Assessment**

01

SUSTAINABLE DEVELOPMENT

- Kangda International continues to deepen the integration of ESG responsibility concept and its business strategy, improve its ESG governance system, and is also dedicated to maintaining transparent, open, prompt, and effective communication with its stakeholders. We seek to identify and manage material ESG issues, and strive to achieve sustainable corporate development.

1.1 Corporate Governance

Kangda International is committed to achieving high-level corporate governance and enhancing corporate value and responsibility. The Company focuses on safeguarding the interests of shareholders, customers, employees and other stakeholders, and holds itself to the highest ethical business standards, establishes a comprehensive governance structure to maximize internal efficiency. Our goal is to strengthen risk prevention to maintain efficient and stable operations.



We are committed to building a sustainable corporate governance structure with the Board of Directors as the core and monitoring business activities and management performance. Our goal is to safeguard and strengthen the rights and interests of the Company and its stakeholders. The Board of Directors consists of 7 members: 4 executive directors (one of whom is a woman) and 3 independent non-executive directors. The Board of Directors is primarily responsible for leading and overseeing the Company's business, strategic decisions, and performance. To mobilize resources for coordinated actions and ensure rational and effective decision-making, the Nomination Committee, Remuneration Committee, and Audit Committee are established under the Board of Directors and are responsible for managing the appointment of directors, designing senior management remuneration packages, and reviewing the Company's risk management, respectively.

The Company abides by the *Company Law of the People's Republic of China*, the *Model Code for Securities Transactions by Directors of Listed Issuers*, and other applicable laws and regulations, as well as regulatory requirements. We continuously improve our compliance governance structure, perform routine compliance inspections, and enhance our corporate governance standards, with an emphasis on achieving and maintaining a high-quality Board of Directors, and robust risk management and internal control.



◉ Kinder International's Corporate Governance Structure



Nomination Committee

- Responsible for reviewing the size, structure and composition of the Board of Directors to align with the Company's strategy, making recommendations to the Board of Directors concerning the appointment and re-appointment of directors and the director succession plans (especially the chairman and chief executive officer), and reviewing diversity policy.

Remuneration Committee

- Responsible for reviewing and approving the remuneration suggestions of the management according to the corporate policies and objectives set by the Board of Directors, and making recommendations on the remuneration packages of individual executive directors and senior management to the Board of Directors.

Audit Committee

- Responsible for overseeing the appointment of external auditors, monitoring the integrity of financial statements, annual reports and other documents, recommending ESG strategies and structures, identifying ESG governance and risks, formulating and evaluating ESG policies, strategies and objectives, and discussing risk management and internal control systems with the management.

1.2 ESG Management

Kangda International prioritizes environmental, social, and governance (ESG) management, taking the initiative to respond to the realistic needs and specific expectations of various stakeholders by establishing effective and efficient communication channels and dialogue mechanisms, and continuously improving its ESG strategy and governance to support the Company's sustainable development goals.

1.2.1 ESG Concept and Objectives

Kangda International has always adhered to the corporate mission of "Create an Environment with Greener Water, Lusher Mountains and Bluer Skies" and carried out its core business with the responsibility notion of "contributing to the world." In 2022, we implemented the concept of sustainable development throughout our overall operations. With high-level corporate governance and optimized products and services, we continuously enhanced the corporate sustainable management system and structure, and comprehensively improved our ESG development. As a Chinese saying goes, "A long journey can be covered only by taking one step at a time, while the vast ocean and long rivers cannot be formed without absorbing small streams." We aspire to pool our efforts to contribute to the building of green homeland and the sustainable social development.

With the original aspiration of growing together with all our stakeholders, Kangda International proactively safeguards their rights and interests, closely follows their core demands, integrates the core ESG concepts and standards into corporate management, and takes practical actions to maximize their interests by improving productivity and environmental performance.

● Kangda International's ESG Objectives



1.2.2 ESG Governance Structure

Kangda International attaches importance to the internal management of corporate sustainable development. The Company has established a three-tier management structure. Under the structure, the Board of Directors is the key decision-maker in coordinating and managing ESG-related issues, and assisted by the Audit Committee in providing relevant guidance and the ESG Working Group in implementing decisions and actions. The three parties make concerted efforts to implement ESG work and improve the Company's sustainable development management. In addition, we also have staff dedicated to ESG-related information feedback and report preparation. For years, we have insisted on promoting the Board of Directors' in-depth engagement in ESG risk assessment and management process with ESG reports as the basis, steadily improving our ESG management capabilities.







● Kangda International's ESG Governance Structure



1.3 Materiality Assessment

1.3.1 Stakeholder Communication

Stakeholder engagement is crucial to Kangda International's commitment to sustainable development. We communicate with our stakeholders through various channels, promptly understand and respond to their expectations and needs, and maintain close contact with various stakeholders. The following were the topics of concern to various stakeholder groups, as well as communication and reaction throughout the reporting period:

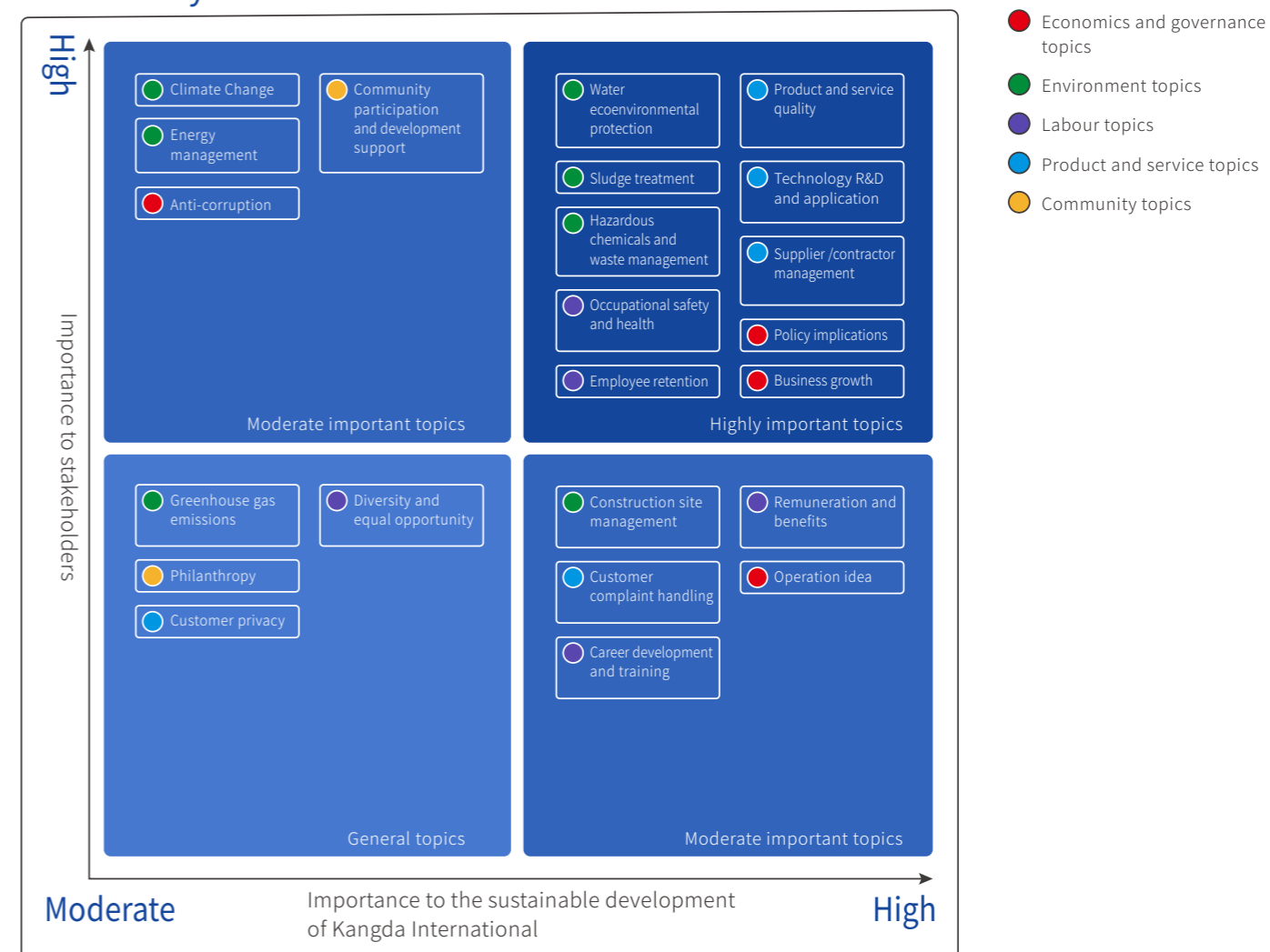
Stakeholders	Topics of concern	Communication and response
 Shareholders/ investors	Business growth Policy implications Management structure adjustment Product and service quality Employee retention	General meeting / regular report / interim announcement Real-live roadshow and reverse roadshow Phone call and email correspondence
 Governments and authorities	Policy implication Water eco-environmental protection Chemicals management Sludge treatment	Regular report /interim announcement Report and reception Correspondence Field research
 Customers	Product and service quality Technology R & D and Application Supplier / contractor management Handling of customer complaints	Hotline Informative feedback Satisfaction survey
 Employees	Occupational safety and health Employee retention Compensation and benefits Business growth	Safety training meeting Professional competence training Employee activities Daily communication, internal publicity and complaint feedback
 Business partners (including suppliers and contractors)	Supplier / contractor management Business performance Policy implications Construction site management	Open bidding Annual assessment Field research Supplier meeting
 Community	Philanthropy Community participation and development support Water eco-environmental protection Sludge treatment	Community events / announcements / press releases Visits and investigations Field research

1.3.2 Materiality Matrix

Kangda International identified a list of material topics based on industry policy trends, current development, and ESG regulatory requirements. To rank the importance of each topic, we conducted a questionnaire survey and analyzed and understood the concerns of external stakeholders through 285 copies of the questionnaire. Besides, we reviewed the importance of each topic to our sustainable development through ESG management operations and internal stakeholder interviews. Eventually, we finalized the materiality matrix for the year.

In 2022, we identified 23 ESG topics, including 10 being of high importance, 9 being of moderate importance, and 4 being of general importance.

Materiality Matrix



1.4 Compliance Management

Kangda International continuously improves its corporate governance, implements a risk management system that emphasizes transparent and compliant operations, and creates a transparent and integrate corporate atmosphere. We are also dedicated to improving the organizational structure for sustainable development, listening to suggestions and expectations from various parties on environmental, social and governance aspects of the Company, and promoting sustainable development.

1.4.1 Compliance Management

Kangda International complies with all applicable laws and regulations, including the *Anti-Unfair Competition Law of the People's Republic of China*, the *Anti-Money Laundering Law of the People's Republic of China*, and the *Anti Corruption Law of the People's Republic of China*, and its internal management policies such as the *Anti-Fraud Management System of Kangda International*, the *Employee Reporting Policy*, the *Internal Audit Management System*, and the *Code of Business Conduct on Anti-Fraud*. Additionally, we have also released regulations such as the *Quarterly Assessment Management Part and Implementation Rules for Chongqing Kangda's Member Enterprises*, the *Management Measures for Employees of Operational Companies All Employee Assessment System*, and the *Management Measures for the Supply of Pharmaceuticals by Chongqing Zhongya Technology Co., Ltd., Chongqing Shengjun Technology Co., Ltd., and Operational Companies*, to better standardize our compliance management and prevent any violation against anti-corruption, anti-corruption, and business ethics. In 2022, we executed compliance audits of 10 project companies, special audits on 10 construction projects, and 3 off-office audits, and received 2 employee-reported cases. The Audit Department urged the departments involved to rectify and issue a rectification opinion report in response to disciplinary and regulatory infractions.

We encourage our employees to report any suspected violations of the Company's code of business conduct or standards as we continue to strengthen our compliance management. During the reporting period, we revised the *Employee Reporting Policy* by incorporating a new email reporting channel, as well as allowing whistleblowers to make anonymous reports. Employees can report violations and incidents to the Internal Audit Department or the Audit Committee through channels such as by phone or by email. The Internal Audit Department will scrupulously keep their identities discreet throughout the process. The responsible department will register the reported information and report it directly to the responsible leader to determine whether an in-depth investigation is needed. In the process of in-depth investigation, the Internal Audit Department adopts approaches such as surveillance videos, on-site investigation, and interviews with related personnel, documents and summarizes the process and results, and prepares an investigation report for submission to the Board of Directors. Based on the investigation report, the Board of Directors will exchange perspectives on how to handle the reported matter with the appropriate departments.

Additionally, to increase compliance awareness among our employees, we published the Third Issue of the *Anti-Fraud Journal*, the *Kangda International: Special Issue on Corporate Management Systems*, and the *Kangda International: Special Issue on Corporate Job Responsibilities*, and distributed them to employees via the OA (Office Automation) system for reading and learning. At the same time, we provided anti-corruption training to the Board of Directors and our employees to discipline the behavior of managers and employees at all levels and promote the ethics of integrity. During the reporting period, Kangda International had neither substantial violations of laws and regulations, nor corruption-related litigation cases.

Hotline and email address for bribery or corruption reporting

Hotline and email address for bribery or corruption reporting

Hotline: 86-23-61687966

Email: neishenbu@kangdaep.com

whistle-blowing@kangdaep.com (Dedicated to Audit Committee)



1.4.2 Risk Management

Kangda International has always stayed committed to the Nine-Word Principle of "Following Rules, Pursuing Self-discipline and Fulfilling Duties." To further standardize our risk control efforts, we have established a risk management system and a sophisticated risk management organizational system to better identify and respond to various types of risks. Our risk management structure is made up of the Board of Directors, the Audit Committee, the Internal Audit Department, and other functional departments.

The Board of Directors coordinates the overall risk management of the Company, sets our general objectives of risk management, and makes decisions to effectively control risks. The Audit Committee is responsible for examining the comprehensive risk management system construction plan and the risk management organization setup plan, as well as delivering the annual comprehensive risk management report to the Board of Directors. The Internal Audit Department is responsible for establishing and revising enterprise risk management policies and mechanisms, establishing anti-fraud mechanisms, conducting risk assessments, and reporting to the Audit Committee on a regular basis as the leading and supporting organization for risk management. The Internal Audit Department coordinates and supervises all functional departments, and has them perform the basic risk management procedures.

Risk Management Structure



In addition to optimizing the Company's risk management structure, Kangda International hired a third-party organization to assess and review its risk management conditions and conducted a risk profiling questionnaire during the year.

02

QUALITY FOR SUSTAINED PROGRESS

- With the vision of "Creating a First-Class Environmental Protection and Creating a Century Enterprise", Kangda International has long been committed to continuously improving its quality management system, technological innovation capabilities, and the service industry chain. We extensively engage in industry exchanges and cooperation, contribute to China's environmental protection, and lead the industry with a business service concept that emphasizes integrity, responsibility, professionalism, and dedication.

2.1 Quality Management

Kangda International continuously strengthens the foundation of its quality management and assurance initiatives to ensure high-quality project delivery through standardized project construction and operation management processes, fully reflecting its high-level quality management model.

2.1.1 Project Construction

Kangda International strictly complies with national laws, regulations, and industry standards such as the *Construction Law of the People's Republic of China*, the *Regulation on the Quality Management of Construction Projects*, and the *Compulsory Provisions of Engineering Construction Standards (Building Part)*. We take effective measures to ensure that qualification documents such as the *Construction Project Planning Permit*, the *Construction Land Planning Permit*, and the *Construction Permit*, and approval documents such as the project's environmental impact report and feasibility report, have been obtained prior to construction, to guarantee compliance construction.

To ensure the high quality of our projects, we strictly enforce the "Three Inspection System". We establish a quality review team, and organize regular supervision meetings and daily morning meetings to regularly supervise construction. Our goal is to provide full support to ensure the smooth progress of project construction.

The Three Inspection System

- The Three Inspection System refers to team self-inspection, cross-team inspection, and professional acceptance by the supervisor, which are conducted on a regular basis in a project. After each inspection, complete inspection records are required to be submitted to the supervisory agent for review. The next process is not allowed to be initiated before the supervisory agent has checked and confirmed the previous process, so as to strictly control construction quality.

During the reporting period, we revised and updated our engineering management-related policies such as the *Engineering Management System*, the *Engineering Plan Management System*, the *Engineering Meeting Management System*, and the *Management Measures for Engineering Project Design*. We aimed to further improve the management process in the project construction process and better standardize project construction quality management.

Quality management leading group

Team Leader

- The Project Department established the quality management leading group, headed by the project manager

Key Members

- Members of the quality management leading group are quality control engineers, test engineers and construction technology leaders from the Project Department

Deputy Team Leaders

- Deputy team leaders are project chief engineer and deputy project managers

To strengthen the quality management responsibility structure, we established a quality assurance system headed by the project manager and set up a quality management leading group to clearly delineate responsibilities during the reporting period. We also assigned full-time quality inspection engineers and quality inspectors, and part-time quality inspectors in teams to ensure strict self-inspection and cross-team inspection in the project construction process.

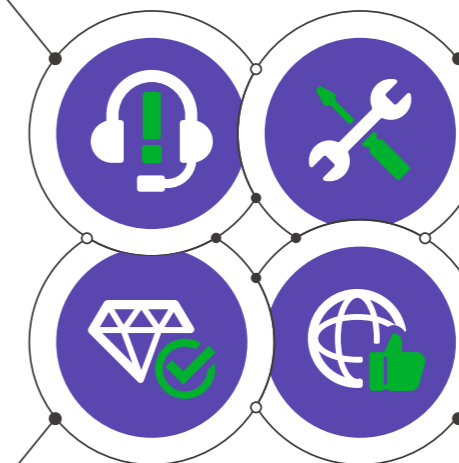
Kangda International has also established a quality control procedure throughout the life cycle covering areas from project development to delivery, and designed a regular project quality inspection procedure to ensure high quality delivery at all stages in the project construction process.

Full-Cycle Quality Control

- The Project Department is responsible for quality control during construction, including construction preparation, product purchase and ordering, acceptance, transportation, storage, construction/installation, commissioning, testing, completion and acceptance, to ensure that the quality of the whole project cycle is under control.

01 Before Construction

- Conduct feasibility studies and obtain relevant permits
- Prepare the work plan and set quality objectives
- Organize all parties involved in the project to disclose management requirements and standards, and quality standards of project materials
- Implement risk control work prior to construction to prevent and eliminate hidden construction quality hazards



02 During Construction

- Prepare monthly and weekly progress plans for each part of construction under the guidance of the general progress control plan
- Technical workers work with certificates
- Conduct quality risk monitoring dynamically and make rectifications when necessary
- All materials are put into use after they have been checked and accepted
- Organize supervisor meetings and quality inspection on a regular basis
- Regularly implement supervision, and take corrective measures to the identified problems in the construction process

03 Before Delivery

- Strictly implement completion and acceptance procedures
- Get local quality inspection departments involved in the acceptance of important processes
- Each project should have its properly signed and filed acceptance documents

04 After Delivery

- The construction entity is responsible for fixing and following up on the defects that occur during the warranty period
- Conduct post-project review and summary to ensure continuous improvement

We deeply understand the importance of cultivating quality management awareness among our employees to high-quality project construction. Therefore, we regularly conduct quality training activities targeting the project construction process to promote quality requirements and technical knowledge to employees and improve quality assurance capabilities.

Quality training activity for employees in our project in Baoshan District, Hebi City, Henan Province

In 2022, our technical director organized a quality training activity for all the management of our project in Baoshan District, explaining in detail the knowledge related to the construction drawings, enhancing the professional expertise of the relevant personnel, and improving the quality of the project construction.

2.1.2 Project Operation

In terms of project operation, we strictly adhere to the requirements of the Product Quality Law of the People's Republic of China, the Water Pollution Prevention and Control Law of the People's Republic of China, and other laws and regulations. The Company has also developed internal management systems and policies such as the *Technical Specification for Operation, Maintenance, and Safety of Urban Sewage Treatment Plant*, the *Operation Instruction for Equipment in Urban Sewage Treatment Plant*, the *Operation Instruction for Process in Urban Sewage Treatment Plant*, and the *Measure for the Administration of Facilities and Equipment*. We also completed the preparation and revision of the following policies during the reporting period to further improve our operation and management capabilities.

Preparation of the Guidelines on Operations for Sewage Treatment Plants in Winter

- It clarifies the operation and management measures of some wastewater treatment plants in the case when influent water temperature is below 10 °C in winter, aiming to enhance our capabilities of emergency response and operations.

Compilation process of Wenzhou Chuangyuan water plant new production equipment response process

- Combined with the actual production needs of the water plant and production equipment response process mechanism, Wenzhou Chuangyuan Water Plant completed the compilation of the Company's production equipment response process during the reporting period and organized all departments to study it.

Quality assurance initiatives during the operation of Kangda International projects

- Optimize the staffing structure of water plants**
- Develop equipment maintenance plans**
- Adjust operational process parameters**

- By reviewing the staff structure of each water plant, we can make a comprehensive analysis and judgment on their staffing situation, and then optimize their professional staffing to ensure the stable operations and compliance of their effluent.
- We have developed equipment maintenance plans and conduct monthly tracking and assessment of the implementation for each water plant to ensure stable operations and compliance of their effluent.
- For water plants at risk of meeting standards, we propose optimization measures and adjust process parameters by analyzing the existing process, and optimize the existing process flow through local process renovation to ensure the stability and compliance of their effluent.
- Take our water plant in Shan County, Heze City, Shandong Province, as an example. By adjusting the operation process parameters and optimizing process units, Kangda International has steadily reduced the total nitrogen (TN) in the plant's effluent from the level which almost meets the standard ($\leq 15\text{mg/L}$) to the one which is up to standard ($\leq 13.15\text{mg/L}$). This has greatly enhanced the stability and compliance of its effluent.



During the reporting period, we also further promoted the development of our information management system. We've introduced an online data-filling platform to standardize the production management of our operating project companies and provided them with timely technical guidance support. We aim to further enhance the operational efficiency of our projects and improve production management capabilities. At the same time, our water plants have actively undertaken various information management initiatives to ensure production efficiency.

Wenzhou Chuangyuan Water Plant's information management initiatives

- Optimize the programmable logic controller (PLC) program to realize fully automatic switching of influent and gas inlet valves, and implement safe start-stop control for important equipment such as fans and pumps.
- Establish a production management system to further optimize the information collection, process inspection, production management, and other functions in production management.

We have been certified to the GB/T 19001-2016/ISO 9001:2015 quality management system standard and obtained the CAEPI level-1 industrial wastewater and domestic sewage operation and service ability evaluation certification.

Quality Management System Certificate





During the reporting period, Kangda International issued a target responsibility assessment system for the operating companies, including the Operation Target Responsibility Letter and the Safety Responsibility Letter, to continuously improve the operation management level.

Effluent Quality Compliance Objective and Actual Rate in 2022

Objective: Effluent Quality Compliance Rate of 100% throughout the Year

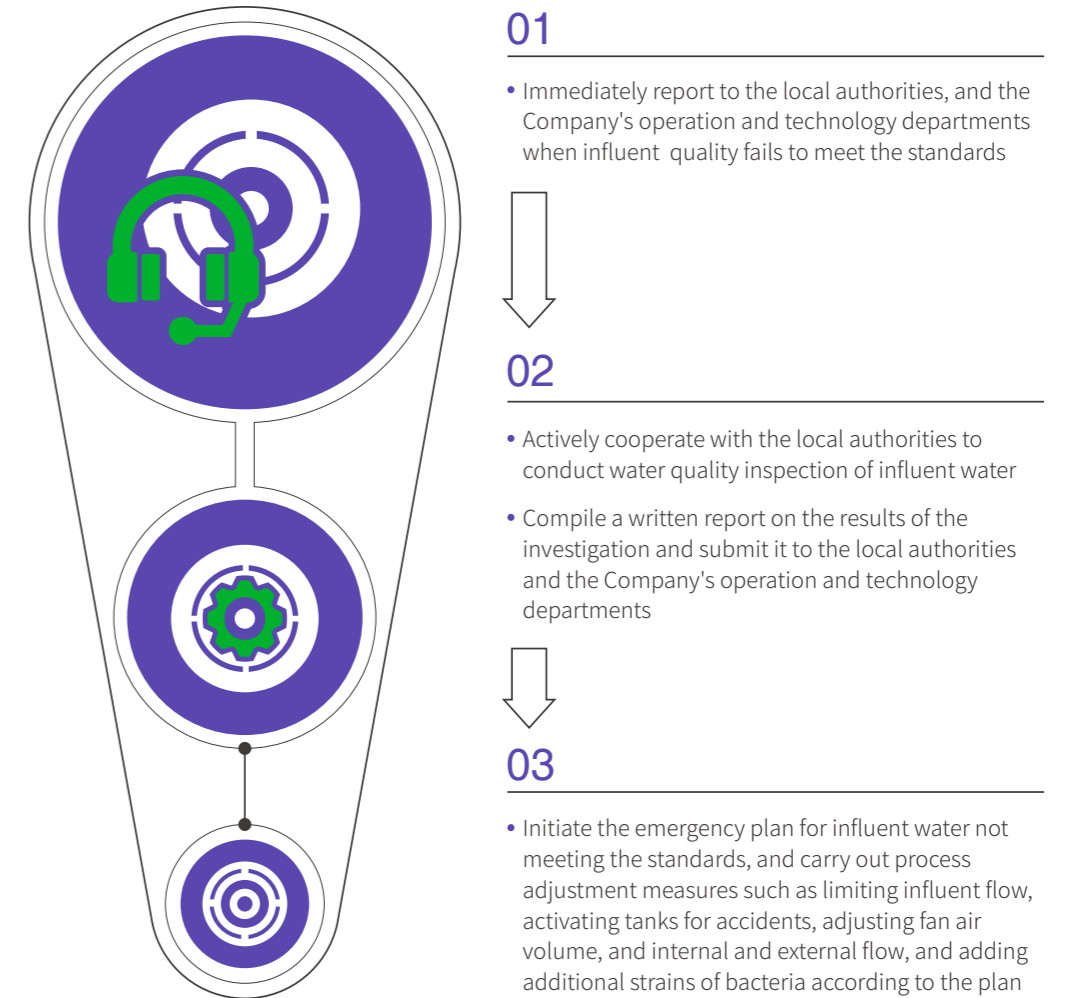
Actual Rate: Effluent Quality Compliance Rate of 99.99% throughout the Year

We have installed online monitoring devices across all water plants. These devices enable us to better monitor the quality of chemicals, and comprehensively monitor the influent, effluent, and raw material processing chemicals. We have developed the process of handling water not meeting quality standards and prepared the *Emergency Plan for Influent Water Not Meeting Quality Standards*. Additionally, we have implemented a programmable logic controller (PLC) system with early warning capabilities for equipment anomalies, which also requires timely checks and judgments by our operation personnel. A combination of intelligent prevention and manual control enables us to promptly respond to any influent that does not meet the required standards.



During the reporting period, Kangda International had no customer complaints.

◎ Treatment process of the influent which does not meet the standards



Case: Response to high concentration of total phosphorus in the influent

On October 19, 2022, an operating company of Kangda International detected high concentration of total phosphorus in its influent. Then, the Company took water samples and adjusted the dosage of magnetic precipitation to control the rising concentration of total phosphorus. Subsequently, because the rise was too significant, the production and operation department activated the emergency plan for influent water not meeting quality standards, took emergency measures to remove phosphorus, and accurately adjusted the PAC dosage of five groups of magnetic precipitation according to the rapid determination of phosphate in the laboratory. Through these efforts, the operating company successfully controlled the rising concentration of total phosphorus in the effluent, and stopped the response after the total phosphorus in each group of biochemical pools, the influent and effluent went back to normal.

2.2 Intellectual Property Protection

At Kangda International, we uphold legal compliance, standardized management, and labor division principles in all aspects of our operations. We strictly comply with the *Patent Law of the People's Republic of China*, the *Trademark Law of the People's Republic of China*, the *Anti-Unfair Competition Law of the People's Republic of China*, and other laws and regulations. To protect our intellectual property rights, we continuously enhance our knowledge protection management system. This includes promoting trademark registration and patent applications, as well as implementing various measures to prevent infringements.

During the reporting period, we remained committed to maintaining our intellectual property rights and patent certificates. As of the end of the reporting period, we had successfully acquired a total of 16 intellectual property rights, including patents and trademarks.

Building upon a sound intellectual property protection management system, we remain steadfast in our pursuit of new technology development and application to drive efficient production and operations through innovative practices.



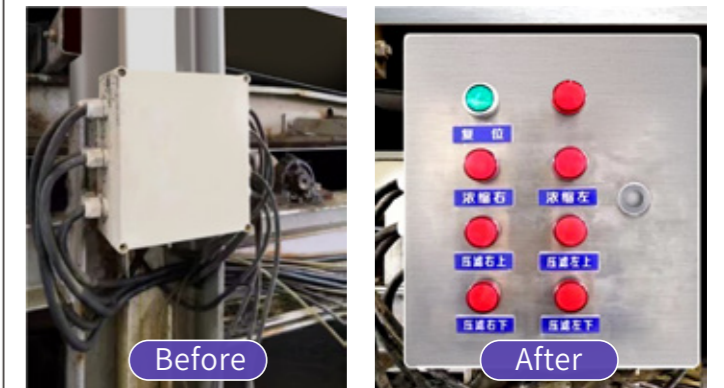
Using the high-pressure machine to reduce the water content of sludge

The sewage plant in Huadian City, Jilin Province, reduced the water content of sludge with its high-pressure machine. In this process, it used ferric chloride chemicals to destroy the cell wall of bacterial microorganisms, then put a hydraulic pressure of 250 kg, and finally formed a mud cake with less water content. This technology effectively reduces the amount of sludge, and drives down the water content of sludge at the plant from 83% to less than 60%.



Wenzhou Chuangyuan Water Plant improved its sludge treatment system technology

The plant renovated its travel switch system in the dewatering machine room by replacing the original one with a waterproof one, and the original junction box with a visualized distribution box (with reset function). This renovation can clarify the error indication and effectively accelerate the troubleshooting efficiency while improving the operational efficiency of the belt type sludge dewatering machine.



In response to the nozzle clogging in the reclaimed water flushing system, the plant installed a self-cleaning filter in the reclaimed pipe. The installation has greatly reduced the occurrence of nozzle clogging and extended the service life of the filter cloth.



The plant installed a flocculation mixing tank system with frequency conversion function to the originally designed pipe mixer in the gravity thickening section of the original belt machine. This installation can prolong the duration of mixing between sludge and polyacrylamide (PAM), a commonly used organic synthetic flocculant. This change greatly improves the flocculation effect, thus significantly reducing the dosage of PAM cation.

Wenzhou Chuangyuan Water Plant keeps optimizing production, improving its process, and being innovative. By the end of 2022, it had held 7 utility model patents and 1 invention patent.

2.3 Supply Chain Management

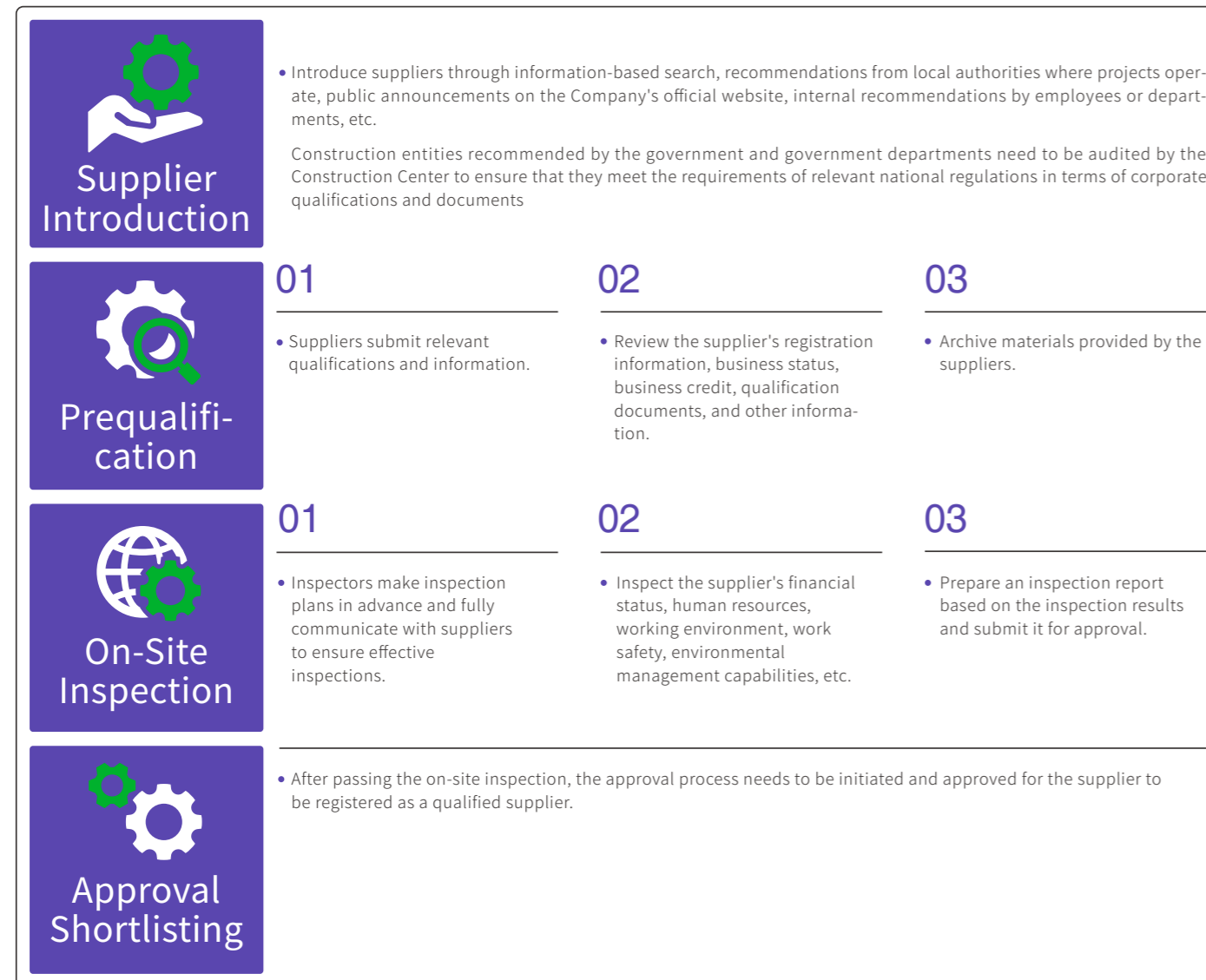
Kangda International is committed to integrating the concept of sustainable development into supply chain management. This involves continuously improving the social responsibility management capabilities of our suppliers, strengthening mutual trust with them, and working closely together to pursue coordinated development. Our goal is to create a high-level supply chain management system.

Supplier Management

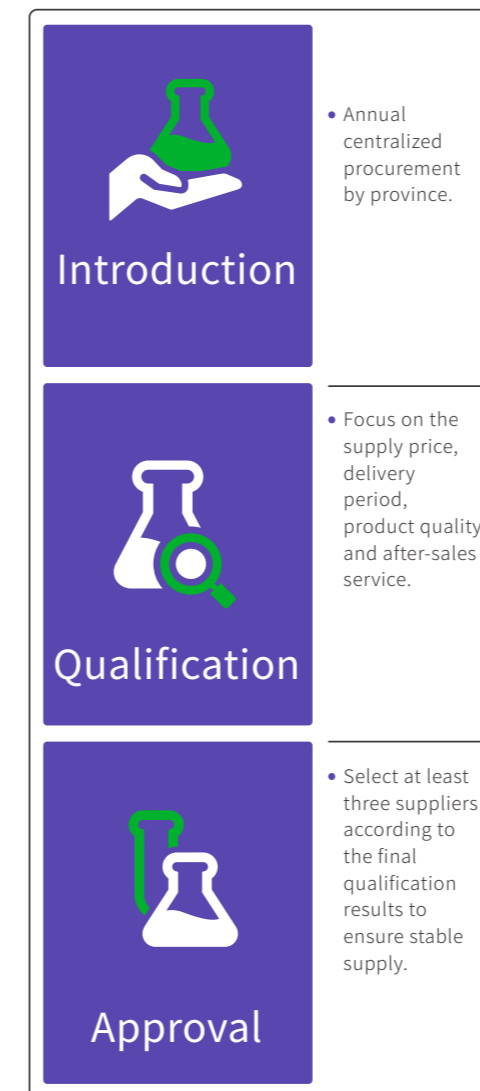
We have established management policies such as the *Supplier Management System* and the *Contractor Management System* to provide clear and precise working guidelines for whole-process supplier management. We have also set up a supplier admission process that is tailored to the unique characteristics of each supplier. Through strict assessments of factors such as product quality, service price, and service quality, we ensure high-quality cooperation with our suppliers.



Admission process for equipment suppliers and engineering contractors



Admission process for chemical suppliers



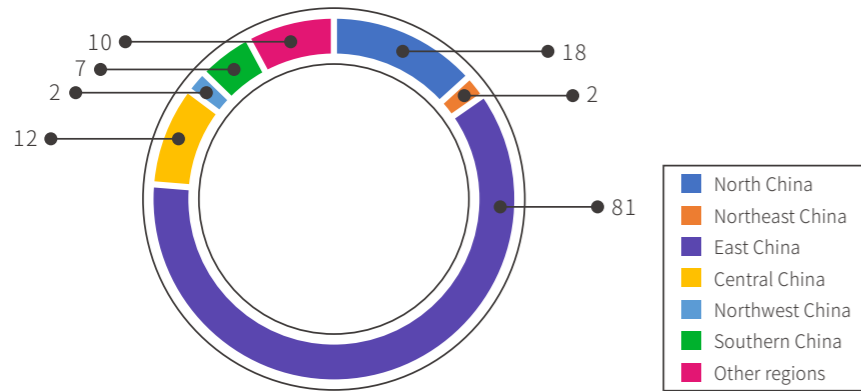
At Kangda International, we are committed to continuously strengthening our supplier assessment and grading management system. For suppliers and contractors of construction projects, materials, and equipment, we have established a comprehensive appraisal system to evaluate their performance on an annual basis. This system covers areas such as safety management, civilized construction, project quality, construction progress, cost control, and external arrears. We also conduct separate assessments during the in-sales and after-sales cycles, and make decisions on future cooperation based on the results. In addition, we divide the suppliers into five categories, including potential, qualified, unqualified, strategic cooperation, and blacklisted suppliers. These efforts are aimed at establishing a comprehensive supplier database to continuously strengthen our supplier management capabilities.

Kangda International's Supplier Grading System

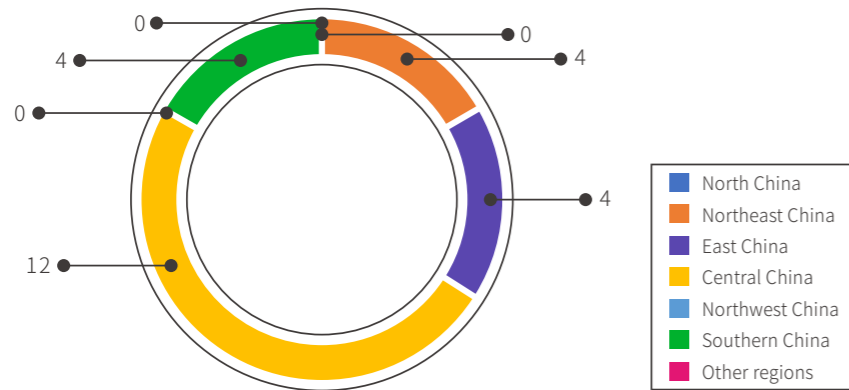


As of the end of the reporting period, we had^②242 suppliers, and their distribution and certification status are as follows:

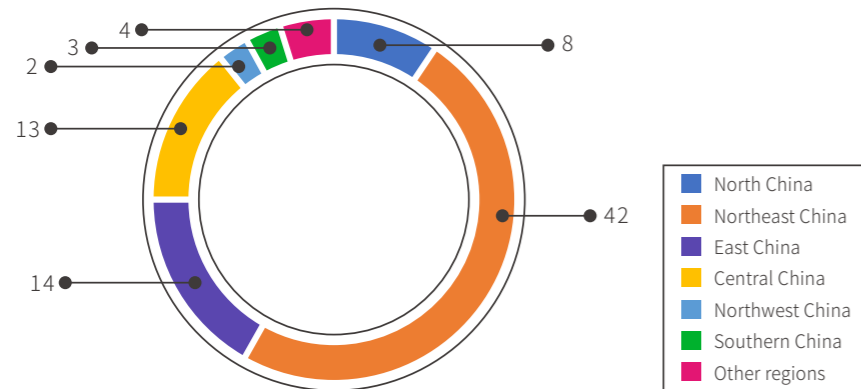
◎ Distribution of equipment suppliers during project construction



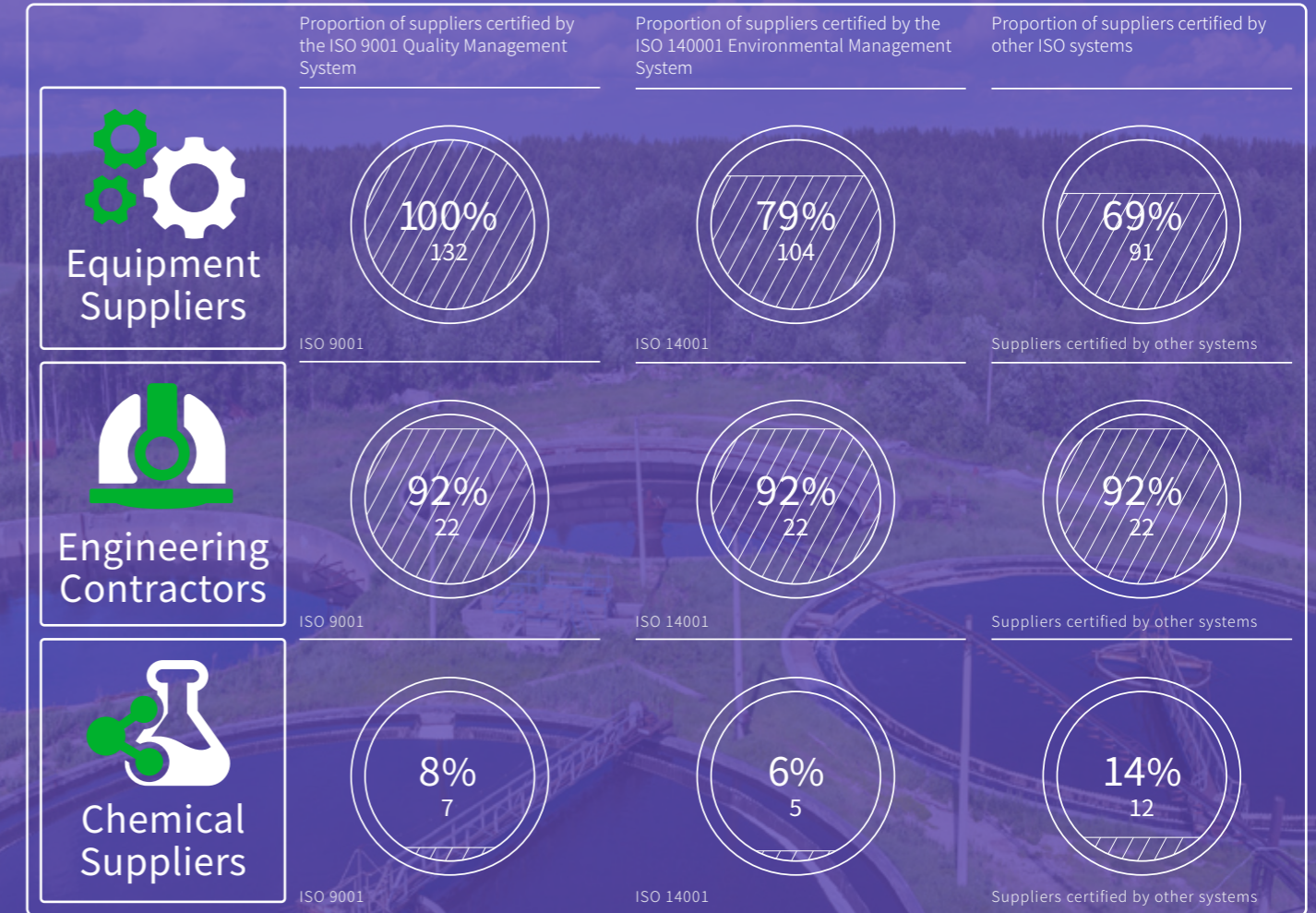
◎ Distribution of engineering contractors during project construction



◎ Distribution of chemical suppliers during project operations



◎ Proportion of Certified Suppliers during Project Construction



█ Centralized Procurement of Chemical Agents

To conduct comprehensive assessments for suppliers, Kangda International has established a cross-departmental chemical agent procurement and bidding team. Our goal is to enhance the quality and transparency of our chemical agent procurement, improve utilization efficiency, strengthen centralized distribution management, and ensure timely supply. During the reporting period, we optimized policies such as the *Management Measures for Chemical Agent Procurement* and the *Management Measures for Collective Procurement of Chemical Agents*. To further strengthen quality control, we also compared manufacturers and conducted quality inspections of chemical agents in strict accordance with these management measures. We have also organized operating companies to study and implement the above-mentioned policies on the use and storage of chemical agents and relevant emergency response procedures. Furthermore, we require them to include emergency responses to chemical leaks in their safety emergency drills.

During the reporting period, Kangda International centrally procured a total of 6 major categories and 23 small categories of chemical agents, accounting for about 90% of the total amount of products of our sewage plants by purchase spending. Going forward, we will continue to promote centralized procurement of chemical agents, with the goal of centralizing all chemical agent procurement by 2023.

② The increase in the number of suppliers in 2022 is due to: 1. the inclusion of chemicals originally procured by the project companies into the scope of our centralized procurement in this year; 2. the increase in the number of suppliers newly hired to ensure the stability of the supply chain in response to the impacts of the external environment, funding, and other factors

2.4 Industry Cooperation

At Kangda International, we recognize that strengthening industry cooperation is both essential to promote open and inclusive development for companies and the broader economy, and a solid foundation to respond to external changes. By working collaboratively with universities, governments, and other external parties, we can effectively harness industry resources and address external challenges. We are committed to fully utilizing all available opportunities to promote cooperation across the industry, ultimately guiding the industry towards sustainable development.

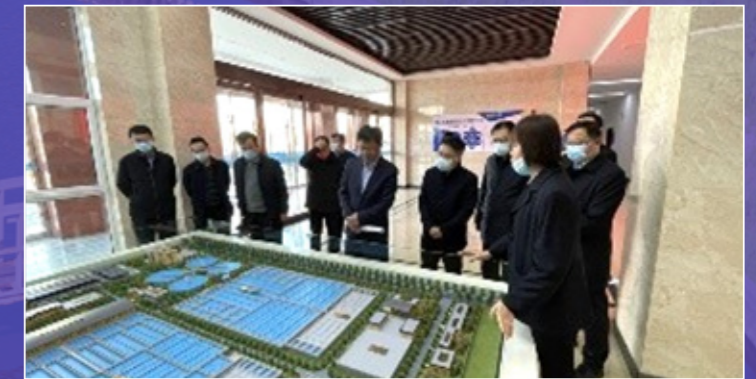


Case: Environment Day on June 5th | Kangda Environmental Protection Water Co., Ltd. organized public open day activities

From May 16 to 31, 2022, Kangda Environmental Protection Water Co., Ltd., advocated by the Ecological Environment Bureau of Jiaozuo City, Henan Province, organized public open day activities. Our goal is to better promote the theme of "Build a Clean and Beautiful World" of the Environment Day on June 5th, 2022, and guide the public to actively participate in supporting ecological and environmental protection and ecological civilization construction. University student participants visited the overall wastewater treatment process of the Jiaozuo No.1 Plant, guided by technicians from Kangda Environmental Protection Water Co., Ltd. Through this visit, the students had a deep understanding of the application of modern technology and knowledge in environmental protection and recognized the importance of water resources. Protecting water resources starts from individual and tiny efforts. Kangda Environmental Protection Water Co., Ltd. has built a bridge to communicate with the public over the years through diverse and content-rich public open day activities. It has engaged a wide range of the public and is willing to have sewage treatment operated under public supervision to foster an environment in which it gains the care and support of the whole society in its sewage treatment business. It will constantly improve its water environment management capabilities to protect the clean water and blue sky of Jiaozuo.



- Representatives of Shanxi Provincial Department of Ecology and Environment, including the Party Secretary and Director, Wang Yanfeng, visited Fendong Sewage Treatment Plant for investigation and research



- Representatives of Shanxi Provincial Department of Ecology and Environment, including the Party Secretary and Director, Wang Yanfeng, visited Taiyuan Kangjin Water Co., Ltd.



- Representatives of the Standing Committee of the Baoji Municipal Committee, including the Vice Mayor, Ding Shengren, went to Qishan Project Company to investigate the upgrading and renovation project

03

TALENT FOR WIN-WIN DEVELOPMENT

- Kangda International always follows the value of "putting people first", as we recognize that our success and prosperity depend on the dedication and support of each employee. To that end, we are committed to establishing and optimizing our talent management mechanisms, creating a fair and just employment environment, and ensuring a safe and healthy workplace for our employees. By effectively safeguarding their rights and interests and promptly understanding their needs, we strive to foster a harmonious work environment where both the Company and its employees can grow and thrive together.

3.1 Employee Employment

Kangda International firmly believes that a united and efficient team, as well as competitive talent are essential drivers of sustainable operations. By implementing fair and transparent employment policies, establishing a science-based incentive mechanism, and a perfect talent development system, we are committed to providing a huge platform for the development of our diverse talent pool.

3.1.1 Compliance Employment

Kangda International strictly abides by laws and regulations such as the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, the *Social Insurance Law of the People's Republic of China*, and the *Regulations on Work-related Injury Insurance*, and its internal regulations such as the Staffing Management System, Recruitment Management System, and Employee File Management Measures. We adhere to the people-oriented employment principle, and standardizes the management of recruitment and employment procedures to ensure our employees can realize their self-worth. In addition, we also released the *Management Measures for the Employees of Operating Companies-the Examination System for All Employees* and the *Notice on Standardizing the Employment and Approval of New Hires Turning into Regular Employees after a Probationary Period in Operating Companies* this year. Our goal is to effectively improve the quality and business skills of our employees and reduce probation costs by regulating the salary adjustment, employment restrictions, and the approval of new hires turning into regular employees after a probationary period. By 2022, all of our employees had signed labor contracts and were insured by social insurance.

Kangda International strictly abides by the *Law of the People's Republic of China on the Protection of Minors*, the *Provisions on the Prohibition of Using Child Labor*, and other laws and regulations. We have established a dedicated management department to ensure that our approval process is rational, science-based, and standardized. We insist on treating all of our employees equally, regardless of their nationalities, ethnicities, races, genders, religious beliefs, and cultural backgrounds. We resolutely prohibit the employment and use of child labor, and respect and safeguard the legitimate rights and interests of all our employees. To encourage the reporting of violations, we have established a sound whistleblower protection mechanism, which includes measures to protect whistleblowers' identities, keep their reported cases confidential to ensure their safety, and deal with violations publicly.

During the reporting period, the Company had no illegal employment practices such as child labor or forced labor.

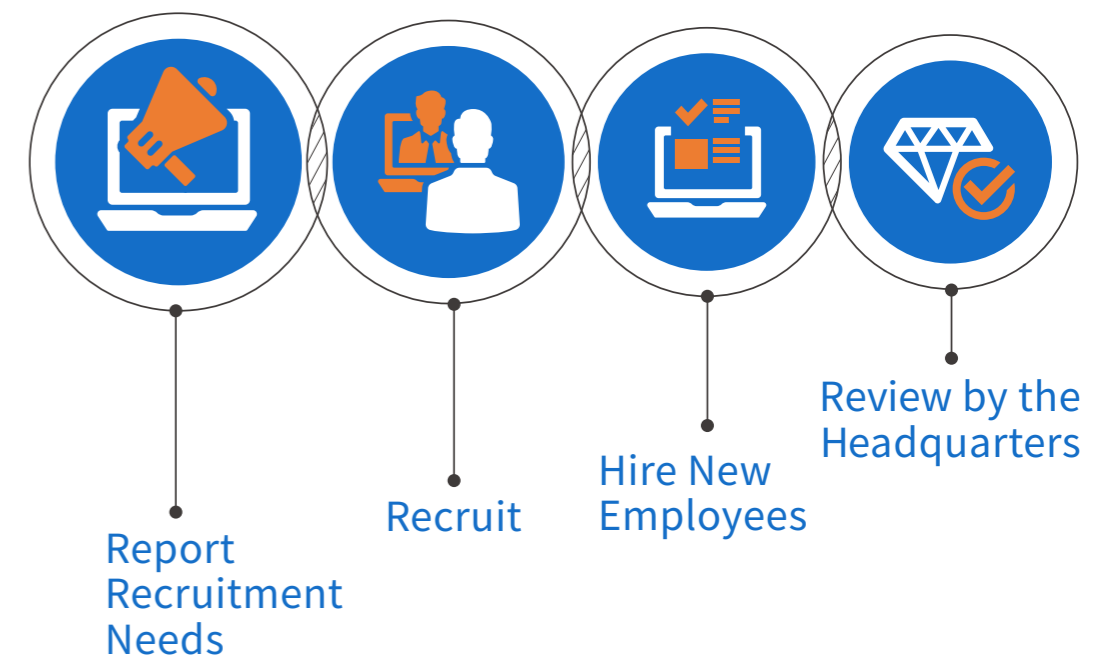
3.1.2 Talent Recruitment

Kangda International follows the concept of "open technologies, open positions, fair process, fair evaluation, and equitable employment to recruit talent." During the reporting period, Kangda International issued the *Notice on Standardizing the Employment and Approval of New Hires Turning into Regular Employees* after a Probationary Period in Operating Companies. This notice clearly outlines the conditions for employee recruitment and the procedures for approving new hires turning into regular employees after a probationary period. It also includes a policy that prohibits us from hiring individuals with work experience that does not match their resumes, false identities, inconsistent education certificates, unqualified medical reports, or criminal records. We seek to improve the recruitment mechanism and optimize the talent pool.



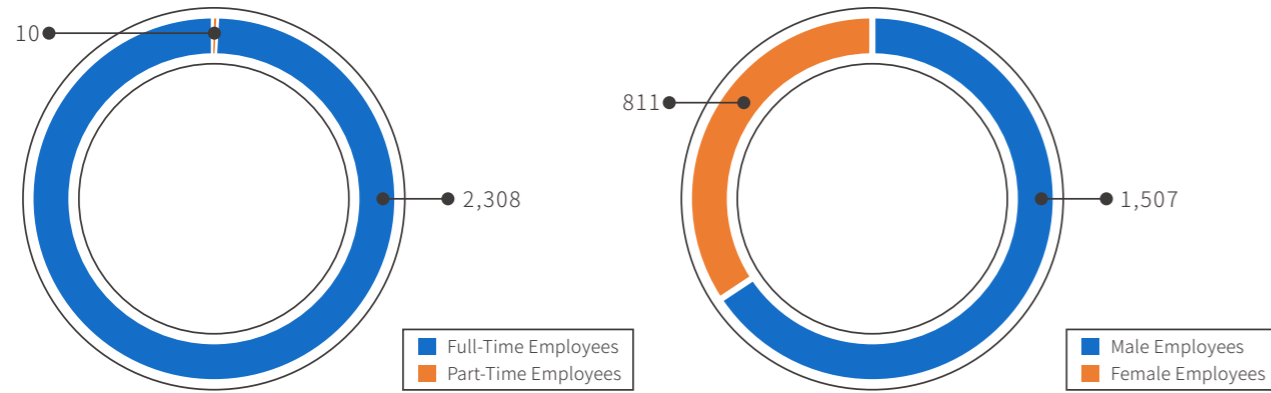
We have established a fair and transparent multi-layer recruitment review process to promote the building of excellent talent teams. We also utilize a range of online and offline recruitment channels and actively collaborate with third-party recruitment platforms to improve the efficiency of our recruitment process and attract top talent.

◉ Kangda International's Recruitment Process

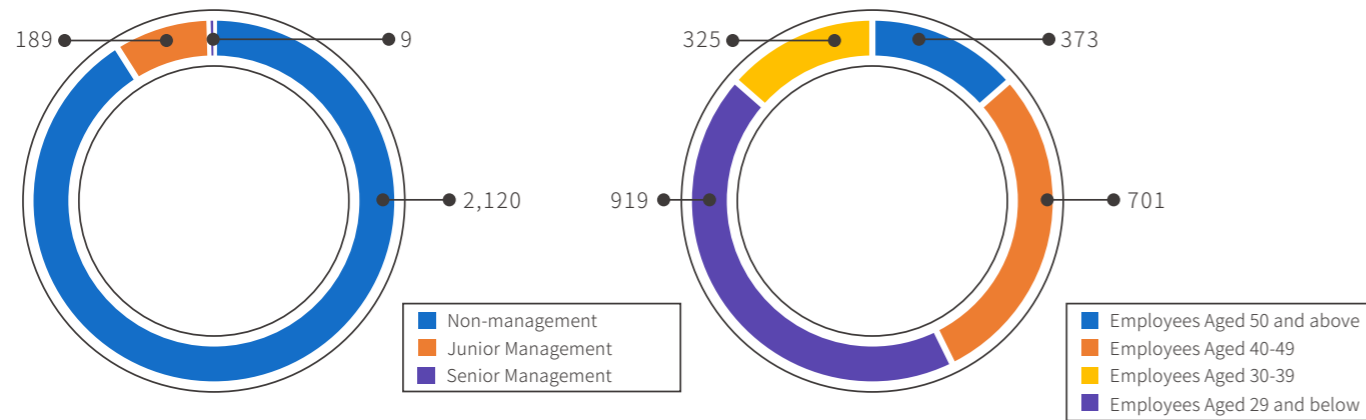


As of December 31, 2022, Kangda International had a total^③ of 2,318 employees, with detailed data shown as follows by employment type, gender, age, job category, and region, respectively.

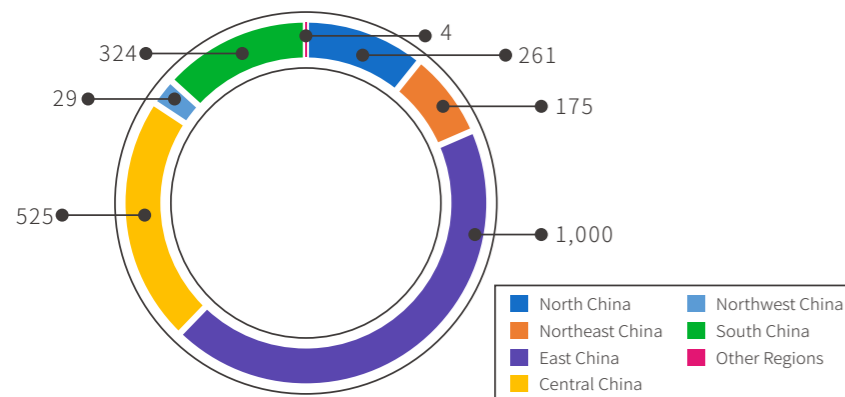
Number of Employees by Employment Type Number of Employees by Gender



Number of Employees by Job Category Number of Employees by Age

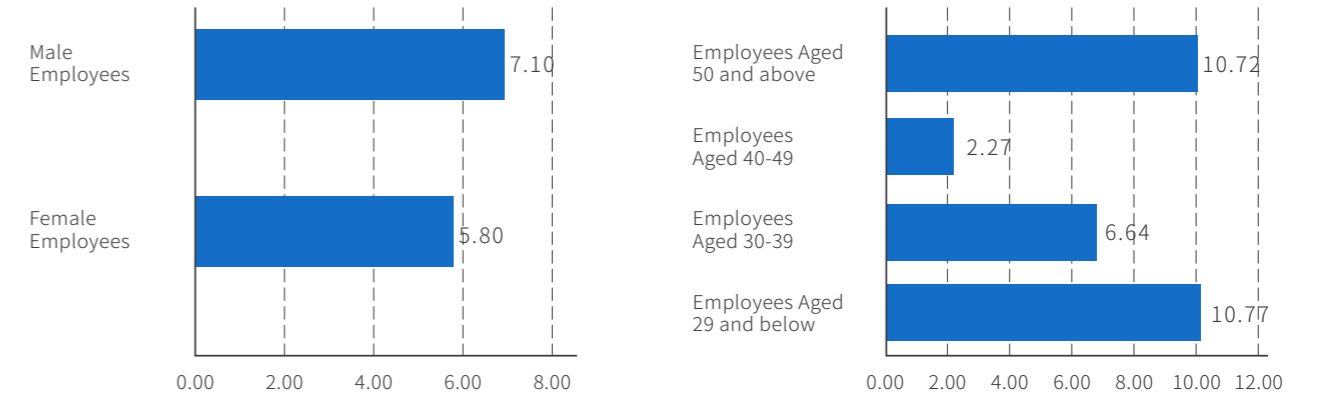


Number of Employees by Region

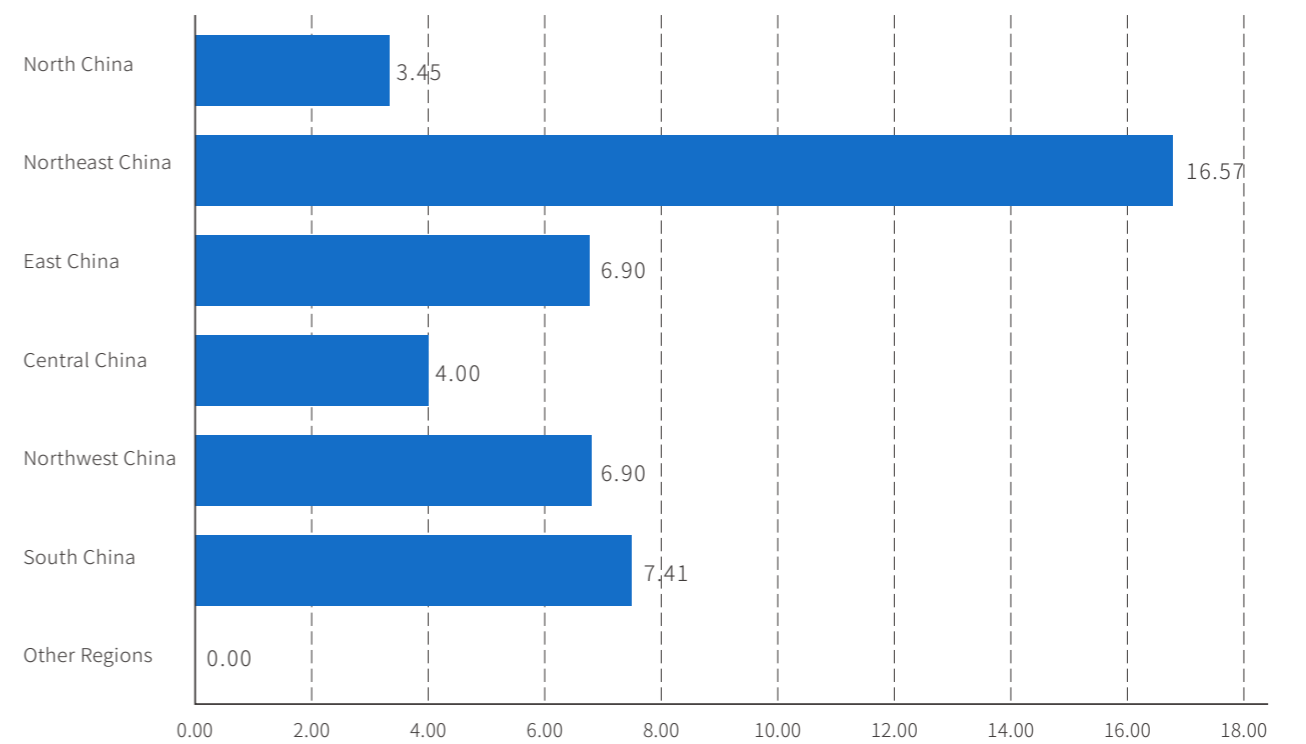


The Company's sustained growth depends on its outstanding talent. In 2022, the overall turnover rate of Kangda International was 6.60%, with detailed data shown as follows:

Turnover Rate by Gender Turnover Rate by Age



Turnover Rate by Region



^③ For operational reasons, we have updated the classification rules of each region. In this reporting period, Shandong Province was classified as part of North China rather than that of East China, and Chongqing City was classified as part of Central China rather than that of Southwest China.

3.2 Employee Development

Kangda International continues to improve the talent cultivation system, and invest in employee development. We prioritize our employees' career growth and encourage them to reach their full potential by providing a range of incentives and opportunities for professional development, providing the foundation for our talent upgrade and reserve.

3.2.1 Remuneration Management

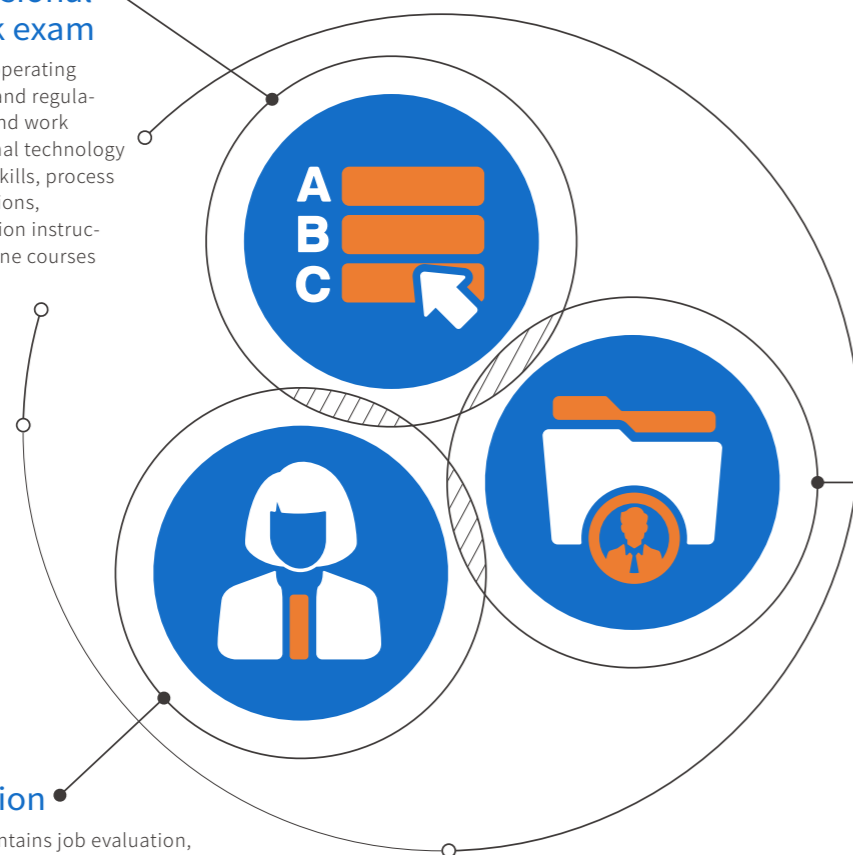
Kangda International has continuously improved its remuneration and performance management system and established various remuneration incentives including performance-related pay, seniority-related pay, and bonuses, to motivate employees for continuous self-improvement.

During the report period, we are dedicated to improving the skills and expertise of our employees while creating a fair, just and transparent compensation system that rewards hard work and dedication, and reasonably standardize the remuneration adjustment mechanism. To this end, we have formulated the *Examination System for All Employees of Operating Companies* during the reporting period. This effort aims to further standardize the remuneration adjustment management procedures through comprehensive employee evaluation. The evaluation includes three dimensions: closed-book examination, self-evaluation, and general manager evaluation.

Employee subsidy programs

Basic professional closed-book exam

- The exam covers operating companies' rules and regulations, job duties and work content, operational technology and professional skills, process operation instructions, equipment operation instructions, and our online courses



Self-evaluation

- Self-evaluation contains job evaluation, self-awareness of work capabilities, future career planning and other dimensions

General manager evaluation

- General manager evaluation includes aspects such as employees' work capabilities, attitude, and innovation capability

Kangda International also provides a variety of allowances and subsidies for its employees to provide them with adequate support and motivation to better meet various business needs.

Employee subsidy programs



Job allowances

- It is provided for deputy directors or deputy managers to preside over the work of the department when there is no director or manager

Certificate subsidies

- It is provided for holders with relevant certificates needed for the Company' qualification management and project construction

Part-time allowances

- It is provided for those in the same position in various project companies or project departments

Disputing allowances

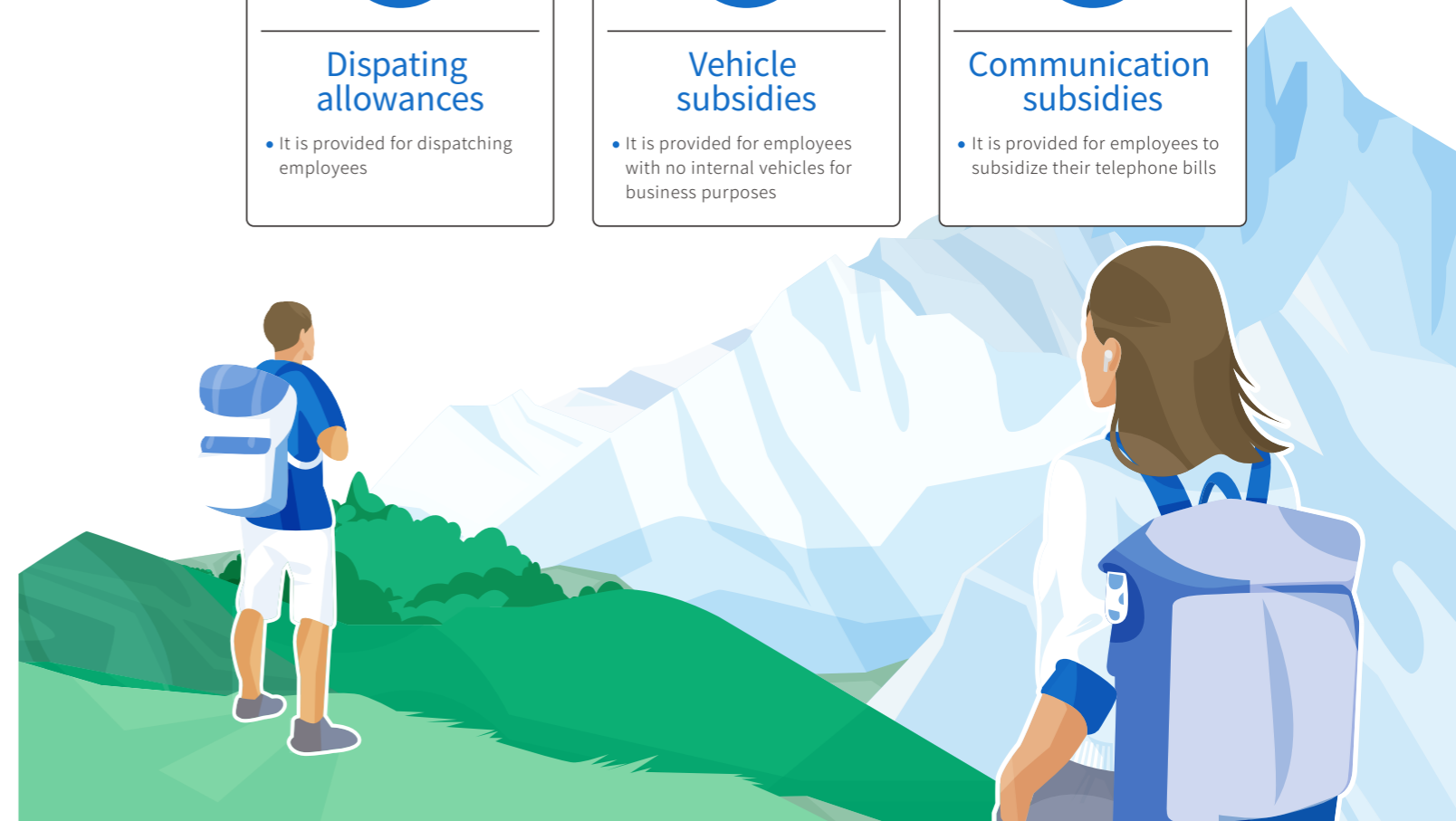
- It is provided for dispatching employees

Vehicle subsidies

- It is provided for employees with no internal vehicles for business purposes

Communication subsidies

- It is provided for employees to subsidize their telephone bills



3.2.2 Employee Development

At Kangda International, we are dedicated to supporting our employees' professional development. To this end, we have developed a talent development system that aligns with market conditions. We provide diverse support initiatives and a diversified employee training system to lay a solid foundation for talent development and retention. We have formulated the **Training Management System (Revised)** which includes various modules such as vocational skills, leadership and management communication training, and empowered all departments to fully leverage internal resources to organize their training programs. We have also issued the **Subsidy Standards and Implementation Measures** to provide various subsidies for career-related skills and professional knowledge learning. By incentivizing our employees to learn through taking exams and applying what they have learned, we fully motivate them to enhance their professional knowledge and skills.

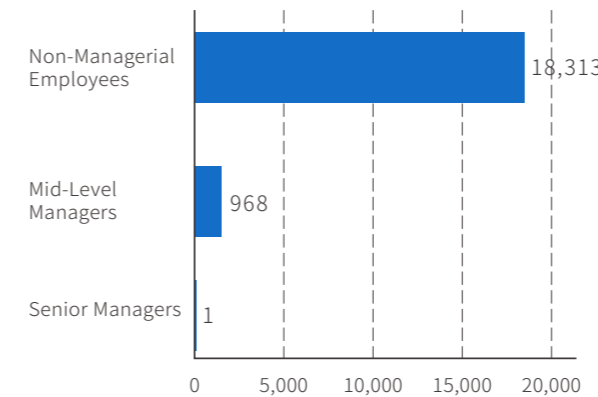
Our training system offers abundant resources to support the enhancement of employees' work skills, management capabilities, and professionalism. During the reporting period, Kangda Environmental Protection (Shangqiu) Water Co., Ltd., a subsidiary of Kangda International, provided vocational skill upgrading training and assessment for wastewater treatment workers, sludge treatment workers, and chemical inspectors. It aimed to effectively match vocational standards with its actual production needs, and further improve the overall quality and business capabilities of relevant practitioners in the sewage treatment industry.



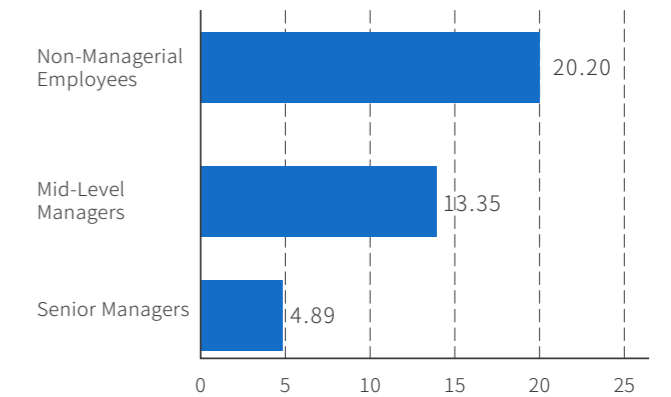
During the reporting period, Kangda International provided a total of 19,282 training opportunities, and recorded a total of 45,396 training hours.

Specific training performance is as follows:

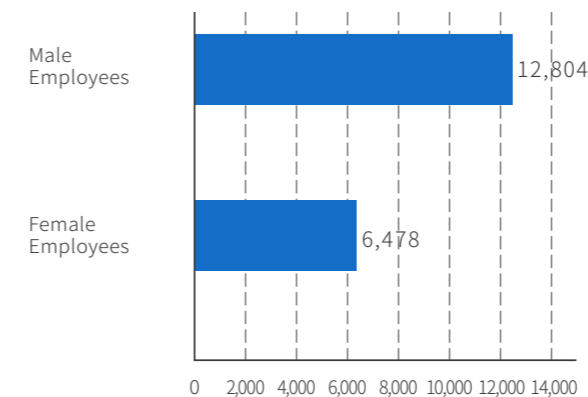
Training Opportunities by Job Category



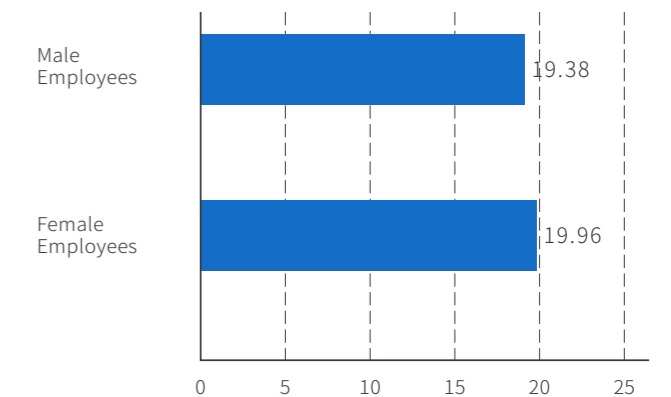
Average Hours Per Person by Job Category



Training Opportunities by Gender



Average Hours Per Person by Gender

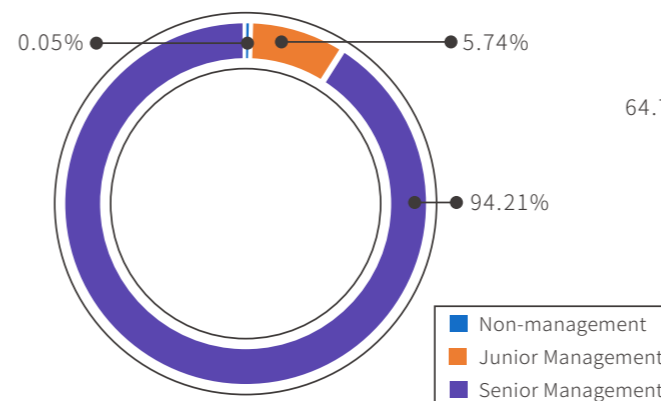


Vocational Skills Training at Kangda Environmental Protection (Shangqiu) Water Co., Ltd.

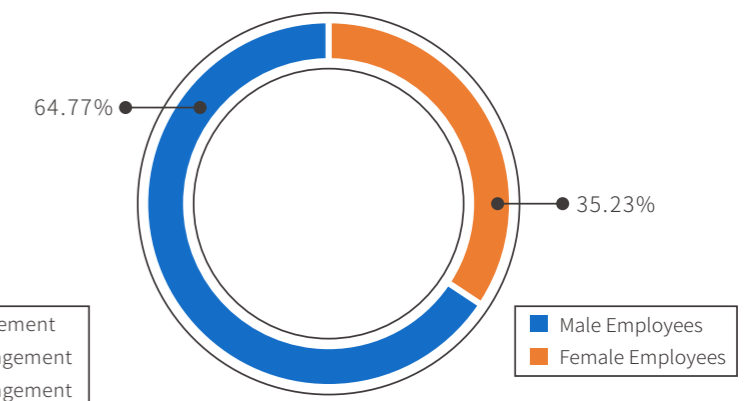
On May 30 and 31, 2022, Kangda Environmental Protection (Shangqiu) Water Co., Ltd. organized to conduct vocational skill level assessment for its wastewater treatment workers, sludge treatment workers, and chemical inspectors through online and offline training, job training, technical competitions, and skill contests. This strongly relevant and practical assessment involved 139 participants, covering professional theoretical knowledge and production and operation practices. It fully examined these employees' professional knowledge, skills, and the ability to solve practical production problems. The employees who accepted training and passed the assessment could apply for and obtain vocational qualification certificates at corresponding levels.



Percentage of Trained Employees by Employee Category



Percentage of Trained Employees by Gender





3.3 Employee Care

Kangda International deeply appreciates the contributions and commitment of its employees. We continue to strengthen humanistic care, advocate work-life balance, organize various activities, create a relaxed and comfortable working environment, and enhance the sense of belonging among our employees.

3.3.1 Employee Welfare

Kangda International strictly adheres to the *Labor Contract Law of the People's Republic of China*, the *Social Insurance Law of the People's Republic of China*, and other laws and regulations, and provides employees with a series of non-salary and additional benefits in accordance with the *Regulations on Salary Management for Member Enterprises (Revision)*. To further enrich the diversity of employee benefits, we continuously strengthen the overall planning of welfare policies. These efforts aim to improve employee satisfaction and motivation.

◉ Kangda International's employee benefits

 Non-salary Benefits	<ul style="list-style-type: none"> • Built a table tennis room; • Set up a football team; • Regularly organize sports competitions; • Built a gym for all employees; • Regularly maintain the office building's roof garden so that employees can take a relaxing stroll and work out in the garden during their lunch break.
 Additional Benefits	<ul style="list-style-type: none"> • Send gifts to employees with children under the age of 14 on Children's Day; • Offer allowances to female employees on Women's Day; • Provide birthday benefits to all employees; • The trade union will issue condolence allowances to deceased employees' immediate family members.

3.3.2 Employee Communication

In order to deepen the communication and exchange with our employees, we have set up two channels for democratic communication and reporting, through approaches such as employee suggestion boxes, emails, and hotlines. Employees can choose any channel to offer feedback according to their own needs. We will respond to employees' needs. Every reasonable reported case is independently investigated based on the principles of truthfulness, confidentiality, and effectiveness, and independent investigations are performed after the whistleblower has been adequately protected.

◉ Kangda International's employee communication initiatives

 Frontline Investigations	<ul style="list-style-type: none"> • We conducted frontline investigations in our subsidiaries on labor contract management, annual leave and other aspects.
 Interviews with Employees	<ul style="list-style-type: none"> • We conducted interviews with employees at the work site, listen to their actual demands, and develop a talent pool for managerial roles.

3.3.3 Employee Care Activities

Employees are our valuable assets. We encourage them to actively participate in various physically and mentally beneficial activities within and outside the company. We also organize various amateur events to promote harmony and unity among employees, and to enhance their engagement and sense of belonging.

Case: Football match themed "Igniting the youth passion and fighting in the green field"

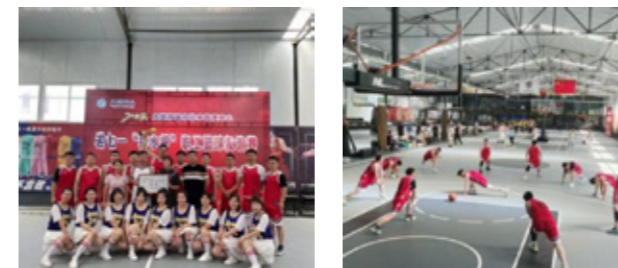
To promote corporate culture, enhance communication among our employees, and promote healthy corporate development, soccer fans from Kangda International and its cooperative bank once again played a 7-a-side friendship soccer match at the 8D Sky Soccer Park of Shuangjia International Building in Liangjiang New Area, Chongqing City.



• In February 2022, Duan Linnan, President of Kangda International, accompanied by Shen Ji, General Manager of Beijing Caiyu Wastewater Treatment Plant, came to the plant to deliver care to the employees who still worked at their positions during the Chinese Spring Festival.

Case: "Drainage Cup" Staff Basketball Match

In July 2022, Taiyuan Kangjin Water Co., Ltd. was invited to organize a team to participate in the "Drainage Cup" employee basketball friendship match held by Taiyuan City Drainage Management Center, to enrich the cultural life of its employees, create a healthy and good corporate culture, and fully demonstrate their spirit of unity, enterprise, and hard work.



• In July 2022, on the occasion of the Communist Party of China Founding Day on July 1, the Party Branch of Kangda Environmental Protection (Shangqiu) Water Co., Ltd. organized party members and cadres to go to the Huanglou Memorial Hall where Chairman Mao once visited, to conduct the activity themed "remembering the party's efforts, strengthening the party's spirit, and correcting the party's style."



• In August 2022, Duan Linnan, President of Kangda International went to Taiyuan Kangjin Water Co., Ltd. (Fendong Wastewater Treatment Plant) to conduct work research and learn about the operations and management of the project company and the construction of the project on site.

3.4 Employee Health

Kangda International always prioritizes work safety and employees' health. We continuously strive to improve our internal systems to enhance safety management in all aspects, and actively work towards creating a healthy and safe working environment for our employees.

3.4.1 Work Safety

We continuously improve our safety management system and emphasize the safety awareness and safety emergency response capacity of our employees. Our goal is to implement the critical concept of "putting safety first".

Standardized Management


We strictly abide by the laws and regulations such as the *Work Safety Law of the People's Republic of China* and the *Measures for the Administration of Contingency Plans for Work Safety Accidents*. We sign the *Operation Target Responsibility* and the *Safety Responsibility Letter* with each operation company every year, established safety management policies, and specified the responsibilities for production and construction safety management. These system construction and management promotion efforts are aimed at implementing safety-related policies, production, and equipment management at each operation company. During the reporting period, we achieved the safety management targets, fully reflecting Kangda International's excellent work safety management capabilities.

Safety Management Performance	No safety responsibility accidents of serious injury or above throughout the year
	No fire accidents throughout the year
	Minor injury rate below 1‰

We identify safety risks and implement preventive measures to ensure work safety based on procedures such as the *List of Dangerous Equipment, Facilities and Environment*, the *List of Posts Involved in Dangerous Operations*, the *List of Hazard Identification and Assessment*, the *Summary of Major Hazards*, and the *Description of Major Hazard Control Measures*.


In terms of chemical management, we have formulated internal policies such as the *Administrative Measures for the Addition and Use of Chemicals* and the *Chemicals Safety Management Regulations* to provide clear provisions for chemical storage and contingency plan for leaks, and regularly organize our subsidiaries to conduct corresponding emergency drills.

During this reporting period, we continued to improve our work safety management procedures, increase management's awareness of responsibility for workplace safety issues, and enhance our efforts to address various safety risks.



Weekly safety meetings

- Operating companies are required to conduct regular safety meetings at least once a week to focus on the safety system, training, spot checks, hidden hazard investigation and other aspects, and also summarize and respond to identified issues. They fared well in implementation, with minutes well-documented.



Safety notices with comprehensive coverage

- Kangda International Operations Department issues safety-related notices throughout the year according to different periods and issues, covering various aspects such as chemical agent quality, thermal preservation in winter, flooding in summer, typhoons and other seasonal events and safety during holidays.

Safety Drills and Training

We conduct regular safety drills and provide training to increase employee awareness of potential risks in emergency situations. Our goal is to ensure that employees are equipped with emergency knowledge and response skills, and are able to protect themselves and their colleagues in case of emergency, ultimately safeguarding lives and properties.

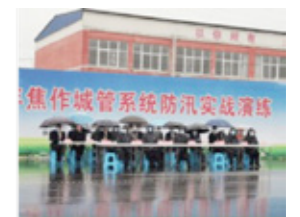
Electric shock accident and first aid emergency drill activities

In April 2022, Wenzhou Chuangyuan Water Co., Ltd. organized a special emergency drill for electric shock injury and first aid within the company, in which all employees participated. The goal was to test the rationality, practicality and operability of the *Special Emergency Plan for Electric Shock Injury and First Aid* and to improve the ability of our frontline employees to deal with accidents in an emergency.



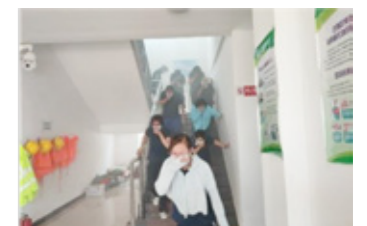
Flood control drill

In April 2022, Kangda Environmental Protection (Jiaozuo) Water Co., Ltd. participated in the 2022 flood control drill of the urban management system organized by Jiaozuo Municipal Urban Management Bureau, and improved its employees' flood control and disaster relief capabilities. It aimed to resolutely implement the important instructions of General Secretary Xi Jinping on flood control and disaster relief work, and implement the arrangements of the flood control meetings of the provincial and municipal authorities.



Training on flood and heat prevention and fire safety knowledge

In June 2022, Kangda Environmental Protection (Xinzheng) Water Co., Ltd. invited relevant professionals from the Henan Provincial Fire Protection Association to conduct flood and heat prevention and fire safety knowledge training for all employees of its four plants to further enhance the awareness of flood and heat prevention and fire safety of all employees.



3.4.2 Occupational Health

We strictly comply with national laws, regulations, and ordinances on occupational health and those applicable in areas where we operate, such as the *Law of the People's Republic of China on Prevention and Control of Occupational Diseases*, the *Measures for the Administration of Occupational Health Inspection*, the *Regulations of the People's Republic of China on the Prevention and Treatment of Pneumoconiosis*, and the *Measures for the Administration of Diagnosis of Occupational Diseases*. We have also developed the *Occupational Health and Safety Management System* during the reporting period to effectively safeguard employees' health and interests.

Occupational health and safety management initiatives



During the reporting period, we obtained the GB/T 45001-2020 and ISO 45001:2018 Occupational Health and Safety Management System Certificates, and continuously implemented standardized occupational health management.

Occupational Health and Safety Management System Certificate



Over the last three years, there have been no work-related deaths at Kangda International

Occupational Health and Safety indicators	2022
Employees with Work-Related Injuries	9
Lost Hours Caused by Work-Related Injuries	436 ^④
Traffic Accidents during Work Commuting	1

^④ Starting from 2022, we adjusted the method of counting lost hours caused by work-related injuries. As such, we no longer count the hours employees take sick leave and only count these recognized by the labor management department.

04

ENVIRONMENT PROTECTION AND GREEN OPERATIONS

- Kangda International firmly believes that lucid waters and lush mountains are invaluable assets, and incorporates environmental protection as a crucial aspect of its development. We integrate environmental protection into all aspects of our business, including production, operations, sales, promotion, and routine office affairs, and constantly improve energy efficiency and reduce waste emissions. We aim to ensure that a sound ecological environment can support sustainable development, and contribute to the Beautiful China initiative.

4.1 Environmental Management

Green development is not only a strategic choice to cope with global climate change, but also the path to breaking the resource and environmental bottlenecks of corporate development. We have always embraced the principles of green development and low-carbons, gradually promoted the green and low-carbon development of the industry, and contributed to China's "dual carbon" strategic goals. As an environmental protection investment enterprise, we are committed to the corporate vision of "Create an Environment with Greener Water, Lusher Mountains and Bluer Skies", and incorporate investment in wastewater treatment as the core of its business. We actively explore comprehensive environmental pollution management, striving to fulfill our vision.

4.1.1 Standardized Management

Kangda International constantly improves its environmental management system, implements green management strategies, and prioritizes green production and operations while standardizing corporate behavior. We strictly abide by the laws and regulations such as the *Law of the People's Republic of China on Environmental Protection*, and have established internal policies such as the *Environmental, Occupational Health and Safety Inspection System*, the *Environmental Factors, Hazard Source Identification Evaluation Management System*. We seek to effectively fulfill our environmental management responsibilities, prevent and reduce environmental risks, and raise our awareness of environmental responsibility. We have obtained ISO 14001 environmental management system certificate.

● Kangda International's environmental management system certificate



Following the concept of green environmental protection, Kangda International complies with the *Construction Law of the People's Republic of China* and other laws and regulations during the project construction process. We aim to prevent and minimize the adverse impact of construction on the environment and animal habitats. In terms of green design, we've created specifications such as the *Design Standards for Energy Efficiency of Residential Buildings in the Hot Summer and Cold Winter Region*, the *Engineering Technology Standards for External Wall Insulation*, and the *General Technical Conditions for Time-Delay Energy-Saving Lighting Switches*. In terms of construction projects, we sincerely comply with the requirements of the *Evaluation Standard for Green Construction of Buildings (GB/T 50640-2010)*, the *Code for Green Construction of Buildings (GB/T 50905-2014)*, and other specifications, and have implemented the "four savings and one environmental protection" measures to save materials, water, energy, and land, as well as to preserve the environment. We have also signed the letter of responsibility for environmental protection target management with our partners. Furthermore, with environmental protection and the aim to ensure civilized construction in mind, we have developed special construction plans based on civilized construction management methods, protected vegetation and organisms surrounding the construction site, and worked to minimize damage to the original ecological environment. During project operation, we conduct regular risk inspections and management to identify environmental risks, provide relevant warnings, and prepare contingency plans such as the *Emergency Plan for Influent Water Not Meeting Quality Standards* according to actual operating situations.

Environmental Violations and Results

Kangda International implements whole-process control of environmental risks, fully considers the scope and extent of the environmental impact on its business, strives to provide open and transparent environmental information, and accepts the supervision of all stakeholders. In the event of an environmental violation, we take a four-step response initiative to reduce the adverse impact on the Company.

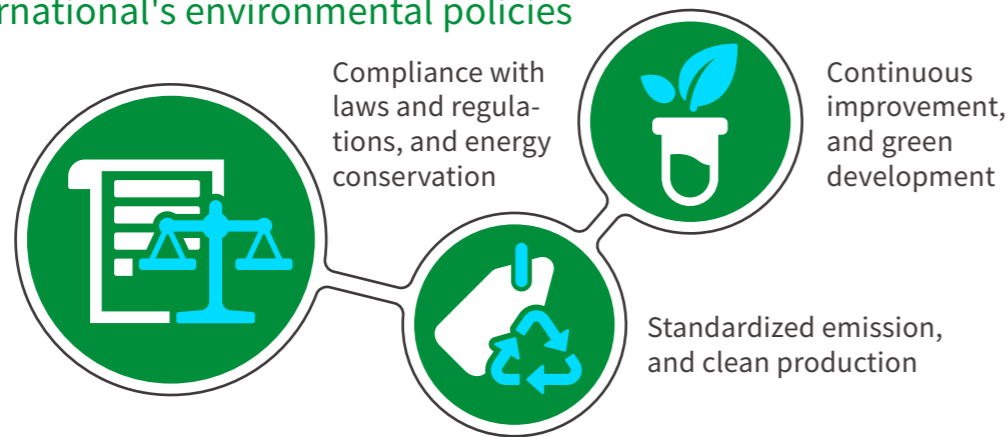
● Kangda International's response initiatives to penalty



4.2 Environmental Goals

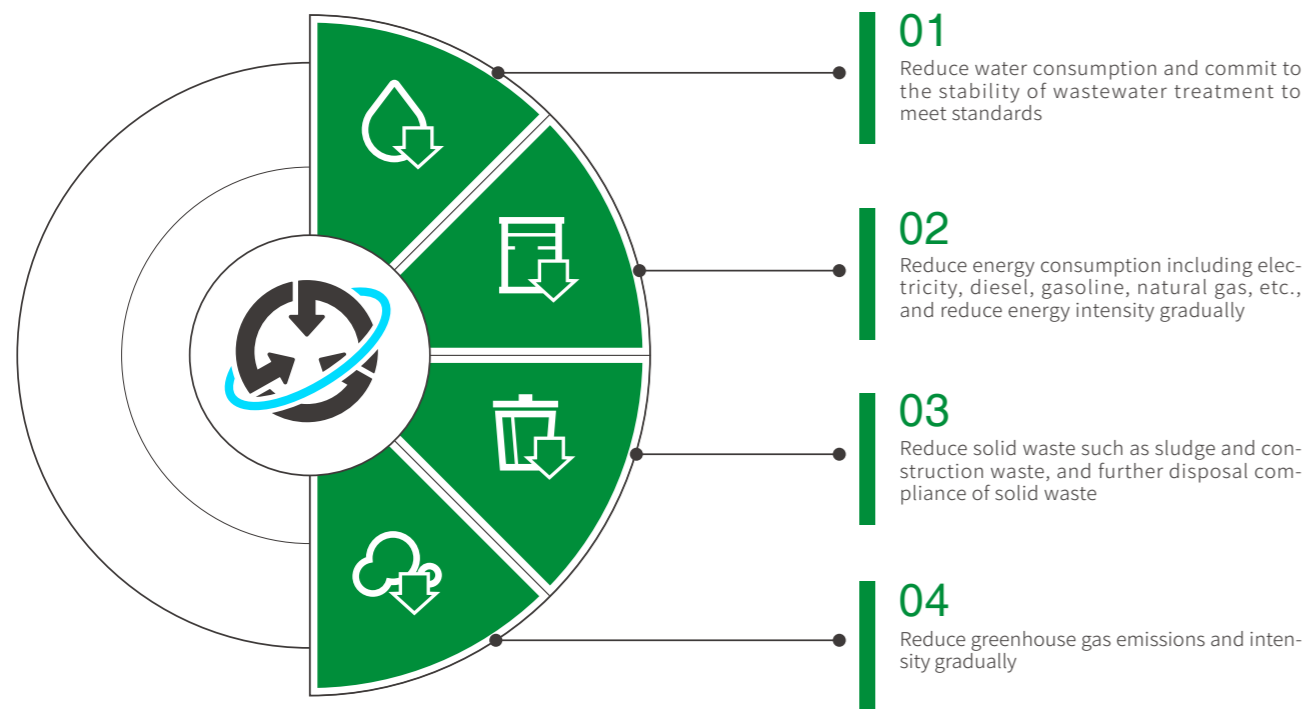
With the mission of "Create an Environment with Greener Water, Lusher Mountains and Bluer Skies", Kangda International has been actively exploring the integrated management of environmental pollution, and incorporating investment in wastewater treatment as the core of its business. We have established environmental targets based on our operational characteristics, in accordance with the Hong Kong Stock Exchange Reporting guidance on Environmental KPIs, and by referencing the management practices of our peers at home and abroad. We aim at providing guidelines to fine-tune the management of pollutant emissions and resource utilization.

● Kangda International's environmental policies



4.2.1 Environmental Goals

In 2021, Kangda International set environmental goals for water consumption, energy consumption, waste disposal, and greenhouse gas (GHS) management, respectively. In 2022, we continued to work toward these goals and strive to achieve green development in our production and operations.



4.3 Resource Use

While developing its environmental business, Kangda International also takes measures to reduce the impact of its operations on the environment and natural resources. By continuously optimizing the resource management system and formulating a resource consumption management system, we implement standardized and systematic resource consumption management and vigorously improve resource use efficiency.

4.3.1 Water Resources Management

Water scarcity is a pressing global challenge. As a responsible company, we recognize the importance of effective water resource management throughout our entire industrial chain, and actively adhere to the *China National Water Conservation Plan* and other water conservation policies, while striving to reduce water consumption and ensure proper sewage treatment in its projects. To implement our water conservation plan, we have established a rigorous management system, introduced advanced process technology, and adopted various measures to reduce water consumption. We have formulated and implemented the *Water Conservation Management System*, the *Regular Inspection System of Water-Using Equipment and Pipes*, and the *Manual on Water Conservation for Employees*. Our comprehensive approach to water resource management includes efficient utilization of water sources, regulation and control of process water, development of alternative water sources, and promotion of reclaimed water. During the reporting period, Kangda International actively improved water efficiency and did not encounter any problems in seeking suitable water sources.

Water Conservation Initiatives

During the reporting period, we actively pursued various water recycling initiatives in the project process to improve the efficiency of water utilization.

● Water for Production

Reclaimed water recycling

Reclaimed water recycling means that the thoroughly treated reclaimed water is utilized to substitute tap water in production, greening, and vegetation irrigation, to reduce the demand for fresh water and conserve water.

This year, we further expanded the use of reclaimed water, reduced the use of tap water, and replaced greening, cleaning, chemical dissolution, and dewatering machines' backwash water with reuse water according to site conditions.

Water-saving measures in construction

At the project construction site, we used the water system on the site to store rainwater during the rainy season and use it in the dry season, reducing the dependence on fresh water resources such as river and lake systems, as well as tap water.

● Water consumption in the office

We have developed a water conservation system in the office and continuously promoted water conservation within and outside of the Company by enhancing employees' awareness of water conservation through approaches such as bulletin boards and tip posts, and activities themed water conservation. We practiced water conservation actions through small steps such as promoting the use of water-saving sanitary ware.

Qitaihe Kangda Water Co., Ltd. provides reclaimed water

To save and protect urban water resources, Qitaihe Kangda Water Co., Ltd. provided reclaimed water to Datang Power Plant, and entities responsible for sanitation and greening in 2022. This year, it provided 4.16 million tonnes of reclaimed water, with a daily supply of 65,000 cubic meters, and a reduction of 1,071.3 tonnes of COD, contributing to the 16% water reclaimed rate in Qitaihe City. This provides strong support and guarantees for the environmental governance, ecological balance, conservation of water resources, and protection of groundwater in this city.

Wenzhou Chuangyuan Water Plant uses reclaimed water for water screen movies

Wenzhou Chuangyuan Water Plant implements the concept of environmental protection and water conservation, and repeatedly recycles reclaimed water after production and treatment for vegetation irrigation and road washing in its plant area. In addition, through technological reform, the dispensing mode of chemicals has been changed as tap water is replaced by reclaimed water, which greatly reduces the annual water bill by at least RMB 30,000. Since 2020, introduced by the municipal management center, its reclaimed water has been used for municipal highlight projects.



● Table: Kangda International's water consumption

Water Resources Indicators	2020	2021	2022
Total water consumption (10,000 cubic meters)	47.79	46.52	48.4
Water consumption intensity (cubic meters/1,000 cubic meters of water treatment volume)	0.42	0.36	0.39

4.3.2 Office Resource Management

Kangda International places great emphasis on establishing a green office and actively explores various energy-saving and consumption-reduction measures. We implement energy-saving management in daily production and operations, and enhance the awareness of all employees through regular cultural promotion.

- Put up "Turn off the light before you leave" and other tips in offices, meeting rooms, and restrooms;
- Use energy-saving and efficient lighting and heating devices;
- Promoting remote video conferencing and paperless office;
- Launch the OA office system to ensure the digital office, a system which has been safely operating for 7 years as of 2022;
- Reasonably manage operating companies' labor protection supplies and promote economical and rational use;
- Encourage employees to choose public transportation for commuting and contribute to emissions and carbon reduction for society.

4.3.3 Chemical Resource Management

In 2022, Kangda International refined the *Chemicals Procurement Management Methods* and the *Centralized Procurement Management Methods of Chemicals*. We strictly followed these regulations when selecting chemical manufacturers and conducting quality inspections of chemicals in our database to ensure quality control. To standardize the use of chemical resources and improve efficiency, we strengthened our chemical management and control in routine operations. In addition, we have carried out internal promotion and organized training and learning activities for operating companies to implement the above-mentioned regulations on the use, storage and emergency response of chemicals. We have also requested these companies to include the response to chemical leaks in their safety emergency drills in the next stage.



4.3.4 Construction Material Management

We implement the concept of green construction in the design and construction process, promote rational allocation of resources in the management of construction materials, reduce waste, and continuously improve resource utilization efficiency.

- Use commercial concrete to improve operational efficiency while ensuring high quality;
- Use recycled plastic granules in paving soccer field and basketball courts;
- Use energy-saving materials such as high resistance bamboo floor and anticorrosive panels as decoration and garden construction materials.
- Solid construction waste is used for paving temporary roads on site;
- Employ backfilling to reduce the usage of soils purchased elsewhere, and thus lower resource loss.
- Keep the original residential buildings as functional rooms for management and other purposes.
- Recycled scrap rebar is used as reinforcing steel to produce tie bars, horseshoe bars and other detailing;
- Reuse fences and rent protective steel pipes to use them multiple times.

Table: Kangda International's construction resource consumption

Construction Resource Consumption Indicators	2022
Paper consumption (tonnes)	2.54
Metal resource consumption (tonnes)	5,135.00
Wood resource consumption (tonnes)	1,090.00
Plastic resource consumption (tonnes)	920.00
Oil resources consumption (tonnes)	24.03
Chemicals consumption (tonnes)	301,951.15
Construction material consumption (including earth, masonry, mortar and concrete, etc.) (tonnes)	769,860.00

4.4 Emissions Compliance

Kangda International has always practiced a clean and green production and operation model, and strictly controls solid waste, sewage, exhaust emissions, and noise creation during the construction and operation stages of its projects. We strive to ensure that all pollutants are treated and discharged in compliance and in accordance with standards. We strictly abide by the *Environmental Protection Law of the People's Republic of China*, the *Atmospheric 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*, the *Soil Pollution Prevention and Control Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes*, the *Law of the People's Republic of China on Noise Pollution Prevention and Control*, and other applicable laws. In addition, we developed the *Standard Collective Manual for Safe and Civilized Construction at Construction Site* and the *Manual for Hazardous Waste Management*.

In project construction, Kangda International practices green construction, strictly monitors the discharge of sewage and exhaust emissions, and places a high value on the recycling of construction by-products. In production operations, we strictly implement the whole-process project emission management measures, including facility improvement, process optimization, and standardized disposal measures to minimize the impact on the environment. In our routine operations, we place a high priority on compliant waste disposal to pursue green production and operations.

4.4.1 Sewage Discharge Management

Kangda International has actively followed local governments' effluent quality standards. We continuously optimize our sewage treatment processes, and strengthen sewage discharge management in terms of process improvement and facility upgrading, etc. Detailed information about our sewage treatment processes can be found in Chapter 2 of this report. In addition, for the sewage generated during the construction and operation of projects and daily operations, Kangda International takes targeted measures to dispose of it to ensure discharge compliance.



 Sewage generated in the construction process	<ul style="list-style-type: none"> Mud pools are set up at construction sites to settle and purify the mud generated.
 Domestic sewage	<ul style="list-style-type: none"> The sewage is directed to the sewage plant for treatment through the connected municipal network; For the sewage in locations that cannot be connected to the municipal sewage network, it is collected with treatment bags and undergoes regular cleaning.

Table: Kangda International's sewage discharge

Sewage Discharge Indicator	2022
Sewage Discharge Volume in operation (cubic meters) ^⑤	1,250.00

Sewage Discharge Volume in operation (cubic meters)^⑤ 1,250.00

^⑤ It only includes the amount of sewage discharged from the Company's living, construction projects and the sewage treatment plant's operations, and does not include the sewage discharged from the sewage treatment plant after treatment.

4.4.2 Exhaust Emission Control

The main air pollutant produced by Kangda International during construction is particulate matter (dust). We employ various measures to reduce emissions and have established a dust monitoring platform through digital management tools such as remote HD video monitoring at the project construction site. This provides real-time feedback information and helps build "smart construction sites" that prioritize safety. At the same time, we proactively promote civilized construction initiatives, including the use of fences and partitions as required by local authorities to ensure the safety and cleanliness of the surrounding environment. To further enhance environmental protection, we implement multi-layer measures such as spraying water and covering bare soil areas to ensure the construction site remains neat and dust-free.

For the special gases generated during operations, we install biological deodorization devices to ensure that the emissions discharged by our sewage treatment plants comply with the secondary standards outlined in the *Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (GB 18918-2002)* and the *Emission Standards for Odor Pollutants (GB 14554-93)*.

● Kangda International's dust reduction measures during the construction process



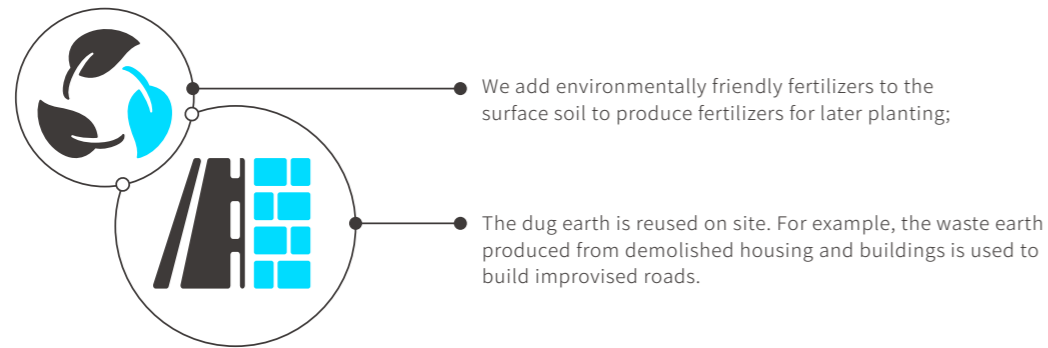
Wenzhou Chuangyuan Water Plant takes targeted measures for biological deodorization

The plant uses CBR (Carbon Bio Recirculation) bio-enhancement process to control the malodorous gases in the treatment process. According to the process characteristics and the layout of the sewage plant and other factors, the CBR deodorization bio-enhancement culture tank is centrally placed in the aerobic biochemical section of the second phase A/O pool. The reinforced activated sludge, through the reinforced culture of the second phase, is sent back to the centralized inlet to mixed with the sludge from the first phase of biochemical system in the sludge disposal section to reduce the concentration of malodorous gases in the sludge disposal section, thus controlling malodorous gases throughout the sewage pre-treatment stage and reducing odor pollutants in the plant.

4.4.3 Solid Waste Control

Kangda International strictly complies with the requirements of the *Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes* and other relevant laws and regulations, and has formulated the *Manual for Hazardous Waste Management* and other institutional documents to standardize the management of hazardous waste. We prioritize the principles of reducing waste amount, ensuring its harmlessness, and transforming it into resources. We have established strict management protocols for the disposal of solid waste and sludge generated during daily operations, and reduce waste generation at source through measures such as improving the production process and implementing clean production to ensure its stable and standardized discharge and further reduce environmental impact.

For the solid waste generated during project construction, we make reasonable use through the following measures:



The primary solid waste generated during our operations is sludge. We have implemented various innovative technologies, such as high-pressure machine treatment and stacked-screw sludge dewatering to reduce the water content of sludge, and sludge generation at source. These measures not only reduce transportation costs but also alleviate pressure on the government's sludge disposal center. In addition, we also aim to recycle and reuse the treated sludge by utilizing it in vermiculture and brick making, and actively promote the efforts of reducing waste amount, ensuring its harmlessness, and transforming it into resources.

Table: Kangda International's solid waste generation

Solid Waste Indicators	2020	2021	2022
Household solid waste generation ^⑥ (tonnes)	206.00	179.76	368.46
Construction waste generation (tonnes)	/	230.00	205.00
Non-hazardous waste generation (tonnes)	/	409.76	573.46
Non-hazardous waste generation density (tonnes/1,000 cubic meters of water treatment)	/	0.0003	0.0005
Hazardous waste generation (tonnes)	/	0.35	31.80 ^⑦
Hazardous waste generation density (grams/1,000 cubic meters of water treatment)	/	0.0003	0.0259

⑥ The domestic waste counted in 2022 includes kitchen waste, waste in the office, and electronic waste, and only office waste was counted in 2021.

⑦ In 2022, project companies maintained their equipment, causing an increase in oil replacement and waste oil generation; and the total amount of hazardous waste generation increased as a result of additional statistics on waste liquid emissions.

4.4.4 Noise Control

Kangda International strictly enforces noise management in accordance with relevant requirements. To minimize noise pollution during construction and improve noise control through effective construction management, we've established a stringent construction permission procedure to handle night-time construction and noisy operations. All daily operations must cease after 8:00 p.m. and all operations must stop after 10:00 p.m. In addition, construction equipment is inspected on a regular basis, and noisy equipment is phased out to strictly control noise pollution.



The No.2 Plant of Rushan Kangda Water Co., Ltd. uses air suspension blowers to reduce noise

In 2022, Kangda International coordinated internal resources and enhanced recycling of equipment. We transferred an air suspension blower, which was replaced during the construction and upgrading process of Qingzhou Meiling Sewage Purification Co., Ltd., to the No.2 Plant of Rushan Kangda Water Co., Ltd. The equipment is equipped with air suspension bearings, with no vibration generated during operations. After the completion of installation and commissioning, the equipment successfully realized noise alleviation, and the plant did not receive any complaints for its noise. Meanwhile, the equipment provides a better aeration effect, thus greatly reducing energy consumption, and saving about 1,000 kWh of electricity per day.



4.5 Addressing Climate Change

Kangda International acknowledges climate change will inevitably impact corporate operations, and recognizes the significant role companies play in addressing this global challenge. As a leading environmental pollution treatment company in China, Kangda International actively responds to the national "dual carbon" goal, takes the initiative to assume environmental responsibility, boosts green innovation and research and development, and promotes the application of environmentally friendly technologies. In accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), we have implemented a comprehensive climate risk prevention strategy that identifies and addresses climate change risks while fully supporting global climate actions.

4.5.1 Governance Structure

Kangda International has integrated sustainability governance into its corporate governance framework to ensure that the Company is proactively engaged from the top down in developing and executing strategies to mitigate climate change risks. The Board of Directors of Kangda International has established its Audit Committee, which is responsible for identifying climate change risks, assessing the impact of these risks on the Company's business, and formulating and deploying response plans and measures. The Board of Directors is responsible for overseeing and reviewing strategies to address climate change, and overseeing the implementation of climate change related matters.

4.5.2 Energy Management

Considering the impact of climate change, national policies and industry trends, and taking into account its own strategies and plans for energy saving and consumption reduction, Kangda International has developed a series of management systems and initiatives to strengthen energy management throughout the production and operation process. We implement national policies, and develop and optimize internal energy-saving management systems to regulate energy management. We prioritize research and development efforts towards innovative low-carbon technologies, such as energy saving and resource regeneration in production and operations, and invest in energy-saving technology improvement in operations, while actively seeking and applying clean energy alternative technologies.

Energy saving initiatives

Production energy saving

Technological	Non-technological
<ul style="list-style-type: none"> • Technological renovation: greatly renovate facilities and equipment under the status quo to achieve the expected energy saving and consumption reduction. • Process adjustment: 1. strictly control the effluent water quality index within the reasonable range of the critical points; 2. improve efficient utilization of dissolved oxygen; 3. improve the efficient utilization of production chemicals; 4. reduce equipment energy consumption. • Equipment optimization: give priority to air suspension or magnetic suspension blowers with significant energy-saving effects; choose highly efficient and energy-saving pumps and configure corresponding frequency converters for them to keep the pumps running within the high-efficiency range and reduce energy consumption. 	<ul style="list-style-type: none"> • Adjustment of production operations: stagger equipment operations, increase the operating input of equipment in the flat and valley periods, and reduce the operating input of equipment in the peak periods. • Reasonable application of reactive power compensation control cabinet: adjust the power factor as high as possible, which can reduce the reactive power ratio, and thus drive down energy consumption. • Expand the use of reclaimed water: It can be used for cleaning, chemical dissolution, dewatering machine backwash water, etc. • Revise the equipment bidding and procurement system: increase the proportion of operation in the equipment bidding and procurement evaluation, and compare energy consumption in the evaluation process.

Energy saving initiatives in the office

Routine energy management in the office	Reasonably manage labor protection supplies	Equipment maintenance management	Automatic central control system	Establish an incentive system for energy-saving efforts
<ul style="list-style-type: none"> • Ensure "Turn off the light before you leave" when no one is in the office, implement paperless office, and use energy-saving and efficient lighting and heating devices 	<ul style="list-style-type: none"> • Reasonably manage operating companies' labor protection supplies and promote economical and rational use 	<ul style="list-style-type: none"> • Conduct periodic inspections and overhauls to prevent tap water from leaking nonstop and reduce equipment failure rates 	<ul style="list-style-type: none"> • Set reasonable parameters or operation plans to reduce labor input and use equipment more efficiently 	<ul style="list-style-type: none"> • Reward the unit or individual for effective energy saving and consumption reduction; inform and criticize the wasteful behavior and impose corresponding punishment

Table: Kangda International's energy consumption and greenhouse gas emissions

Energy Consumption and Greenhouse Gas Emissions Indicators	2020	2021	2022
Direct energy			
Diesel (liters)	118,330	115,265	259,424
Gasoline (liters)	340,135	254,961	271,690
Natural gas (cubic meters)	3,781	4,287	3,619
Indirect energy			
Purchased electricity consumption (kWh)	382,773,833	436,265,226	485,410,524
Total comprehensive energy consumption (tonnes of standard coal)	47,558	54,037	60,269
Comprehensive energy consumption intensity (tonnes of standard coal/1,000 cubic meters of water treatment)	0.04	0.05	0.05
Scope 1 greenhouse gas emissions (tonnes of CO ₂ equivalent) ^⑧	1,076	880	1,293
Scope 2 greenhouse gas emissions (tonnes of CO ₂ equivalent) ^⑨	258,321	300,758	327,402
Total greenhouse gas emissions (tonnes of CO ₂ equivalent)	259,397	301,638	328,694
Greenhouse gas emission intensity (tonnes of CO ₂ equivalent/1,000 cubic meters of water treatment)	0.23	0.27	0.27

^⑧ Scope 1 greenhouse gas emissions are direct greenhouse gas emissions that occur from the Company's gasoline, diesel, and natural gas consumption; greenhouse gas emissions are calculated with reference to the Requirements of the Guidelines for Greenhouse Gas Emission Accounting and Reporting for Public Building Operating Organization (For Trial Implementation) issued by the National Development and Reform Commission of the People's Republic of China.

^⑨ Scope 2 greenhouse gas emissions are indirect greenhouse gas emissions associated with the purchase of electricity; the electricity emission factor applies the 2011 and 2012 Regional Grid Average CO₂ Emission Factor for China.

4.5.3 Risk Identification and Response

In 2021, Kangda International identified climate change risks with reference to the framework and recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and formed a preliminary climate change risk list. In 2022, we analyzed the climate change risks in the list and their possible impacts in four dimensions: likelihood, impact, adaptability, and resilience, based on the Company's business operations and the opinions of internal management and external experts. We formulated climate risk management measures and responses.

Table: Major climate change risks of Kangda International

Climate Change Risks		Relevance Description
Physical Risks	Acute Physical Risks	<p>According to the World Research Institute (WRI)'s prediction, a warming planet will lead to an increase in water-related global risks, including water stress, floods (including storms, rising rainfall, and river overflows), and droughts. Floods can have a large impact on the quality and quantity of water sources and put pressure on the operational capacity of water and sewage plants. Droughts can lead to reduced water storage and less secure water supply. As Kangda International's business is centered on water environmental management, the above-mentioned climate change risks will directly affect its business, operations, and work safety.</p> <p>Kangda International has established its presence across China, and some areas will be exposed to greater water-related risks than others:</p> <ul style="list-style-type: none"> Between September 14 to 16, 2022, Typhoon No. 12 "Meihua" made four landfalls in Zhejiang Province, Shanghai, Shandong Province, and Liaoning Province in China. The Strong winds, cyclones, and typhoons will wreak havoc on operational sites, plant infrastructure, and other facilities, impacting operations and causing asset loss; Employees will be unable to work outdoors in extreme weather, and their commute may be hampered, posing work safety and health risks, lowering operational efficiency, and increasing operational costs; In July 2022, a heavy rainfall in north-central Sichuan Province triggered flash floods, which exposed Kangda International to risks such as damage to production facilities and fixed assets, and increased safety and health risks for construction personnel; From July to November 2022, the middle and lower reaches of the Yangtze River, Sichuan Province and Chongqing City experienced prolonged high temperatures and less rainfall, and suffered from summer droughts and even autumn droughts. Kangda's business operations (in Sichuan Province, Chongqing City, Henan Province, Shaanxi Province, etc.) have a higher risk of droughts, which will cause a shortage of water supply, resulting in increased water and operating costs, and will also cause a decline in the Company's sewage treatment business.
	Chronic Physical Risks	<p>The National Climate Assessment (NCA) believes that under the RCP 8.5 climate scenario¹⁹, the hottest temperatures across China in 2081-2100 will increase by approximately 3.6-7 ° C compared to 1985-2005. The central and eastern China will see the most dramatic warming effects, and a temperature increase of approximately 6° C. Extreme cold weather will cause some water and sewage networks to rupture, resulting in reduced sewage system capacity. Kangda International's treatment and construction projects involve extensive outdoor operations and operation of facilities and instruments, and will therefore see the following effects:</p> <ul style="list-style-type: none"> From June to August 2022, there was widespread and persistent hot weather in the east and central part of China, lasting for 79 days in total. As such, we experienced increased operating costs caused by soaring demands for cooling in the office and industrial parks, and employees' inability to work outdoors in extreme weather. In addition, hot weather can result in malfunction or early obsolescence of existing facilities and assets; and In October 2022, there was a widespread cold wave in the east and central part of China, with temperatures falling by 20 ° C or more in southeastern Henan Province, most part of Anhui Province and Hubei Province, and northeastern Hunan Province, which affected our outdoor operations and equipment operating efficiency, and increased operating costs at some of our operation sites.
	Chronic Physical Risks	<p>The probability of extreme precipitation events happening by 2050 has increased significantly in comparison to 1950-1981. From May to June 2022, there were six times of heavy rainfall in the Pearl River Basin; From June to July 2022, 40 rivers in the Songliao River Basin experienced flooding rising above the warning level due to heavy rainfall. Extreme precipitation can cause damage to infrastructure and increase project construction and transportation costs. Kangda International has business operations in Guangdong Province and Heilongjiang Province. As a result, Kangda International faces:</p> <ul style="list-style-type: none"> Additional extreme precipitation response measures, flood storm warning measures, etc., which increase operating costs.
Transition Risks	Policies, Laws and Regulations	<p>According to existing laws, regulations, and industry standards such as the <i>Environmental Protection Law of the People's Republic of China</i>, the <i>Water Pollution Prevention and Control Law of the People's Republic of China</i>, failure to comply with relevant local laws can result in consequences such as fines, business loss, closure of operations, and brand and reputational cost. As a leading environmental management company, operational compliance is critical to Kangda International, and thus the Company faces:</p> <ul style="list-style-type: none"> Increasingly stringent environmental oversight and penalties; and Need to take measures such as facility renovation and replacement to act in compliance, thus impacting operations. <p>In 2021, China officially implemented the <i>Measures for the Administration of Carbon Emissions Trading (for Trial Implementation)</i>, marking the formal operation of the national carbon emissions trading system. The national carbon market has been launched and will continue to expand. Therefore, Kangda International will face:</p> <ul style="list-style-type: none"> Increased production and operating costs due to the need to reduce carbon emissions; and Deploy low-carbon operations in advance, take into consideration low-carbon and energy-saving efforts in routine operations, and assess whether conditions for applying renewable energy or other clean energy are available. <p>In 2022, China's Ministry of Ecology and Environment issued the <i>Notice on the Key Work Related to the Management of Enterprises' Greenhouse Gas Emissions Reporting in 2022</i> to strengthen the management of enterprises' greenhouse gas emissions data, strengthen the supervision and management of data quality. It has also issued the Requirements of the Greenhouse Gas Emissions Accounting and Reporting for Power Generation Facilities (Revised Version 2022). As carbon emissions, carbon trading and other management measures have been improved and implemented, there will be higher requirements for Kangda International's emissions reports; and with the introduction of the new ESG reporting guidelines requirements of the Hong Kong Stock Exchange, there will be higher requirements for reports on greenhouse gas emissions, measures to reduce emissions and operations' environmental impacts. As a result, Kangda International faces:</p> <ul style="list-style-type: none"> Higher operating costs for information disclosure; Increased disclosure scope; Greater difficulty in disclosure.

¹⁹ It refers to the baseline scenario that includes no policy-driven mitigation.

Climate Change Risks

Relevance Description

Physical Risks	Chronic Physical Risks	Rising average temperature	<p>According to an IPCC projection, the average global surface temperature is expected to increase by approximately 2.0 ° C in the mid-21st century relative to the period of 1850-1900 under the scenario RCP8.5, with a likely range of 1.4 ° C to 2.6 ° C. At the end of the 21 century, global temperatures will increase by between 2.6 and 4.8° C, with mean increase estimate of 3.7° C. This increase will have a direct impact on Kangda International's manufacturing operations and facility maintenance, and thus the Company faces:</p> <ul style="list-style-type: none"> Higher operating costs due to increasing demand for cooling; and Increased safety and health risks for construction workers due to the extreme heat.
Transition Risks	Policies, Laws and Regulations	Legal and regulatory requirements and supervision	<p>According to existing laws, regulations, and industry standards such as the <i>Environmental Protection Law of the People's Republic of China</i>, the <i>Water Pollution Prevention and Control Law of the People's Republic of China</i>, failure to comply with relevant local laws can result in consequences such as fines, business loss, closure of operations, and brand and reputational cost. As a leading environmental management company, operational compliance is critical to Kangda International, and thus the Company faces:</p> <ul style="list-style-type: none"> Increasingly stringent environmental oversight and penalties; and Need to take measures such as facility renovation and replacement to act in compliance, thus impacting operations.
		Increased pricing of greenhouse gas emissions	<p>In 2021, China officially implemented the <i>Measures for the Administration of Carbon Emissions Trading (for Trial Implementation)</i>, marking the formal operation of the national carbon emissions trading system. The national carbon market has been launched and will continue to expand. Therefore, Kangda International will face:</p> <ul style="list-style-type: none"> Increased production and operating costs due to the need to reduce carbon emissions; and Deploy low-carbon operations in advance, take into consideration low-carbon and energy-saving efforts in routine operations, and assess whether conditions for applying renewable energy or other clean energy are available.
		Higher requirements for reporting greenhouse gases emissions	<p>In 2022, China's Ministry of Ecology and Environment issued the <i>Notice on the Key Work Related to the Management of Enterprises' Greenhouse Gas Emissions Reporting in 2022</i> to strengthen the management of enterprises' greenhouse gas emissions data, strengthen the supervision and management of data quality. It has also issued the Requirements of the Greenhouse Gas Emissions Accounting and Reporting for Power Generation Facilities (Revised Version 2022). As carbon emissions, carbon trading and other management measures have been improved and implemented, there will be higher requirements for Kangda International's emissions reports; and with the introduction of the new ESG reporting guidelines requirements of the Hong Kong Stock Exchange, there will be higher requirements for reports on greenhouse gas emissions, measures to reduce emissions and operations' environmental impacts. As a result, Kangda International faces:</p> <ul style="list-style-type: none"> Higher operating costs for information disclosure; Increased disclosure scope; Greater difficulty in disclosure.

In response to the major climate change risks identified above, we have launched various risk management, operation guarantee and technical support initiatives to continuously improve our climate change risk response capabilities and contribute to the mitigation of global climate change.

Risk Management	Operation Guarantee	Technical Support
<ul style="list-style-type: none"> Establish a sound risk identification and prevention system, and prepare emergency plans for various extreme weather events to strengthen risk management capabilities. 	<ul style="list-style-type: none"> Ensure smooth production operations by optimizing process operation parameters, practicing water conservation initiatives, and implementing centralized procurement. 	<ul style="list-style-type: none"> Continuously boost innovation, research and development, actively conduct feasibility analysis of environmental management technologies, and application of new technologies, to provide guarantees for improving operational efficiency and green environment protection.

05

SOCIAL IMPACT

- Kangda International has remained committed to its corporate vision of "Creating a First-Class Environmental Protection and Creating a Century Enterprise." We understand the importance of social responsibility as a key component of our corporate development strategy, and we are fully dedicated to fulfilling this responsibility through our efforts in green co-construction and philanthropy. Leveraging the unique characteristics of our business, we constantly upgrade new technologies and approaches and explore effective management modes for environmental protection. As the Chinese saying goes, "As we need to think of the source when drinking water, we should give back to society." To give back to society, we actively explore new technologies and methods in environmental protection services, develop and innovate sustainable public welfare models, undertake various public welfare activities, promote environmental education, and build a harmonious and warm social atmosphere.

5.1 "Green" Co-construction

With the core value of "Sincere Commitment and Repaying the Society" in mind, Kangda International has been actively exploring new technologies and channels to address environmental pollution control, leveraging its first-class environmental protection technology, rich development experience, and business characteristics. Over the years, the Company has pushed forward with the three business sectors of urban water treatment, comprehensive treatment of water environment, and "Beautiful Village" sewage treatment, seizing the opportunity for transformation and changes in each business sector of the environmental industry, actively deploying sewage treatment market in small towns, and striving to explore the new model of the environmental industry and build a harmonious and ecologically civilized city.

Overview of our "Green" Co-construction this year:

A total of **112** service concession arrangements projects, including **106** wastewater treatment plants, **1** water distribution plant, **3** sludge treatment plants, and **2** reclaimed water treatment plants

96 wastewater treatment projects with a total treatment capacity of **3.9895 Million** tonnes/day

3 sludge treatment projects with a total treatment capacity of **550** tonnes/day,

2 reclaimed water treatment projects in operation, with the total daily treatment capacity of wastewater reached **65,000** tonnes/day

2 rural water improvement projects under construction

7 water environment comprehensive remediation projects under construction

Environmental Performance of the Year:

The total treated water volume reached **1,226.6 Million** tonnes, a decrease of **2.8%** from 2021. Among them,

- The wastewater treatment service treated **1,223.1 Million** tonnes,
- The reclaimed water treatment service treated **3.5 Million** tonnes,

COD treatment **297,000** tonnes

Improve water operation standards to protect lucid waters and lush mountains

Kangda International seeks to complete the main task of strengthening sewage discharge management and upgrading and facility improvement, and raising sewage treatment standards and capacity. We aspire to accomplish the transformation of "sewage into clean water" by intensifying management support and investing in cutting-edge technology. We aim to give back to nature's gift of water resources with the purest water, and safeguard rivers, lakes and seas.

Promote integrated wetland management and maintain green ecology

Kangda International actively responds to the requirements and advocates for China's integrated management of the water environment, advocates for a sustainable balance between economic development and ecological environmental protection, and promotes the integrated management of the regional ecological environment by restoring the water environment of rivers and wetlands.

Caijiapo Sewage Treatment Plant in Qishan County upgraded standards

Caijiapo Sewage Treatment Plant actively responds to the government's request for upgrading the green co-building standards by replacing the original sludge dewatering machine with an integrated deep sludge dewatering machine. This integrated dewatering machine can significantly reduce the water content of sludge and the amount of transported and processed sludge through continuous deep sludge dewatering, and thus can save energy and reduce emissions. The amount of transported sludge was reduced by 25%, which saves transportation costs and reduces both waste and carbon emissions.



- Operated integrated deep sludge dewatering equipment

- The installed three sludge dewatering equipment (with one for operations and two for backup)

Fuzhou Sanjiang Wetland Ecological Restoration Project

After two years' construction, in 2022, Fuzhou Sanjiang Wetland Park opened to the public. This wetland park integrates functions such as wetland restoration, water quality purification, migratory bird habitats, and public recreation, attracting droves of local residents for sightseeing.



Weifang Binhai Watertown Sewage Treatment Plant Reconstruction Project

Since its renovation, Weifang Binhai Watertown Sewage Treatment Plant has undergone constant optimization and adjustment in the operation process. During the reporting period, we have implemented various environmental protection measures such as operational equipment commissioning and process optimization to ensure that the effluent water quality is stable and up to standard while reducing the impact on the environment.

Phase I of Taiyuan Fendong Sewage Treatment Plant Project

Kangda International is responsible for the phase I of Taiyuan Fendong Sewage Treatment Plant project. The project plays a great role in the full collection and treatment of domestic sewage in the southern region of Taiyuan City and in reaching water quality standards at the Wenansheguo section of the Taiyuan section of the Fen River Basin.



5.2 Philanthropy

Kangda International is committed to fulfilling its social responsibility and actively engaging in community philanthropy services. We strive to support public welfare undertakings such as environmental protection promotion, community building, and rural revitalization, and encourage employees to participate in community charity activities. These efforts are aimed at contributing to improving people's livelihood and well-being. This year, we continued to carry out in-depth public welfare activities such as environmental protection, environmental knowledge popularization and community care, and made unremitting efforts to build a better homeland.

In 2022, the total amount of public donations of Kangda International was RMB 34,000, and the total hours of employee volunteer service was 50 hours.

5.2.1 Environmental Protection Knowledge Popularization

As an environmental protection company, Kangda International leverages its strengths and proactively assumes environmental responsibility. We recognize that education is the foundation for the Beautiful China initiative and our corporate social responsibility. Accordingly, we take the initiative to collaborate with local communities and conduct environmental education and awareness activities. These activities include public open day visits, community outreach, and cooperation with schools to increase public understanding of the pollution treatment capacity and effectiveness of sewage treatment facilities, raise public awareness of environmental protection, and promote public participation in ecological environmental protection.

Wenzhou Chuangyuan Water Plant's environmental education courses

On the morning of May 24, 2022, more than 40 students majoring in environmental engineering at Wenzhou University, led by their teachers, visited the western part of Wenzhou City sewage treatment plant as part of their practical training activities.

They listened carefully to the detailed introduction of a guide and gained an understanding of the water environment condition and knowledge related to sewage treatment. Then, they followed the guide to visit the various processes of sewage treatment. After the visit, the students unanimously expressed that they had a more intuitive and profound understanding of sewage treatment, and were well aware of the need to save, cherish and protect water resources.



China News visited the Taiyuan Fendong Sewage Treatment Plant

March 22, 2022 marked the 30th "World Water Day." China News reporters visited the Taiyuan Fendong Sewage Treatment Plant to get to know the sewage recycling process, and live broadcasted the whole process. The head of the plant introduced in detail to the public the three stages of sewage treatment, which are pretreatment, biochemical treatment, and deep treatment, and water quality assessment indicators.

Through the live streaming, Taiyuan Kangjin Water Co., Ltd., a public utility company in Taiyuan, fully showcased a good image of the plant and its employees and raised the environmental awareness of local residents.



5.2.2 Community Care

Kangda International takes the initiative to provide community care services and encourages employees to participate in such activities. In 2022, we carried out community care activities such as environmental protection and public welfare donations. As of December 31, 2022, the Company had invested a total of RMB 200,000 in community care.

Tree Planting Day Activities

As spring brings everything on earth to life. In March 2022, to create a more beautiful and comfortable working environment, the Labor Union of Harbin Kangda Environmental Protection Investment Co., Ltd. organized a tree-planting activity in the factory area with the theme of "sowing new greenery together and building an ecological factory". More than 20 heads and employees from various departments and teams participated in this activity, contributing to environmental protection and building a green homeland through concrete actions.



APPENDIX

Content Index of the Environmental, Social and Governance Reporting Guide of the Hong Kong Stock Exchange

Environmental, Social and Governance Subject Areas, General Disclosures and KPIs Index

A.Environmental

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.	P63-66
	A1.1	The types of emissions and respective emissions data.	P63-65
	A1.2	Direct (Scope 1) and energy indirect (Scope 2) GHG emissions (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	P68
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	P65
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	P65
	A1.5	Description of emissions target(s) set and steps taken to achieve them.	P59, P63-64
	A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	P59, P65
A2 Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	P60-62
	A2.1	Direct and/or indirect energy consumption by type (e.g., electricity, gas or oil) in total (kWh in '000s) and intensity (e.g., per unit of production volume, per facility).	P62
	A2.2	Water consumption in total and intensity (e.g., per unit of production volume, per facility).	P60
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	P56-62
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	P59-60
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable, the product does not involve packaging materials
A3 The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	P58
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	P58
A4 Climate Change	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	P67-70
	A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	P69-70

B.Social

B1 Employment	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 compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	P41-42, P45, P47, P49
	B1.1	Total workforce by gender, employment type (for example, full-time or part-time), age group and geographical region.	P43
	B1.2	Employee turnover rate by gender, age group and geographical region.	P44

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.	P53
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years (including the reporting year).	P54
	B2.2	Lost days due to work injury.	P54
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	P53-54
B3 Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	P47
	B3.1	The percentage of employees trained by gender and employee category (e.g., senior management, middle management).	P48
	B3.2	The average training hours completed per employee by gender and employee category.	P48
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.	P41-42
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	P41
	B4.2	Description of steps taken to eliminate such practices when discovered.	P41-42
B5 Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	P33-34
	B5.1	Number of suppliers by geographical region.	P35
	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.	P33-34
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	P33-34
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	P33-34
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.	P25-30
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	No product recalled for safety and health reasons
	B6.2	Number of products and service related complaints received and how they are dealt with.	P29-30
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	P31
	B6.4	Description of quality assurance process and recall procedures.	P25-28
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Not applicable, we do not require privacy data from consumers
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.	P21
	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.	P21
	B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	P21
	B7.3	Description of anti-corruption training provided to directors and staff.	P21
B8 Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	P73-76
	B8.1	Focus areas of contribution (e.g., education, environmental concerns, labour needs, health, culture, sport).	P73-76
	B8.2	Resources contributed (e.g., money or time) to the focus area.	P73-76