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2023

Kangda International
Environmental Company Limited
Environmental, Social and
Governance Report



ABOUT THIS REPORT

Overview and Principles

This is the eighth Environmental, Social and Governance ("ESG") report of Kangda International Environmental Co., Ltd., which is compiled in accordance with the rules in the Appendix C2 (Original 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, ESG governance, employee caring, environmental protection, and community investment from January 1 to December 31, 2023(the reporting period).

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.

- **Materiality:** The Company identifies material or relevant environmental, social, and governance issues for the Company and stakeholders through ESG surveys. The disclosure in this report comes from the information collected through materiality assessment;
- **Quantification:** All key performance indicators in this report can be quantified;
- **Balance:** This report objectively presents the Company's work in environmental, social, and governance aspects;
- **Consistency:** This report adopts the same data disclosure methodology as in previous years and compares data from different years. Any changes that may affect the comparability with previous reports have been pointed out at the corresponding positions.

Disclaimer

This report contains forward-looking statements, including but not limited to words such as "will," "expect," "anticipate," "forecast," "future," "aim," "estimate," "plan," "believe," "potential," "continue," "ongoing," "goal," "objective," "may," and similar expressions. Those parts are based on current expectations, assumptions, estimations, and forecasts, and may be significantly impacted by uncertainties, resulting in material differences from actual results. Kangda International does not undertake any obligation in the forward-looking statements in this report, except those required by the applicable law. Kangda International disclaims any responsibility for the consequences of any individual's judgements from the information contained in this report.

Languages

This report provides Simplified Chinese, Traditional Chinese, and English versions for reference. In case of any discrepancies, please refer to the Simplified Chinese version.

Confirmation and Approval

The content of this report has been confirmed by the management and directors on March 28, 2024. 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

At Kangda International, we remain steadfast in our commitment to the vision of "Creating a First-Class Environmental Protection and Creating a Century Enterprise." We are dedicated to pursuing a path of green, low-carbon, safe, and responsible development, seamlessly integrating sustainability into both our strategies and operations. Moreover, we closely monitor policy changes, actively leverage our strengths in technology, market integration, financing, and other areas, and fully integrate internal and external resources to drive collective progress.



As sustainable development becomes the "golden key" to addressing current global issues, Kangda International is confronted with both challenges and opportunities. We concentrate on effectively managing environmental pollution, and propelling social development through standardized operations and technological innovation. We solidify our competitive advantages through the adoption of green business practices and the establishment of low-carbon industrial chains. Additionally, we fulfill our social responsibilities through compassionate actions and inclusive community practices.

Mapping out a strategy to consolidate the foundation of corporate management

Kangda International is committed to bolstering corporate governance, adhering to high-level corporate governance standards built upon a robust management and governance framework. We uphold business ethics and integrity in all our operations. Our emphasis lies in enhancing our risk prevention and control capabilities to ensure the steady advancement of the Company amidst a complex and dynamic market environment.

Striving for excellence to ensure high-quality delivery of projects

Kangda International serves as a professional service provider in specialized areas. Following a framework of "planning-investment-construction-operation," we persistently propel the Company's transition from a conventional water treatment service provider to one centered on holistic urban environmental governance. We consistently enhance our quality management system to guarantee the high-standard execution of projects. Furthermore, we actively engage in industry exchanges and collaborations, with the aim of cultivating a positive and robust industrial ecosystem, thus fostering the sustainable development of the industry.

Sticking together to move forward with employees

Kangda International consistently values its employees as the Company's invaluable assets and core competitive advantage, adhering to the principle of talent as the primary resource and constructing a comprehensive human resources management system. Leveraging our strengths, we bolster the talent pool while cultivating a workplace that is diverse, inclusive, healthy, and conducive to happiness. Furthermore, we strive to cultivate a corporate culture characterized by equality, mutual trust, and a relentless pursuit of excellence, continuously nurturing a sense of purpose and creativity among our employees.



Jointly building a sustainable ecosystem with green operations

Guided by our corporate mission of "Create an Environment with Greener Water, Lusher Mountains and Bluer Skies" in mind, Kangda International seamlessly incorporates green environmental protection into our production, operations, and daily endeavors. We combine the characteristics of the environmental protection water industry, and keep pace with the national drive for ecological civilization construction, diligently tackling environmental challenges. With the preservation and enhancement of the ecological environment as our paramount objective, we are dedicated to emerging as a trusted and pioneering provider of water and environmental services, leading the way in advancement.

Staying true to original aspirations to fulfill social responsibilities

Kangda International upholds the principle of "Sincere Commitment and Repaying the Society." Through our business endeavors, we advocate for a sustainable development model that harmonizes regional ecological construction with economic progress, harnessing the Company's social attributes to their fullest extent. Our objective is to enhance the living environment for residents, foster beautiful communities in both urban and rural settings, and engage in comprehensive urban environmental governance. Moreover, we actively initiate voluntary and charitable activities among our employees, contributing to the cultivation of a harmonious and amicable society.

An ancient saying goes, "the world moves on in a never-ending process of the new replacing the old." The year 2023 stands as a testament to Kangda International's sustained and steady advancement. Armed with extensive experience, exemplary techniques, cutting-edge technologies, and a robust market presence, Kangda International capitalized on the immense development prospects within China's sewage treatment industry. Despite the swiftly shifting external landscape, we will press forward with resilience, fulfill our social obligations, and continue our journey toward further prosperity.

With the future brimming with promise and opportunities unfolding, it is time to redouble our efforts. As a pioneering figure in the realm of environmental pollution control in China, the loftier our position, the weightier the responsibilities we bear. Kangda International has consistently embraced a profound sense of duty and purpose, progressing towards higher-quality development, and rallying our resources to propel sustainable growth.

Just as countless rivers flow into the vast ocean, Kangda International endeavors to contribute to a more beautiful environment through its endeavors. Guided by the core values of "Sincere Commitment and Repaying the Society," we aim to make substantial contributions to environmental protection efforts in China. United as one, we persist in our efforts, striving for development that benefits all parties involved.



Statement by the Board of Directors

Responsibility of the Board of Directors

Adhering to a sustainable development strategy, Kangda International has established a comprehensive ESG governance structure to confirm the Company's ESG management policies and strategies and ensure that the latest regulation requirements are integrated into its daily ESG operations. 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.

As the top leadership in ESG work, the Board of Directors has primary responsibility for the Company's ESG strategies and performance. The Audit Committee is responsible for suggesting ESG strategies and frameworks, identifying material ESG risks and opportunities related to business operation, and deliberating the Company's annual ESG reports. It also provides recommendations for the Board of Directors regarding the above issues, and the Board of Directors ultimately approves material issues such as updating ESG strategies and releasing ESG reports.

ESG Work Implementation

The ESG Working Group is responsible for implementing ESG governance strategies and measures proposed by the Board of Directors and the Audit Committee, including formulating ESG goals and plans, coordinating ESG report preparation, and regularly reporting progress to the Audit Committee. The Audit Committee arranges ESG work based on feedback and demands from stakeholders, which involves identifying operational risks and opportunities, proposing responding measures, and providing recommendations on enhancing quality and cooperation, and on improving environmental management. The ESG Working Groups would be assigned particular duties after the Board of Directors approved the opinions and proposals expressed by the Audit Committee. The Audit Committee would be in charge of overseeing and examining progress toward the goals as well as the implementation of the ESG responsibilities.

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 national policies, industrial standards, and regulatory requirements, the Board of Directors and the Audit Committee actively communicate with stakeholders, and promptly identify and assess ESG-related risks. After discussions on the risks, 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 sewage treatment, pollution control, 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 believes that technological innovation is the lifeblood of sustainable development for the Company. We strive to achieve technological innovation through independent research and development, patent acquisition, M&A, and joint ventures. We actively engage in industry-academia-research cooperation to empower innovation and development in the industry. 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.

As a leading enterprise in the environmental protection industry, Kangda International has garnered numerous honors since its establishment. The Company is committed to providing high-quality comprehensive environmental governance services to our customers and the industry as a whole. 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. 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. It also holds a Level 1 qualification for construction of municipal public works issued by the Ministry of Housing and Urban-Rural Development.

Kangda International adheres to the core values of "Sincere Commitment and Repaying the Society." By driving regional ecological development through its own growth, the Company strives to build a beautiful community where humanity and nature coexist harmoniously. 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. By doing so, we hope to drive the society's sustainable development while ensuring our own growth.



Corporate core values

Sincere Commitment and Repaying the Society



Corporate vision

**Create a First-Class Environmental Protection
Create a Century Enterprise**



Corporate mission

Create an Environment with Greener Water, Lusher Mountains and Bluer Sky



Nine-Word Principle

Following Rules, Pursuing Self-discipline and Fulfilling Duties



Business Overview

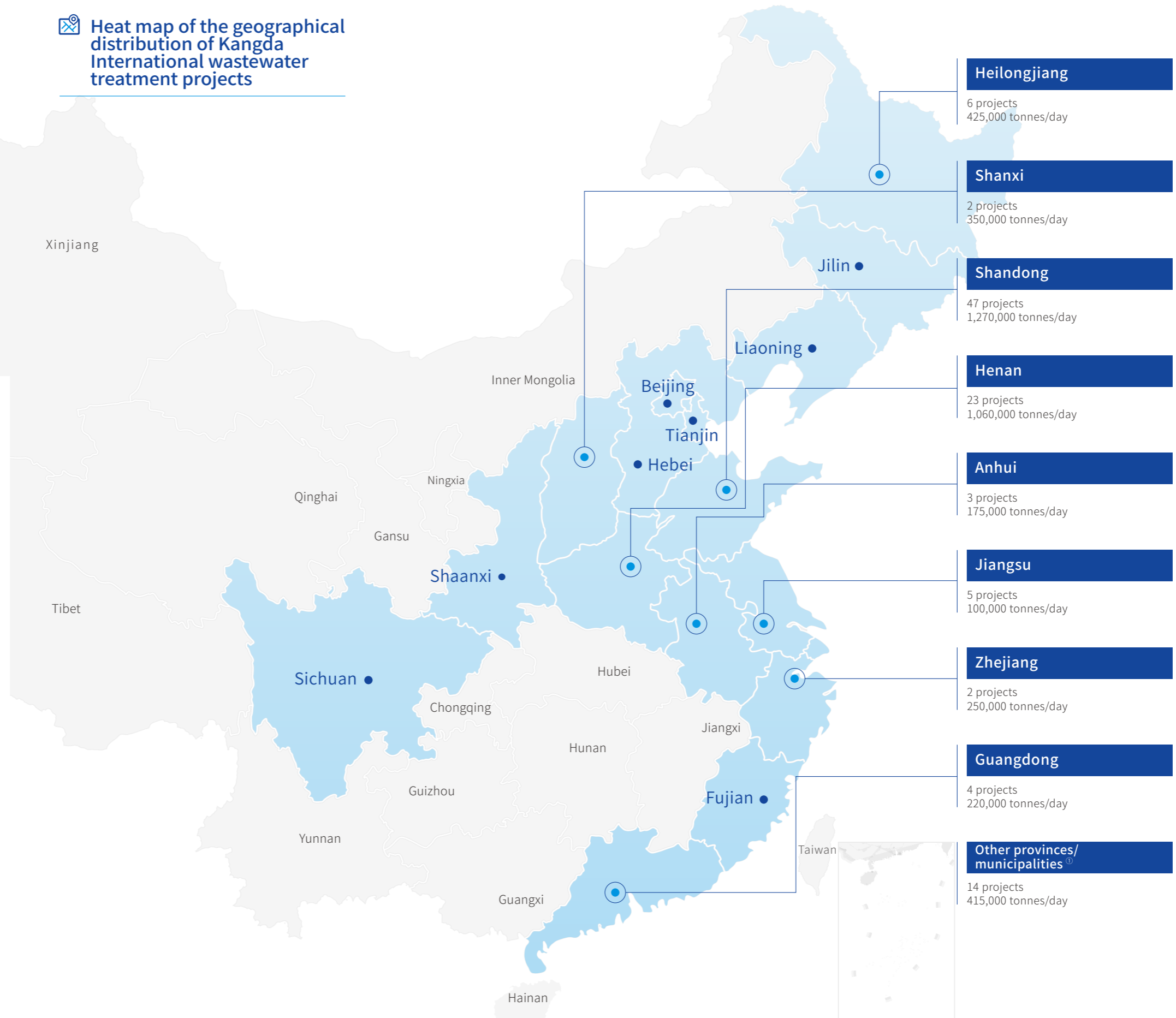
Kangda International is committed to implementing the concept of sustainable development, responding to the national call to promote the development of ecological civilization, and contributing to the construction of green homeland. In 2023, Kangda International's business remained centered on urban 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 revenue of RMB 2,216.4 million.

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-Procure-Construct (EPC) services covering the overall industrial chain of the urban water treatment industry, and bring corporate profitability and competitiveness.

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 total operating revenues of RMB 2,123.0 million.

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



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

Key Performance



Kangda International's Financial Indicators in 2023

- Revenue RMB

2,216.4 million

- Gross profit RMB

1,076.0 million

- Sales and distribution expenses RMB

1.0 million

- Net profit RMB

130.2 million

- Total assets RMB

19,227.4 million



Kangda International's Environmental Indicators in 2023

- Obtained the **ISO 14001 Environmental Management System Certificate**

- Steadily achieving the set **environmental goals**: reduce water consumption; reduce solid waste; reduce energy consumption; reduce greenhouse gas emissions and intensity gradually

- Water consumption intensity decreased by **12.1%** year-on-year

- Hazardous waste generation intensity decreased by **2.5%** year-on-year

- Greenhouse gas emission intensity decreased by **9.0%** year-on-year



Kangda International's Social Indicators in 2023

- Obtained the **ISO 9001:2015 Quality Management System Certificate**;

- Set an effluent quality compliance objective and achieved **100%** of effluent quality compliance throughout the year;

- Held a total of **37** intellectual property rights, including patents and trademarks;

- 100%** of equipment suppliers were certified by the **ISO 9001** Quality Management System, **79.1%** of equipment suppliers certified by the **ISO 14001** Environmental Management System; For engineering contractors, the two ratios were both **83%**;

- Offered a diverse training system, with **43,260** training hours for employees in total and an average of **18** hours per person;

- Obtained the **ISO 45001:2018 Occupational Health and Safety Management System Certificate**;

- No serious safety accidents and work safety accidents throughout the year; and no work-related injury or death throughout the year.**



Kangda International's Governance Indicators in 2023

- Completed compliance audits of **13** project companies, special audits of **9** construction projects, and **6** off-office audits, and accepted **5** employee-reported cases;

- Conducted the **annual Third-Party Risk Assessment**;

- Among **7** directors, there are **3** independent non-executive directors and **1** female director;

- Added the **Compilation of Engineering Management Systems and Assessment Regulations for Dispatching Financial Personnel** to strengthen engineering construction management and anti-corruption management.

Responsible Governance and Sustainable Development

Kangda International firmly believes that sustainable development forms the bedrock of the Company's stable operations. We bolster our ESG governance framework by seamlessly integrating ESG principles into corporate governance, consistently refining governance standards. We enhance compliance management and risk control, engage in proactive stakeholder communication, and attentively heed and address stakeholders' feedback, thereby fostering high-quality and sustainable growth for the Company.

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1.1 Corporate Governance

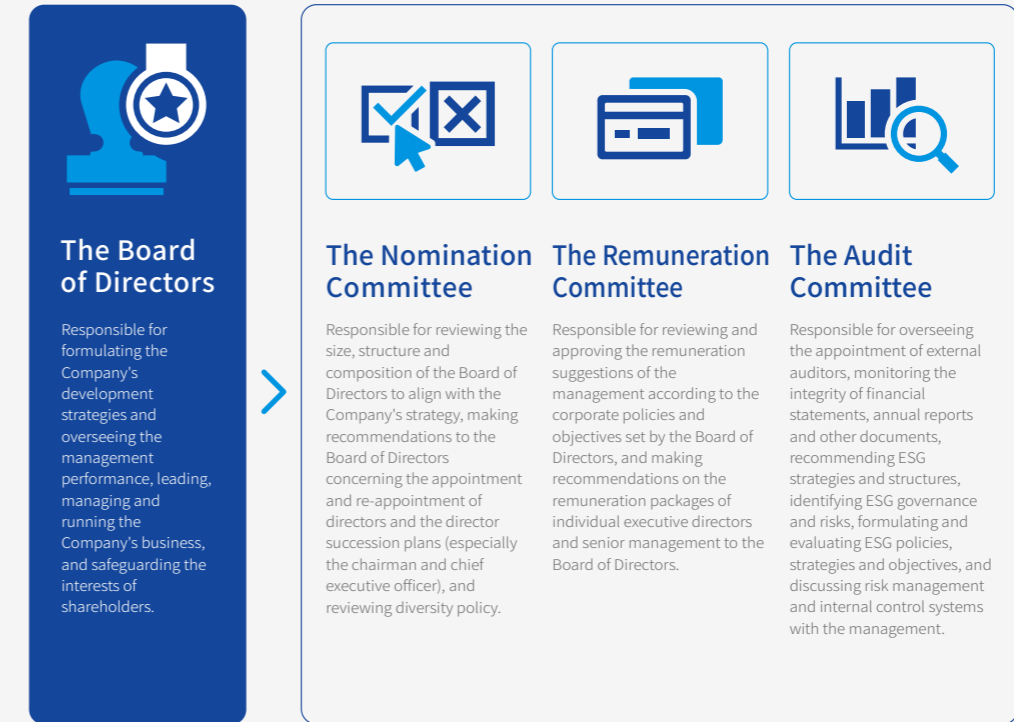
Kangda International remains committed to elevating corporate governance standards, safeguarding shareholders' interests, and constructing a governance framework tailored to the Company's realities. We adhere to the *Company Law of the People's Republic of China*, the *Model Code for Securities Transactions by Directors of Listed Issuer*, and other pertinent laws, regulations, and regulatory mandates. We continually refine internal management systems and bolster compliance governance frameworks.

We have established a top-down corporate governance structure:

the Board of Directors is at the core of overall planning and management of the Company's business activities. The Nomination Committee, Remuneration Committee, and Audit Committee established under the Board of Directors are responsible for managing the appointment of directors, designing senior management remuneration packages, and reviewing the Company's risk management, respectively. The Board of Directors comprises 7 directors, including 3 independent non-executive directors and 1 female director. The Board of Directors and the committees operate in a standardized manner to ensure that the Company's decision-making is scientific and effective, thereby protecting the sound development of the Company.



Kangda International's Corporate Governance Structure



1.2 ESG Management

Kangda International prioritizes environmental, social, and governance (ESG) management. We are dedicated to generating social value, upholding ESG principles and objectives, and refining ESG governance structures to enhance the efficiency of our ESG management practices. Moreover, we proactively address the tangible needs and unique expectations of diverse stakeholders by establishing robust communication channels and dialogue mechanisms, thus advancing towards a heightened level of sustainable development.



Kangda International's ESG Objectives



1.2.1 ESG Concept and Objectives

Kangda International adheres to the corporate mission of "Create an Environment with Greener Water, Lusher Mountains and Bluer Skies," embodying the ESG development concept in tangible actions. Aligned with the national imperative that "lucid waters and lush mountains are invaluable assets," we continuously enhance our sustainable development governance and structure to bolster the Company's ESG progress. Understanding that "a thousand-mile journey begins with the first step," we firmly believe in the adage that "every little bit helps" and that "perseverance yields results." Additionally, we firmly advocate that actively embracing social responsibilities serves as the cornerstone for fostering a green community and realizing sustainable development.

Kangda International is committed to developing and sharing achievements with stakeholders. We prioritize respecting and safeguarding the demands and rights of all stakeholders. Concurrently, as we enhance communication channels with stakeholders, we bolster the Company's performance and advancements in ESG, augment production efficiency, and optimize stakeholders' interests through concrete initiatives. Upholding the "five satisfactions" principle, we remain steadfast in grasping the fundamental principles and objectives of our ESG endeavors to realize Kangda International's ESG objectives.

1.2.2 ESG Governance Structure

To foster sustainable development, the Company has instituted a three-tier management framework including the Board of Directors, the Audit Committee and the ESG Working Group. Within this structure, the Board of Directors assumes the pivotal role of decision-making and oversight concerning ESG-related matters, with support from the Audit Committee offering pertinent guidance, and the ESG Working Group executing decisions and initiatives. Through collaborative endeavors, these three entities drive the Company's ESG advancement. Moreover, we have dedicated staff responsible for gathering ESG-related feedback and compiling reports. In these reports, we present the Company's ESG information objectively and communicate progress in ESG management. Furthermore, the Board of Directors places significant emphasis on ESG information disclosure. This year, the Board thoroughly reviewed, audited, and endorsed updates on climate change risks and the contents of this report, thereby contributing to the enhancement of the Company's ESG governance.



1.3 Analysis of Material Issues

We place great emphasis on fostering communication and interaction with stakeholders, firmly believing that maintaining close ties with them, comprehending their needs, and promptly addressing them significantly contribute to the Company's efficient operation.

1.3.1 Stakeholder Communication

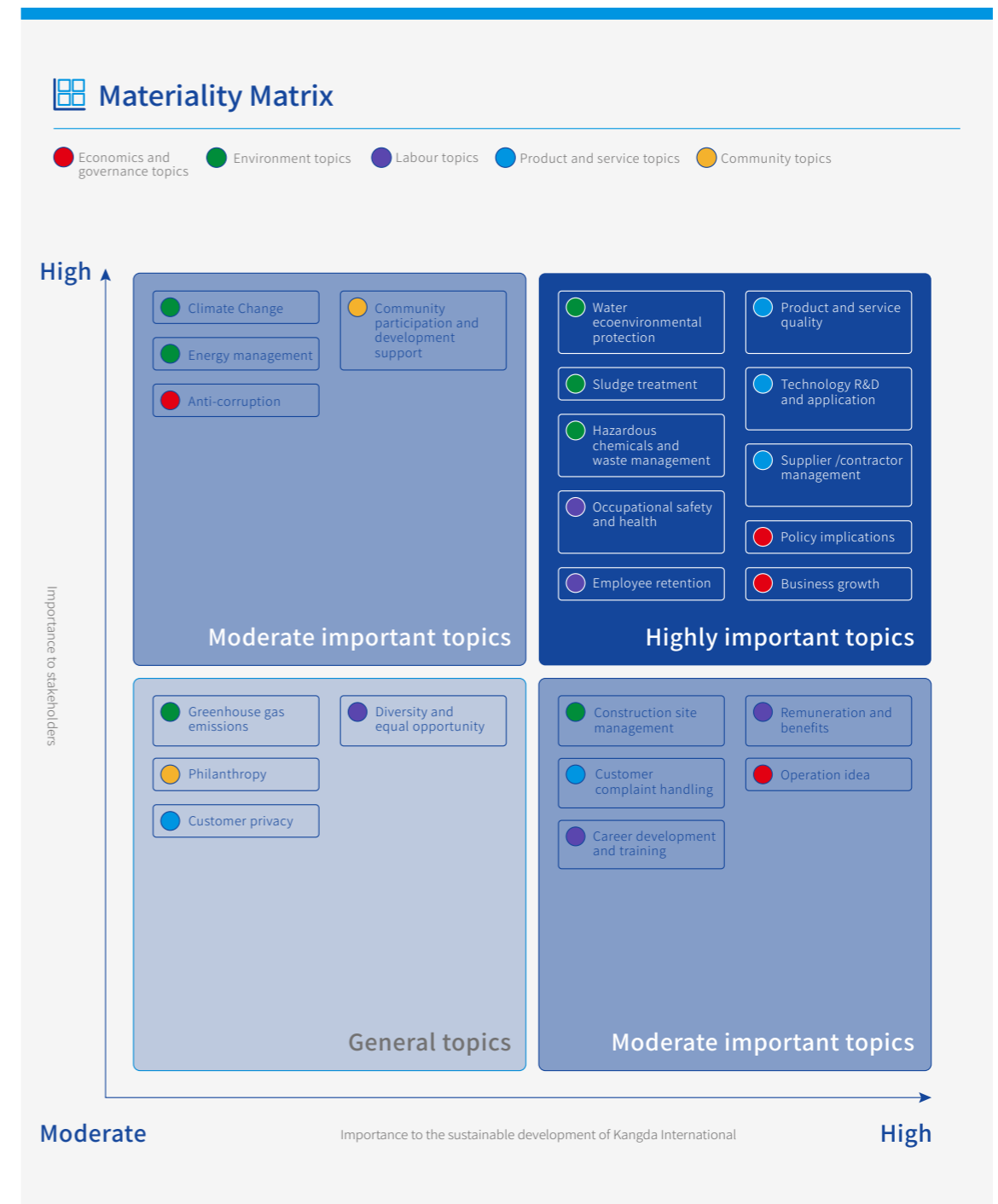
Kangda International actively engages in continuous communication with stakeholders through diverse channels. We acknowledge the concerns of all parties, promptly address their queries and requests, and undertake actions aimed at fostering mutual development. During the reporting period, our strategies for addressing areas of concern and engaging with various stakeholders are as follows:

Stakeholder Communication		
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

In 2023, Kangda International conducted an assessment to identify a list of material topics, drawing insights from industry policy trends, current developments, and ESG regulatory mandates. Additionally, we employed methods such as benchmarking against peers and monitoring media coverage to gauge the significance of various issues pertinent to Kangda International's sustainable development. This comprehensive analysis enabled us to formulate the materiality matrix for the year.

During the reporting period, we identified 23 ESG topics, including 10 being of high importance, 9 being of moderate importance, and 4 being of general importance.



1.4 Compliance Operations

Kangda International recognizes the pivotal role of compliance operations in driving the Company's sustainable development. We are dedicated to laying a robust compliance groundwork and fostering a work culture defined by integrity, transparency, and openness. Furthermore, we consistently fortify risk management efforts and implement a scientific and rigorous risk management system to ensure a secure and dependable internal environment conducive to the Company's growth.

1.4.1 Compliance Management

Kangda International strictly adheres to relevant laws and regulations such as the *Audit Law of the People's Republic of China*, 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*. Internally, we have established systems such as the *Anti-Fraud Management System of Kangda International*, the *Employee Reporting Policy*, the *Basic Standards for Internal Audit*, the *Internal Audit Management System*, and the *Code of Business Conduct on Anti-Fraud* to ensure the integrity and ethical behavior of the Company and its employees with high standards of anti-corruption and compliance. Furthermore, we conduct anti-corruption training and education for the Board of Directors and all employees to cultivate a sense of integrity among employees and create a positive work environment.


This year, Kangda International introduced the *Compilation of Engineering Management Systems* and *revised the Assessment Regulations for Dispatching Financial Personnel*.

To instill in every employee the ethos of integrity and anti-corruption and mitigate the likelihood of corrupt incidents, we persistently reinforce the promotion of business ethics throughout the Company. In 2023, we engaged in discussions with the general managers and senior leaders of all audited entities to advocate and underscore the importance of risk management and anti-corruption measures. Additionally, we conducted on-site training sessions, focusing on tax laws, national regulations, the Company's internal policies, and pertinent updates in tandem with the audit process.

During the reporting period, there were no instances of corruption-related litigation against Kangda International during the reporting period.

Additionally, in accordance with the policy requirements for listed companies, we have revised the *Employee Reporting Policy* which allows employees to submit reports anonymously or using their real identities. Leveraging tools such as telephone and WeChat, we guarantee seamless and unimpeded feedback channels for employees to report incidents, ensuring fair and transparent investigations. It is imperative for the receiving department to promptly register the information and report it to the management without delay. They will then conduct in-depth analysis and on-site investigations, ultimately summarizing the investigation results and submitting an investigation report to the Board of Directors.

Throughout the investigation process, we pledge to uphold the confidentiality of the whistleblower's identity and to prevent any form of harassment or harm against them. Any individual found to retaliate against a whistleblower will be subject to disciplinary action, which may include termination of employment. During the reporting period, Kangda International has investigated 4 reported incidents, and audit reports as well as rectification recommendations have been submitted to the management.

 **Hotline and email address for bribery or corruption reporting:**

Hotline 023-61867966

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

1.4.2 Risk Management

Kangda International maintains stringent control over risks, adhering to a systematic risk management approach while fortifying the risk control system. We have devised a risk management framework comprising the Board of Directors, the Audit Committee, the Internal Audit Department, and various functional departments. The Board of Directors oversees the enforcement of risk-related policies and systems, whereas the Audit Committee facilitates coordination in risk management endeavors. The Internal Audit Department spearheads and supports risk management initiatives.

Risk Management Structure



Every year, engage external organizations to assess the Company's risk management practices, utilizing risk assessment questionnaires and surveys. Through our comprehensive risk control system, we identify and evaluate the primary sources of risks across three dimensions. Subsequently, we undertake thorough risk management and control measures based on the identified risk sources, continually advancing the risk management system to ensure effective risk mitigation efforts. These endeavors are instrumental in fostering a secure internal environment conducive to the Company's sustainable development.

During the reporting period, we conducted compliance audits for 13 project companies, special audits for 9 construction projects, 6 off-site audits, and addressed 5 employee-reported cases. For each audit conducted, we issued audit opinions and requested the relevant project companies and individuals to promptly rectify identified issues and submit audit rectification reports.



Quality Assurance and Coordinated Development

Kangda International's vision is to "Create a First-Class Environmental Protection and Forge a Century-Long Enterprise." With professionalism and dedication, we center our efforts on the comprehensive water industry. Quality is ingrained as our cornerstone, while customer needs serve as our compass, and innovation propels us forward. We have established a full-cycle quality management system, continuously transforming the Company from a traditional water treatment service provider to one focused on the comprehensive governance of the urban environment.

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2.1 Quality Management

Kangda International regards service and quality as the cornerstone of the Company's efficient and steady development. We maintain a firm pace of development, enhancing quality control systems, refining quality management policies, delineating clear quality objectives and responsibilities, and implementing rigorous quality control measures. Through these endeavors, we aim for comprehensive and sustainable management spanning from construction to operation, guaranteeing high-quality deliverables and consistent advancement.

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.

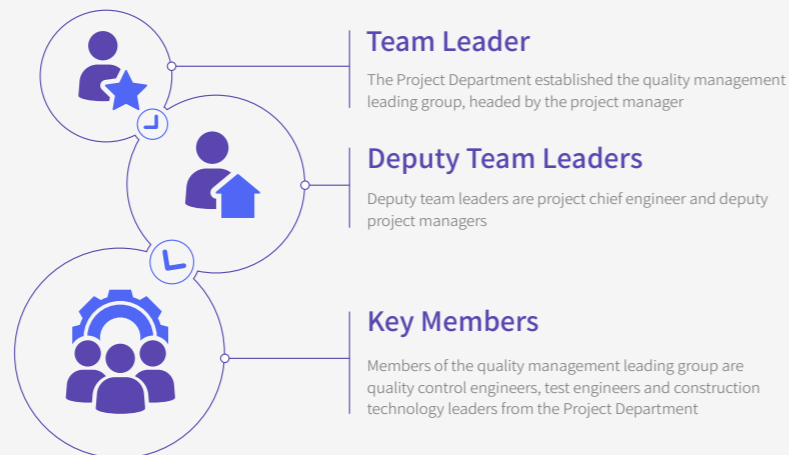
To ensure the high-quality construction of projects, we have established systems such as the *Engineering Management System* and the *Attachment Requirements for Process Approval*. These systems delineate the responsibilities of all positions during project construction and standardize project management processes, providing institutional support for seamless project execution. Additionally, we have devised and enacted the *"Three Inspection System,"* which entails regular inspections of project construction to actively uphold the quality of construction endeavors.

Kangda International has established a responsibility system wherein the project manager assumes primary responsibility for engineering quality policies and objectives. To effectively implement the quality management responsibility system, we have established a quality management leading group to clearly delineate responsibilities and ensure more standardized quality management practices during project construction.

3 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.

Quality Management Leading Group



In our continuous efforts to enhance management processes during project execution and ensure high-quality delivery, we have implemented a standardized supervision and management system for project quality. We have intensified quality control measures across various stages, including construction preparation, product procurement and ordering, acceptance into warehouses, transportation, storage, construction, completion, and acceptance. Stringent quality assurance measures are enforced at each stage of the process.

Quality Assurance Measures During Project Construction

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

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

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

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



2.1.2 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**. By doing so, we steadily enhance our management for project operation.

Kangda International has also been improving its project operation management system. To achieve this, we have established an operation management structure with key personnel, including the director, deputy director, director and division director of the Operation Technology Department as the main responsible persons. Through strict supervision and timely technological support, we ensure the stable operation of sewage treatment plants and qualified discharge of effluent. As of the end of the reporting period, we have been certified to the 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



Certification of Environmental Services

During the project operation, we are committed to ensuring that the effluent quality of sewage treatment plants is 100% up to the **Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant** (GB 18918-2002) through a variety of quality assurance initiatives. During the reporting period, Kangda International did not experience any customer complaints.

Effluent Quality Compliance Objective and Actual Rate in 2023

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

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

Effluent Quality Compliance Rate of 100% throughout the Year

Optimizing the Personnel Structure in Water Treatment Plants

- Through a review and comprehensive analysis of the personnel structure at our water treatment plants, we optimize the allocation of professional personnel. This ensures the stable operation of the plants and enables us to meet the standards for effluent discharge consistently.

Developing Equipment Maintenance Plans

- We develop equipment maintenance plans and diligently track and assess their implementation for each piece of equipment at our water treatment plants on a monthly basis. This meticulous approach ensures the stable operation of the plants and guarantees compliance with discharge standards.

Adjusting Operational Process Parameters

- For water plants identified with risks, we conduct thorough analyses of their existing processes, propose optimization measures, and adjust process parameters accordingly. Additionally, we implement targeted improvements to optimize existing processes, thereby ensuring stable and compliant water output.



Additionally, we are making significant strides in advancing the construction of an information management system, reinforcing the application of information management measures in water plant operations. To this end, we have introduced an online data reporting platform aimed at standardizing operational management practices across various project companies. This initiative is geared towards enhancing efficiency and optimizing overall management processes.

We have installed online monitoring devices to comprehensively monitor the quality of water in the influent, effluent, and raw material processing chemicals. In response to the issue of influent water quality not meeting standards, we have prepared the **Emergency Plan for Influent Water Not Meeting Quality Standards**. Additionally, we have conducted timely checks and judgments through pre-warning systems. A combination of intelligent prevention and manual control enables us to promptly respond to any influent that does not meet the required standards.

Treatment process of the influent which does not meet the standards



We emphasize cultural development related to quality management by regularly conducting quality training activities with a focus on project operations. Through these sessions, employees gain insights into quality requirements and technical knowledge, thereby enhancing their capacity for quality assurance in operations. Throughout the reporting period, we conducted training sessions covering topics such as quality management, test data analysis, and process technology to reinforce the quality assurance awareness and professional capabilities of all employees.

Quality Management Training in 2023

Quality Management Training

- We conduct reviews focusing on project schedule, quality, cost, and the achievement of project objectives. These reviews target department leaders to accumulate experience in project construction and establish databases and standard libraries

Test Data Training

- We conduct online training on the **Standardized Management of Laboratories for laboratory** staff in project companies. These sessions aim to enhance the management and professional capabilities of laboratories in each project company

Process Technology and Operation Training

- The project leaders summarize their project operation experience. Also, we conduct online training on Magnetic Coagulation Precipitation Process Technology and Operation, detailing the characteristics of the magnetic coagulation precipitation process and its optimal operation methods



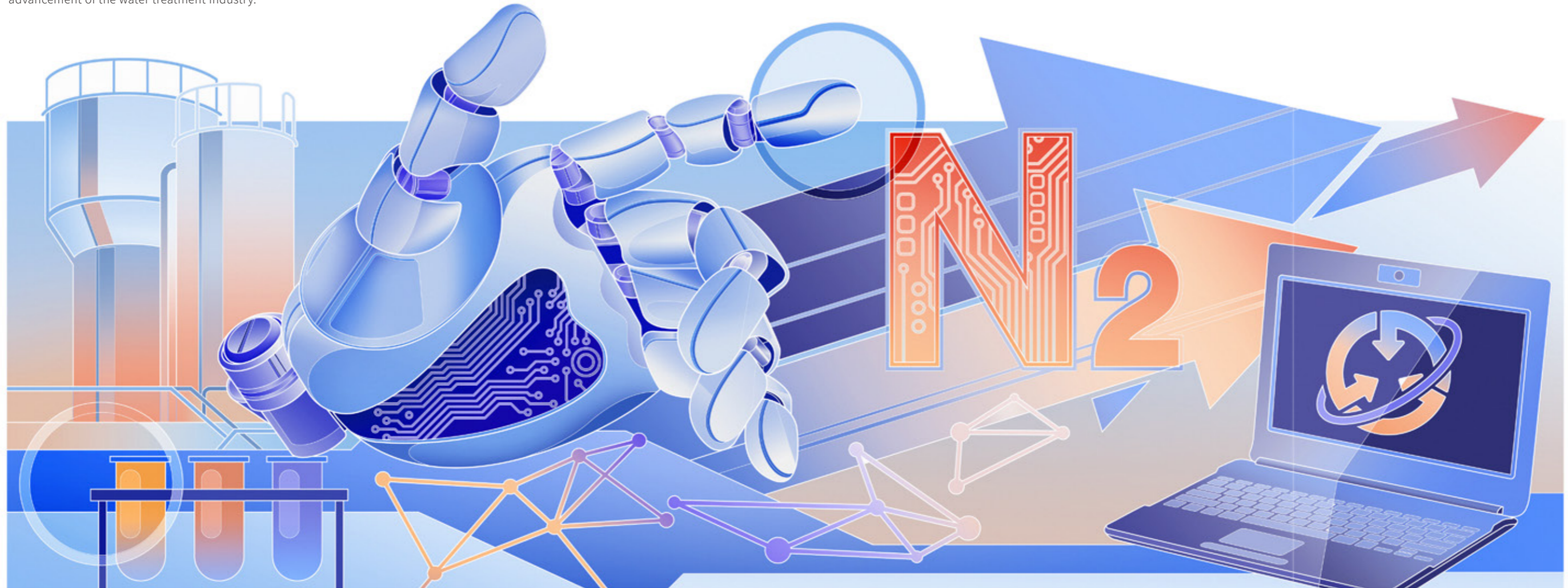
2.2 Intellectual Property Protection

Kangda International firmly believes that a robust intellectual property management system serves as a cornerstone for the Company's technological innovation. We adhere strictly to laws and regulations such as the *Patent Law of the People's Republic of China*, the *Trademark Law of the People's Republic of China*, and the *Anti-Unfair Competition Law of the People's Republic of China* to standardize the application and approval of intellectual property rights, thereby fostering technological innovation and application.



At the same time, we continuously reinforce the application and maintenance of intellectual property rights, commencing from trademark registration to patent applications and beyond. As of the end of the reporting period, Kangda International Group holds 14 patents, with its subsidiaries holding 23 patents, totaling 37.

Kangda International also emphasizes the transformation of innovative achievements. Through enhancements in production, process refinement, and other methodologies, we bolster operational efficiency, improve wastewater treatment outcomes, and reduce the usage of chemicals. These endeavors not only elevate the Company's competitiveness but also contribute to the advancement of the water treatment industry.



Reducing Dosage through Technological Improvement

In early October 2023, Kangda International initiated the "Ninghe I Internal Reflux Technology Improvement" project to address design flaws in the project's reflux system and the poor denitrification capability of the process. Currently in the design and construction phase, it is expected that after implementation, total nitrogen levels will consistently meet standards, and the dosage of carbon source reagents will be effectively reduced. Through technological improvement, the denitrification treatment system will work steadily, ensuring water quality while conserving resources.

2.3 Supply Chain Management

Kangda International integrates sustainable development principles into its supply chain management practices, dedicated to constructing a high-quality and stable supply chain. We have implemented a comprehensive evaluation system that assesses suppliers of construction projects based on factors such as safety management, civilized construction, and project quality, thereby continually enhancing our supplier management capabilities. Furthermore, we advocate for sustainable supply chain management by incorporating supplier performance in environmental, social, and governance aspects into our evaluation system.

To enhance the standardization and normalization of supplier management practices, Kangda International has developed policies such as the **Supplier Management System** and the **Contractor Management System**. These policies offer clear and specific guidelines for various aspects of supplier management.

We employ end-to-end management for all suppliers, encompassing processes such as selection and admission, prequalification, on-site inspection, approval shortlisting, exit procedures, and rectification measures as needed. Our investigations and evaluations are conducted based on factors such as quality management, service capability, and cost management.

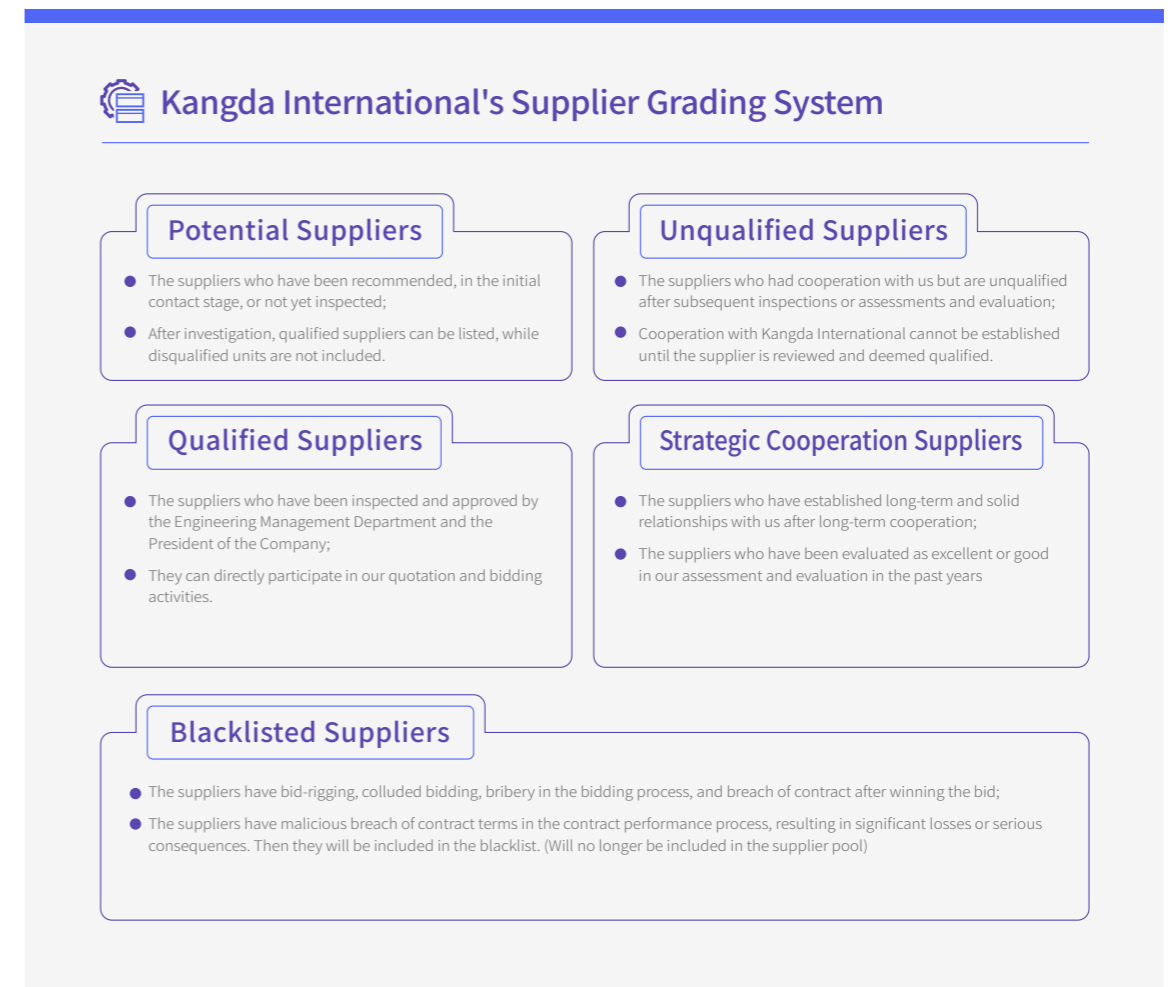
Supplier Management Process



During the reporting period, we optimized the supplier evaluation form, conducting assessments that encompassed dimensions such as qualification review, quality control, comprehensive management, and personnel quality management. This initiative was aimed at enhancing our supplier management practices.

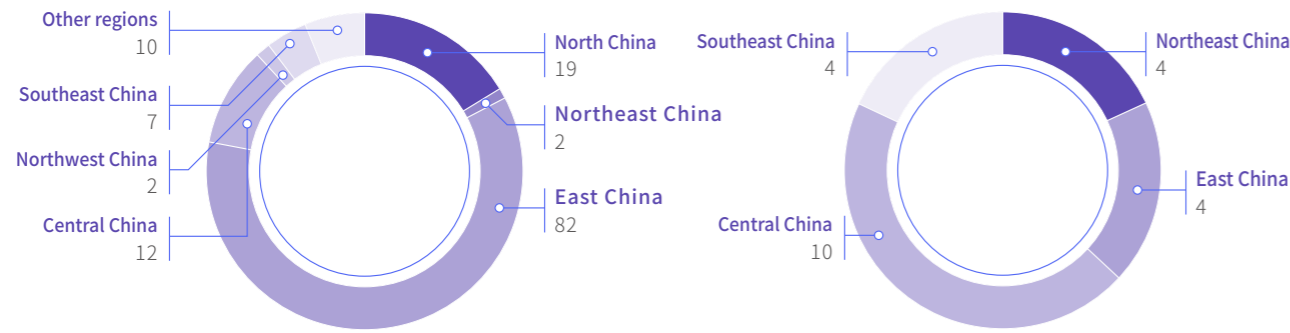


To refine the supervision and management of suppliers, we implement graded management based on the cooperation models and situations of different suppliers.



As of the end of the reporting period, we had 134 equipment 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

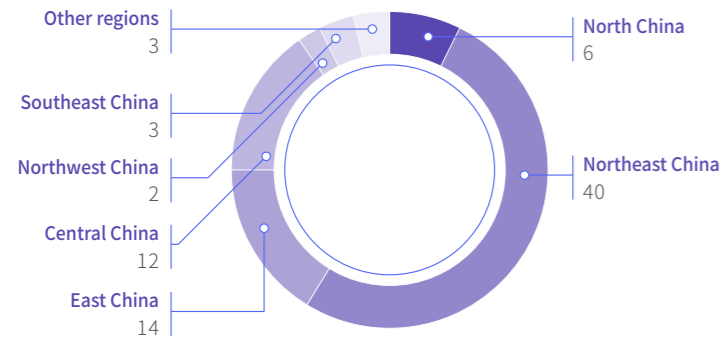


Table: Proportion of Certified Equipment Suppliers

Equipment Suppliers	Proportion of suppliers certified by the ISO 9001 Quality Management System	Proportion of suppliers certified by the ISO 140001 Environmental Management System	Proportion of suppliers certified by other ISO systems
Equipment Suppliers	100.00% 134	79.10% 106	69.40% 93
Engineering Contractors	100.00% 22	100.00% 22	100.00% 22
Chemical Suppliers	8.75% 7	6.25% 5	15.00% 12

2.4 Industry Cooperation

Kangda International recognizes that strengthening industry cooperation is pivotal to fostering open, inclusive, and sustainable development, enabling the Company to adapt to external environmental changes while maintaining vitality. We are committed to deepening our involvement in the environmental protection industry, actively responding to national strategic planning, participating in industry forums, and engaging in other exchange activities to promote industry development.

At the same time, we proactively seek external cooperation, mobilize industry resources, and explore models of deep integration among industry, academia, and research. In doing so, we aim to create a sustainable development ecosystem for the industry. Throughout our external cooperation efforts, Kangda International assumes a leadership role, leveraging operational advantages and business models to collaborate with various partners for mutual benefit.

Government and Industry Exchange Events Attended by Kangda International in 2023

- Engaged in collaboration and communication with local governments, industry associations, and construction industry associations, actively participating in research and communication activities organized by industry associations.
- On September 25, 2023, experts from the North China Inspection Bureau of the Ministry of Ecology and Environment visited Kangda International's Xinzhou Plant 1 and Plant 2, and provided guidance.
- Experts from the Zhengzhou Ecological Environment Bureau and the Yellow River Conservancy Commission, visited Kangda International's Xingang Plant to conduct research on the comprehensive ecological governance in the Yellow River Basin.
- On January 8, 2023, Pan Feng, Deputy Mayor of Shangqiu City, led a team to conduct pre-holiday safety inspections at Kangda Environmental Protection (Shangqiu).
- On April 11, 2023, a research team from the National Committee of the Chinese People's Political Consultative Conference visited Kangda International's Taiyuan Kangjin for research and guidance.



Putting People First, Gathering Talents

Kangda International regards employees as valuable assets crucial to the Company's business development. We prioritize the principle of "putting people first" and actively manage talent. We ensure the protection of employees' legitimate rights and interests while fostering opportunities for their personal growth. Moreover, we strive to cultivate an inclusive and diverse work environment, fostering mutual development between our employees and the Company.

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3.1 Employee Employment

Kangda International implements fair and transparent employment policies, ensuring the legitimate rights and interests of every employee. Additionally, we value the diversity within our team and continuously refine our talent recruitment system. By standardizing our recruitment processes, we consistently inject motivation into the Company's long-term development.

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*. By doing so, we practice compliance employment to safeguard the legitimate rights and interests of our employees.

We strictly adhere to the principle of compliant employment, categorically prohibiting any form of child labor, forced labor, or compulsory labor. We mandate the verification of applicants' identity documents to eradicate the possibility of employing minors and to prevent any other illegal activities. This commitment underscores our dedication to respecting and safeguarding the legitimate rights and interests of all employees. As of 2023, all our employees had signed labor contracts and were insured by social insurance.

We prioritize diversity in our employment practices, ensuring equal treatment for all employees irrespective of their nationalities, ethnicities, races, genders, religious beliefs, or cultural backgrounds. We vehemently oppose any form of discrimination based on factors such as race, nationality, or social status.

To prevent any infringement of employees' legitimate rights, the Company has established a complaint hotline and dedicated email for grievances. We have also devised reporting systems to effectively safeguard the legal rights of employees. According to our regulations, upon receiving a complaint regarding the infringement of employees' rights, immediate actions are mandated to investigate the matter and protect the rights of the employees involved.

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 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 follow the concept of "open positions, fair process, fair evaluation, and equitable employment to recruit talent," committed to creating a transparent and open recruitment mechanism.

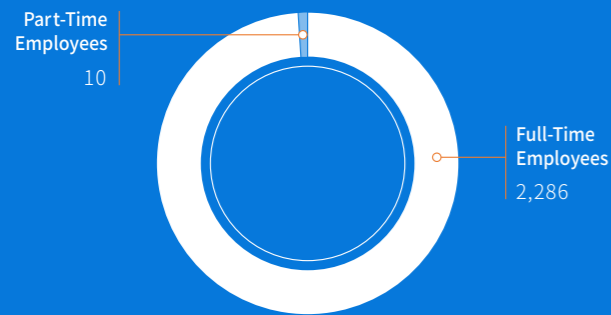
We embrace a fair and transparent talent recruitment process, aiming to attract employees who resonate with the Company's values and contribute to building a team of exceptional talent. Concurrently, we consistently broaden our channels for talent acquisition, establishing a robust talent pool to support the Company's high-quality development.

During the reporting period, we introduced targeted recruitment channels tailored to the specific requirements of each position. This adjustment markedly enhanced the overall efficiency of our talent acquisition efforts, rendering the process more transparent and equitable.

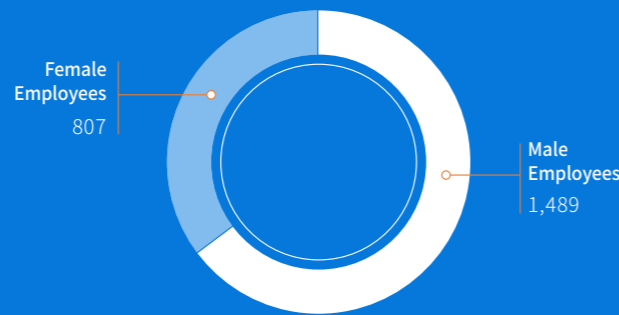


As of December 31, 2023, Kangda International had a total of 2,296 employees, with detailed data shown as follows by employment type, gender, age, job category, and region, respectively.

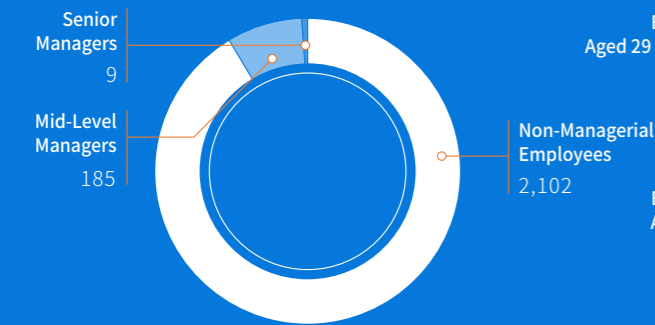
Number of Employees by Employment Type



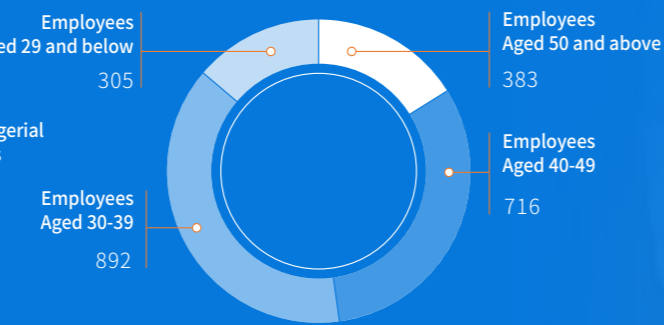
Number of Employees by Gender



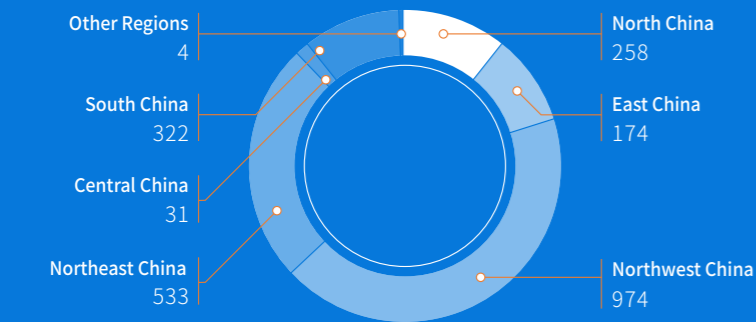
Number of Employees by Job Category



Number of Employees by Age

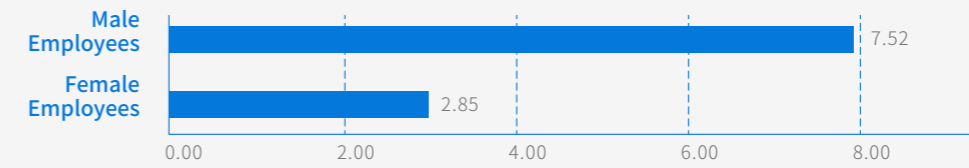


Number of Employees by Region

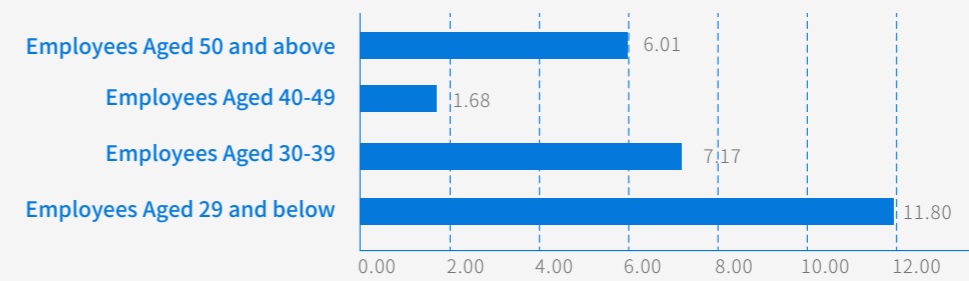


In 2023, the overall turnover rate of Kangda International was 5.88%, with detailed data shown as follows:

Turnover Rate by Gender(%)



Turnover Rate by Age(%)



3.2 Employee Development

Kangda International places great emphasis on the growth of its employees and offers avenues for career advancement, enabling them to achieve personal fulfillment through a robust talent development system. We have implemented diverse training programs aimed at enhancing employees' overall capabilities. By expanding opportunities for employee advancement, we foster talent development across all areas, establishing a strong foundation for the Company's talent pool.

3.2.1 Remuneration Evaluation

Kangda International has established a comprehensive salary system and incentive mechanism to motivate employees and ignite their passion for self-improvement. We strive to help employees recognize their value both within their roles and as individuals. During the reporting period, we bolstered our salary and performance management system, and revised several policies, including the **Annual Performance Assessment Management Measures for Chongqing Kangda's Member Enterprises**, to further standardize the frequency and methods of performance evaluations.

In terms of employee performance evaluation, we have formulated the **Examination System for All Employees of Operating Companies** during the reporting period. The evaluation includes three dimensions: closed-book examination, self-evaluation, and general manager evaluation, which further standardize the remuneration adjustment management procedures.



3.2.2 Employee Development

Kangda International is dedicated to fostering the sustained development and mutual growth of both its employees and the Company. We continually enhance our talent development system and prioritize employee growth. In pursuit of this goal, we are committed to delivering diverse, scientifically crafted, and effective training programs. Additionally, we offer various career development initiatives to provide a solid foundation for talent cultivation and retention.



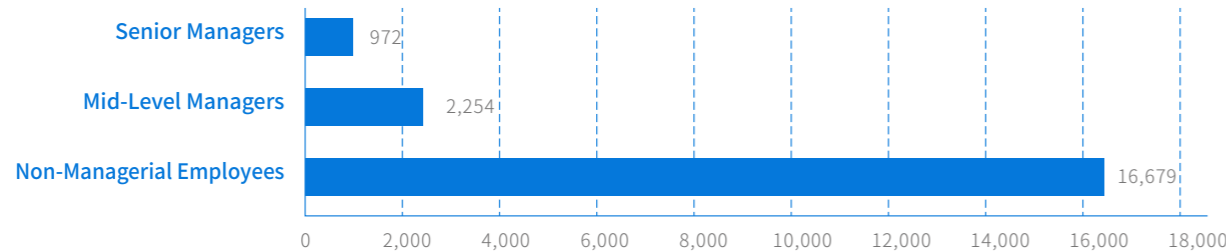
To standardize employee cultivation work, we have formulated the **Training Management System** encompassing modules such as vocational skills, leadership, and management communication training.

Recognizing the importance of personal development, Kangda International encourages employees to pursue professional learning and supports them with ample resources. We strengthen industry talent reserves, actively fostering an atmosphere for talent development. We have also formulated the Subsidy Standards and Implementation Measures to provide various subsidies for career-related skills and professional knowledge learning. By incentivizing employees to apply their learning through exams and practical applications, we fully motivate them to enhance their professional knowledge, skills, and abilities to address practical challenges.

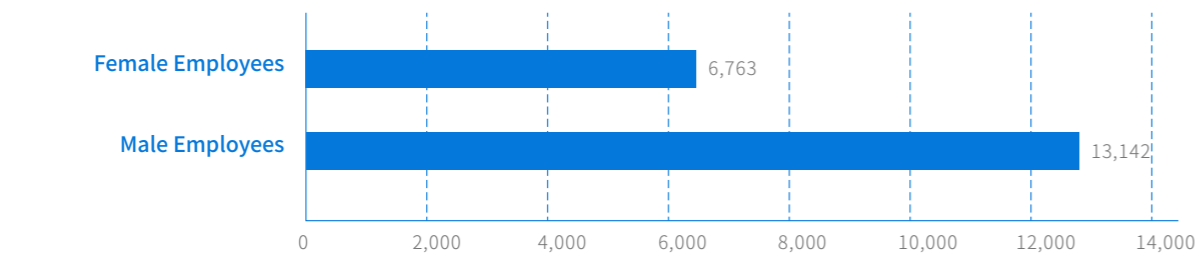
Furthermore, we organize diverse training activities covering topics such as laboratory knowledge, work safety, confined space operations, construction engineering, and cost engineering. These activities are designed to align vocational standards with actual production needs, thereby enhancing the overall quality and business capabilities of practitioners in the sewage treatment industry.

During the reporting period, Kangda International conducted a total of 19,905 training sessions, with a training duration of 43,260 hours. The average training duration per capita reached approximately 18.8 hours.

Training Opportunities by Job Category

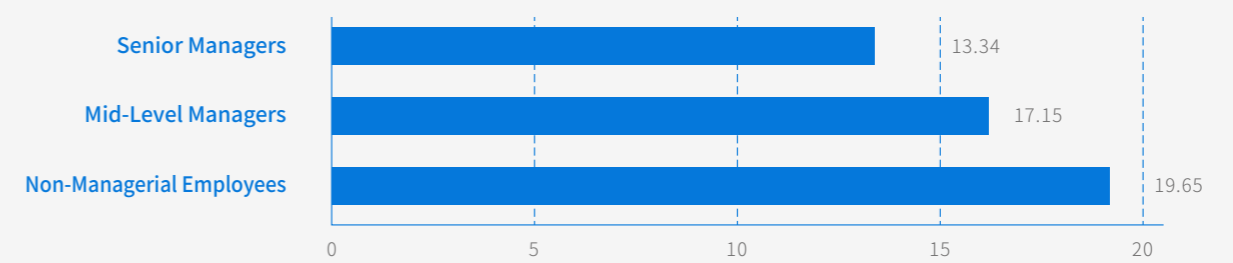


Training Opportunities by Gender

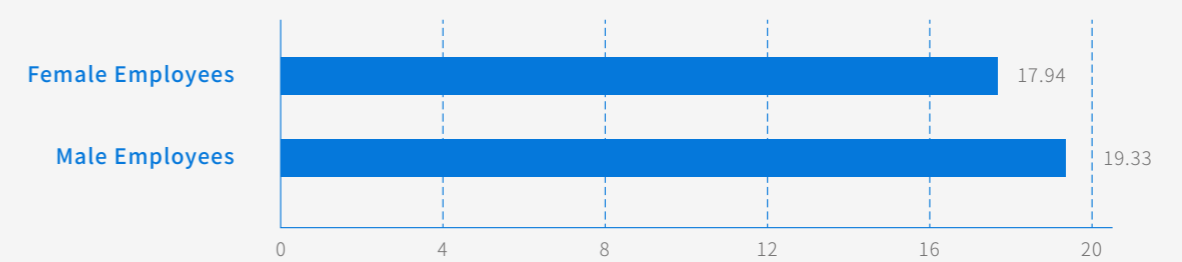


② The definitions of senior managers, mid-level managers and non-managerial employees in these graphs are different from that in 3.1 Employee Employment. In the training statistics graphs, senior managers includes the senior and mid-level managers of the Group and the senior managers of our operating sites, while in 3.1 Employee Employment senior managers refers to only senior managers of the Group.

Average Hours Per Person by Job Category



Average Hours Per Person by Gender



3.3 Employee Care

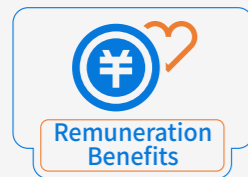
Kangda International recognizes the invaluable contribution of its employees and is committed to providing comprehensive support and care for their work and personal lives. Moreover, we offer a wide range of welfare benefits to employees and organize exchange activities to ensure they feel the warmth and consideration of the Company.

3.3.1 Employee Welfare

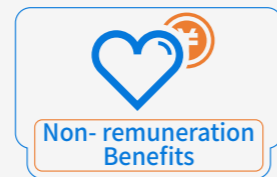
Kangda International strictly adheres to the **Labor Contract Law of the People's Republic of China**, the **Social Insurance Law of the People's Republic of China**, and other laws and regulations. Following the internally **established Regulations on Salary Management for Member Enterprises (Revision)**, we have developed a comprehensive employee welfare system. This system continuously strengthens the overall planning of remuneration and benefits, aiming to enhance employees' sense of happiness and belonging.

We highly value the contributions of every employee and demonstrate this by offering competitive salaries and comprehensive benefits to attract, retain, and motivate top talents.

Kangda International's employee benefits



- Providing subsidies for meals, transportation, and communication
- Lawfully contributing to social insurance and housing provident fund
- Issuing holiday benefits, quarterly benefits, and high-temperature subsidies
- Providing birthday allowances to employees on their birthdays



- Providing access to fitness facilities
- Organizing sports competitions
- Conducting regular maintenance of rooftop gardens to provide leisure areas

3.3.2 Employee Communication

We place a high priority on the physical and mental well-being of our employees. Through open and effective communication channels, we attentively listen to their concerns and proactively assist them in addressing both work-related and personal issues. To gain a thorough understanding of their genuine thoughts and concerns, we have established various communication channels such as suggestion boxes, emails, and hotlines. Through these channels, we carefully collect valuable feedback from employees and promptly respond to their reasonable needs.

Kangda International's employee communication initiatives

Frontline Investigations

- We conduct frontline investigations in our subsidiaries on labor contract management, leave and other aspects.

Interviews with Employees

- We arrange for the management to interact with employees in the cafeteria and during sports competitions, listening to their actual concerns, and understanding their development needs.

Collect Employee Feedback

- We have set up employee suggestion boxes and CEO email box to collect employee feedback.
- We provide channels for employee complaints and conduct independent investigations for each reported issue, following principles of ensuring "authenticity, confidentiality, and effectiveness."

3.3.3 Employee Care Activities

Kanda International prioritizes maintaining a healthy work-life balance for its employees and organizes a variety of recreational activities to demonstrate care for their well-being. We enrich their daily work and personal lives from multiple angles while promoting corporate culture.

We encourage employees to actively participate in beneficial activities both inside and outside the Company. We regularly organize sports events such as basketball, football, and table tennis games to foster team spirit and cultivate harmony among employees. Moreover, to cater to employees' exercise needs during their leisure time, we provide access to gyms and rooftop gardens, allowing them to unwind and rejuvenate after work.

Hosting the Basketball Friendly Match, Sparking Vitality and Passion.

To cultivate a healthy and active corporate culture, enriching employees' sports and cultural life, Kangda International, together with the basketball enthusiasts from partner banks, organized an exciting basketball friendly match. The event aimed to facilitate exchanges between employees of both sides and promote the healthy development of the Company. Through this basketball match, employees from both sides deepened their understanding of each other and found relaxation for their body and mind outside of work.



Regularly Organizing Soccer Matches to Promote Team Building

To create a diverse, inclusive, healthy, and happy work environment while balancing employees' work and life and promoting team building, we have formed a soccer team and regularly organize soccer matches to enhance communication and interaction among employees. Through these regular soccer matches, we inspire all employees to actively participate in sports activities and engage in the trend of nationwide fitness.



3.4 Employee Health

Kanda International cares about the health of its employees, prioritizes the health and safety of its employees. We strictly adhere to relevant national laws and regulations, establishing a comprehensive occupational health and safety management system. We have formulated clear work safety policies to identify potential safety hazards during operations, thereby fostering a collective commitment to safety to ensure the well-being of all personnel involved.

3.4.1 Work Safety

Kanda International adheres to the principle of "safety first" and continuously improves its work safety management system. We implement multiple measures to ensure the effective implementation of the work safety system, thereby comprehensively improving the Company's work safety 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 have established safety management policies and specified the responsibilities for production and construction safety management. Through management, we implement safety-related policies at each operating company.

We have established work safety management objectives and annually sign the **Operation Target Responsibility and Safety Responsibility Letter** with each operating company to ensure the implementation of safety management goals.

Safety Management Goals and Performance

Goals: No safety responsibility accidents of serious injury or above throughout the year; Minor injury rate below 1‰

Performance: Strict safety management systems have been established and relevant operational procedures implemented in all construction projects. We have conducted safety training and drills to ensure effective implementation of safety measures. Currently, no serious or above safety incidents have occurred in any of the projects, and the rate of minor injuries is far below 1‰.

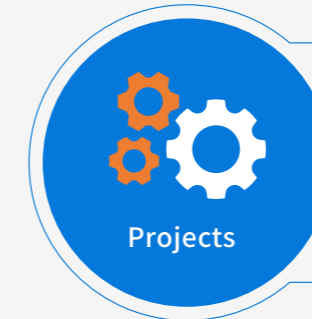


In accordance with regulatory requirements, we conduct periodic safety inspections of each ongoing project. We closely supervise and rectify any identified safety hazards to eliminate risks and ensure construction safety. Our diligent safety inspection efforts during the reporting period have yielded positive results, effectively reducing the occurrence rate of various safety incidents.

Kangda International's measures for inspecting and rectifying safety hazards



- Full-time safety officers conduct daily patrols.
- Technical supervisors conduct weekly inspections.
- Project managers conduct monthly inspections.
- Safety engineers from the Construction Center and deputy directors of the Engineering Management Department conduct irregular inspections.
- The general manager of the Construction Center leads semi-annual or annual safety inspections.




- According to relevant standards and specifications, inspections are conducted on various aspects including construction sites, mechanical equipment, electrical equipment, etc.
- Detailed inspection checklists and standards are established for each item mentioned above.




- For identified safety hazards and violations, timely corrective measures have been taken: minor issues are rectified on the spot; for more serious problems, rectification letters are issued to the responsible parties with a specified deadline for rectification, and follow-up inspections are conducted to ensure the progress.




Kangda International regularly conducts hazard source identification and implements corresponding preventive measures as per the **Environmental Factors, Hazard Source Identification Evaluation Management System**. In 2023, we identified hazards related to construction sites, chemical storage and usage and machinery operation, and implemented corresponding preventive measures. The efforts have effectively reduced the risks posed by hazards to the safety of personnel and property.




- Enhance safety training and drills to improve employees' safety awareness and their ability to respond to emergencies.



- Regularly inspect and maintain mechanical equipment to ensure its operation.



- Standardize the storage and use of chemicals to ensure compliance with relevant laws, regulations, and standards.



- Establish emergency response plans to promptly address and manage various safety incidents.

We also emphasize the cultivation of employees' safety awareness and the development of their emergency response capabilities. We aim to strengthen the sense of responsibility among all employees regarding work safety issues and increase their awareness of safety risks. This includes the identification and elimination of safety hazards, as well as enhancing the practical skills of all employees in self-rescue and evacuation procedures.

24 Kangda International's measures for safety capacity building

Training for new employees

- We implement three-tier safety education for new employees, requiring strict adherence to operating procedures to ensure accident-free work safety.

Safety meetings

- We hold safety meetings at least once a week to randomly inspect the implementation of safety training and safety regulations. At the same time, we summarize and address any identified hazards or issues.

Safety notices

- We issue safety notices to comprehensively inform employees about work safety details related to medication quality, winter freeze protection, summer flood prevention, and typhoon disaster response.

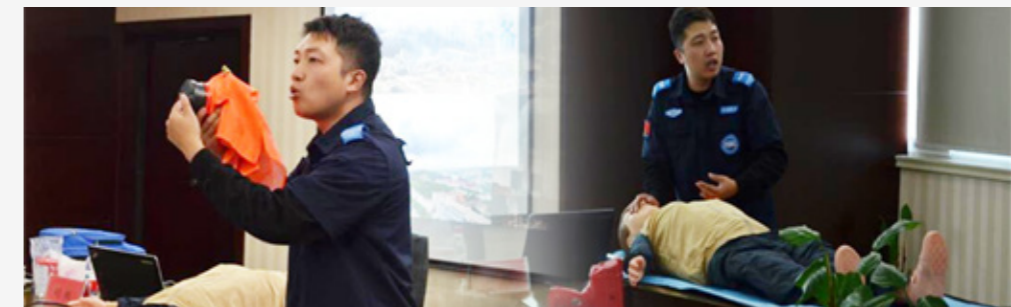
Safety drills

- We conduct fire drills, emergency drills for confined space operations, work safety training, and confined space training.

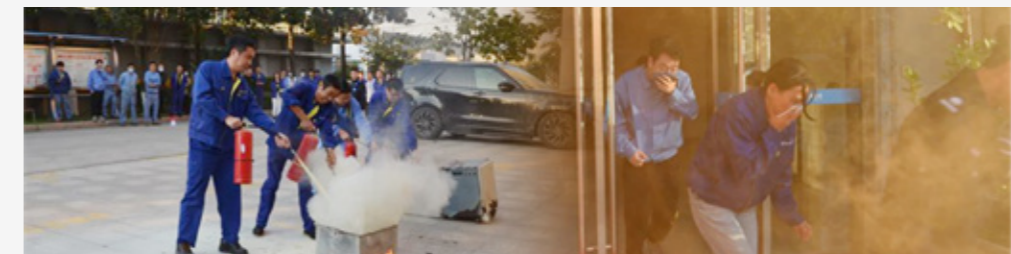
Wenzhou Chuangyuan Water Co., Ltd. Fire Training and On-site Disposal of Distribution Cabinet Fire Accidents Special Emergency Plan Drill.

To further enhance the fire safety awareness among employees and improve their ability for self-rescue during fires, Wenzhou Chuangyuan Water Co., Ltd. conducted specialized training on fire safety knowledge and organized fire evacuation and extinguishing exercises in December 2023, marking the beginning of Fire Safety Month.

We invited instructors from the Fire Technology Support Center to provide all employees with training on fire safety knowledge. The instructors systematically and comprehensively introduced fire safety and disaster prevention measures, as well as self-rescue and mutual assistance techniques, through the analysis of real fire incidents and accident data. They emphasized the importance and necessity of fire safety. The training also covered the use of fire protection equipment in daily life and work scenarios, enhancing the fire safety awareness and prevention capabilities of all employees.

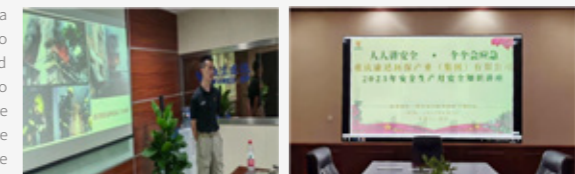


After the training, we set up simulated scenarios and conducted an immersive fire evacuation and extinguishing drill. In the simulated smoke-filled environment, participants orderly simulated evacuating from a fire and safely reached the designated outdoor assembly point within the specified time.



“Safety Awareness and Emergency Response for Everyone” Themed Training

During the National Work Safety Month in 2023, Kangda International invited experts from Chongqing Anxuan to conduct themed training on “Safety Awareness and Emergency Response for Everyone”. This initiative aimed to strengthen the Company's fire safety management and fire defense capabilities, enhance employees' awareness of fire safety, and improve their self-rescue and mutual assistance abilities. We hope to prevent fires and mitigate potential casualties and property loss in case of emergencies.



3.4.2 Occupational Health

Kangda International always prioritizes employee safety and places a high importance on employee 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.



To effectively manage employee occupational health and safety, we provide labor protection equipment, establish safety responsibility agreements, and continuously update safety facilities and equipment throughout the construction process of all projects. This comprehensive approach ensures the occupational health and safety of our employees. Additionally, we maintain records of occupational health and diseases, regularly organize occupational health examinations, and implement measures to reduce the risks associated with occupational health and safety.

24 Occupational health and safety management initiatives

- Establish Occupational Health and Occupational Disease Records**
 - Establish records and accumulate dynamic data, conduct regular analysis and research, propose control measures for hazards such as dust based on data analysis, implement scientific corrective actions, and periodically verify the effectiveness of control measures.
- Enhance Occupational Health and Safety Surveillance**
 - Conduct health monitoring, including regular health checks for employees exposed to hazardous substances as mandated by higher authorities. Perform pre-employment examinations and routine check-ups, promptly addressing any diagnosed occupational diseases based on recommendations from diagnostic institutions. Provide assistance for regular follow-up examinations and visits for occupational disease patients.
- Provide Protective Equipment and Facilities for Occupational Safety**
 - Install guardrails in construction sites where accidents may occur to prevent accidents;
 - Based on the level of exposure to toxic and hazardous substances, provide our employees with necessary protective gear or equipment, regularly inspect, and maintain these devices, and replace them immediately after they expire.
- Protect the Legal Rights and Interests of Employees Suffering from Occupational Diseases**
 - Protect the rights and interests of the employees diagnosed with occupational diseases, and ensure that they are covered under occupational injury insurance or are provided the treatment designed for those with occupational diseases as stipulated by the state.
- Intensify the Publicity Efforts on Preventing Occupational Diseases**
 - Actively carry out health promotion on the prevention and treatment of occupational diseases and occupational poisoning to increase employees' knowledge of disease prevention.

During the reporting period, we have obtained ISO 45001:2018 certification for Occupational Health and Safety Management Systems and have passed annual audits for consecutive years. We have consistently implemented occupational health management in accordance with standardized systems.



Kangda International's 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	2023
Employees with Work-Related Injuries	5
Lost Hours Caused by Work-Related Injuries	2,018
Traffic Accidents during Work Commuting	1

Pursuing Green Development, Protecting Our Home

Kangda International focuses on comprehensive sewage treatment as its core business. With advanced environmental protection technologies and processes, we actively advocate for energy conservation and emission reduction, contributing to the creation of a more sustainable ecological civilization. We utilize environmental management systems to facilitate clean production and ensure compliance with emission standards, aiming to enhance the greenness of water, mountains and skies, thus fostering more vibrant and liveable cities.

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4.1 Environmental Management

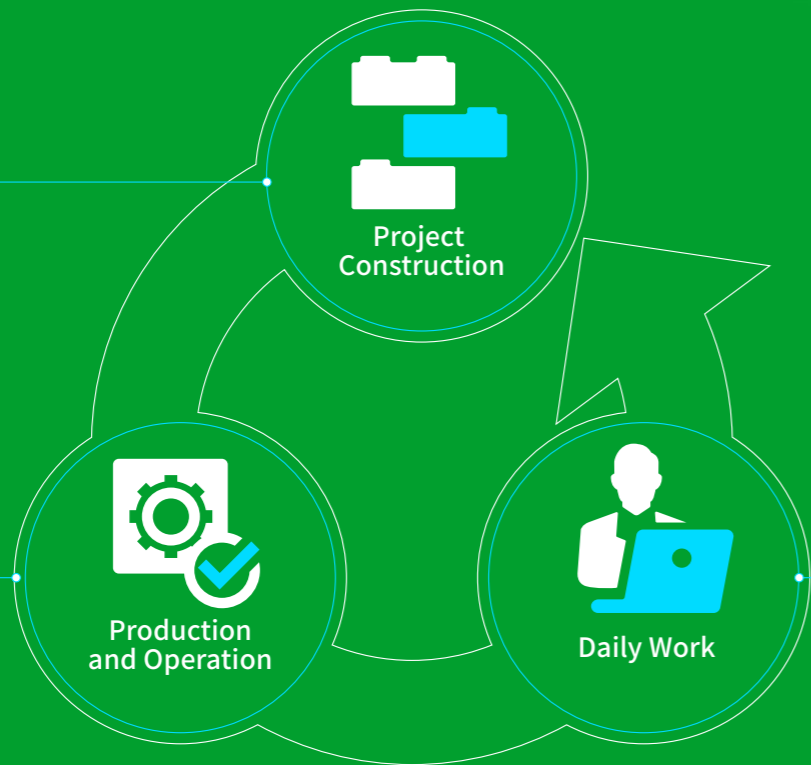
As a leading enterprise in comprehensive sewage treatment, consistently enhances its environmental management system. We embrace a green management strategy, embodying the principles of clean production and low-carbon operations, thereby supporting the "dual carbon" objective. We seamlessly integrate green environmental protection into project construction and business operations, seizing environmental opportunities and objectives while steadfastly pursuing a path of green development characterized by energy conservation and environmental protection.

4.1.1 Systematic Management

Kangda International strictly adheres to laws and regulations such as the *Law of the People's Republic of China on Environmental Protection*. Guided by internal policies and systems such as the *Environmental, Occupational Health and Safety Inspection System* and the *Environmental Factors, Hazard Source Identification Evaluation Management System*. We are committed to preventing and mitigating environmental risks. Our comprehensive, standardized, and effective environmental management system integrates green and environmental protection concepts into project construction, production, operations and daily activities, ensuring full adherence to environmental management standards. We have obtained ISO 14001 environmental management system certification and have passed annual audits for many consecutive years, effectively leveraging the environmental management system.

Environmental management principles at each stage

We adhere to the principle of minimizing environmental impact in project construction, construction, and operation, implement the concepts of civilized construction and green building, and strengthen comprehensive management of environmental protection and resource conservation. We mitigate environmental burden through clean production and energy conservation, continuously improving the Company's environmental performance through environmental management systems. We strive tirelessly towards achieving environmental management goals.



We advocate for the concept of green office, guide employees to adopt low-carbon and environmentally friendly office practices, and enhance the promotion and implementation of water-saving, electricity-saving, low-carbon, and energy-saving behaviors in office areas.







Kangda International's Environmental Management System certificate






Kangda International incorporates green and environmental protection concepts into project design, construction, and operation. We steadfastly adhere to laws and regulations such as the **Construction Law of the People's Republic of China** to prevent and mitigate adverse environmental impacts during project construction. We diligently fulfill our environmental management responsibilities and continuously enhance our awareness of environmental obligations.

Green Management Principles for the Entire Lifecycle of Project Construction

 <h4>Green Design</h4> <ul style="list-style-type: none"> We strictly adhere to relevant standards such as the <i>Design Standards for Energy Efficiency of Residential Buildings in the Hot Summer and Cold Winter Region</i>, the <i>Engineering Technology Standards for External Wall Insulation</i>, and the <i>General Technical Conditions for Time-Delay Energy-Saving Lighting Switches</i>. We integrate environmental protection principles into our project management from the design stage. 	 <h4>Green Construction</h4> <ul style="list-style-type: none"> We sincerely comply with the requirements of the <i>Evaluation Standard for Green Construction of Buildings (GB/T 50640-2010)</i>, the <i>Code for Green Construction of Buildings (GB/T 50905-2014)</i>, 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. 	 <h4>Civilized Construction</h4> <ul style="list-style-type: none"> We have formulated the "Standardization Manual for Civilized Construction at Construction Sites," and developed specialized construction plans in accordance with the regulations for civilized construction management to ensure civilized construction. We actively engage in vegetation protection and ecological restoration around the construction site, striving to minimize the damage to the original ecological environment. 	 <h4>Green Operation</h4> <ul style="list-style-type: none"> We regularly organize hazard inspections and processing, issue warnings, and identify environmental risks according to the <i>Emergency Plan for Influent Water Not Meeting Quality Standards</i> and other regulations, ensuring the continuous and stable operation of projects.
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We attach great importance to environmental violation incidents and adopt a four-step approach to address them systematically. We promptly adjust project operations to prevent further adverse effects on the Company's future operations.

Measures to deal with environmental violation incidents

 <h4>Incident Report</h4> <ul style="list-style-type: none"> In terms of environmental violations, we immediately notify the local responsible authorities and the Company's operation and technology departments after identifying that the influent water quality did not meet the standards. Next, we compile a written report on the results of the investigation and submit it to the local authorities and the Company's operation and technology departments. 	 <h4>Coordination and Disposal</h4> <ul style="list-style-type: none"> After receiving the Advance Notice on Administrative Penalty for the influent not meeting the standards, we submit written hearing materials, actively communicate with the responsible authorities, and make efforts to be exempted from penalties concerning environmental protection. 	 <h4>Emergency Adjustment</h4> <ul style="list-style-type: none"> Meanwhile, we initiate the emergency plan to the influent which does not meet the standards, and adjust the process. Adjustment measures include limiting the influent amount, activating the accident pool, adjusting the fan air volume and the internal and external reflux, and replenishing the bacterial strains. 	 <h4>Review and Improvement</h4> <ul style="list-style-type: none"> After receiving penalties concerning environmental protection, we review the whole event and implement strategies to avoid such events in future operations. Strategies implemented include strengthening upstream and downstream water quality testing, upgrading on-line monitoring devices, and improving the quality of treated influent.
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4.1.2 Environmental Goals





Kangda International adheres to environmental policies centered on "Compliance with laws and regulations, energy conservation, standardized emissions, and clean production, as well as continuous improvement and green development." With sewage treatment as our core business, we actively pursue best practices for comprehensive environmental pollution control. Guided by our corporate mission and environmental policy, we embrace the responsibility of environmental governance and work towards realizing our vision of creating a green and beautiful home.

Kangda International's environmental policies



Since 2021, we established four long-term environmental goals focusing on water consumption, energy consumption, waste disposal, and greenhouse gas (GHG) management. We have clearly outlined priorities for each area and diligently pursued green development across all aspects from production to operation. Through various measures and sustained efforts, we are effectively advancing our green development strategy.

Kangda International's Environmental Goals

 <h4>Water consumption</h4> <ul style="list-style-type: none"> Reduce water consumption and commit to the stability of wastewater treatment to meet standards. 	 <h4>Energy consumption</h4> <ul style="list-style-type: none"> Reduce consumption of traditional energy sources, enhance energy utilization efficiency, and achieve a gradual decrease in energy intensity. 	 <h4>Waste disposal</h4> <ul style="list-style-type: none"> Reduce solid waste such as sludge and construction waste, and ensure the disposal compliance of solid waste. 	 <h4>Greenhouse gas (GHG) emissions</h4> <ul style="list-style-type: none"> Reduce greenhouse gas emissions to abate its intensity gradually.
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4.2 Resource Use


Kangda International has established a long-term goal of fostering harmonious coexistence between business growth and environmental protection, aiming to responsibly utilize resources and alleviate the environmental burden stemming from production and operations. Through a robust resource management system, we oversee the utilization of water, office supplies, chemicals, and building materials, thereby improving the efficiency and reuse rate of these resources effectively.

4.2.1 Water Resources Management

Kangda International recognizes the global significance of water resources and prioritizes their purification and conservation across our industry operations. Through concrete actions, we exemplify strong performance in water resource management, aligning closely with water conservation policies such as the **China National Water Conservation Plan**. Internally, we have developed tailored policies and systems, including a **Water Conservation Management System and the Regular Inspection System for Water-Using Equipment and Pipes, supported by the Manual on Water Conservation for Employees**. These frameworks provide a theoretical foundation for enhancing efficient water management and conservation efforts.

To enact our water-saving policies, we continuously invest in advanced water-saving equipment, enhance existing technologies, and streamline water usage in both projects and offices. We also focus on various aspects of water management, including sourcing, regulation, alternative sources development, and reclaimed water promotion, ensuring comprehensive and efficient water resource management. During the reporting period, our efforts resulted in significant improvements in water efficiency compared to the previous year, with no incidents of violation in procuring applicable water sources.

Water Conservation Initiatives



Water for Production

- Increase the use of reclaimed water, and ensure that water for project renovation, green spaces, and firefighting is all sourced from sewage treatment plants;
- Utilize the site topography to collect rainwater, which is then treated through sedimentation and reused for activities such as car washing and dust suppression.



Water Consumption in the Office

- Promote the use of water-saving devices such as sensor faucets to reduce water wastage caused by human negligence;
- Implement office water-saving regulations and strengthen employees' awareness of water conservation through measures such as water-saving bulletin boards and the distribution of water-saving advocacy materials.

Improving the Technology of the Cooling Water Supply System to Save Water Resources

During the reporting period, the Qingzhou Water Plant improved technologies such as magnetic flocculation flushing and the cooling water supply system. This enabled the plant to conduct advanced treatment of the effluent which met discharge standards, replacing the previously used tap water in the operational process, thus saving a significant amount of water resources. After the renovation, the Qingzhou Water Plant saved an average of about 37.6 tonnes of tap water per day, achieving remarkable water-saving results.

Kangda International's Water Consumption

Water Resources Indicators	2021	2022	2023
Total water consumption (10,000 cubic meters)	46.52	48.40	43.72
Water consumption intensity (cubic meters/1,000 cubic meters of water treatment volume)	0.36	0.39	0.34

4.2.2 Office Resource Management

Kangda International actively embraces green office initiatives, infusing energy conservation, emission reduction, and green, low-carbon principles into our daily office practices and corporate culture development. We aim to cultivate a low-carbon and green ethos within the Company, continuously exploring opportunities for energy conservation and carbon reduction in our daily operations. We implement diverse energy-saving measures and promote a culture of energy conservation and emission reduction to enhance the low-carbon environmental awareness of all employees.

Green Office Measures

Reduce Energy Consumption

- Put up "Turn off the light before you leave" and other tips in offices, meeting rooms, and restrooms to reduce standby power consumption of office equipment;
- Use energy-saving and efficient lighting and heating devices;
- Control nighttime lighting brightness and rationalize lighting duration.

Paperless Office

- Promote online video conferences to reduce paper usage in offline meetings;
- Use the OA office system to ensure the digital online office.

Low-carbon Transportation

- Encourage employees to choose public transportation;
- Support employees in purchasing new energy vehicles to reduce carbon emissions during their commute.

Save Resources

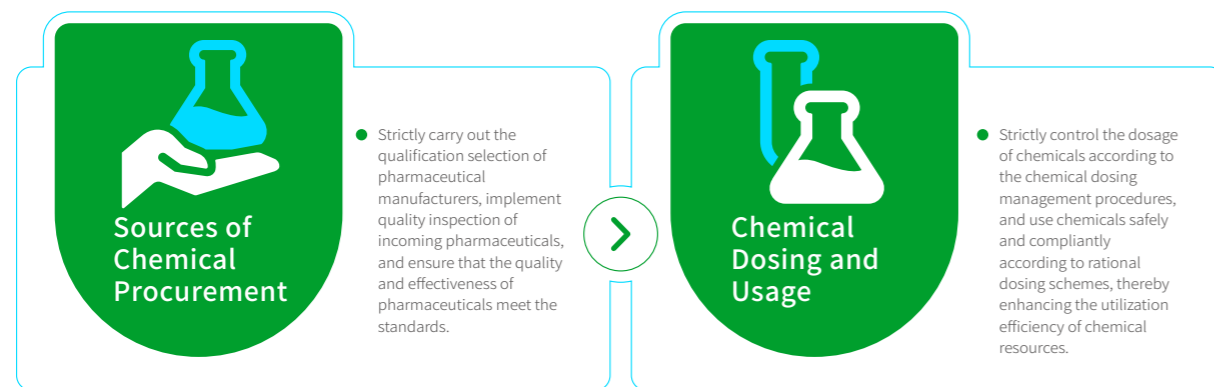
- Reasonably allocate and regularly replace labor protection supplies to eliminate waste;
- Promote the Clean Plate Campaign and encourage employees to take only what they can consume to avoid food waste.



4.2.3 Chemical Resource Management

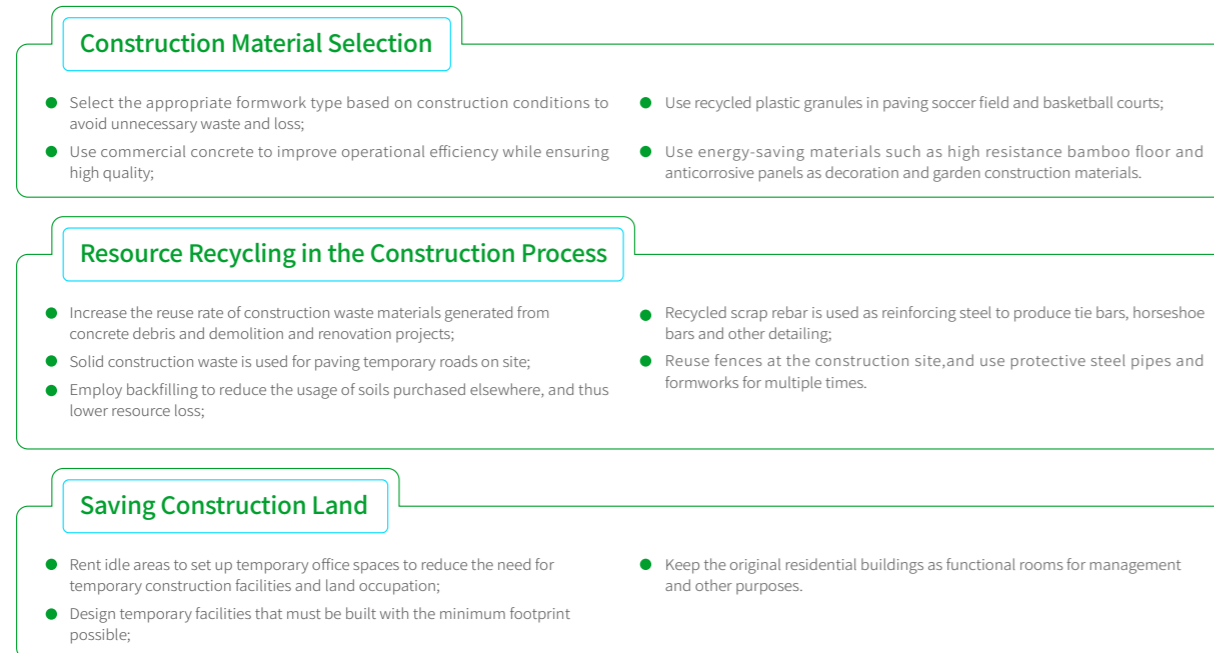
Kangda International places great emphasis on the management of chemical resources. We have specifically formulated internal policies and systems such as the **Chemicals Procurement Management Methods** and the **Centralized Procurement Management Methods of Chemicals**. These frameworks rigorously regulate the entire lifecycle management process of chemical procurement and application. Furthermore, we conduct regular internal training sessions across operational companies to educate staff on regulations concerning the use, storage, and emergency disposal of chemicals. These ongoing efforts are aimed at bolstering compliance management regarding chemical usage and enhancing employees' proficiency in handling chemical spills.

Chemical Management Regulations



4.2.3 Construction Material Management

Building materials and land represent critical resources in project construction. At Kangda International, we are dedicated to incorporating green building concepts across the entire project lifecycle, from design and development to construction and operation. By doing so, we aim to conserve building materials and safeguard the surrounding ecology. Moreover, we uphold the principle of rational resource allocation to minimize waste and enhance resource reuse efficiency, effectively reducing the consumption of various resources.



4.3 Emissions Compliance

Kangda International is committed to implementing clean production and green business strategies aimed at reducing wastewater, emissions, waste and noise across all facets of our operations, including project construction, production, and daily office activities. We ensure the compliant discharge of various pollutants throughout these processes. During the project construction, we prioritize the recycling and reuse of construction by-products and advocate for civilized construction practices to mitigate dust and noise pollution. In the production operation phase, we focus on reducing sludge generation and controlling odor emissions through process improvements and equipment upgrades, thereby enhancing environmental governance within our factory area. In our daily office activities, we enforce centralized collection and compliant disposal of waste and wastewater, fostering effective practices of green production and environmental management.

4.3.1 Sewage Discharge Management

Kangda International always complies with the requirements of laws and regulations such as the **Water Pollution Prevention and Control Law of the People's Republic of China**, while continuously enhancing sewage treatment processes. In our efforts to reduce treatment costs, we concurrently improve the quality of discharged water, actively engaging with and aligning with the requirements set by local governments regarding effluent quality from water treatment plants. Additionally, for sewage generated during project construction and daily office activities, we proactively implement targeted measures to ensure compliant discharge and mitigate the environmental impact of wastewater.

Sewage Management Measures

Sewage Generated during Project Operation

- Improve the removal efficiency of total nitrogen and ammonia nitrogen through methods such as the transformation of hydrolysis acidification tanks and adjustment of chemical formulations.

Sewage Generated in the Construction Process

- Mud pools are set up at construction sites to settle and purify the mud generated;
- Install oil-water separators on-site to filter and treat oily wastewater before discharge, thus avoiding contamination of surrounding water quality.

Domestic Sewage

- 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.

Kangda International's Sewage Discharge			
Sewage Discharge Indicator	2021	2022	2023
Sewage Discharge Volume ^③ (cubic meters)	1,040.00	1,250.00	650.00

^③ 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.

4.3.2 Exhaust Emission Control

In accordance with the requirements of laws and regulations such as the **Atmospheric Pollution Prevention and Control Law of the People's Republic of China**, we diligently fulfill our responsibility for controlling atmospheric pollutants. Our primary atmospheric pollutant is particulate matter (dust) generated during project construction. To ensure standardized dust control during construction activities, we have developed the **Standard Collective Manual for Safe and Civilized Construction at Construction Site**, guaranteeing comprehensive coverage and control of dust pollution throughout construction, transportation and storage processes.

We strongly encourage each project site to implement civilized construction measures. Through the adoption of multi-level and multi-stage strategies such as dust-proof nets, wet operations, and dust removal techniques, we effectively mitigate dust pollution and preserve the cleanliness and aesthetics of the surrounding areas. Additionally, we have introduced digital management approaches to establish "smart construction sites." By installing dust monitoring platforms, we provide real-time feedback on environmental conditions at construction sites and promptly alert site supervisors of any excessive dust levels, facilitating prompt corrective action to prevent dust pollution.



For the special gases generated during operations, we prevent the spread of odor by installing deodorization systems, monitoring gas emissions in real time, and conducting routine inspections, 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**

Measures to Control Odor Emissions

Operate Odor Control Systems

- Use bio-enhanced odor removal devices, and install protective covers at designated locations, effectively reducing the concentration of foul odors from various stages of the process, and improving odor issues in the factory area.

Regular Monitoring and Reporting

- Monitor odor concentrations in the vicinity of the factory quarterly, and the data is uploaded to the pollution discharge permit management platform to strengthen regular tracking and management.

4.3.3 Solid Waste Control

Kangda International consistently adheres to legal requirements such as the *Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes*. To regulate the management of solid waste generated during project construction, operation, and daily office activities—including construction waste, sludge, domestic waste and hazardous waste—we have established policies and systems like the *Manual for Hazardous Waste Management*. Aligned with the waste management principle of "reducing waste volume, ensuring harmlessness, and transforming it into resources," we implement measures such as technological enhancements and transformation utilization to minimize waste generation at its source. Moreover, we ensure the compliant disposal of waste through methods like waste classification and proper disposal, resulting in a significant reduction in waste discharge intensity.



Technological Improvement for Waste Reduction

- For the main sludge and solid waste generated during operation, we actively innovate process technologies, utilizing techniques such as high-pressure treatment and spiral stacking dehydration to reduce the moisture content of the sludge. This approach reduces sludge generation at the source and lowers the transportation and disposal costs of sludge.

Utilization and Transformation

- Apply sludge to vermicomposting and brick-making processes to achieve waste resource utilization.
- Recycle brick slag, concrete blocks, and other solid construction waste for laying temporary roads on-site.
- For soil with good quality, recycle it for backfilling excavations and planting greenery.

Waste Sorting

- For construction waste, sludge, etc., we implement centralized collection in designated areas and utilize specialized transportation vehicles for disposal.
- Set up a garbage classification zone at the construction site to separately collect hazardous waste and recyclable materials, and then arrange for their proper disposal.

Compliant Disposal

- Regular and designated collection of used printer toner cartridges from each office, which are then handed over to qualified third-party units for centralized disposal.



Kangda International's Solid Waste Generation

Solid Waste Indicators	2021	2022	2023
Domestic solid waste generation^④ (tonnes)	179.76	368.46	265.25
Construction waste generation (tonnes)	230.00	205.00	125.00
Non-hazardous waste generation (tonnes)	409.76	573.46	390.25
Non-hazardous waste generation density (tonnes/1,000 cubic meters of water treatment)	0.0003	0.0005	0.0003
Hazardous waste generation^⑤ (tonnes)	0.35	31.80	32.15
Hazardous waste generation density (grams/cubic meters of water treatment)	0.0003	0.0259	0.0252

4.3.4 Noise Control

Kangda International strictly complies with the requirements of laws and regulations such as the *Law of the People's Republic of China on Noise Pollution Prevention and Control*, implementing noise control measures during project construction and operation. We follow rigorous construction approval procedures, securing consent from competent authorities for nighttime construction and activities with notable noise levels. We explicitly prohibit activities after 10 PM to mitigate noise disturbances. Prior to project commencement, we developed comprehensive noise control plans, incorporating measures such as noise reduction, absorption, and isolation to effectively manage noise pollution. Through these efforts, we fulfill our responsibilities in noise control and uphold standards for civilized construction practices.

Noise Control Measures

- Regular inspection of construction equipment operation status, timely phasing out and replacement of machinery generating significant noise.

- Using water pumps and grating equipment with lower energy consumption to reduce noise pollution within and around the water plant area.

- Arranging real-time noise monitoring at multiple points around the construction site to promptly control noise levels and prevent exceeding permissible limits, thus avoiding impacts on neighboring residents.

- If nighttime construction is necessary due to requirements such as construction continuity, approval must be obtained from the construction unit and relevant departments, and surrounding residents must be notified accordingly.

- The installation of high-noise equipment at the construction site is positioned on the side farthest from residential buildings. Additionally, onsite workers are required to handle materials with care to minimize noise generation.

- Effective control measures such as noise cancellation, absorption, and isolation are adopted for construction tools that generate noise and vibration to reduce noise levels.

^④ The domestic waste counted in 2022 includes kitchen waste, waste in the office, and electronic waste, and only office waste was counted in 2021.
^⑤ Hazardous waste statistics since 2022 include both the volume of waste liquid and waste engine oil, while only waste engine oil volume was recorded in 2021.

4.4 Addressing Climate Change

Kangda International deeply recognizes the significant challenges posed by climate change to long-term business development and acknowledges the vital role that enterprises play in addressing this global issue. We actively respond to national dual carbon goals and are dedicated to promoting the implementation of climate change solutions.

Taking proactive responsibility in addressing climate change, we intensify efforts in developing green technologies and advocating for the widespread adoption of environmental protection technologies. Within our own operations, we prioritize low-carbon actions. Following the guidance of the Task Force on Climate-related Financial Disclosures (TCFD), we continually monitor and dynamically identify climate-related risks. By formulating multi-level climate risk response strategies, we aim to enhance the Company's resilience and adaptability to climate change.

4.4.1 Governance Structure


Kangda International has incorporated climate-related concerns into the Company's overarching ESG framework to ensure the comprehensive inclusion of climate change considerations in strategic planning. The Board of Directors of Kangda International holds responsibility for overseeing and reviewing strategies to tackle climate change, as well as supervising the implementation of climate change-related initiatives. The Board of Directors 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.

4.4.2 Energy Management

Kangda International is actively promoting energy management systems to implement energy conservation and consumption reduction across various facets of business operations and daily office activities. This initiative is geared towards enhancing energy efficiency and mitigating greenhouse gas emissions. In terms of production and operation, we are actively pursuing technological innovation, optimizing equipment processes, and implementing non-technical measures to comprehensively improve energy usage patterns and increase the proportion of clean energy utilization. In daily office activities, we integrate energy management systems to guide all staff members in participating in low-carbon energy-saving actions, fostering a culture of conscientious practice and engagement in energy conservation and emission reduction efforts. In 2023, we successfully achieved our goal of reducing comprehensive energy consumption density year-on-year, with a remarkable 9.0% decrease in greenhouse gas emission intensity compared to the previous year.




Energy-Saving Measures in Production and Operations



Technological

- **Technological renovation:** greatly renovate facilities and equipment under the status quo to achieve the expected energy saving and consumption reduction.
- **Process adjustment:** By increasing the dissolved oxygen levels and optimizing the utilization efficiency of additives, we aim to enhance production efficiency. This strategy allows us to reduce equipment operating time and lower 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.



Non-technological

- **Photovoltaic Power Generation:** Introduce photovoltaic power generation systems to provide electricity for sewage treatment operations, thereby increasing the proportion of clean energy usage.
- **Adjustment of operation time:** 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.
- **Optimized Deployment:** Increase the facility's power rating while reducing the proportion of reactive power compensation control cabinets, thereby lowering energy consumption.
- **Stringent Tendering and Procurement Control:** increase the proportion of operation in the equipment bidding and procurement evaluation, and actively introduce low-energy consumption equipment.

Energy-Saving Measures in Daily Office Operations

Routine Energy Management in the Office

- Ensure "Turn off the light before you leave" when no one is in the office, turning off devices when not in use, and use air conditioning and heating equipment efficiently

Equipment Maintenance Management

- Conduct periodic inspections and overhauls to prevent tap water from leaking nonstop and reduce equipment failure rates

Automatic Central Control System

- Set reasonable parameters or operating schemes to improve equipment efficiency and reduce energy consumption

Implement An Incentive System for Energy-Saving Efforts

- Reward the unit or individual for effective energy saving and consumption reduction; inform and criticize the wasteful behavior and impose corresponding punishment

Kangda International's Energy Consumption and Greenhouse Gas Emissions			
Energy Consumption and Greenhouse Gas Emissions Indicators	2021	2022	2023
Direct energy			
Diesel (liters)	115,265	259,424	188,415
Gasoline (liters)	254,961	271,690	202,833
Natural gas (cubic meters)	4,287	3,619	3,090
Indirect energy			
Purchased electricity consumption (kWh)	436,265,226	485,410,524	444,393,251
Total comprehensive energy consumption (tonnes of standard coal)	54,037	60,269	55,066
Comprehensive energy consumption intensity (tonnes of standard coal/1,000 cubic meters of water treatment)	0.05	0.05	0.04
Scope 1 greenhouse gas emissions^⑥ (tonnes of CO₂ equivalent)	880	1,293	952
Scope 2 greenhouse gas emissions^⑦ (tonnes of CO₂ equivalent)	300,758	327,402	306,159
Total greenhouse gas emissions (tonnes of CO₂ equivalent)	301,638	328,694	307,111
Greenhouse gas emission intensity (tonnes of CO₂ equivalent /1,000 cubic meters of water treatment)	0.27	0.27	0.24

^⑥ 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.

^⑦ 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**.

4.4.3 Responding to Climate Change Risks

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 2023, we conducted a thorough analysis and comprehensive assessment of climate change risks, considering the Company's business operations, across four dimensions: likelihood, impact, adaptability, and resilience, and evaluated their potential impacts on our business. By incorporating climate change risks into our risk management framework, we strive to enhance our adaptability to different climate change scenarios and meet the challenges of long-term business development.



Climate Change Risks		Relevance Description
Physical Risks	Acute Physical Risks	<p>According to the World Resources 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 stable and continuous operations 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"> ● In July 2023, Super Typhoon Doksuri made landfall along the coastal areas of Jinjiang, Fujian Province, causing varying degrees of damage in five provinces: Fujian, Zhejiang, Anhui, Jiangxi, and Guangdong. Strong winds/cyclones/typhoons damaged Kangda International's operating locations, factories, and related facilities in coastal areas such as Jiangsu, Zhejiang and Guangdong, resulting in operational disruptions and asset losses. Employees were unable to conduct outdoor work in extreme weather conditions, and their commuting was hindered, thereby impacting personnel health, safety, and operational efficiency while increasing operational costs; ● In August 2023, influenced by the residual cloud system of Typhoon Doksuri moving northward and the overlapping effect of the westerly trough, heavy rainfall occurred in several areas of Northeast China, leading to floods and inundations. Kangda International's operating locations in Heilongjiang and other North China regions faced risks such as damage to production facilities, harm to fixed assets, and increased risks to the safety and health of construction personnel; ● In 2023, consecutive droughts occurred across Southwest China during winter and spring, localized summer droughts in some northern regions, and autumn droughts in the Northwest region. Kangda's business operations (in Sichuan Province, Henan Province, Shanxi Province, Heilongjiang 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.
		Strong winds/cyclones/typhoons, floods, droughts

Climate Change Risks		Relevance Description
Physical Risks	Acute Physical Risks	<p>The National Climate Assessment (NCA) believes that under the RCP 8.5 climate scenario^⑧, 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"> ● During the summer of 2023, the strongest hot weather event since 1961 occurred in North China and areas around Yellow River and Huaihe River. The early, wide-ranging and extreme outbreak of hot weather in central and east China resulted in increased cooling needs for offices and campuses across the company, and higher labour and operational costs as employees were unable to work outdoors under extreme weather. The hot weather is also likely to lead to facilities failure or accelerate their obsolescence. ● In December 2023, a strong cold air outbreak in China led to widespread rain and snowfall in the central regions, which affected our outdoor operations and equipment operating efficiency, and increased operating costs at some of our operation sites.
	Extreme hot and cold weather	
	Chronic Physical Risks	<p>The probability of extreme precipitation events happening by 2050 has increased significantly in comparison to 1950-1981. Since July 2023, influenced by the northward circulation of Typhoon "Doksuri," more than ten provinces in China have experienced extreme heavy rainfall. Extreme precipitation can lead to damage to infrastructure, increased project construction costs, and transportation costs, which can cause operational disruptions for Kangda International's businesses across various locations. Therefore, Kangda International faces the following challenges:</p> <ul style="list-style-type: none"> ● Additional extreme precipitation response measures, flood storm warning measures, etc., which increase operation and management costs.
	Extreme fluctuations in precipitation and weather patterns	
	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; ● Increased safety and health risks for construction workers due to the extreme heat.

⑧ It refers to the baseline scenario that includes no policy-driven mitigation.

Climate Change Risks		Relevance Description	
Transition Risks	Policies, Laws and Regulations	<p>Legal and regulatory requirements and supervision</p>	<p>The Hong Kong Stock Exchange issued a consultation paper titled Disclosure of Climate-related Information under the Optimised Environmental, Social, and Governance Framework in 2023, requiring issuers to comprehensively disclose climate-related information based on the recommendations of TCFD and the climate criteria of ISSB; 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 and comprehensive regulatory requirements for climate governance; ● Increasingly stringent environmental oversight and penalties; ● Need to take measures such as facility renovation and replacement to act in compliance, thus increasing operational costs.
		<p>Increased pricing of greenhouse gas emissions</p>	<p>In 2023, China successively released the Interim Measures for Voluntary Greenhouse Gas Emission Reduction Trading and the Implementation Rules for Approval of Voluntary Greenhouse Gas Emission Reduction Projects and Verification of Emission Reduction Amounts. In January 2024, the Chinese Certified Emission Reduction (CCER) scheme was officially launched. Currently, Kangda International's production, operations and daily office activities are subject to carbon emission management constraints. Therefore, Kangda International faces the following challenges:</p> <ul style="list-style-type: none"> ● Increased production and operating costs due to the need to reduce carbon emissions and procure low-energy consumption equipment; ● Deploy low-carbon operations in advance and increase the proportion of renewable energy applications, leading to higher operational costs.
		<p>Higher requirements for reporting greenhouse gases emissions</p>	<p>In 2023, the Ministry of Ecology and Environment issued a notice titled Regarding the Work of Greenhouse Gas Emission Reporting and Verification for Certain Key Industry Enterprises for the Period of 2023-2025, continuously requiring enterprises to strengthen the management of greenhouse gas emission data and enhance supervision and management of data quality. With the launch of the national CCER market, Kangda International's emission reports will face higher regulatory standards; 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 identified material climate change risks, we have proactively developed climate risk plans to ensure the effective implementation of targeted response measures. We have taken a series of response measures such as risk management, operation guarantee, technical support and regular drills. While strengthening hardware facility guarantees, we have also enhanced employees' awareness of and capabilities to address climate change.

Climate Risk Response Measures

<p>Risk Management</p> <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. 	<p>Operation Guarantee</p> <ul style="list-style-type: none"> ● Ensure smooth production operations by optimizing process operation parameters, upgrading equipment, implementing centralized procurement, and conserving resources.
<p>Technical Support</p> <ul style="list-style-type: none"> ● Increase investment in innovative research and development and the application of new technologies; introduce low-energy consumption and high-efficiency equipment and facilities to enhance operational efficiency and reduce operational management costs. 	<p>Regular Drills</p> <ul style="list-style-type: none"> ● Conduct advance emergency drills for extreme weather conditions and natural disasters such as floods, typhoons, heavy rainfall, earthquakes, cold waves, and droughts; supervise the implementation of emergency measures and material reserves to ensure preparedness.

Enhance Measures for Dealing with Rainy Weather

To mitigate the adverse impacts of the rainy season on the Company's projects, we have enhanced our response and disposal capabilities from various aspects such as meteorological forecasting, on-site adjustments, and equipment protection. The efforts are aimed at minimizing damage caused by rainy weather at the site and ensuring the safety and health of our employees. We conduct trend analysis based on historical meteorological data collected from our operational sites, allowing us to schedule construction and production activities more effectively. Additionally, we promptly clear drainage systems at construction sites to ensure smooth drainage. We also expedite repairs of potholes or waterlogged areas to eliminate potential hazards. For on-site equipment and ongoing projects, we implement waterproof protection measures in a timely manner and halt any hazardous operations to guarantee both project quality and personnel safety.



Emergency training and education for extreme weather



Arrangements for extreme weather prevention

Joining Hands for a Better Future

Kangda International adheres to the philanthropic concept of "Goodness and Greatness," pooling the strength of each employee and consistently practicing the initial mission of "Sincere Commitment and Repaying the Society." We focus on two major community development directions: green co-construction and public welfare. With a heart full of gratitude, we give back to society, continuously carry out various public welfare activities, and strive to deliver greater value for society.

05

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5.1 "Green" Co-construction

Kangda International upholds the core values of "Sincere Commitment and Repaying the Society" and is dedicated to leveraging outstanding environmental protection technologies and abundant practical experience to contribute to the construction of an ecologically friendly human community. Our mission is to improve the quality of people's living environment and create beautiful living environments in both urban and rural areas. 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. We have been deepening our involvement in water-related businesses, actively deploying sewage treatment market in small towns, and striving to explore the new model of the environmental industry, to facilitate the harmonious coexistence of humans and nature.

Overview of "Green" Co-construction in 2023

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

98 wastewater treatment projects with a total daily treatment capacity of **4,025** thousand 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 **5** water environment comprehensive remediation projects under construction

Environmental Performance of the Year

The total treated water volume reached **1,265.7** million tonnes, an increase of **3.2%** from 2022

The wastewater treatment service treated **1,261.1** million tonnes

The reclaimed water treatment service treated **4.6** million tonnes

COD treatment **315,000** tonnes

Continue to Improve Water Operation Standards

Kangda International strives to practice the operation concept of "Putting Water First" by deeply integrating business operations with social responsibilities. We are committed to driving regional ecological construction and environmental protection through our business development. Continuously advancing water treatment technologies, we empower various water projects to improve quality and efficiency, promote comprehensive management of regional water ecosystems, and endeavor to return the purest water to nature.



Optimization and Enhancement of the Liangyuan Wastewater Treatment Plant in Shangqiu

In 2023, to improve the quality of the treated water, the Liangyuan Plant in Shangqiu replaced chemicals, thereby enhancing the activity of the sludge in the anaerobic section of the biochemical system. Additionally, through process adjustments and control of influent and effluent indicators, the plant effectively reduced the consumption of chemicals per unit. Furthermore, by adjusting the dosage points and quantities of chemicals, the plant maximized the effectiveness of chemicals, further enhancing the quality of the treated water.



5.2 Philanthropy

Kangda International strives to establish an environmental-friendly image, it also emphasizes resource sharing and corporate responsibility. Continuously developing and innovating sustainable development models, we engage in a series of community public service activities to promote environmental education. We aim to position the company as a qualified ecological and environmental education center. Upholding the transmission of love, we actively contribute to social welfare.



5.2.1 Environmental Protection Knowledge Popularization

Kangda International fully leverages its strengths and actively fulfills its social responsibilities by integrating the development of water treatment businesses with the promotion of water resources education. We proactively collaborate with local communities and engage in environmental popularization and education activities through initiatives such as community promotion programs and open corporate visits. Our commitment to environmental education aims to help the public gain a comprehensive understanding of wastewater treatment processes and enhance their awareness of water conservation and environmental protection.

Volunteers Enter Communities to Popularize Water-saving Knowledge

During the reporting period, three professionals from Tianjin Kangda Environmental Protection Water Service Co., Ltd. volunteered to explain wastewater treatment processes and promote the importance of water resources to residents of Chaoyang Community in Ninghe District. The volunteers provided examples of water-saving measures in daily life and conducted beneficial water-saving knowledge outreach to help improve the overall water-saving awareness and quality of water use among the general public.

The Jiaozuo Sewage Treatment Plant Plays A Role in Environmental Education

During the reporting period, the Jiaozuo Wastewater Treatment Plant, serving as a research and educational base for wastewater treatment, received students from the School of Resources and Environmental Engineering at Henan Polytechnic University for visits and learning. Technicians from the Jiaozuo Wastewater Treatment Plant provided on-site explanations of the wastewater treatment process to the students through research discussions and model demonstrations, deepening their understanding of theoretical knowledge from the classroom. In 2023, Kangda Environmental Protection Water Service Co., Ltd. received Henan Polytechnic University students for 11 visits, with a total of 515 visitors. This effectively fulfilled the responsibility of the environmental education base and received praise from provincial and municipal ecological and environmental departments.

5.2.2 Community Care

Kangda International actively gives back to society, encouraging employees to participate in community public welfare activities and engage in acts of kindness. In 2023, we conducted various community care activities including charitable donations, voluntary blood donation, and tree planting, continuously fulfilling our social responsibility and demonstrating the philanthropic value of the Company. As of the end of the reporting period, we have invested a total of RMB 305,000 in community care initiatives.

Supporting Rural Revitalization and Targeted Poverty Alleviation

On September 30, 2023, Kangda International signed a charity agreement with the Ankang Charity Association and donated RMB 300,000 for a series of rural revitalization projects in Ankang City, aimed at sustaining the achievements of poverty alleviation efforts. Additionally, during the reporting period, we also provided targeted assistance to ten impoverished households from multiple poverty-stricken villages in Chongqing, offering poverty alleviation funds to help them overcome difficulties and alleviate their poverty.

Organizing Voluntary Blood Donation among Employees

Kangda International's subsidiaries such as Tianjin Kangda Environmental Protection Water Service Co., Ltd. and Sichuan Weiyuan Hefeng Bioengineering Co., Ltd. regularly organize employee participation in voluntary blood donation activities, actively spreading warmth and persistently promoting the power of kindness.

Participating Together in Environmental Greening Efforts

During the reporting period, personnel from Kangda International's Chongqing office building conducted repair and maintenance work in the vicinity of the office building. By replanting trees and watering, they beautified the surrounding ecological environment, contributing to environmental protection and the creation of a green home through practical actions.

APPENDIX

The Stock Exchange of Hong Kong ESG Reporting Guide

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.	P65-74
	A1.1	The types of emissions and respective emissions data.	P65-70
	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).	P70
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	P68
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	P68
	A1.5	Description of emissions target(s) set and steps taken to achieve them.	P60-70
	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.	P60,67
A2 Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	P61-64
	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).	P70
	A2.2	Water consumption in total and intensity (e.g., per unit of production volume, per facility).	P61
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	P60,69
	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.	P60-61
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	P64
A3 The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	P57-74
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	P57-74
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.	P69-74
	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.	P69-74

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.	P37-54
	B1.1	Total workforce by gender, employment type (for example, full-time or part-time), age group and geographical region.	P41
	B1.2	Employee turnover rate by gender, age group and geographical region.	P42

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.	P49-50
	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
B3 Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	P45
	B3.1	The percentage of employees trained by gender and employee category (e.g., senior management, middle management).	P45
	B3.2	The average training hours completed per employee by gender and employee category.	P46
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.	P39-40
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	P39-40
	B4.2	Description of steps taken to eliminate such practices when discovered.	P39
B5 Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	P33-35
	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
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	P34
	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.	Not applicable, we do not require privacy data from consumers
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable, we do not require privacy data from consumers
	B6.2	Number of products and service related complaints received and how they are dealt with.	P19
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	P31
	B6.4	Description of quality assurance process and recall procedures.	Not applicable, we do not require privacy data from consumers
	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.	P21-22
	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.	P79-80
	B8.1	Focus areas of contribution (e.g., education, environmental concerns, labour needs, health, culture, sport).	P79-80
	B8.2	Resources contributed (e.g., money or time) to the focus area.	P79-80