



# 2023 ESG Report

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## **1. Message from Chairman**

In the past year, various regions in the world have experienced some form of conflicts, regional instability, and economic slowdown. Although the People's Republic of China (the "PRC") has reopened to the world after ending its zero-Covid policy, its overall economic performance has been on a slow recovery. Looking back on the past year, the Group, although the Board and Management have had to face significant uncertainty on several fronts, carbon reduction and sustainable development remain an important consensus which is part and parcel of our strategy planning and daily operations.

### **Board Statement**

The Company has established a long-term sustainability business strategy that is to re-shape the Company as a renewable water supply company. The Company is transitioning from a water processing and distribution operation relying mainly on surface and ground water resources to an operation mainly using treated wastewater, The Company will still use surface and ground water as supplemental and back up sources of raw water. This is our business strategy as well as our environmental strategy.

The Company has adopted a long term objective of consulting our key stakeholders on the Group's operations and development issues. Our key stakeholders include our customers, employees, relevant regulatory bodies, local communities, shareholders and banks, as well as suppliers.

As disclosed in our Corporate Governance Report, the Company has adopted a policy of board diversity. We have made progress in this respect in 2023 when the Board appointed a female professional as independent non-executive director.

## **2. About This Report**

This is the 7th ESG report published by the Group. The report covers environmental, social and governance (“ESG”) issues for the Group in 2023. We have prepared this report in an updated format from the previous reports. The data collection standard remains the same although the presentation of the report has evolved. We have elected to report the ESG issues taking reference from and in a way consistent with the recommendations of the Task Force on Climate-related Financial Disclosures (“TCFD”). The data collection for climate-related statistics follows the rules and regulations in the PRC where the Group activities covered by this report take place.

This report covers the activities of CIH (Tianjin) Water Development Co., Ltd (“CIH (Tianjin) Water”), a 60% owned subsidiary of the Company. The water treatment business is the Group’s main business segment at present. The Company has issued annual sustainability reports since 2017 and the data collected over these years are consistent and have been utilized for the 2023 Report. The Board is of the view that the activities of CIH (Tianjin) Water do not fall within the industry as identified by PN4.9.

The Board has engaged Crowe Horwath First Trust Advisory Pte Ltd (“Crowe”), a reputable professional firm specialising in audit and risk solutions, to assist the Board in its review of the adequacy and effectiveness of the Company’s internal control systems in relation to sustainability reporting. The scope of the services includes assisting management in the review and development of sustainability report. The findings are presented to the AC for its deliberation and recommendation to the Board. There were no significant weaknesses reported.

This Report addresses the environmental issues laid out in the recommendations of TCFD, which are divided into four sections, ie, governance, strategy, risk management, metrics and targets. This Report also provides information on the two aspects of ESG factors, ie, human resources and stakeholder engagement.

### **3. About CIH Water**

CIHL (Tianjin) Water Development Co., Ltd, founded in September 2004, is a water service Company engaged in the production, transportation, and sales of treated water to industry, household and other users, sewage treatment, waste water recycling and the construction and maintenance of supporting pipeline networks. CIHL (Tianjin) Water is currently the largest renewable water producer and supplier in the Binhai New District of Tianjin, China.

It owns Beitang Water Plant and Xinhe Waste Water Reclamation Plant (“Xinhe Water Plant”, including the upgraded wastewater treatment facility), both in operation. The former is located on the east side of Beitang Reservoir, with Huanggang Reservoir No.1 and No.2 as its sources of raw water. It went into operation in March 2006, and its treated water meets the standard for “urban wastewater recycling and urban miscellaneous water consumption” (GB-T18920-2020) issued by the Ministry of Housing and Urban-Rural Development.

Xinhe Water Plant, located at 6153, Yunshan Road, Xinhe Street, Binhai New District, treats discharged water from Xinhe Wastewater Treatment Plant, owned and operated by a third party, from the national First-Class A Standard to the Tianjin’s First-Class A Standard (DB12/599-2015). It was commissioned on December 12, 2019, and was officially went into operations in 2020. In a separate facility, the water it discharges per the upgraded standards is then re-treated with a UF-plus-RO process to meet the standard for “urban sewage recycling and urban miscellaneous water consumption”, which is the standard used for water consumption in industry, urban landscaping, households, and road sprinkling.

The Company’s water pipeline network starts from Beitang Water Plant and Xinhe Water Plant, and carries water all the way to the Lingang Industrial Zone in the south, Haifang Road in the east, and Tanggu-Tianjin Expressway in the west, covering Beitang area, Tanggu Marine High-tech Park, Yujiapu Financial District, Tianjian Commercial District, Donggu and Xigu area, Xiangluo Bay Central Business District, Lingang Economic Development Zone, Tianjin Port Bulk Cargo Logistics Center, Northern Cluster Start Zone of Central New Area, Tianjin Avenue and its vicinity, and Southern New Area.

In light of the regional developments, we plan to lay more reclaimed-water supply pipelines. Our current water supply area covers about 300 square kilometers. At the same time, the supporting services and facilities for the reclaimed-water pipeline network in the Tanggu zone of Binhai New District are being progressively developed in an orderly manner.

By the end of 2023, Beitang Water Plant was able to generate 50,000 cubic meters of water per day. Xinhe’s sewage upgrading treatment capacity is about 70,000 cubic meters per day, and Xinhe’s wastewater reclamation facility can generate 50,000 cubic meters of reclaimed water per day.

In 2023, about 28 kilometers of water supply pipelines were added to the network, bringing the total pipeline length to 575.87 kilometers, supplying water to 611 enterprises.

The total water consumption by customers in 2023 was 7.79 million cubic meters. The breakdown is as follows:

- Landscaping and greening: 10 such enterprises were added in 2023, and the greening area increased by 160,300 square meters, bringing the total greening area covered by water supply to 25,876,900 square meters, and their annual water consumption was 2,160,500 cubic meters, accounting for 27.73% of the total.
- Household water consumption: 5,843 household users were added in 2023, bringing the total of household users to about 122,500, which consumed 1,803,100 cubic meters of water, accounting for 23.15% of the annual total.
- Commercial and other water consumption: With 10 more users added in 2023, the annual water consumption stood at 269,400 cubic meters, accounting for 3.46% of the year's total.
- Water consumption of industrial enterprises: With increase of two customers in 2023, there are 20 industrial enterprises which we serve, and which consumed 3,557,100 cubic meters of water, accounting for 45.66% of the year's total.

The total water consumption in 2023 increased 25.5% from 2022, showing a general recovery of demand from almost all customers.



## **4. Governance Structure**

### **Board**

The Company has established a system to manage the ESG issues for the long term. The system include an ESG committee at the board level comprising the Chairman of the Board and all independent non-executive directors, and a working group at the management level comprising of four members including two female staff members. The board committee is responsible for advising on key policy issues regarding sustainability and setting targets on ESG matters. The Board is responsible for approving the annual ESG report and plans for ESG matters.

As our business has been in a process of transiting from a raw-water processing operation to a mainly waste water recycling operation, we have yet to establish specific targets for carbon emission reductions. We expect that we will be able to set our carbon policy targets in the coming few years in line with the water treatment and distribution companies in the PRC. We are currently in the process of implementing climate reporting based on the recommendations of the TCFD, and will report our progress to shareholders on an annual basis.

### **Management**

The working group for ESG is responsible for the day-to-day work on sustainability under the guidance of the board and the board committee. The working group is responsible for making annual working plans for ESG matters and reviewing the execution of plans on a monthly basis.

From 2024, the committee and the working group will report to the Board on quarterly basis as part of the quarterly management reporting to the Board.

### **External Resources**

The Company has obtained advice from external advisers on ESG issues whenever required and will continue to engage external professional consultants to advise the Company on sustainability issues when appropriate.

## **5. Strategy**

### **5.1 Material ESG Factors**

The Board has identified the following factors as major ESG factors:

- Floods caused by climate changes
- Drought caused by climate changes
- Shortage of ground and surface Water
- Major outbreak of pandemic
- Shortage of skilled workers
- Supply of key equipment and materials for processing
- Discharge regulation (on air pollutants and solid waste)
- Change in government regulations and standards in general
- Relocation of major customers

#### **Floods**

Floods have been a major disrupting factor in water treatment business. Our facilities including processing plants and network of pipelines lie in coastal areas and suffer from the rise of seawater level as well as flash flood waters from the nearby Taihang Mountains. On 31 July 2023, there was a major rain storm in the mountainous area in Hebei Province which caused wide spread floods in some parts of Hebei Province and Beijing Municipality. The 7.31 category Storm also affected Tianjin area which is downstream to Hebei and Beijing hit by the flood. We expect more storms in future that will affect our service area.

#### **Drought**

In most part of the North China Plains where our facilities are located, drought is becoming a normal phenomenon. Drought in the North China Plains is caused by climate change as well as human activities such as long-term extraction of ground water for irrigation. Water preservation has become a major consensus in the communities and the central and local governments. Our business has been transiting from drawing water from reservoir to recycling waste for industrial, commercial, and household uses.

#### **Shortage of Ground and Surface Water**

Shortage of ground and surface water is a result of drought and many years of overuse of ground water by agriculture and industry. In our service area, surface water has been in good supply after many years of investments in water preservation by the government and through the 南水北调 policy. However, in the longer term, shortage of ground and surface water will become more regular given the continuing growth of industry and urbanization in the region.

#### **Major Outbreak of Pandemic**

We have seen the outbreak of Covid-19 from the beginning of 2020 towards the end of 2022 and its impact on the world which affected our operation. We have documented the effects of Covid-19 on our operations in the previous three annual ESG reports. Over the three-year outbreak of Covid-19, we have seen many disruptions to the normal life



of ordinary people and to the normal way of operation of our services. However, we were able to maintain the operation and services, and accumulated knowledge and expertise in managing special situations such as a major pandemic.

### **Shortage of Skilled Workers**

Our workforce is the key to our success. Our operations require skilled frontline workers, engineers as well as service providers. Workers need to be trained throughout their career. We have established a training system to continuously train our employees. Up to now, we are still able to recruit skilled workers from the domestic market.

### **Supply of Key Materials and New Technology**

Our operations require certain important chemicals such as polyaluminium chlorid, sodium hypochlorite. Although these chemicals that we require are available from the domestic market, their supply and prices are risks that we need to deal with. There are also risks in transportation, storage, and handling of these chemicals. We use several different technologies in plant process including but not limited to ultrafiltration membrane and reverse osmosis process.

### **Discharge Regulation (on Air Pollutants and Solid Waste)**

Our operation emits certain gases and discharges of concentrated solid waste. The gases emitted are not subject to regulation but there may be new regulation on gases emission future, and will lead to increased cost of water treatment. Concentrated solid waste is sent to specialized and authorized processors for further processing, which is subject to supervision by the local government. We expect that third party processing of solid waste will continue in future as it is the best way to manage solid waste from water treatment plant.

### **Changes in Government Regulation**

Government regulation on water prices and treatment tariff impact our business as we sell treated water as a product to our customers and receive processing fees from the government for treating waste water to the standards set by the government.

### **Relocation of Major Customers**

Big industrial users account for a large share of our sales of the treated water. Relocation of major customers could cause significant loss of sales and revenue. In the past few years, certain heavy industrial users have moved out of service area and new industrial developments have not grown quickly enough to replace the loss of sales due to relocation.

### **Opportunities**

As the economy grows, the demand for clean water grows, which is the basis for our business. Climate change brings challenges as well as opportunities as the society as a whole requires more investments in water conservation and environmental protection which we are well prepared for.

## **5.2 Impact of the Climate-related Risks And Opportunities**

In the past few years, we have already seen that certain risks have materialized and have had a negative impact on our business. We rate pandemic risk as a medium risk and all other risks are low risks in the current evolution. We see the moving into environmentally friendly supplying recycled water as a significant opportunity for our business.

## **5.3 Sustainable Development Strategies to Address Climate Change Risks**

We evaluated the climate changes risk under different scenarios and concluded that our strategies should address potential risks under different climate change scenarios which may bring different impact on our environment and government policies. We have adopted the following strategies to address the potential risks:

### **Promoting Recycling of Water**

Where possible we prioritize the use the recycled water for commercial uses to save surface and ground water sources for water conservation and environment preservation. Saved surface water could be used to refill the natural underground reservoirs in the area we operate, contributing to the local environmental preservation and improvement.

### **Promoting Renewable Energy**

We are considering the use of renewable energy in our business processes. We are evaluating the possibility of installing on-site or off-site solar electricity generation. Considering that electricity consumption accounts for the majority of our carbon emission, we could reduce our carbon footprint dramatically if we find way to produce renewable energy on site or off site.

### **Recycling of Materials Used in the Process**

Certain materials used in our processing such as ultrafiltration membrane filter could be re-used after treatment. We have been working on re-utilization of these materials to save costs and secondary carbon emission.

### **Using the Latest Technology to Reduce Consumption of Chemicals**

We invest in new technologies to increase the automation of chemical dosing, therefore reducing the consumption of chemicals in the treatment process and total carbon emission in the processing plants.



**Notes:** Under the leadership of Binhai New Area Water Bureau, on March 27, 2023, the Company carried out publicity activities with the theme of "Saving fresh water resources, promoting the utilization of renewable water, and building water-saving cities" in the New Town home community of Binhai New Area.



**Notes:** On October 25, 2023, Zhongke Guangneng product promotion meeting was held in our Company, mainly promoting new materials and products for environmental protection and energy saving, and market applications.

**Notes:** The Company personnel participated in the Beijing-Tianjin-Hebei Ecological Industry Innovation and Development Conference held on June 21, 2023.



## 6. Risk Management

### 6.1 Establishing A Bottom-up System of Monitoring Risks

The Group has safety personnel at the line of operation, as well as facility management at control of the environmental risks. There is also automated system to monitor effluent and discharge, many of which are connected to the government monitoring system for air pollution and discharge. The workforce has a channel to report to the management on potential risk and proposals for reductions on use of energy and chemicals.

When evaluating investment proposals, the Group put great emphasis on ESG factors in addition to normal business considerations.

### 6.2 Management of Operational Risks

The Group has established a supply chain management system to closely monitor the suppliers. Our supply chain policy is to priorities supply relations with local suppliers in order to give benefit to local communities and enhance our supply security. Our management of operational risks relies increasingly on automated monitoring and control systems which reduce human mistake and hazards.



**Notes:** On August 29, 2023, the Environment Bureau, the Water Bureau and the Tax Bureau conducted a double random inspection of our Company, covering production and operation ledger, data, pollutants, solid waste, hazardous waste, online operation of pollution source equipment, financial accounts, etc. The inspection found that the production and operation of our Company meets the relevant standard requirements, and the officers gave full affirmation to the Company's overall operations.



## 7. Metrics and Targets

## 7.1 Setting the Metrics

Through internal discussion and comparison with industry peers, the Group has chosen the following metrics to assess and manage the relevant climate risks and opportunities:

### Energy Consumption and Carbon Emission (Scope 1 and Scope 2)

The Group strives to reduce energy consumption and carbon emission. Over the years, the following table shows the energy consumption and carbon emission over the past two years.

#### Energy Consumption 2023

Index	Unit	Year 2023	Year 2022
<b>Plants - Water treatment business</b>			
Non-renewable Electricity	kwh	2,285,076.23	3,095,711
Renewable Electricity	kwh	7,935,054.59	6,773,798.5
Petroleum	tonne	6.52	5.13
Diesel	tonne	1.91	1.66
<b>Office</b>			
Non-renewable Electricity	kwh	143,347.00	140,474.2
Petroleum	tonne	2.23	1.55
Diesel	tonne	-	-

#### **GHG Emission in 2023**

Index	Unit	Year 2023	Year 2022
<b>Plants - Water treatment business</b>			
GHG Emission Scope 1	tCO2e	25.84	20.85
GHG Emission Scope 2	tCO2e	9,626.34	9,296.09
Total (Scope 1+2)	tCO2e	9,652.18	9,316.94
<b>Office</b>			
GHG Emission Scope 1	tCO2e	6.79	4.72
GHG Emission Scope 2	tCO2e	135.02	132.31
Total (Scope 1+2)	tCO2e	141.81	137.04
<b>Total</b>			
Total GHG Emission	tCO2e	9,793.99	9,453.98

#### **Notes:**

1) GHG Emission Scope1 refers to direct emissions from the use of energy and vehicles. The conversion factors are adopted from “Guidelines for Green House Gas Emission Accounting and Reporting for Firms in Manufacturing and Other Industries 《工业其他行业企业温室气体排放核算方法与报告指南》”, issued by The State Commission for Reform and Development of PRC on 6 July 2015.

2) GHG Emission Scope 2 refers to indirect emissions from the use of energy, and the goods and services purchased from third parties. The conversion factors are adopted from “Standardized Conversion Factors for Regional Electricity Networks in PRC for the Purpose of Emission Reduction

Calculation by Ministry of Ecology and Environment of PRC, 2019”《中华人民共和国生态环境部 2019 年度减排项目中国区域电网基准线排放因子》2019-OM 计算说明, with methodology referred to “Guidelines for Green House Gas Emission Accounting and Reporting for Firms in Manufacturing and Other Industries 《工业其他行业企业温室气体排放核算方法与报告指南》”.

## 7.2 Analysis of Energy Consumption

### 7.2.1 Analysis of Energy Consumption for the Beitang Water Plant and Xinhe Upgraded Wastewater Treatment and Reclamation Plant

#### 1) Statistical Analysis of Energy Consumption of Beitang Water Plant

Year	Water supply (10,000 m <sup>3</sup> )	Electricity consumption (kw.h)	Energy consumption (kw.h/1000m <sup>3</sup> )	Increase (%)
2023	1,095,262	177,360.2	161.93	2.01
2022	626,860	99,505.8	158.74	-

#### 2) Statistical Analysis of Energy Consumption of Xinhe Wastewater Reclamation Plant

Year	Water supply (10,000 m <sup>3</sup> )	Electricity consumption (kw.h)	Energy consumption (kw.h/1000m <sup>3</sup> )	Increase (%)
2023	9,810,922	7,757,694.4	790.72	4.03
2022	8,780,541	6,674,293.5	760.12	-

#### 3) Statistical Analysis of Energy Consumption of Xinhe Upgraded Wastewater Treatment Plant

Year	The amount of water consumption of Upgraded Wastewater Treatment (m <sup>3</sup> )	Electricity consumption (kw.h)	Energy consumption (kw.h/1000m <sup>3</sup> )	Increase (%)
2023	21,761,377	2,285,076.2	105.01	(25.78)
2022	21,880,728	3,095,711	141.48	-

### 7.2.2 Analysis of Chemical Agents Consumption of Beitang Water Plant and Xinhe Upgraded Wastewater Treatment and Reclamation Plant

Natural Resources:

The natural resources we consume are all renewable industrial products.

#### 1) Statistical Analysis of Agents Consumption at Beitang Water Plant

Water supply in 2023 (ton)	Category	Name of chemical agents	Consumption in 2023 (ton)	Unit consumption in 2023 (kg/thousand tons of water)	Unit consumption in 2022 (kg/thousand tons of water)	Growth from 2022 (%)
1,095,262	Water purifier	Polyaluminum chloride	35.26	32.19	25.33	27.08
	Disinfectant	Sodium hypochlorite	53.27	48.63	64.79	(24.93)

## 2) Statistical Analysis of Agents Consumption of Xinhe Wastewater Reclamation Plant

Supply of reclaimed water in 2023 (ton)	Name of chemical agents	Consumption in 2023 (ton)	Unit consumption in 2023 (kg/thousand tons of water)	Unit consumption in 2022 (kg/thousand tons of water)	Growth from 2022 (%)
9,810,922	Scale inhibitor	16.42	1.67	2.02	(17.14)
	Reducer	13.70	1.40	1.45	(3.83)
	Sodium hypochlorite	529.16	53.94	110.35	(51.12)
	Sodium hydroxide	81.49	8.31	4.98	66.89
	Hydrochloric acid	7.22	0.74	0.43	69.64

## 3) Statistical Analysis of Agents Consumption of Xinhe Upgraded Wastewater Treatment Plant

Volume of wastewater treated according to upgraded standards in 2023 (ton)	Name of chemical agents	Consumption in 2023 (ton)	Unit consumption in 2023 (kg/thousand tons of water)	Unit consumption in 2022 (kg/thousand tons of water)	Growth from 2022 (%)
21,761,377	Sodium acetate	11,664.74	536.03	680.96	(21.28)
	Flocculant	5,515.04	253.43	253.64	(0.08)
	Reducer	697.57	32.68	58.39	(44.03)
	Coagulation-cation	39.40	1.81	1.50	20.31
	Coagulation-cation	5.63	0.26	0.38	(31.43)
	Hyposodium	494.60	22.73	24.76	(8.21)

### Notes:

Xinhe Water Plant:

Due to the large precipitation during the rainy season of 2023, the total content of nitrogen and phosphorus remained low, which effectively reduced the usage of solutions, and the electricity consumption for back washing in the denitrification filter. Meanwhile, the decrease in conductivity also reduced the mixing ratio of reclaimed water, and the use of solutions, resulting in an overall decrease in the electricity consumption for sewage treatment according to upgraded standards.

The decrease in the water supply of Beitang Water Plant and Xinhe Wastewater Reclamation Plant lowered the efficiency of equipment operation and increased electricity consumption.



**Notes:**

After two 400KVA small capacity transformers were replaced in Beitang Water Plant, the water supply soft start control cabinet could not start normally. Therefore, the soft start of the control cabinet of water supply pump No. 2 and pump No. 4 was changed to frequency conversion start. The picture is the comparison between before and after the transformation.

**7.3 Setting Targets: Objectives and Evaluation**

The chemicals and energy consumption targets set for our water plants' production process are affected by many variables such as season, weather, water supply flow nodes, raw water quality, and irregular water usage of customers. We are in the process of identifying consumption targets of chemical agents and energy in line with the industry we operate. We did not set the target for improvement over 2023. For the first time, we will set the following targets for 2024:

Discharge Target: To maintain our full compliance with existing discharge regulations.

Occupational Health and Safety: To maintain zero incidences in injury and fatality for our employees.

Work Environment: To maintain zero case in relation to slavery, forced and bonded labour, child labour and abusive employment practices.

Anti-Corruption Training: To provide anti-corruption training to all employees.

Customer Satisfaction: To maintain 100% satisfaction rate from customers seeking assistance.



Energy and Resources Saving: To maintain 100% use of LEDs in all our work place, to make significant progress in achieving paperless office automation.

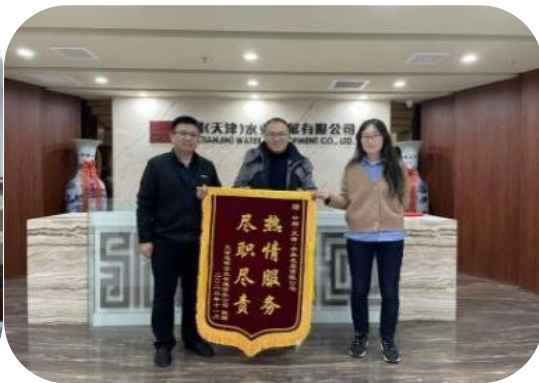
Green Energy: To keep our Company vehicles electric.

We are working on setting medium and long term objectives and targets in line with firms in the same industry in China.



**Notes:**

The company carries out a variety of leisure activities for employees.



**Notes:**

Customer recognition silk-banners received by the Company.

## 8. Accumulating Human Capital

Human capital is as important as physical and technological investment in our business. By the end of 2023, the Company signed the labor contracts with 74 employees in accordance with the law, and worked hard to improve the skills of employees and cultivate their innovation spirit.

### 8.1 Recruitment and Promotion

The Company strictly follows the requirements of labor laws and regulations, and all members of our senior management team are PRC citizens. We recruit and dismiss employees in accordance with the Labor Law and safeguard the lawful rights and interests of all employees. We adhere to the basic principles of transparent recruitment, fair competition and merit-based recruitment, expand recruitment channels, and value career planning, job assignment, management and training of employees. Mechanisms are in place to ensure reasonable and smooth talent flow, including recruitment and dismissal, promotion and demotion. All this is to make sure that we find the right person for every job and tap the full potential of every employee.

### 8.2 Remuneration and Benefits

We provide comprehensive welfare for employees, pay into the “five insurances and the housing provident fund”, according to law, and provide a safe, comfortable and clean office space, and complete personal protective equipment. We also offer travel and telecommunications expense subsidies, subsidies on major holidays and financial aid to employees in need. Each month we distribute pre-paid cake cards for employees whose birthday falls in that month. On the first day of the Lunar New Year, management executives will visit the frontline employees still on duty and extend them red envelopes.

We fully implement the paid leave policy, and grant employees paid leaves during national statutory holidays and annual leaves. We offer dormitories for non-local employees, and there is a dining hall at each of the water plants, meeting the basic living needs of our employees. There is also a leisure room for employees to relax and hang out with each other in their spare time.

#### 8.3.1 Number of Employees by Gender and Age Group in 2023

Age group	2023 number	Proportion of annual age structure (%)	2022 number	Percentage of increase %
Men aged 30 and under	9	12	9	-
Men aged between 30 and 40 (inclusive)	21	29	21	-
Men aged between 40 and 50 (inclusive)	12	15	11	9
Men aged above 50	12	16	12	-
Women aged 30 and under	4	7	5	(20)

Women aged between 30 and 40 (inclusive)	9	7	8	13
Women aged between 40 and 50 (inclusive)	3	7	5	(40)
Women aged above 50	4	3	2	100

**Notes:**

This year we added one more person to the workforce who is a male in the age group of 30 and under. This year one employee resigned who is a female in the age group of 30-40 (inclusive).

**8.3.2 Job Distribution in 2023**

Category	Gender	Quantity	Proportion %	Remarks
Senior management	Male	3	100	General Manager Deputy General Manager
	Female	-	-	-
Middle management	Male	7	78	Director or above
	woman	2	22	-
Technical staff	Male	1	20	Chief engineer
	woman	4	80	Laboratories
Other personnel	Male	42	74	-
	woman	15	26	-

**8.3.3 Employee Ratio by Gender, Local Employee Ratio and Annual Turnover Rate of 2023**

<b>Total number of employees</b>	74
Men	54
Women	20
Proportion of local employees	83%
Annual employee turnover rate	2.7%

**8.4 Occupational health and safety**

In 2023, as the Covid-19 epidemic subsided, we paid more attention to safety and production, and ensured the workplace safety with high efficiency.

In early 2023, the government changed its policy against Covid-19 and almost all restrictions on movement were lifted. In the fight against Covid-19, we fulfilled our mission and social responsibility, and effectively protected the health and safety of employees.

**Sufficient Labor Protection Supplies:** In order to effectively protect the health and safety of employees, we purchased protective equipment and facilities needed for production and operations and demanded workers to strictly follow safety protocols.

**Enhance Safety Awareness:** The Company provides employees with necessary health and safety training through various channels and in various forms, including but not

limited to working environment, equipment use, accident prevention, first aid measures, etc. Employees actively participate in the training and use the knowledge to ensure their own safety and production safety. Employees are encouraged to make work improvement suggestions to management at any time to facilitate the improvement and optimization of health and safety policies.

Accident Prevention and Management: According to the safety hazards and preventive measures proposed by employees, the Company effectively improves the behavior habits of the Company and employees, and achieves the effect of identifying, preventing and controlling risks from all aspects.

Since day one, the Company has always been people-oriented and upheld workplace safety, with zero serious safety incidents, zero work-related injury incident, and zero work-related occupational disease case.

## **8.5 Employee Training and Development**

### **8.5.1 Business Training**

Since May 2023, the Company has organized a monthly review meeting with middle and senior management on the Company's business development policy, report and share their learning experiences as well as discussing on the key issues for following up. The training duration is for 4 hours per person, totaling 268 hours.

### **8.5.2 Training Safety and Operating Procedures**

For operation and maintenance personnel, conduct training on habitual violations, behavior overview and management, safety knowledge discussion, and practical measures on the "four no-harm". There are 4 hours per person, with 27 participants, totaling of 108 hours.

For operation and maintenance personnel, conduct training on safety operation norms for limited space operations, application for work tickets, approval process, and emergency rescue for limited space operations. The training duration is 4 hours per person, with a total of 27 participants, totaling 108 hours.

Daily production fire emergency drill: Fire extinguisher and fire hydrant hose practical operation drill. The training duration is 4 hours per person, with 33 participants, totaling of 66 hours.

Training, learning and analyzing on Tianjin Safety Production Management Regulations. Conduct the safety accident case study. The training duration is 4 class hours per person, with 41 participants, totaling of 164 hours.

Organizing on-site emergency safety experience. Training activities for all employees at the Safety Experience Hall of the Emergency Response Bureau of Binhai New Area Center Eco-City in four batches, including scenes of fire, earthquake, explosive, safe production operation, traffic and other aspects. The training duration is 2 hours per person, with 70 participants, totaling 140 hours.

Hired environmental protection experts on-site training of environmental protection laws and regulations and related systems, and on-site technical guidance was provided according to the actual situation of the Company. The training duration is 2 hours per person, with 7 participants, totaling of 14 hours.

Investigation and training in analysis of hidden danger areas in the factory for the operation and maintenance personnel. The training lasted 4 hours per person for 27 participants, totaling of 108 training hours.

Safety training: Video learning limited space work and prevention of hydrogen sulfide poisoning, special operation safety education and production safety legal knowledge training (including Safety Law, Fire Law). The training lasted 4 hours per person with a total of 40 participants, totaling of 160 training hours.

Online continued training for security personnel: With 12 hours per person for 8 participants, totaling of 96 training hours.

Welding and thermal cutting technology training (both online and offline): With 32 hours per person for 2 participants, totaling of 64 training hours.

Continuing education training for registered secondary constructor: With 120 hours per person for 2 participants, totaling 240 training hours.

In 2023, the training for male employees totaled 1365 hours, with 25 hours per person on average. For female employees, it was 180 hours, with 9 hours per person on average, bringing the total training hours to 1536, or 21 hours per person on average across the Company. The employees training in 2023 has exceeded the established training program targets, and the training target in 2024 is planned to increase by 5% over 2023.

There have been no reported cases of corruption in 2023 and no anti-corruption training was arranged for corruption issues in 2023.

### **8.5.3 Certificates for Training**

The Company obtained the following 12 certificates in FY2023.

Two of Welding and Thermal Cutting Project Certificates.

Two of Type A Safety Officer Certificates, Four of Type C Safety Officer Certificates and Two of Type B Safety Officer Certificates, through continued education programs.

Two of Certificates for the training of Registered Secondary Constructors.

### **8.5.4 Job performance assessment**

To better motivate the employees in various positions, each department, according to the characteristics of its work, evaluates the performance of staff comprehensively, including labor discipline, job skills, working attitude, quality of work done, technology training, etc., and hands out cash rewards based on the evaluation results per month. To ensure fairness and justice, the assessment standards are updated from time to time, and are jointly formulated by the evaluating department and the General Office, to make each employee is assessed objectively, avoid biased judgment as much as possible,

and motivate employees to work more for more pay and improve efficiency, technical knowhow and job competency.

**Target:**

Anti-corruption Training.

The Group sets a target on providing anti-corruption training in 2024.



**Notes:**

Business policy learning seminars for middle-level and above managers organized by the Company.



**Notes:**

The Company carries out fire drill activities.

## **9. Enhancing Stakeholder Engagement**

The Group pays attention to stakeholders including customers, communities in the service area, etc. Our customers include industrial, commercial as well as households. We aim to enhancing our engagement with the local community with improved service.

### **After-sales Service**

With the rapid development of the reclaimed water business, the Reclaimed Water Service Center has played an increasingly important role. It provides services such as water sales and customer service and always puts customers first. It uses LED screens to communicate our core socialist values and the corporate business philosophy, as well as information on epidemic control at the height of the epidemic. In addition to big screens, it is also equipped with seats (covered with cushions in winter), call machines, water dispensers, reading glasses, and prompt signs. At the three service counters, customers can pay their water bills, open, transfer, or cancel an account, claim or replace the pre-paid card, replenish water, and get invoices issued. Moreover, it accepts a variety of payment methods, including cash, POS machine (using Alipay, WeChat Pay, bank cards), check, and wire transfer. To prevent the spread of corona virus, we collected payments via WeChat Pay and Alipay and put into use self-service water vending machines, which ran smoothly and played an important role in epidemic prevention and control.

There is also a call center which is operated on cloud network and on our public account on WeChat for the convenience of users and which can enable more systematic and comprehensive information collection and data statistics, greatly improving service efficiency. It provides one-stop services ranging from repair orders, Q&A, and service guidance. Each request for repair by phone will automatically generate a repair work order, which is then sent to the maintenance staff's mobile phone via a special APP. Then the maintenance staff will visit the requesting user after receiving the order, take pictures of the repair site and upload data and images to the system, send the processing progress of the work order to the call center platform on time, provide feedback, and conduct data statistics as quickly as possible to facilitate operation and maintenance management.

According to the policy requirements of Tianjin, the water Company needs to gradually replace the expired household table in the residential community. At present, the replacement service of the expired account table has become one of the regular works of our Company. In 2023, the number of IC card tables replaced was 3,266 households, and the number of mechanical watches replaced was 15,181 households.

## 10. Awards and Achievements

In 2008, the Company was awarded the honorary title of Model Unit in the Pilot Project of Building a Water-Efficient Society.

The Company has won the outstanding team award for three consecutive years in the 10,000-meter running competition organized by the water authority of Binhai New District.

On 7 December 2019, Tianjin Chamber of Commerce of the Environmental Preservation Committee was established, CIHL (Tianjin) Water was elected its vice president unit.





## 11. Appendix

### Key Statistics for Sustainability

Item/Year	2023	2022	2021	2020
Total Employees	74	73	73	73
Male Employee	54	53	52	52
Female Employee	20	20	21	21
Pipeline length (km)	575.87	547.63	509.73	447.55
No. of Household Customers	12.25	11.7	11.3	10.8
Watering Area (10km <sup>2</sup> )	16.0284	2,582.12	2,562.57	2,420.87
Industrial Customers	20	18	19	19
Waste Water Treated (10kt)	2,176.14	2,188.07	2,225.84	2,451.64
Water consumption (10kt)	779.01	620.74	1,178.37	1,641.15
Energy Consumption				
Plant Electricity Consumption (kwh)	10,220,130.8	9,869,510.3	11,924,957	10,491,158.6
Office Use of Electricity (kwh)	143,347	1,404,742	-	-
Fuel-Petroleum (l)	12,071.8	9,221.4	7,090.2	-
Fuel-diesel (litter)	2,286.2	1,993.2	1,228.2	-
Solid Waste (tonne)	1,239.42	1,893.4	2,300	1,474.45
Dangerous Waste (tonne)	1.744	1.3551	1.1674	1.025
Chemicals Used				
Flocculant (tonne)	5,550.3	5,565.61	1,588.2	1,702.44
Hydrochloric Acid (tonne)	7.2	10.8	-	-
sodium hypochlorite (tonne)	1,077.03	1,551.36	1,506.64	1,685.08
scale inhibitor(tonne)	16.42	17.74	28.5	14.6
Reductant (tonne)	711.27	1,290.46	1,137.78	798.75
Sodium hydroxide (tonne)	81.49	43.7	53.82	16.28
CH <sub>3</sub> COONa (tonne)	11,664.74	14,899.83	3,458.38	3,296.39
Coagulant Aid - Anion (tonne)	39.4	32.92	24.13	16.63
Coagulant aid - cation (tonne)	5.63	8.25	5.45	4.15
<b>Sub-total</b>	<b>19,153.48</b>	<b>23,420.67</b>	<b>7,802.9</b>	<b>7,534.32</b>
Training				
Male Employee (hours)	1,356	800	-	-
Female Employee (hours)	180	204	-	-
<b>Sub-total</b>	<b>1,536</b>	<b>1,004</b>		
Water Quality Pass Rate	100%	100%	100%	100%
Accidents	-	-	-	-
Occupational Disease	-	-	-	-
Worksite Casualty	-	-	-	-
After-sale satisfaction	100%	100%	100%	100%