

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

CK Infrastructure Holdings Limited (“Company”) and its subsidiaries (“Group”) as well as its business units present the Environmental, Social and Governance (“ESG”) Report (“Report”).

The scope of this Report covers the Group’s core businesses, including energy infrastructure, transportation infrastructure, water infrastructure, waste management, waste-to-energy, household infrastructure, as well as infrastructure related businesses. This Report aims to provide an overview of the Group’s ESG performance and its representative initiatives for the year ended 31st December, 2019 (“Reporting Period”), based on the ESG Reporting Guide under Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Reporting Guide”).

This Report has been organised into four sections focusing on environment, employment and labour practices, operating practices and the community. Key initiatives undertaken by the respective business units are featured in their relevant sections which the Group believes best demonstrate its commitments in generating sustainable values to its stakeholders.

Approach to ESG and Reporting

The Group’s ESG philosophy is to create long-term value for its stakeholders that aligns with the growth and sustainability of its business and the environment it is in. The Group aspires to be a responsible corporate citizen and believes that transparency and accountability are important foundations for building the trust with its stakeholders.

As a leading player in the global infrastructure arena, the Group is cognizant of the significance of effective ESG practices and the importance of integrating ESG systems in key business decision-making. The Group tackles ESG issues both at the Group and business levels. While the Board oversees the direction for the Group’s ESG practices, the Group’s business units set up individual ESG programmes and regularly measure their performances to identify opportunities for improvement and create sustainable values for the Group’s stakeholders. The management will then confirm that appropriate and effective ESG risk management and internal control systems are in place.

Stakeholder Engagement and Materiality Assessment

The Group engages its stakeholders from time to time through on-going communications and collect their views on the ESG aspects that they regard as relevant and important. Its key stakeholders include employees, shareholders, customers, suppliers, the local community, professional institutions, non-governmental organisations and authorities. The Group maintains an open and transparent dialogue with its stakeholders through various channels including meetings, surveys, seminars and workshops. This Report details how the material ESG aspects identified, based on the inputs of its key stakeholders, are addressed.

For the purpose of meeting the requirements of the Reporting Guide, a working group comprised of members of International Operation, China Infrastructure, Corporate Finance, Business Development, Finance & Accounting, Corporate Legal, Corporate Affairs, Company Secretarial, Planning & Investment, Internal Audit, Information Technology, Administration and Human Resources of the Company, along with designated personnel of Power Assets (including HK Electric), Green Island Cement & Alliance Construction Materials, UK Power Networks, Northumbrian Water, Northern Gas Networks, Wales & West Gas Networks, Seabank Power, UK Rails, SA Power Networks, Victoria Power Networks, Australian Gas Networks, Dampier Bunbury Pipeline, Multinet Gas, Energy Developments, United Energy, Australian Energy Operations, Wellington Electricity, EnviroNZ, Dutch Enviro Energy, Portugal Renewable Energy, ista, Canadian Power, Park’N Fly, Canadian Midstream Assets and Reliance Home Comfort, identifies and assesses material ESG aspects of the Group’s operations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

An independent advisor has been retained to provide reporting advisory services to the Company and to assist with the Company's compilation of the Report in accordance with the Reporting Guide. With the assistance of the advisor, information was collected from the relevant parties of the above mentioned business units and departments of the Group. The information so collected was reported in the Report which has been reviewed by the advisor in the process. The management has confirmed that appropriate and effective ESG risk management and internal control systems are in place.

ENVIRONMENT

The Group recognises its responsibility to the environment and the importance of reducing emissions and improving the efficiency in resource use.

Emissions

The Group and its business units strive to minimise impacts to the environment through reducing air and greenhouse gas (GHG) emissions, waste and wastewater discharges.

Air and Greenhouse Gas (GHG) Emissions

Business units of the Group have taken various actions to reduce their air and GHG emissions.

In order to reduce carbon and other air emissions generated by electricity generation, HK Electric has been working to optimise fuel mix by increasing the use of natural gas. This is to reduce the carbon footprint of the power generation sector and meet the ever tightening emission allowances set out by the Hong Kong Special Administrative Region Government ("Government"). HK Electric has continued to meet the stipulated emissions allowances in all categories, and has also worked with the Government to formulate new and more stringent emissions allowances from 2024 and onwards. In 2019, three new gas-fired generating units (L10, L11 & L12) equipped with Selective Catalytic Reduction systems to reduce nitrogen oxides emission levels were under construction and they are scheduled for commissioning from 2020 to 2023. It is expected that in 2023 when all the three new units are in operation, the proportion of gas-fired generation will rise to about 70% and emissions of sulphur dioxide (SO₂), nitrogen oxides (NO_x) and particulate matters will decrease by around 75-90% as compared with the 2005 levels.

Energy Developments, based in Australia, entered into a new joint venture project in the United States on a new renewable natural gas facility that will convert landfill gas into renewable natural gas. It is estimated that approximately 8 million gallons of renewable natural gas will be generated each year. This facility will reduce GHG emissions through utilising local renewable resources. It is expected to be operational in 2020.

The Group also works to cut its carbon footprint by making its fleet greener and supporting sustainable transport. UK Power Networks in the UK recognised and acted on the opportunity to provide more support to bus operators as they tendered for electrified routes. For example, a London-wide assessment of the infrastructure was conducted, resulting in 67% reduction in the original capacity requirement to electrify 9,300 buses, which is equivalent to 11% of London's peak demand. Through this engagement, UK Power Networks introduced a new connection product that delivered over £1.6 million in savings in network investment at two London bus garages and enabled 18.5 million carbon emission-free passenger journeys in one year.

In the UK and in Canada, Northern Gas Networks and Reliance Home Comfort implemented vehicle replacement programmes and the use of telematics in support of sustainable transport. As part of a pilot programme, Reliance Home Comfort retrofitted six service vehicles with XL Hybrid Systems which use electricity to increase fuel efficiency and reduce carbon dioxide (CO₂) emissions. Northern Gas Networks is currently undertaking field trials of alternatively fuelled vehicles, included hydrogen, electric and compressed natural gas. From 2016 to 2019, carbon emissions from Northern Gas Networks' vehicles have reduced by 2.5%.

A major source of the Group's GHG emissions is the fugitive emissions produced during gas distribution processes. In the UK, Wales & West Gas Networks implemented an annual programme in 2002 as part of a 30-year programme which continues through the current eight year price control to replace old and leaking metallic gas pipes and conduct active pressure management. This helps prevent gas leakages and to minimise GHG emissions.

Similarly, in Canada, a maintenance programme was implemented in Canadian Power's Meridian plant. The programme diagnoses leakages from natural gas systems and repairs them on a timely basis to minimise the amount of fugitive GHG released into the atmosphere.

Dutch Enviro Energy's carbon dioxide capture facility, the first waste facility of its kind in Europe that is capable of capturing carbon dioxide on a significant scale, commenced operations last year. The carbon dioxide released after the incineration of residual waste is captured, cleaned and liquefied for use in greenhouse horticulture. The waste-to-energy plants process waste from 1.5 million homes. The plant in Duiven releases about 400,000 tonnes of carbon dioxide. The carbon dioxide capture facility has a maximum capacity of 100,000 tonnes per annum.

For air and GHG emissions performance, please refer to table below.

Table 1: Air and GHG emissions performance of the Group's core business units

Environmental KPIs ^(Note 1)	Unit	2019	2018
NO _x emissions ^(Note 2)	tonne	8,027	9,958
SO _x emissions ^(Note 2)	tonne	636	674
Particulate matter emissions ^(Note 2)	tonne	233	316
Total GHG emissions	tonne CO ₂ e	10,313,728	10,864,931
Total GHG emissions intensity ^(Note 3)	tonne CO ₂ e/HK\$ million	227	226
GHG emissions (Scope 1) ^(Note 4)	tonne CO ₂ e	8,486,783	8,944,665
GHG emissions (Scope 1) intensity	tonne CO ₂ e/HK\$ million	187	186
GHG emissions (Scope 2) ^(Note 5)	tonne CO ₂ e	1,826,945	1,920,266
GHG emissions (Scope 2) intensity	tonne CO ₂ e/HK\$ million	40	40

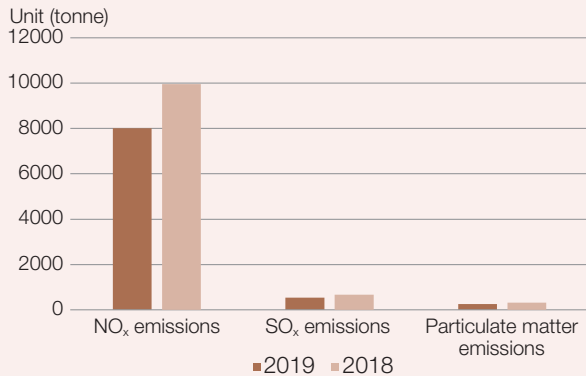
Notes:

- (1) Environmental data are calculated based on the Group's equity interest in the respective Group's core business units for the year ended 31st December, 2018 and 2019 respectively.
- (2) Emission data from gaseous fuel consumption and/or from vehicles.
- (3) "Total GHG emissions intensity" equals to "Total GHG emissions" over total revenue in million contributed by the Group's core business units, which is considered to be a more appropriate common intensity basis due to the various nature of Group's core business units.
- (4) Scope 1 – Direct emissions from operations that are owned or controlled by the Group's core business units.
- (5) Scope 2 – "Energy indirect" emissions resulting from the generation of purchased or acquired electricity, heating, cooling and steam consumed within the Group's core business units.

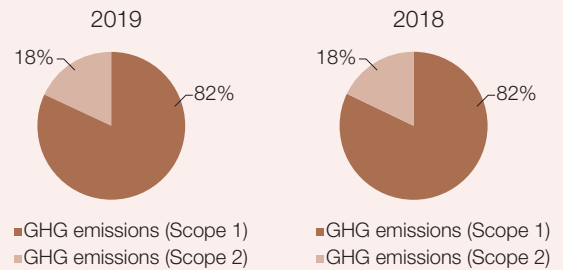
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENT (CONT'D)

NO_x emissions, SO_x emissions and Particulate matter emissions performance of the Group's core business units in 2018 and 2019



GHG Emissions distribution of the Group's core business units in 2018 and 2019



Waste

Waste management which includes avoiding, reusing, recycling and reducing waste before final disposal is adopted by businesses within the Group.

Recycling waste into useful materials is a major objective of the Group. HK Electric has been collecting its generation by-products such as ash and gypsum produced for beneficial industrial use, such as manufacturing of cement. In 2019, about 230,000 tonnes of ash and 70,000 tonnes of gypsum were collected for reuse by third parties.

Northumbrian Water in the UK continues to use sewage sludge for energy (biogas) generation. Biogas produced is either used for electricity generation or converted into biomethane for injection to the UK gas grid. This not only reduces the residual waste produced, but also makes waste suitable as a land fertiliser. Northumbrian Water is the first UK company to fully utilise sewage sludge to generate energy.

As part of its gas mains replacement programme, Northern Gas Networks in the UK installs plastic gas pipes of varying dimensions with their associated fittings. A certain proportion of this plastic pipe is wasted as part of the installation process. To avoid wasted pipes being disposed to landfill, Northern Gas Networks takes part in a plastic pipe waste recycling scheme and have installed dedicated recycling bins in workplaces to encourage recycling of the pipes. In 2019, Northern Gas Networks successfully recycled 191 tonnes of waste plastic pipe.

A plastic waste pre-sorting and separation facility began operations at Dutch Enviro Energy's Rozenburg facility to increase the reuse of recyclable plastics, and sorted 19 kilotonnes of plastics for reuse.

Businesses within the Group also take priority in asbestos management as part of the waste management process in order to prevent hazards to the workforce. Asbestos Review Programs were conducted for both Victoria Power Networks and United Energy in Australia to improve internal processes in the handling of asbestos.

EnviroNZ in New Zealand commenced a domestic food waste and domestic refuse collection contract from 2019 to 2024 which included using 6 fully electric collection vehicles for the New Plymouth District Council. EnviroNZ plays a key role in the district to enable the recycling of domestic waste hence reducing waste sent to landfill.

Canadian Midstream Assets in Canada has implemented a leading-edge spill response programme; including detailed geographic response plans, training a specialised spill response team, and acquisition of new spill containment and recovery equipment. A right of way environmental monitoring programme was developed to ensure reclamation of linear developments is maintained without impact to land use and natural habitats. Rigorous soil, air, and groundwater monitoring programmes are conducted at Midstream facilities to protect vital air and watersheds for generations to come.

Wastewater

Businesses within the Group handle wastewater with care. Green Island Cement in Hong Kong has equipped a self-sewage treatment plant to treat and re-use waste water for internal plant irrigation. By effectively managing waste water treatment, no waste water was discharged to the sea in 2019.

Escapes from the sewer system causing flooding often pose environmental and health risks. Northumbrian Water in the UK has taken active steps to reduce sewer flooding through a series of targeted investment. Furthermore, Northumbrian Water has taken active steps over the past years to reduce pollution incidents through targeted actions. There were no significant changes to the number of pollution incidents between 2018 and 2019.

EnviroNZ in New Zealand operates a reverse osmosis leachate treatment plant at its Hampton PARRC Landfill. This process recovers high quality water from landfill leachate by treating the leachate using reverse osmosis technology, a type of purification technology which removes contaminants to make the treated water fit for reuse or direct discharge to the environment. In 2019, around 23,000 cubic metres of high quality clean water was recovered.

For waste treatment performance, please refer to table below.

Table 2: Waste produced by the Group's core business units

Environmental KPIs ^(Note 6)	Unit	2019	2018
Total hazardous waste produced ^(Note 7)	tonne	106,622	106,716
Total non-hazardous waste produced	tonne	508,859	537,527

Notes:

- (6) Please refer to Note 1 above.
- (7) Hazardous wastes are those defined by relevant national regulations applicable to the relevant Group's core business units.

Use of Resources

The Group and its businesses endeavour to optimise the use of resources, including energy, water and other materials, and have initiated their own resource efficiency programmes that align with their respective business natures.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENT (CONT'D)

Energy

Green Island Cement, ista and Wales & West Gas Networks have ISO 14001-certified environmental management systems in place to ensure environmental processes, including energy management, are maintained and aligned with industry standards. Alliance Construction Materials and ista also have ISO 50001-certified energy management systems in place to guide target setting to encourage energy saving.

In the UK, Wales & West Gas Networks has continued to incorporate energy saving measures to reduce energy consumption and has had an external review of energy saving opportunities completed. For example, up to 95% of depots, offices, and stores are installed with LED lighting and active sensors. As a result, electricity consumption, associated with lighting, is expected to significantly reduce. Moreover, in support of Wales & West Gas Networks' zero emission fleet ambition, a change in the company car policy was initiated in 2019 to encourage employees to opt for electric and ultra-low emissions vehicles.

To be able to source cleaner alternative energy, SA Power Networks in Australia has continued a programme initiated in 2017 of installing solar photovoltaics on depots and buildings. Portugal Renewable Energy and the wind farms in Mainland China continue to contribute to the Group's commitment to a higher ratio of renewable energy in its asset mix. Energy Developments, based in Australia, continue to produce electricity from landfill gas; 1,774,109 MWh of electricity was produced from its worldwide landfill gas to electricity business in 2019. Moreover, Energy Developments is working to install a biodome to store landfill gas that will be converted into electricity when energy demand is high.

In addition, the Group supports renewable energy transmission. Australian Energy Operations constructs, owns and operates reliable transmission links that transports clean, renewable power from windfarms to power grids. UK Power Networks enables the connection of renewable and distributed energy, as well as enhancing flexibility and the electrification of transport, including electric vehicles, within its operating areas in the UK.

Table 3: Energy consumption of the Group's core business units

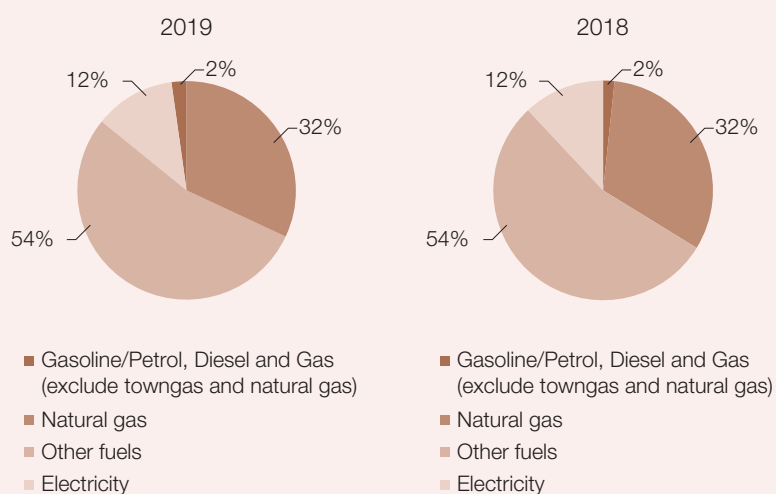
Environmental KPIs ^(Note 8)	Unit	2019	2018
Total energy consumption	'000 kWh	32,221,735	32,757,035
Total energy consumption intensity ^(Note 9)	kWh/HK\$	0.71	0.68
Total direct energy consumption	'000 kWh	28,457,166	28,833,413
Total direct energy consumption intensity	kWh/HK\$	0.63	0.60
Gasoline/Petrol	'000 kWh	32,505	32,115
Diesel	'000 kWh	542,264	511,323
Gas (exclude towngas and natural gas)	'000 kWh	4,809	4,780
Natural gas	'000 kWh	10,525,403	10,514,593
Other fuels	'000 kWh	17,352,185	17,770,602
Total indirect energy consumption (Electricity)	'000 kWh	3,764,569	3,923,622
Total indirect energy consumption intensity	kWh/HK\$	0.08	0.08

Notes:

(8) Please refer to Note 1 above.

(9) "Total energy consumption intensity" equals to "Total energy consumption" over total revenue contributed by the Group's core business units, which is considered to be a more appropriate common intensity basis due to the various nature of the Group's core business units.

Energy consumption distribution of the Group's core business units in 2018 and 2019



Water

Business units have also worked to conserve water and promote water efficiency through various initiatives in their operations. HK Electric has been collecting rain water and plant processing water for reuse at the Lamma Power Station. In 2019, approximately 121,000 m³ of rain water and plant processing water were collected for reuse. Green Island Cement and its subgroups have also recycled wastewater from production and storm water for process cooling, thus minimising the amount of freshwater extracted.

Seabank Power in the UK was able to maintain an increase to the concentration factor of cooling water, effectively optimising water used for make-up and purging, and reducing the need for chemical treatment.

For water consumption performance, please refer to table below.

Table 4: Water consumption of the Group's core business units

Environmental KPIs ^(Note 10)	Unit	2019	2018
Water consumption ^(Note 11)	'000 m ³	35,665	38,835
Water consumption intensity ^(Note 12)	m ³ /HK\$ million	785	807

Notes:

- (10) Please refer to Note 1 above.
- (11) Annual water consumption by taking measurements at the source of water abstraction (direct), or bills or meter readings (indirect).
- (12) "Water consumption intensity" equals to "Water consumption" over total revenue in million contributed by the Group's core business units, which is considered to be a more appropriate common intensity basis due to the various nature of the Group's core business units.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENT (CONT'D)

Material

In Hong Kong, Anderson Asphalt continues to reduce asphalt material wastage by selling milled asphalt to subcontractors for material reuse & recycling and by conforming to ISO 14001: 2015 requirements.

Over one million tonnes of industrial waste materials, such as by-products from coal-fired power generation, slag from copper smelter, crush rock fines from metallurgy grade limestone production and waste glass, have been recycled as raw materials for the Group's cement manufacturing business at its plants in Hong Kong and Mainland China. The cement production business of the Group in Hong Kong has increased the use of recycled materials to more than 60% in 2019.

In the UK, use of virgin materials is minimised by promoting the use of recycled materials. Northumbrian Water re-uses materials excavated from the ground during hole-digging operations as back fill. As a result, the use of new virgin backfill material is substantially reduced compared with past years.

Northern Gas Networks in the UK has promoted the use of recycled aggregates rather than virgin aggregates. A programme has been established to inform and advise employees and contractors on the usage of recycled aggregate. Furthermore, the virgin aggregate usage is a KPI and is recorded internally monthly and externally on an annual basis. Between 2014 and 2019, annual virgin aggregate usage has reduced by 78%. In 2019, 6.1% virgin aggregate is used in reinstatement works. Northern Gas Networks targets to reduce annual virgin aggregate to less than 2.5% by 2026.

Table 5: Packaging material used by the Group's core business units

Environmental KPIs	Unit	2019	2018
Total packaging material used for finished products (Paper) ^(Note 13)	tonne	3,545	3,387

Note:

(13) This KPI is most relevant to the infrastructure related businesses of the Group.

The Environment and Natural Resources

Across the Group, a number of individual operations continue to identify, assess and manage potentially adverse environmental impacts including the protection of important habitats and the natural environment.

Northern Gas Networks in the UK has completed 12 land remediation projects, with a further four projects to be completed by 2021. One of the largest of these projects, is that of Carcroft AGI which had a legacy of significant coal tar ground contamination from its former site use which Northern Gas Networks inherited. This project involved excavation of approximately 1,900 m³ of ground, of which 57% of highly contaminated soils were segregated and disposed off-site to either hazardous waste landfill or a soil treatment facility, thereby reducing environmental risks associated with the site.

Canadian Midstream Assets in Canada stewards of the land in its care thoroughly from the planning stage to the asset's retirement. Planning activities would ensure that wildlife and culturally sensitive areas are identified, and actions are then taken to reduce our impact in order to maintain healthy and functioning ecosystems. During operations, construction activities are scheduled to reduce the risk of disturbing an area during sensitive periods to wildlife. If activities have to be conducted at these times, mitigation measures would be implemented. Land would be reclaimed after use to ensure it continuously support ecological functions and land use similar to those that existed before any disturbance. This could include procedures such as addressing potential contamination, re-contouring sites, replacing soil layers and re-establishing appropriate vegetation.

Regulatory Compliance

The Group places compliance with laws and regulations as a high priority and there are mechanisms to ensure regulatory compliance in various aspects of our operations. The Group keeps abreast of the latest regulatory developments and relevant training for relevant personnel. In addition to preventive measures, the Group also ensures there are monitoring and measures to enable regulatory compliance. During the Reporting Period, the Group is not aware of any material non-compliance with laws and regulations relating to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste that have a significant impact on the Group.

EMPLOYMENT AND LABOUR PRACTICES

The Group together with its core business units have over 30,000 employees around the world. The Group believes people are its most important asset. Recruiting, engaging and retaining talent are fundamental for the Group to remain ahead of its competition. The belief in talent management is demonstrated through the merit-based evaluation mechanism, competitive remuneration and inclusive work environment adopted in business units across the Group. In 2019, the turnover rate of the Group together with its core business units was approximately 8%.

Programmes have been initiated at the business unit level to recruit people from higher education institutions. United Energy and Victoria Power Networks in Australia offered a twelve-week Summer Internship Program designed to provide undergraduates the opportunity to attract greater uptake of electrical engineers to the power distribution industry, and promote women participation in non-traditional roles in the sector.

Business units of the Group offer a flexible working environment for employees to achieve a decent work life balance. Dampier Bunbury Pipeline, Multinet Gas, Energy Developments, United Energy and Victoria Power Networks in Australia, Wellington Electricity in New Zealand, and ista in Germany consider employees' requests on flexible working arrangements to balance personal needs with work commitments. UK Rails in the UK proactively supported raising awareness of mental health problems. In 2019, UK Rails took part in World Mental Health Day and took the 'Time to Change' pledge to end mental health discrimination.

To retain talent, Wales & West Gas Networks in the UK administers a flexible benefits scheme that allows employees to choose alternative benefits alongside the standard benefits package; whilst ista in Germany tries to fill management roles from its own ranks wherever possible. In order to identify and develop talented employees, a talent management process was implemented by ista since April 2017. It aims to identify and develop employees at the branches who have the desire and potential to take up managerial roles. Employees are welcome to apply for the programme themselves.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

EMPLOYMENT AND LABOUR PRACTICES (CONT'D)

The Group values employees' views and its business units have established various communication channels, such as seminars and workshops, to facilitate open dialogues with the employees, and to exchange views and collect feedback.

Business units of the Group have received awards as recognition for their achievements in different areas of employment practice. For awards in the employment practice that have been obtained by business units of the Group during the year, please refer to pages 20 to 23 of this Annual Report.

Health and Safety

The Group recognises the importance of health and safety of employees at work and business units have established individual health and safety management programmes for such purpose.

Northern Gas Networks in the UK adopted a range of measures to ensure occupational health and safety practices are implemented in the company. Northern Gas Networks obtained the third consecutive gold award from the Royal Society for Prevention of Accidents for demonstrating leading practices in health and safety. External training providers were engaged to deliver a Mental Health Awareness Programme, including training, workshops and events network-wide over the course of 2019 to better inform employees of the importance of mental health.

In Portugal, Portugal Renewable Energy purchased personal protective equipment from dedicated external suppliers to ensure safety and protection of employees in the workplace. Inspection of collective protective equipment inspections are also held regularly to review quantity and state of equipment.

Training and Development

The Group believes in talent investment and strives to realise the potential of employees through development programmes. It hopes to inspire employees to pursue further knowledge and encourage them to undertake learning. Training is provided at the business unit level to suit specific business needs and support the day-to-day job functions. In 2019, more than 740,000 training hours were provided to the employees of the Group and its core business units; the percentage of employees trained reached 88%.

The toll road employees working in Shenshan Highway East in Mainland China participated in regular training to keep abreast with highway regulations. First aid training has also been provided to interested employees of Park'N Fly in Canada.

In Australia, Australian Gas Networks is in the process of designing a non-technical training framework. This framework intends to identify training relevant for all employees. The training results will be linked to annual performance review.

Labour Standards

The Group adheres to fair employment practices and promotes diversity and equal opportunity in its recruitment and promotion. Employees are hired and selected based on their merits, regardless of their race, colour, sex or religious belief. The Group has zero tolerance for discrimination of any form and will not tolerate any kind of harassment that consists of unwelcome and offensive conduct (whether verbal, physical or visual) which is based upon a person's sex, marital status, disability or otherwise. The Group prohibits the use of child and forced labour in its businesses across the world. Mechanisms have been established by business units to prevent unethical practices.

Green Island Cement in Hong Kong participated in the Equal Opportunities Commission's "The Racial Inclusion Charter for Employers" to show support and to advocate the importance of diversity and inclusion in the workplace.

To diversify its recruitment, SA Power Networks in Australia each year promotes an Apprentice Recruitment Campaign, with the objectives to increase the recruitment of women and indigenous people.

Regulatory Compliance

As mentioned above, the Group recognises the importance of regulatory compliance and has established preventive, monitoring and control measures to ensure compliance with relevant employment and labour laws and regulations. The Group is not aware of (i) any material non-compliance with laws and regulations relating to employment and labour practices, occupational health and safety that has a significant impact on the Group during the Reporting Period; or (ii) any incident that has a significant impact on the Group relating to the use of child or forced labour during the Reporting Period.

OPERATING PRACTICES

Supply Chain Management

Businesses within the Group work with suppliers to make them aware of the Group's commitment to sustainability.

Sourcing Responsibility

The Group supports sustainable procurement and its business units have incorporated environmental and social responsibilities into their procurement processes. Suppliers are required to take into consideration sustainability performance.

Seabank Power in the UK reviews its suppliers' background with regard to their compliance with laws and regulations including but not limited to the Modern Slavery Act, General Data Protection Regulation ("GDPR") and Criminal Finances Act.

Engaging Suppliers

Business units of the Group exchange and share knowledge with suppliers about their procurement practices and requirements.

UK Power Networks in the UK has introduced a Supplier Relationship Management ("SRM") framework approach with an active policy reinforcing the importance of health and safety in all aspects of work activity including equipment supply and installation and of seeking and sharing innovation, technological advances and continuous improvement. The SRM framework has been introduced across business units including Victoria Power Networks in Australia. Apart from adopting the SRM, UK Power Networks has undertaken safety stand-down days to pause the normal operations and engage in safety education. Meetings are held to monitor lost time incidents and very serious incidents. Regular project review and site safety inspections have also been carried out.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

OPERATING PRACTICES (CONT'D)

In UK Power Networks, a Supplier Health and Safety Engagement Day was held in 2019 with UK Power Network's suppliers to share lessons learned and to align on UK Power Networks' vision for health and safety in work. 80 suppliers have attended the session.

Victoria Power Networks in Australia implemented a contractor on-boarding software that is staged to roll out to more than 100 suppliers by the end of 2019. This software will support efficient and compliant field contractor engagement processes and enable live monitoring of contractors' performances.

Australian Gas Networks in Australia engages its key contractors for distribution and transmission pipeline operations and management services and incentivises them to improve productivity and efficiency in a consistent and sustainable manner.

Product Responsibility

Business units of the Group strive to continuously enhance customer experience of their services and products through seeking feedback from customers to improve their operations.

Product Reliability and Safety

Effort and resources have been dedicated by the Group's business units in upholding safety procedures in the course of their daily operations.

Customer Experience

Business units of the Group provide different ways to communicate and engage with customers and collect customer feedback.

To continue improving customer services standard, many business units within the Group follow the quality standard of ISO 9001, for example, HK Electric, Alliance Construction Materials, Victoria Power Networks and ista.

Customer Protection

The Group recognises the importance of personal data protection and relevant business units of the Group safeguard data privacy and provide transparency on information relating to their products and services. The relevant business units have established data and privacy protection procedures which have been communicated to employees through internal policy and training. Collected personal data is treated as confidential and kept securely, accessible only by authorised personnel.

For instance, our companies in the UK actively keep their company and employees abreast of data protection requirements such as GDPR, which became effective in May 2018. Northumbrian Water worked with an external organisation to review supplier information forms to ensure compliance with GDPR requirements and also created an in-house e-learning package for their employees. Similarly, Wales & West Gas Networks ran, and continue to run, a series of GDPR awareness workshops for employees across various departments. Wales and West Gas Networks recruited a Data Protection Officer in October 2019 to assist with increasing data protection workload and compliance with GDPR and the Data Protection Act 2018.

Regulatory Compliance

The Group has placed high importance on relevant regulatory compliance concerning health and safety, advertising, labelling and privacy matters relating to products and services and methods of redress. The Group is not aware of any incidents of material non-compliance with laws and regulations concerning health and safety, advertising, labelling and privacy matters relating to products and services and methods of redress, that has a significant impact on the Group during the Reporting Period.

Anti-Corruption

The Group has zero-tolerance on any forms of bribery, corruption and fraud. Policies and measures against corruption and other malpractices are also adopted by business units across the Group. Monitoring and management control systems have been developed to detect bribery, fraud or other malpractice activities directly at the source. Employees and all other concerned stakeholders are encouraged to raise concerns on suspected cases through the Company's whistle-blowing mechanisms. Reports raised may be investigated internally by the Audit Committee or other departments of the Company delegated by the Audit Committee.

Regulatory Compliance

As mentioned above, the Group recognises the importance of regulatory compliance and has established respective preventive, monitoring and control measures to ensure compliance with relevant laws and regulations relating to bribery, extortion, fraud and money laundering in respective industries. The Group is not aware of any material breach of laws and regulations relating to bribery, extortion, fraud and money laundering that would have a significant impact on the Group during the Reporting Period.

COMMUNITY INVESTMENT

The Group's businesses support the development of communities in which they operate.

Helping the Underprivileged

Wales & West Gas Networks in the UK has extended the existing partnerships with Fire & Rescue Services in areas it has operations in order to improve customers' knowledge of carbon monoxide ("CO"). To better assist disadvantaged, underprivileged customers, these customers were provided with complementary CO alarms during home safety visits. In order to measure the effectiveness of the initiative on communities, surveys were carried out during the year. The subsequent results were encouraging, during 2019 over 2,700 surveys were completed and the initiative has contributed to a 59% positive increase in awareness of CO.

UK Power Networks in the UK continued to carry out fuel poverty programmes which look to identify and support people in vulnerable circumstances who may be struggling to pay their essential living costs including energy costs. In 2019, UK Power Networks expanded their schemes of personalised support to occur in the summer as well as in the winter season. To date, UK Power Networks' fuel poverty programmes were able to reach over 520,000 households enhancing their knowledge on how to save money by adopting energy saving behaviours.

Reliance Home Comfort in Canada provided financial support to a Canadian local charity, United Way Niagara, with an aim to support and strengthen the local communities by helping residents in Niagara regardless of their age or background. This is part of an overall effort by Reliance Home Comfort to participate in annual charitable fundraising campaigns supporting the local United Way charities in the various communities in which Reliance Home Comfort is located.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

COMMUNITY INVESTMENT (CONT'D)

Supporting Education

UK Power Networks in the UK worked with charity MyBnk to implement a new financial education programme Money Buzz which educates young people on how they could save energy and money whilst helping the environment. This programme particularly targets children from lower income families whose energy costs account for a significant portion of household income. This programme was able to reach 14 schools in UK Power Networks' regions, working with approximately 1,100 children in 2019.

In the Netherlands, plant tours were arranged with the aim to further educate the community on the waste-to-energy process, and Dutch Enviro Energy's role in the community. In Portugal, Portugal Renewable Energy participated in the Education Week at Porto de Mós raising awareness of renewable energy in the local community.

Conserving the Environment

In New Zealand, EnviroNZ works in partnership with Habitat for Humanity Central North Island to divert reusable items from landfill in Taupo. This not only lowers the waste volume to the landfill, but also raises funds to support charity. All funds raised by Habitat in the region go towards helping people with programmes including critical home repair, operation of social rental and pensioner housing, and assisted home ownership.