



# CHINESE PEOPLE HOLDINGS COMPANY LIMITED 中民控股有限公司

(Incorporated in Bermuda with limited liability)

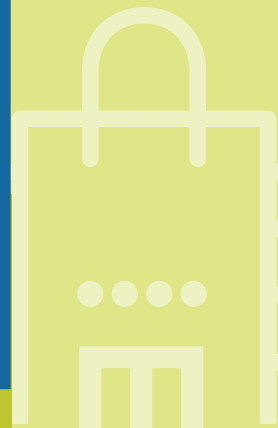
(於百慕達註冊成立之有限責任公司)

(Stock Code 股份代號：681)

## 2019-20

### ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告



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## I. About this Report

The board of directors (the “**Board**”) of Chinese People Holdings Company Limited (the “**Company**”) is pleased to present this Environmental, Social and Governance (hereinafter called “**ESG**”) Report (the “**Report**”) of the Company and its subsidiaries (collectively as the “**Group**” or “**We**”). This ESG Report summarises the policies, sustainability strategies, management approach, initiatives and performance made by the Group in the environmental, social and governance aspects of its business.

The ESG Report covers the sustainable development strategies, policies and performance in the environmental and social aspects of the Group’s business in the provision of piped gas, and sales and distribution of cylinder gas for the year ended 31 March 2020 (the “**Year**” or “**Reporting Period**”). The Report discloses the required information under the “comply or explain” provisions of the ESG Reporting Guide set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**HKEX**”). The relevant provisions and details are listed out at the end of the Report. The Report does not cover the fast-moving consumer goods and food ingredients supply business as it only accounts for 6.46% of the Group’s total revenue for the Year.

The Board is responsible for the Group’s ESG strategy formulation and reporting, evaluating and determining the Group’s ESG-related risks, and ensuring that appropriate and effective ESG risk management measures and internal control systems are in place and reporting ESG performance. In order to determine the ESG reporting scopes, the key management personnel has discussed internally and identified the environmental, social and governance items; and assessed their importance to the stakeholders and the Group. A summary of material ESG items are listed out per Section III of this Report.

## II. Stakeholders’ Engagement

The Group is committed to maintaining the sustainable development of its business and the environmental protection of the communities in which it operates. We maintain a close tie with its stakeholders, including government/regulatory organisations, shareholders/investors, employees, customers, suppliers, community, etc. and strive to balance their opinions and interests through constructive communications in order to determine the directions of its sustainable development and uphold our goal of “providing better services for the society, greater returns for shareholders, a broader platform for employees, more benefits for the enterprise, and better protection for the environment”. The Group assesses and determines our ESG risks through various channels, and ensure that the relevant risk management measures and internal control systems are operating effectively. The following table shows the means of communication with the stakeholders and the management response to the stakeholders’ expectations and concerns:

## II. Stakeholders' Engagement (Continued)

Stakeholders	Expectations and concerns	Means of communication	Management response
Government/ regulatory organisations	<ul style="list-style-type: none"> <li>➤ Compliance in laws and regulations</li> <li>➤ Fulfill tax obligation</li> <li>➤ Promote local and peripheral industries</li> <li>➤ Guarantee citizens the gas supply</li> </ul>	<ul style="list-style-type: none"> <li>➤ Regular declaration</li> <li>➤ Compliance inspection</li> <li>➤ Laws and regulations</li> <li>➤ Government-enterprise cooperation projects</li> </ul>	<ul style="list-style-type: none"> <li>➤ Uphold integrity and compliance in operations, and cooperate with the government for monitoring</li> <li>➤ Actively promote local employment and continuously cultivate talents</li> <li>➤ Pay tax on time and contribute to the society</li> <li>➤ Establish comprehensive and effective internal control system</li> <li>➤ Stable gas supply</li> </ul>
Shareholders/ investors	<ul style="list-style-type: none"> <li>➤ Continuous and stable return on investment</li> <li>➤ Timely information disclosure</li> <li>➤ Corporate governance system</li> </ul>	<ul style="list-style-type: none"> <li>➤ Information disclosed on the HKEX website</li> <li>➤ The Company's official website</li> <li>➤ Annual general meetings and other shareholders' meetings</li> </ul>	<ul style="list-style-type: none"> <li>➤ Management possesses relevant experience and professional knowledge in enhancing business diversity and business sustainability</li> <li>➤ Ensure transparent and effective communications by dispatching information at the websites of HKEX and the Company</li> <li>➤ Continue to improve the internal control system and focus on risk management</li> </ul>
Employees	<ul style="list-style-type: none"> <li>➤ Labour rights</li> <li>➤ Good career development platform</li> <li>➤ Excellent compensation and welfare</li> <li>➤ Health and workplace safety</li> </ul>	<ul style="list-style-type: none"> <li>➤ Staff activities</li> <li>➤ Employee performance assessment</li> <li>➤ Staff handbook</li> <li>➤ Induction and on the job training</li> <li>➤ Internal meetings and announcements</li> <li>➤ Workers' union meetings</li> </ul>	<ul style="list-style-type: none"> <li>➤ Strictly comply with the relevant labour laws and regulations and set up contractual obligations to protect labour rights</li> <li>➤ Encourage employees to participate in continuous education and professional trainings to enhance ability, and provide different promotion opportunities</li> <li>➤ Establish a fair, reasonable and competitive remuneration scheme</li> <li>➤ Pay attention to occupational health and safety; regularly check and update safety policies and targets to continuously improve the safety of our working environment</li> </ul>

## II. Stakeholders' Engagement (Continued)

Stakeholders	Expectations and concerns	Means of communication	Management response
Customers	<ul style="list-style-type: none"> <li>➤ High quality and safe products, and stable supply</li> <li>➤ Provide services efficiently</li> <li>➤ Customers' complaints</li> <li>➤ Reasonable price</li> </ul>	<ul style="list-style-type: none"> <li>➤ Business visit/customer visit</li> <li>➤ Customer service centre/hotline service/24-hour emergency hotline</li> <li>➤ Safety gas user manual</li> <li>➤ Community promotion activities</li> <li>➤ Contact via email, phone call and communication apps</li> <li>➤ Customer satisfaction survey</li> </ul>	<ul style="list-style-type: none"> <li>➤ Improve the quality of products and services continuously in order to maintain customer satisfaction</li> <li>➤ Develop standardised service manual</li> <li>➤ Enhance the workflow in handling customer complaints and to conduct customer satisfaction survey periodically</li> <li>➤ Professional technicians handle inquiries and complaints door to door</li> <li>➤ Promote the correct knowledge of safety gas use in various ways and channels</li> <li>➤ Ensure fulfillment of contractual obligations</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>➤ Stable demand with fair trade</li> <li>➤ Good relationship with the Company</li> <li>➤ Corporate reputation</li> </ul>	<ul style="list-style-type: none"> <li>➤ Business visit</li> <li>➤ Contact via email, phone call and communication apps</li> <li>➤ Supplier performance evaluation and review</li> <li>➤ Open tender</li> </ul>	<ul style="list-style-type: none"> <li>➤ Ensure fulfillment of contractual obligations</li> <li>➤ Fair, open and honest bidding process</li> <li>➤ Establish policy and procedures in supply chain management</li> <li>➤ Establish and maintain strong and long-term relationship with suppliers</li> <li>➤ Select suppliers with due care</li> </ul>
Community	<ul style="list-style-type: none"> <li>➤ Environmental protection</li> <li>➤ Economic development</li> <li>➤ Safe operation</li> <li>➤ Popularisation of clean energy</li> </ul>	<ul style="list-style-type: none"> <li>➤ The Company's official website</li> <li>➤ Community promotion activities</li> </ul>	<ul style="list-style-type: none"> <li>➤ Pay attention to climate change and promote green and clean energy</li> <li>➤ Maintain good and stable financial performance and business growth</li> <li>➤ Improve equipment safety, to raise the employees' safety awareness; and to regularly conduct safety check for customers</li> <li>➤ Continue to promote the construction of natural gas pipelines and strengthen the supply capacity of liquefied gas</li> </ul>

### **Feedback**

Our ongoing improvement relies on your valuable opinions on our performance and reporting methods. If you have any questions or recommendations with regards to this Report, you are welcome to send your comments via email to [info@681hk.com](mailto:info@681hk.com) for the continuous improvement in our environmental, social and governance work.

### III. Materiality Matrix

During the Reporting Period, the Group has evaluated a number of environmental, social and operating items, and assessed their importance to stakeholders and the Group through various channels. This assessment helps to ensure that the Group's business objectives and development direction are in line with the stakeholders' expectations and requirements. The Group's and stakeholders' matters of concern are presented in the following materiality matrix:

		Materiality Matrix		
Importance to Stakeholders	High	<ul style="list-style-type: none"> <li>◆ Anti-discrimination measures</li> <li>◆ Labour rights protection</li> </ul>	<ul style="list-style-type: none"> <li>◆ Talent management</li> <li>◆ Staff training and promotion opportunity</li> <li>◆ Staff compensation and welfare</li> </ul>	<ul style="list-style-type: none"> <li>➤ Customers' satisfaction</li> <li>➤ Product quality and safety</li> <li>➤ Suppliers management</li> <li>➤ Gas leakage preventive measures</li> <li>◆ Occupational health and workplace safety</li> </ul>
	Medium		<ul style="list-style-type: none"> <li>➤ Anti-corruption</li> <li>◇ Greenhouse gas emissions</li> <li>◇ Use of energy</li> <li>◇ Prevent construction pollution</li> </ul>	<ul style="list-style-type: none"> <li>➤ Operational compliance</li> <li>➤ Customers' privacy measures and protection</li> <li>◇ Vehicle exhaust air emission</li> <li>◇ Wastewater discharge</li> </ul>
	Low	<ul style="list-style-type: none"> <li>◆ Preventive measures for child and forced labour</li> </ul>	<ul style="list-style-type: none"> <li>◇ Water resources utilisation</li> <li>◇ Disposal of non-hazardous wastes</li> </ul>	
		Low	Medium	High
		Importance to the Group		
		◇ Environmental	◆ Employee	➤ Operation

#### **IV. Environmental Protection**

Along with the continuous growth of the population in Mainland China, climate change and the people's pursuit of high-quality life, the issue for equal access to energy has emerged consequentially. In recent years, Mainland China has been actively promoting the energy reform and transformation, introduced a number of important policies about "Coal to gas", emphasised that they will continue to promote and support the development of natural gas and liquefied gas industries in order to establish a clean, low-carbon, safe, efficient and diverse energy supply system. In response to the national 13th Five-Year Plan of building a modern energy system policy, the Group is committed to reducing the emission of pollutants by operating safe and reliable clean energy like natural gas and liquefied gas, and hopes to try its best in the country's work to promote energy structure.

The Group has taken into account environmental protection in establishing its internal policies. In addition to vigorously promoting energy reform policies to reduce the corporate's own carbon emissions, we also put the practice of environmental protection into our operation, construction, engineering design, etc., aiming at reducing unnecessary energy consumption and waste generation. We actively explore the operation approach that brings relatively less adverse impact on the environment and communities, pay attention to good environmental management, and also pursue diverse green development. We can also fulfill our social responsibilities and achieve the sustainable development of the earth while protecting the environment. Besides, we constantly provide green education and training for our employees to let them to understand the importance of their behaviours on the environment. While implementing the Group's environmental policies, we can also raise the employees' awareness of environmental protection, and further enhance the efficiency of various environmental protection management methods and measures. Our management methods and measures in this context is detailed in the following paragraphs:

##### **1. Management of Emissions**

The Group mainly engages in provision of piped gas, and sale and distribution of cylinder gas businesses. The emissions are mainly exhaust air and greenhouse gases generated from energy used in offices, stores, gas stations and vehicles; construction waste and noise generated from installing and repairing the gas pipelines, disposal of scrap cylinder gas bottles, office and domestic garbage and wastewater, etc. Since our business does not involve any production or processing activities, no significant hazardous wastewater and solid wastes was produced in operation. We comply with the national and local laws and regulations regarding the control and disposal of emissions, such as the "Environmental Protection Law of the People's Republic of China", the "Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution", the "Law of the People's Republic of China on the Prevention and Control of Water Pollution", the "Law of the People's Republic of China on the Prevention and Control of Solid Waste Pollution" and the "Law of the People's Republic of China on the Prevention and Control of Environmental Noise Pollution". Moreover, we have adopted different measures in emission reduction and energy saving for the purpose of reducing the impact of emissions on the environment (please refer to the section "Management of Resources Utilisation" below for details).

#### **IV. Environmental Protection (Continued)**

##### **1. Management of Emissions (Continued)**

###### **Management of Solid Waste**

The Group's solid waste mainly come from construction waste, scrap cylinder gas bottles, office and domestic waste, etc. We control waste production at source and in operations through our sound solid waste management system. In the early stage of the construction project, we comprehensively evaluate the possible impacts of the construction on animals, plants, soil, water sources, natural resources, and surrounding communities at the construction site, and formulate various response plans and measures to reduce and alleviate the impacts on the ecological environment; for example, we adopt trenchless methods for pipeline construction to reduce damage to animals, plants and soil; we respect the local culture and folk customs in selecting the project site, design, construction and operation process so as to avoid affecting the living environment of residents in the surrounding communities; we strengthen the construction management and the environmental awareness of the construction personnel to avoid resource wastage and waste generation; we have designated personnel to monitor the waste disposal work at construction sites, it is strictly forbidden to backfill domestic garbage and construction waste and earthwork into the construction site to prevent soil pollution. We use a dust filter or a dust remover to prevent dust from fluttering in the air and causing air pollution. We collect the construction waste and the domestic waste by category and arrange disposal by qualified agents or the construction contractors when the construction is completed. The Group strictly complies with the "Law of the People's Republic of China on the Protection of Oil and Gas Pipelines". We only carry out the construction works and operate pipeline facilities after obtaining approval on the site selection, construction and completion acceptance process of the project from relevant government departments to avoid any illegal operation from happening.

All cylinder gas bottles (including those being aged or damaged) have to conduct the "residual removal" process, that is, to remove and collect the residual liquefied gas and to ensure no flammable substance is left in the bottles and to avoid any impact on gas quality in the next filling. This is also to prevent significant safety and environmental incidents when cylinder gas bottles are disposed. We periodically pass the cylinder gas bottles to the qualified recycling service providers and illegal dumping is strictly forbidden.



#### **IV. Environmental Protection (Continued)**

##### **1. Management of Emissions (Continued)**

##### **Management of Solid Waste (Continued)**

We follow the requirements of the local government of each operating location to categorise the wastes from business operations and living; such as recyclable waste, non-recyclable waste, dry garbage, wet garbage, food waste, etc., and have them passed to the local sanitation department for landfill or incineration. Small amount of hazardous solid waste generated from the office, such as waste lamps, waste ink cartridges and waste batteries, are all collected and disposed of by a qualified recycling company. Besides, we start with educating our employees to promote reduction, recycling, and harmlessness of the office and domestic waste, and adopt different measures to reduce waste generation, for example, microwave oven is made available in the office to encourage employees to bring their own lunch boxes and reusable tableware; some of the companies set up canteens to provide staff with lunch so as to reduce ordering takeaway foods, thereby reducing the use of food packaging bags and disposable tableware; we dedicate personnel to count the number of people dining in the cafeteria every day to reduce food waste caused by excessive food preparation in the canteens; we provide periodic waste classification trainings for our employees in order to enhance their awareness in waste segregation; encourage employees to use environmental friendly office supplies such as using refills instead of new ball pens, and using pencils to reduce the use of volatile ink and correction fluid.

During the Reporting Period, the Group generated approximately 2,599.45 tonnes of non-hazardous solid waste, representing a drop of approximately 738.87 tonnes or 22.13% compared with the previous year. This was mainly due to the purchase of a new batch of cylinder gas bottles by the sales and distribution of cylinder gas business in the previous year, and the remaining cylinder gas bottles have not yet to be scrapped which led to the drop of the scrapped cylinder gas bottles this year by approximately 708.42 tonnes or 27.42% compared with the previous year. As the sales volume was flat between two years and the volume of scrapped cylinder gas bottles decreased, the intensity of non-hazardous solid waste has decreased by approximately 3.11 tonnes or 41.80%.

#### IV. Environmental Protection (Continued)

##### 1. Management of Emissions (Continued)

###### Management of Solid Waste (Continued)

During the Reporting Period, the Group's data in production of non-hazardous solid wastes is as follows:

	2019/2020 (Tonnes)	2018/2019 (Tonnes)
<b>Non-Hazardous Solid Waste</b>		
<b>Provision of Piped Gas, and Sales and Distribution of Cylinder Gas:</b>		
Total <sup>1, 3</sup>	2,599.45	3,338.32
Intensity <sup>2, 3</sup>	4.33	7.44

Notes:

- 1 Non-hazardous solid waste mainly come from domestic waste, as well as scrap cylinder gas bottles from the supply and distribution business. The amount of domestic waste generated is estimated based on the average waste generated per employee in a year.
- 2 The emission intensity of provision of piped gas, supply and distribution of cylinder gas business are calculated based on the kilo-tonne of total natural gas and liquefied gas sold.
- 3 Last year's comparative figures are restated to conform with the current year's presentation.

#### IV. Environmental Protection (Continued)

##### 1. Management of Emissions and Wastes (Continued)

###### Management of Wastewater

The wastewater generated during our operation mainly includes domestic wastewater from offices, stores and gas stations, oily wastewater from canteens, and wastewater from installation and maintenance of gas pipelines. We strictly prohibit our employees or outsourced construction units dumping of waste oil and hazardous chemicals into the sewer. The wastewater produced in canteen contains oil, and has to go through the process of oil and slag separation before it can be discharged together with domestic wastewater to the local wastewater pipelines for further treatment by the local wastewater treatment plant. We also conduct regular repair and maintenance on the wastewater pipelines within the company to prevent any leakage of wastewater and avoid negative impact on the surrounding environment. For wastewater from construction, we require the contractor to install drainage pipes at the construction site; wastewater must be filtered and precipitated to separate the solid waste such as sand and gravel from wastewater before it can be discharged to the wastewater pipelines network; so as to prevent pipelines blockage.

During the Reporting Period, the Group generated approximately 55,949.34 tonnes of non-hazardous wastewater from the operation of the provision of piped gas, and sales and distribution of cylinder gas business, and the daily use by employees, representing a drop of approximately 3,274.45 tonnes or 5.53% compared with the previous year.

During the Reporting Period, the Group's data in non-hazardous wastewater produced is as follows:

	2019/2020 (Tonnes)	2018/2019 (Tonnes)
<b>Non-Hazardous Wastewater</b>		
<b>Provision of Piped Gas, and Sales and Distribution of Cylinder Gas:</b>		
Total <sup>1</sup>	55,949.34	59,223.79
Intensity <sup>2</sup>	93.14	131.93

Notes:

- 1 Since the Group has not performed analysis on the discharge of production and domestic wastewater in its business operations, the non-hazardous wastewater discharged in the above table is estimated based on 80% of the water consumption.
- 2 The emission intensity of provision of piped gas, supply and distribution of cylinder gas business are calculated based on the kilo-tonne of total natural gas and liquefied gas sold.

###### Compliance

During the Reporting Period, we did not involve in any confirmed violations that relate to emissions with significant impact on the Group.

#### **IV. Environmental Protection (Continued)**

##### **2. Management of Resources Utilisation**

To comply with the “Energy Conservation Law of the People’s Republic of China” and other applicable laws, regulations and policies on resource conservation, and to instill conservation thoughts and to promote corporate culture in saving resources; we have set up various resource saving measures and organised environmental protection-themed training from time to time to promote energy conservation, to demand employees to achieve “Everyone is responsible for energy saving and consumption reduction” and realise one’s behaviour can impact the environment. They are required to make full use of resources, to maximise its effectiveness and to avoid wastage. Our measures for the effective use of various resources are detailed below:

##### **Conservation of Gasoline, Diesel, Liquefied Gas and Natural Gas Utilisation**

The gasoline and diesel consumed by the Group are mainly used for vehicles and backup electric generators; liquefied gas and natural gas are used for cooking and heating supply. As the supply and distribution of cylinder gas business requires a large number of vehicles to transport products to gas stations/stores or users, and the gasoline and diesel do produce exhaust air and greenhouse gases; automobile fuel management has been one of our focused area.

The Group’s vehicles are mainly used for business and non-business purposes. The vehicles used in business includes gas tank trucks transporting gases from the refineries to the Group’s gas stations or users, and the dangerous goods transportation vehicle carrying cylinder gas from the gas stations to stores and users, etc. The non-business vehicles are mainly used for office and customer service purpose (such as maintenance, customer complaint handling, security inspection).

We have established our internal management system and adopted a number of conservative measures to control the use of fuel in business and non-business vehicles in order to reduce emissions of exhaust air and greenhouse gases. When we purchase new vehicles, we take precedence to small-displacement economical vehicles to reduce energy consumption. We changed few vehicles being used in transferring cylinder gas to users with battery electric vehicles. Delivery personnel must plan the route in advance before goods delivery so as to make it the safest and at the shortest distance; the vehicles locations are tracked real-time in order to ensure no deviation in the planned driving route. We have installed GPS and surveillance cameras in our business vehicles to prevent dangerous driving behaviour (such as driver smoking, speeding, fatigue and drunk driving), and to keep track of the driving route and whether the delivery was made on time.

#### **IV. Environmental Protection (Continued)**

##### **2. Management of Resources Utilisation**

###### **Conservation of Gasoline, Diesel, Liquefied Gas and Natural Gas Utilisation (Continued)**

In case that employees need to use vehicles for non-business purposes, they have to submit applications and obtain prior approval from management; if passengers are going to the same or close destinations, they will be arranged to use the same vehicle whenever possible to make the best use of the fuel. The vehicle management department is responsible for recording the mileage and the amount of fuel consumed so as to enable fuel usage analysis by each vehicle. Immediate investigation for the cause and remedial action is required when abnormalities are found in order to control the vehicles use frequency and fuel use. We also demand the drivers to stop the car engine when the vehicle is idling so as to reduce unnecessary energy consumption. We also actively promote the environmental protection concept of “Green Travel” and encourage employees to use public transport or even use bicycles or walk to get to and get off work, instead of using private vehicles to minimise fuel consumption and exhaust air emissions.

The drivers are responsible for routine inspection so as to keep the vehicles in good condition. Immediate repairs are arranged for problems found. We also conduct regular vehicles maintenance to ensure safe driving and to raise the efficiency of energy use; and to prevent excessive fuel consumed and exhaust air generated due to parts failure. We demand our employees to pay attention to their driving habits during daily meetings or special trainings to avoid any unnecessary fuel wastage.

During the Reporting Period, the provision of piped gas, and sales and distribution of cylinder gas business consumed approximately 216.28 tonnes of gasoline and approximately 543.89 tonnes of diesel. The consumption of gasoline decreased by approximately 24.24 tonnes or 10.08% when compared with the previous year. Diesel use has dropped by approximately 59.47 tonnes or 9.86% from last year’s consumption. Since the Group has strengthened the cost control of vehicle fuel consumption and all subsidiaries have strictly implemented the relevant policies, resulting in a decrease in fuel consumption despite the sales volume increased.

For the use of liquefied gas and natural gas, we have strict rules on the quantity of food to be prepared in the canteen to avoid excessive food and unnecessary liquefied gas and natural gas consumption, and at the same time, to reduce the production of food waste. We use the heating system according to seasonal change, and we will not use the air conditioner and heating system at the same time to avoid wastage.

During the Reporting Period, the provision of piped gas, and sales and distribution of cylinder gas business consumed approximately 26.35 tonnes of liquefied gas and approximately 53.29 tonnes of natural gas. The consumption of liquefied gas increased by approximately 15.93 tonnes or 152.88% compared with the previous year. Natural gas use dropped by approximately 33.07 tonnes or 38.29% from last year’s consumption. This was mainly due to the shift from use of natural gas to liquefied gas by some subsidiaries.

#### IV. Environmental Protection (Continued)

##### 2. Management of Resources Utilisation (Continued)

##### Conservation of Gasoline, Diesel, Liquefied Gas and Natural Gas Utilisation (Continued)

During the Reporting Period, the Group's use of energy and the Scope 1 greenhouse gas emissions generated by the Group are as follows:

	2019/2020		2018/2019	
	Consumption (Tonnes)	CO <sub>2</sub> Equivalent Emissions (Tonnes)	Consumption (Tonnes)	CO <sub>2</sub> Equivalent Emissions (Tonnes)
Provision of Piped Gas, and Sales and Distribution of Cylinder Gas:				
Gasoline	216.28	794.55	240.52	746.67
Diesel	543.89	1,741.83	603.36	1,923.74
Liquefied Gas	26.35	69.00	10.42	28.56
Natural Gas	53.29	121.99	86.36	197.70
<b>Group Total Emission</b>		<b>2,727.37</b>		<b>2,896.67</b>
<b>Group Emission Intensity <sup>1</sup></b>		<b>4.54</b>		<b>6.45</b>

Note:

- 1 The emission intensity of provision of piped gas, supply and distribution of cylinder gas business are calculated based on the kilo-tonne of total natural gas and liquefied gas sold.

#### **IV. Environmental Protection (Continued)**

##### **2. Management of Resources Utilisation (Continued)**

###### **Conservation of Electricity Utilisation**

The Group uses electricity mainly in offices, stores, gas stations and staff dormitories. We pay attention to energy efficiency and emphasise the proper use of electricity and reduce wastage. We also control the use of energy and improve resource usage efficiency through daily management and employee education, for example, we purchase energy-efficient electrical equipment and regularly conduct repair and maintenance or transformation so as to extend the equipment life cycle. It not only improves the energy efficiency of the equipment, but also reduce the generation of solid waste. We infiltrate environmental protection elements to our daily work and life and hope that our employees can change their daily habits in using electrical appliances and to save electricity. Some subsidiary companies have established electricity usage standards and adopted various conservation measures, for example, use LED lamps instead of fluorescent lamps, encourage employees to use natural light for daily operations, sleep timer mode in electronic device, adjust monitor brightness level, switch off the appliances like lights, computers, printers, photocopiers, scanners, air conditioners, etc. when not in use and after work. The use of air-conditioners is restricted and adjusted according to seasonal and temperature change, it is forbidden to use the air conditioner when the temperature is lower than 29 °C or higher than 10 °C; and the doors and windows must be closed when the air conditioner is on; it must be turned off 20 minutes before off work, and cleaned regularly to reduce electricity use and for a better energy consumption efficiency. We also post energy saving reminders at prominent location in offices and remind employees of the importance of saving energy in daily routine meetings.

During the Reporting Period, the Group consumed approximately 2,863.49 megawatt hours ("MWh") of electricity, representing a decrease of approximately 37.65 MWh or 1.30% compared with the previous year. This was mainly due to the active cooperation from our employees on the aforementioned energy-saving measures.

#### IV. Environmental Protection (Continued)

##### 2. Management of Resources Utilisation (Continued)

###### Conservation of Electricity Utilisation (Continued)

During the Reporting Period, the Group's use of electricity and the Scope 2 greenhouse gas emissions generated by the Group are as follows:

	2019/2020		2018/2019	
	Consumption (MWh)	CO <sub>2</sub> Equivalent Emissions (Tonnes)	Consumption (MWh)	CO <sub>2</sub> Equivalent Emissions (Tonnes)
Provision of Piped Gas, and Sales and Distribution of Cylinder Gas:				
Electricity <sup>1</sup>	2,863.49	2,581.27	2,901.14	2,685.43
<b>Group Total Emission</b>		<b>2,581.27</b>		<b>2,685.43</b>
<b>Group Emission Intensity <sup>2</sup></b>		<b>4.30</b>		<b>5.98</b>

Notes:

- 1 The electricity bills of some of the stores are included in monthly rental and the landlords of the stores were not able to provide the electricity consumption data related to the business of the Group. Therefore, the electricity consumptions in such context are not disclosed in this Report.
- 2 The emission intensity of provision of piped gas, supply and distribution of cylinder gas business are calculated based on the kilo-tonne of total natural gas and liquefied gas sold.



#### **IV. Environmental Protection (Continued)**

##### **2. Management of Resources Utilisation (Continued)**

###### **Conservation of Water Resources Utilisation**

The Group mainly uses government-supplied water sources, but some subsidiary companies are located in remote areas which municipal pipelines are not covered, and relied on groundwater as their water source. These water resources are mainly used in offices, stores, canteens and staff dormitories, as well as used in the gas stations at summer time for cooling the gas tank, to prevent explosions caused by excessive pressure inside the tanks. During the Reporting Period, although we did not encounter any problems in obtaining applicable water resources, we clearly understand that water is a precious, shared and limited resource and hope that every employee can pay attention to water conservation. Therefore, we actively take various measures and to educate our employees to make the best use of water resources, to raise their self-consciousness and thereby reducing wastage. For example, drinking water cannot be used in other way, water flow from tap is controlled at low level, water tap should be turned off when not in use; regularly check the water supply pipes to prevent water leakage and it is required to notify our maintenance department promptly for repair once damaged pipes or valves or water leakage is found. In order to further strengthen the control in this area, some companies have established water resources and electricity management systems according to their own situation and make reference to the requirements of applicable regulations of the state and local governments. The responsible departments set up the resource use indicators, record and conduct regularly checking of the usage. We also promote resources conservation and organise training activities. Employees are penalised for resources wastage.

Due to the shrinking of the bottled water market, the sales volume of bottled water business for Tianjin subsidiary <sup>1</sup> has declined and the water consumption thereby falling sharply. Mianzhu subsidiary has carried out repair work to the serious water leakage area found in the office building last year, which led to a drop of water consumption this year. Partial suspension of production activities subsequent to a safety incident occurred in the gas station of the Yunnan subsidiary last year resulted in a significant drop in water consumption last year. In order to maintain the operation, the company rented gas stations from other companies and the water consumption has increased accordingly. Based on the above reasons, the Group's water consumption has decreased by approximately 4,093.06 tonnes or 5.53% compared with the previous year despite the increase in business sales. The Group has consumed approximately 69,936.68 tonnes of water resources.

Note:

- 1 The Tianjin subsidiary uses groundwater and has not conducted analysis on the water consumption of its sales of bottled water business. Therefore, the company's water consumption includes the main business of sales and distribution of cylinder gas and the subsidiary business of sales of bottled water.

#### IV. Environmental Protection (Continued)

##### 2. Management of Resources Utilisation (Continued)

###### Conservation of Water Resources Utilisation (Continued)

During the Reporting Period, the Group's water consumption is as follows:

	2019/2020 (Tonnes)	2018/2019 (Tonnes)
Water Resources		
Provision of Piped Gas, and Sales and Distribution of Cylinder Gas:		
Total <sup>1</sup>	69,936.68	74,029.74
Intensity <sup>2</sup>	116.42	164.91

Notes:

- 1 The water bills of some of the stores are included in the rental and the landlords have not provided the water consumption data related to the business of the Group. Therefore, their water consumptions are not disclosed in this Report.
- 2 The emission intensity of provision of piped gas, supply and distribution of cylinder gas business are calculated based on the kilo-tonne of total natural gas and liquefied gas sold.

###### Conservation of Paper Utilisation

In order to alleviate the environmental impact of our daily operations, the Group actively promotes "Paperless Office" and encourages employees to deliver files in electronic form whenever possible to reduce use of photocopying, printing or faxing. We also encourage our employees to set double-sided printing as default, check the file format (such as kerning, margins, and pages) before photocopying or printing, change the font size without affecting reading; reuse the used envelopes and briefcases. We also make full use of paper by reuse one-side used paper for photocopying or printing; collect the double-side wasted papers in recycled paper collection box and recycle by the qualified recycler that holds the local environmental protection certificates. We also adopt the paper management method of "unified procurement and distribution" to effectively regulate and improve the paper use habits of various departments through the establishment of such paper procurement and distribution procedures.

During the Reporting Period, the Group has consumed approximately 8.91 tonnes of paper, representing an increase of approximately 2.33 tonnes or 35.41% compared with the previous year. This was mainly due to the increase in sales volume of the provision of piped gas, and sales and distribution of cylinder gas business, resulting in an increase of paper consumption of work orders papers, household inspection forms, and office papers.

#### **IV. Environmental Protection (Continued)**

##### **3. The Environment and Natural Resources**

As a clean energy provider, we provide people with safe, continuous and high-quality energy; and we also pay great attention to the impact of our operations on the environment and natural resources; we actively adopt different management methods while complying with the national environmental protection laws and regulations. We give instructions to the subsidiary companies to effectively reduce their carbon emissions and strengthen the spreading of message about the importance of environmental protection, so as to improve employees' habits of using resources and reduce the Group's adverse impact on the environment and natural resources.

The Group understands that the use of vehicles in transporting products have a relatively significant adverse impact on the atmospheric environment. Therefore, we have taken reasonable management measures without affecting our operations to reduce carbon emissions. We also continue to pay close attention to the global climate changes and the country's energy reform policies so as to assess the risks from our daily operations to the environment. The Group continuously strengthens the integrated management in environmental protection, promote the application of clean energy in various ways and fulfill our environmental protection responsibility in all aspects. We look forward to disseminating the environmental protection messages to different stakeholders when implementing the relevant policies; and to build a more powerful cohesion in alleviating climate change together.

#### **V. Employment and Labour Practices**

The Group devotes to create a non-discriminatory, equal, harmonious and safe workplace and establish a comprehensive management system. We formulate our human resources strategies, covering remuneration, rewards, welfare, training and development, work safety, occupational ethics, etc., based on the Group's long-term business development plan and interest. We provide favourable conditions, including commensurate salary, various benefits, training for personal and career development to attract, retain, reward and cultivate talents for our sustainable development. At the same time, we establish an equal and competitive mechanism for employee promotion and advancement, and provide regular training activities to lay the foundation for their future career development. Besides, we care about our people's work, life, physical and mental health; and organise regular cultural and training activities to enrich their leisure time, to enhance their technical skills and promote team cohesion. We also encourage employees to maintain harmonious interpersonal relationships, promote team spirit of cooperation and unity, bravely face difficulties and overcome challenges. Our human resources policies vary by locations to comply with the local labour laws and regulations.

## **V. Employment and Labour Practices (Continued)**

### **Talent Selection**

The Group advocates equal opportunity and respects personal privacy, and established recruitment management policy to control the recruitment procedures. During the hiring process, the department head determines the job positions' responsibilities and requirements, and the human resources department assesses and screens applicants according to the requirements so as to raise the recruitment efficiency. The Group selects appropriate candidates based on their morality, knowledge, abilities and job requirements, and regardless of their age, gender, race, marital status or nationality. The policy applies to all phases of the employment relationship, including but not limited to, hiring, promotion, performance appraisal, training, personal development and termination. On the basis of equality, the Group hopes to identify talents who are committed and dedicated to work, willing to take responsibility, keep learning, continuously improving their abilities and willing to move forward with the Group.

### **Labour Standards**

The Group cherishes human rights and protects labour rights. We follow the applicable labour laws and regulations to prohibit child and forced labour. We inspect the identity documents of the applicants in the hiring process to prevent someone using false identification. The working hours of employees must comply with the relevant local labour laws and regulations; and all necessary overtime arrangements must be agreed by employees and cooperate voluntarily to avoid forced overtime work, and the employees are compensated in accordance with the applicable labour laws and regulations. For those retired and re-employed staffs, the Group enters into new labour agreements with them, specifying the respective responsibilities; so as to keep the experienced employees in the entities. During the Reporting Period, the Group did not hire any applicant under the legal working age in order to comply with the labour laws and regulations in respect of child and forced labour.

## **V. Employment and Labour Practices (Continued)**

### **Compensation and Welfare**

The Group attracts and retains outstanding talents with competitive remuneration packages; benchmarks up-to-date remuneration data in their industry and strives to establish a fair, reasonable and competitive remuneration scheme. Staff salaries level are determined based on one's knowledge, skills, experiences and education background with respect to their work requirements. Staff compensation and benefits vary among corporates in different locations. The employee compensation includes basic salary, overtime pay and/or discretionary bonus, etc.. Other benefits include holiday gifts (e.g. Spring Festival, International Women's Day, Dragon Boat Festival, Mid-Autumn Festival, etc.), birthday gifts, meal allowances, medical checks for employees, travelling allowances, telephone allowances, high temperature subsidy and/or provision of anti-heatstroke medicines and beverages, etc..

In order to enhance employees' work quality and efficiencies and inspire their motivation, the Group conducts periodic and systematic performance appraisal, and fairly assesses the level of awards, salary adjustment and/or promotion recommendations based on a number of criteria, including working experience, seniority, knowledge and skills, performance, contributions, etc. During the performance appraisal process, the department head communicates and discusses with the employees and sets up work goals and self-development plan for the coming year, and arranges appropriate training programs for employees to develop their potential.

Besides, in accordance with the local labour laws and social security laws and regulations, we provide social security benefits for all employees. We contribute to various social security schemes (endowment insurance, medical insurance, unemployment insurance, work injury insurance and maternity insurance) and housing provident fund for the employees in Mainland China, and contributes to the Mandatory Provident Fund ("MPF") Scheme for the employees in Hong Kong. We handle dismissal and compensation in accordance with the local laws and regulations.



## V. Employment and Labour Practices (Continued)

### Compensation and Welfare (Continued)

We pay attention to our employees' health and encourage everyone to maintain work-life balance, and set up employee work hours according to labour laws and protect the employee rights to rest days and holidays; so that all employees are entitled to rest days and statutory holidays. We care about our employees' physical and mental health, and organise a variety of leisure activities, including volleyball competition, basketball competition, long-distance running, hiking, International Women's Day activities, New Year gathering, outdoor barbecue gathering, etc., hope to enhance staff's cohesion and sense of belonging, and to reduce work pressure.



*Staff travel activities*



*Sports competitions and team building activities held for employees  
to maintain their physical and mental health*

During the COVID-19 outbreak in early 2020, we did not reduce our employees' compensation and welfare nor layoff any employees. In order to ensure steady gas supply to the public, we did not suspend our operations but changed to shift work; and employees can apply to work from home if needed. Besides, we obtain employees' advance consent for working overtime and they are compensated in accordance with the applicable labour laws and regulations. For the sake of employees' health and safety, we have implemented various epidemic prevention measures. Please refer to the "Health and Safety" below for details.

## **V. Employment and Labour Practices (Continued)**

### **Development and Training**

The Group is fully aware that an excellent team is core to the competitiveness of the corporate, and critical to the corporate sustainable development. Therefore, we have always regarded talent training as one of the Group's core tasks. In order to align the staff career plan with our long-term corporate business plan, the Group encourages our employees to study continuously and lifelong learning, and make reference to the departmental human resources needs, the human resources department established a comprehensive staff training plan to explore and cultivate professional talents. This aims at building an excellent, well-trained and responsible corporate team. Continuous training not only enhances the employee's knowledge and management capabilities, improves their work ability, performance and efficiency, but also raises their enthusiasm in work and cultivates team spirit.

New hires have to participate in induction training and must pass the assessment. The training topics include corporate culture, business, industry knowledge, organisational structure, policies and procedures, quality awareness, production workflow and skills and work safety. New hire and employees being transferred to a new position have to participate three-level safety training to ensure the employees understand the national safety production laws and regulations, learn safety knowledge, acquaint with the key safety production work of each position (please refer to "Health and Safety" below for details of occupational safety training).

During the Reporting Period, the Group also organised various training programs related to human resources, finance, taxation, products, customer service, quality management, laws and regulations, information system and production safety (please refer to "Health and Safety" below for details of occupational safety training) to achieve the ultimate goal of nurturing talent. The training topics include labour contract law, social insurance premium management, fund management system, finance management system, reimbursement management system and process, individual income tax, taxation and accounting standards, introduction of products, urban gas design specifications, improvement of service quality, gas appliances after-sales service skills, regulations on urban gas indoor construction project and acceptance procedures, urban gas management regulations, system operation and so on.

## V. Employment and Labour Practices (Continued)

### Health and Safety

The Group pays attention to its employees' health and provides a safe work environment so as to prevent occupational hazards. To comply with the "Law of the People's Republic of China on Production Safety" and the applicable local laws and regulations, we establish policies and procedures in production safety and set up safety management committee and safety management organisation structure. Supervisors and employees at all levels must clearly understand their own safety responsibilities and sign the respective safety responsibility statement, and strictly perform the requirements as stated on the safety responsibility statement. New hires must join various safety training and to understand the work processes and guidelines relating to the safety department. We also provide routine training programme about safety awareness, knowledge and techniques; and to arrange regular safety assessment. This is to ensure that our employees have the necessary awareness, knowledge and skill to discharge of their duties up to standard.

Gas leakage can cause safety incidents, and impose serious impact on our employees and the public. Hence, we have formulated respective management systems and operating procedures at different stages from production to after-sale services. These include risk management manual, daily production safety management, construction safety management, gas station safety management, fire prevention management, gas cylinder loading and unloading and safety operating procedures, safe driving operating procedures, safety inspection system, natural gas user management, user repair requests management, safety incident management, etc., so as to reduce hazards and to prevent safety incidents. In order to implement the safety production policy of "safety first, prevention first and comprehensive management", regulate the emergency management, improve the ability to respond to risks and prevent incidents, minimise casualties and the adverse impacts on the environment and society, and ensure emergency rescue work is effective, the Group formulates emergency plans for production safety incidents, establishes organisation structure for handling incidents and prescribes respective responsibilities, identifies hazards, assesses risks, analyses the possibility of incidents and the severity of their consequences, and then formulates various emergency plans for significant incidents, including the responsible person, incident preventive measures, notification after incident outbreak, emergency evacuation, on-site emergency handling procedures and requirements, personal safety protection measures, publicity and education, drills, reward and punishment systems, etc..



*Emergency rescue, fire and first aid drill*



## V. Employment and Labour Practices (Continued)

### Health and Safety (Continued)

Training topics are mainly related to workplace safety and occupational health. The Group provides appropriate occupational health and safety training to introduce the corporate development plan, enhance their awareness on safety and continuously strengthen their consciousness, improve their professional skills, especially those job positions with significant potential safety hazards, and enable them to perform their duties in a safe environment. Employees have to report to the management immediately when incident occurs or aware of any potential hazards. During the Reporting Period, on top of the induction training to the new hires, we organised various safety training programs, for example, production safety operating procedures, fire safety and gas knowledge training, pressurised vessel operation training, safety and protection training on operation at high altitude and under high temperature, use of electricity knowledge training, physics and chemical knowledge on liquefied natural gas and practical training, dangerous goods transportation safety management training, fire safety training for flammable and explosive places, emergency plan training, hazards investigation, case analysis and training for gas facility maintenance, safety inspection training, emergency repair training, safety qualification training, etc.



*Regular safety training and practical training*

## V. Employment and Labour Practices (Continued)

### Health and Safety (Continued)

According to the gas station safety management system, all employees must accept three-level safety training and onboard assessment. The safety technology department staff conduct safety check at gas stations regularly. When problems are found, remediation notice will be issued to the gas station and communicate internally in the Group. The safety staff regularly conduct oral examination at gas stations to test the staff's safety knowledge and their familiarity to safe operating procedures.

An explosion occurred in the gas station of a subsidiary in Yunnan, resulting in casualties in the previous period. We have handled the incident according to the Group's emergency plans, and immediately notified the local government and assisted in the explosion incident investigation handled by different government departments. The investigation has completed in June 2019 and we have made compensation to the affected employees. Sanctions have been imposed by the local government bureau. Due to the occurrence of this incident, the Group realised that there is a safety management deficiency. We have made remediation and implemented preventive measures according to the incident investigation report, including installing additional safety facilities and replacing safety equipment; improving monitoring facilities so that the monitoring system fully covers the gas station, replacing the alarm system, and installing a pressure and temperature monitoring system on the storage tank; reviewing the safety regulations and operating procedures, organising employees' safety training, strengthening safety supervision at production sites, demanding employees to properly wear protective equipment, strictly implementing safety regulations and operating procedures, and strengthening the investigation and remediation of potential safety hazards. The relevant government departments inspect the remediation status on site afterwards and accepted our application to resume operation. We have obtained the gas station operation permit. The relevant gas station has resumed operation by the end of 2019.



*Gas station operation permit*

## **V. Employment and Labour Practices (Continued)**

### **Health and Safety (Continued)**

Employees are the Group's valuable assets, we put their health and safety with top priority, due to the COVID-19 outbreak in early 2020, we actively implemented various preventive measures to align with the local governments' prevention and control policies, for example, conduct sterilisation in the stores, gas stations and offices, and supervisors inspect repeatedly to ensure that anti-epidemic work is implemented properly; measure body temperature and record personal health status for employees daily, and employees without any suspected symptoms of infection are allowed to access the stores, gas stations and offices; employees are provided with appropriate anti-epidemic supplies (such as masks, gloves, alcohol hand sanitiser, etc.); employees must wear masks; always remind employees to maintain social distance from other employees and customers; regularly educate the employees to be self-conscious and follow the government's epidemic prevention and control policies during epidemic such as avoiding to visit any high-risk areas if unnecessary; employees in need can apply for work from home. During the Reporting Period, thanks to the staff's insistence on the above-mentioned epidemic prevention measures, none of our staff infected the coronavirus. We will continue to closely monitor the situation and cooperate with the government to take appropriate measures and hope to work together with the employees to overcome the epidemic soonest possible.

### **Compliance**

During the Reporting Period, the Group did not involve in any non-compliance incidents relating to employment, health and safety, and labour standards that have significant impact on the Group.

## **VI. Operating Practices**

### **Supply Chain Management**

The Group conveys its concern on environmental issues to its suppliers and business partners, and expects them to implement similar practices. We also serve to maintain long-term, stable and strategic cooperative relationships with leading suppliers, and co-develop with its suppliers on the basis of equality and win-win situation. In order to establish an efficient supply chain system, we select suppliers and service providers who have good credit history, reputable, high product or service quality, proven track records of environmental compliance and sound commitment to social responsibility. We conduct irregular performance review of our suppliers and service providers with an aim to effectively control our products and service quality. To ensure that suppliers are competitive and that the goods and services provided are with high quality, we have strict requirements for division of labour from contract signing, goods inspection, to monitoring. We require the suppliers of goods and services to possess recognised qualifications, the required professional skills and good internal control system, stable quality, on-time delivery, laws and regulations compliance. Certain subsidiary companies established conflict of interest management policy and set up stringent procedures, and provided various reporting channels for employees, suppliers, customers and other business partners to report any violations and suspected abuse of one's authority for own interest. During the Reporting Period, the Group did not have significant issues relating to violations in this respect.

### **Product and Service Responsibility**

The Group has been dedicated in providing high quality services with the highest degree of integrity to our users. In terms of sustainability, users' satisfaction is vital to our growth in the future. In order to build up an image of excellent service, we have established policy and procedures for customer services and strictly require our employees to pay attention not only to their job descriptions and requirements, but also to their appearance, service greetings, conduct and behaviour. We have formulated policy and procedures to deal with the users' feedback. The customer service staff deals with the relevant complaints proactively and promptly, and proposes respective solutions. The customer service staff reports the customer complaints involving technical difficulties and with significant impact timely to the management and obtains instruction as to how to speedily tackle the complaints before the situation become worse. In order to understand users' use of piped gas, strengthen users' knowledge on the use of piped gas and safety measures, deepen users' understanding of us, and monitor the service quality of our staff, we have established policy and procedures for getting customer feedback after a complaint is lodged which prescribe the related work requirements and details. The customer service staff must record the details of complaints, results and customers feedback. The relevant record can be used as basis for future remediation work.

## VI. Operating Practices (Continued)

### **Product and Service Responsibility (Continued)**

We have to install outdoor facilities and pipelines at user locations before provision of piped gas to users. The delivery of piped gas through pipelines, and cylinder gas through transportation fleet involves users' and the public's safety issues. In order to handle different types of emergencies effectively and to ensure safety of the public and our employees and at the scene of incident, the Group has formulated emergency plans. The basic principles are to put personal safety in first priority and then to minimise losses. After incident occurred, our employees arrive at the scene promptly and understand when it has happened, the casualties and pollution caused, and to make preliminary assessment as to its nature, estimated location of the leak, causes, and the impact on the surrounding environment, etc., so as to determine its severity level and to take appropriate measures to contain the damage.

We require the responsible department to conduct regular inspections of all user locations and outdoor pipelines to ensure that the pipelines are in safe condition and to prevent accident from happening. Besides, we educate users on the safe use of piped gas and cylinder gas to build their safety awareness. They have to inform us immediately when abnormal situation is noted, and we promptly send our technicians for site inspection and handle it properly. The responsible department is required to record all safety inspections in detail and reports to the management regularly.



*Delivery personnel check customer's gas equipment*



## VI. Operating Practices (Continued)

### Product and Service Responsibility (Continued)

Gas safety is the common responsibility of the society. In order to avoid any safety accidents from happening, the Group actively cooperates with the government, the media, the community and other levels to promote safe gas usage in various forms, including distribution of promotion materials (Safe Gas Usage Handbook), user consultation, slogans, movies, slides, reports, lectures, blackboard newspapers, briefings, exhibitions, site-visits, on-site meetings, etc.. Our safety management department is responsible for organising safety publicity activities, including the annual national “Month of Safety Production”, major holidays, seasonal publicity, irregular thematic publicity and “Safety Production Competition”. We also set up a 24-hour emergency hotline so that residents can immediately obtain instructions from the safety commissioner to minimise the risk of accidents; if any accidents occur, we can also obtain first-hand information and cooperate with the local fire department to deal with the accident as soon as possible to avoid further expansion of the impacts of the accident.



*Different forms of safety gas promotion activities*

Confidentiality is one of the Group’s core values. We have established user file management regulations and put forward clear guidelines to monitor the use and management of customer files. Employees must handle customers’ information diligently and confidentially to avoid the leakage of customers’ information. For any confidential information obtained through business relationships, all employees are strictly prohibited to disclose any information to third parties without proper authority unless there is a legal or professional right or duty to do so. If it is necessary to access such information due to business needs, the employee must provide the purposes and reasons for the access, and the access can only be obtained after approval.

### Compliance

During the Reporting Period, the Group did not have significant issues relating to violations nor received any complaints concerning breaches of user privacy and loss of data.

## **VI. Operating Practices (Continued)**

### **Anti-corruption**

The Group firmly believes that equality, honesty and integrity are important business assets of the Group. To comply with the “Criminal Law of the People’s Republic of China”, the “Prevention of Bribery Ordinance” enforced by Hong Kong Independent Commission Against Corruption and other applicable laws and regulations, we have adopted a zero-tolerance approach for all kinds of corruption, bribery and extortion situation. Therefore, we strengthen our internal control system and established anti-corruption management policies to regulate the employees’ conduct and the disciplinary action relating to request and accept bribes, obtain other illegal interests are clearly established. We will notify the criminal authorities for all suspected violations against applicable local laws and regulations. We demand all employees to build a habit of strict compliance with policies and procedures, to prevent all bribery, to bring the disciplinary monitoring work in the business process, to ensure that there are channels (including reporting hotline and email, etc.) for reporting suspected cases of obtaining personal interests in carrying out one’s job duties, briberies, extortion, fraud, money laundering in breach of policies, regulations, and laws in strict confidence. We are determinant in combating corruption and contribute to build a clean society. During the Reporting Period, the Group or its employees did not involve in any litigation cases relating to corruptions.

## VII. Community Investment

Air pollution problem is increasingly serious in Mainland China, the development of clean energy is very imminent. The Chinese government has introduced a number of important policies concerning clean energy with an aim to develop natural gas and other clean energy industry. The development of natural gas and other clean energy signifies the optimisation of energy structure and protects the ecological environment. As one of the gas services providers, the Group hopes that the proportion of traditional energy (e.g. coal) consumption can be reduced through the development of natural gas and other clean energy industry. Increased supply of clean energy can eventually reduce air pollution and contribute to environmental protection.

Everyone is accountable to oneself, their family, their employer, and the society. Therefore, we emphasise community involvement and give back to society by organising and participating in various activities. During the Reporting Period, certain subsidiary companies took part in the following activities:

- Participated in “Joint coronavirus epidemic prevention and control” activities in responding to the appeals of various communities in Xi’an
- Donated money to charitable organisations in different regions to support coronavirus epidemic prevention work
- Donated money to Mianzhu Red Cross to support rural development and improve farmland water conservancy infrastructure projects
- Donated money to a kindergarten in Chongqing to improve the kindergarten’s education environment
- Purchased daily electrical appliances for elderly homes to improve the quality of life of the elderly
- Participated in the publicity activities of Chongqing’s poverty alleviation policies (including micro loans, preferential policies for poor households, compulsory education and boarding student subsidy policies, etc.) to help the poor households develop entrepreneurial ideas and successfully shake off poverty
- Responded to “joint hundred enterprises and hundred villages” campaign of Mianzhu government, aiming at improving infrastructure construction and helping organise the appearance of the village, etc.
- Participated in blood donation activities



*Participated in community activities – epidemic donation, visit poor households and clean community streets*



## **VII. Community Investment (Continued)**

Besides, in order to raise the public's safety awareness and to enhance their knowledge of the use of piped gas and cylinder gas, certain subsidiary companies organised different promotional activities such as free on-site safety inspection, safety training and promotional activities in communities, "Gas Safety on Campus" promotional and education activities, "Production Safety Month" and "Production Safety Circuit" promotional and consultation activities, prevention of carbon monoxide poisoning promotional activities, etc.. These aim at reducing the risk from safety hazards and to prevent safety incidents from happening, and to lower the possibility of the adverse impact on the environment and the society.

The Group is a responsible taxpayer and spares effort in easing local employment pressure. We contribute to the "five insurance and housing provident fund" for employees in Mainland China and the MPF Scheme for Hong Kong employees. We always exercise best practices in business operation, actively promote green concepts and good development order, and have contributed to maintain a stable society and build a harmonious community.

## **VIII. Honours**

During the Reporting Period, certain subsidiaries of the Group were awarded the following important honours:

- Integrity Private Enterprise
- Spiritual Civilised Unit
- "Advanced Unit" of 2019 Production Safety Month
- "Heart in Education, Love in Helping Students" plaque
- First Prize of "Safety Knowledge Competition Team"
- Excellent Unit of Labour Competition with the theme of "Being a Good Master and Making a New Era"

## **IX. Vision Outlook**

As a good corporate citizen, the Group strives to strike a balance between achieving the corporate economic goals and business objectives, and to fulfill their social responsibility. We will continue to evaluate our performance in environmental protection, employee care, service quality and community investment and to build edge for the sustainable development of the Group.

The Group will endeavour to comply with the stringent laws and regulations in environmental protection. According to the government's requirements for a cleaner production system, we strengthen energy conservation and emission reduction and make good use of renewable resources, and establish environmental protection and resources conservation monitoring and assessment systems, hoping to achieve our long term target of low-carbon economy and circular economy. Hence, we allocate resources and undertake various environmental improvement projects, including improving emissions and waste treatment facilities. We will also put employee satisfaction and operation safety as our top priority. We aim at attracting more talents through providing a safe workplace and competitive remuneration scheme. As for service quality, the Group will continue to invest resources for further improvement to our products so as to meet the environmental standards. At the same time, we committed to fulfilling our social responsibility by actively participating in charitable activities and promoting the community's sustainable development.

The Group aspires to become a respectable enterprise. Going forward, the Group serves to enhance its business performance through implementation of sustainable development strategies and to build an environmentally friendly and energy conservation image, and to generate more meaningful long-term value for the enterprise and its stakeholders.

**X. Environmental Performance Data Summary**

	Unit	2019/2020	2018/2019 <sup>6</sup>
<b>Greenhouse Gas (“GHG”) Emissions</b>			
<b>Scope 1 <sup>1</sup>:</b>			
Total	Tonnes	2,727.36	2,896.67
Intensity <sup>5</sup>	Tonnes	4.54	6.45
<b>Scope 2 <sup>2</sup>:</b>			
Total	Tonnes	2,581.27	2,685.43
Intensity <sup>5</sup>	Tonnes	4.30	5.98
<b>Air Emissions</b>			
Nitrogen Oxides	Tonnes	28.15	27.25
Sulfur Oxides	Tonnes	0.01	0.02
Particulate Matters	Tonnes	2.09	2.03
<b>Non-Hazardous Wastes</b>			
<b>Solid Wastes Generated <sup>4</sup>:</b>			
Total	Tonnes	2,599.45	3,338.32
Intensity <sup>5</sup>	Tonnes	4.33	7.44
<b>Wastewater Discharged <sup>3</sup>:</b>			
Total	Tonnes	55,949.34	59,223.79
Intensity <sup>5</sup>	Tonnes	93.14	131.93
<b>Packaging Materials Used for Finished Goods</b>			
Total	Tonnes	2,223.26	3,059.64
Intensity <sup>5</sup>	Tonnes	3.70	6.82

**X. Environmental Performance Data Summary (Continued)**

	Unit	2019/2020	2018/2019
<b>Energy and Water Resources Consumption</b>			
<b>Electricity:</b>			
Total	MWh	2,863.49	2,901.14
Intensity <sup>5</sup>	MWh	4.77	6.47
<b>Natural Gas:</b>			
Total	Tonnes	53.29	86.36
Intensity <sup>5</sup>	Tonnes	0.09	0.20
<b>Diesel:</b>			
Total	Tonnes	543.89	603.36
Intensity <sup>5</sup>	Tonnes	0.91	1.35
<b>Gasoline:</b>			
Total	Tonnes	216.28	240.52
Intensity <sup>5</sup>	Tonnes	0.36	0.54
<b>Liquefied Gas:</b>			
Total	Tonnes	26.35	10.42
Intensity <sup>5</sup>	Tonnes	0.04	0.03
<b>Water Resources <sup>3</sup>:</b>			
Total	Tonnes	69,936.68	74,029.74
Intensity <sup>5</sup>	Tonnes	116.42	164.91

Notes:

- 1 Scope 1 refers to the Group's business direct GHG emissions, including combustion of natural gas, liquefied gas, diesel and gasoline.
- 2 Scope 2 refers to the Group's business indirect GHG emissions, including consumption of purchased electricity.
- 3 Since the Group has not performed analysis on the discharge of production and domestic wastewater in its business operations, the non-hazardous wastewater discharged in the above table is estimated based on 80% of the water consumption.
- 4 Non-hazardous solid waste mainly come from domestic waste, as well as waste gas bottles from the cylinder gas supply and distribution business. The amount of domestic waste generated is estimated based on the average waste generated per employee in a year.
- 5 The emission intensity of provision of piped gas, supply and distribution of cylinder gas business are calculated based on the kilo-tonne of total natural gas and liquefied gas sold.
- 6 Last year's comparative figures are restated to conform with the current year's presentation.

**XI. “Environmental, Social and Governance Reporting Guide” by HKEX**

General Disclosure/Key Performance Indicators (“KPIs”)	Reporting Guideline	Page
<b>A. Environmental</b>		
<b>Aspect A1</b>	<b>Emissions</b>	
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.	5 – 9
KPI A1.1	The types of emissions and respective emissions data.	5 – 9, 33
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	12, 14, 33
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	N/A <sup>1</sup>
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	7 – 9, 33
KPI A1.5	Description of measures to mitigate emissions and results achieved.	5 – 9
KPI A1.6	Description of how hazardous <sup>1</sup> and non-hazardous wastes are handled, reduction initiatives and results achieved.	5 – 9
<b>Aspect A2</b>	<b>Use of Resources</b>	
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	10 – 16
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (MWh) and intensity (e.g. per unit of production volume, per facility)	11 – 14, 34
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	15 – 16, 34
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	10 – 14
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	15 – 16
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	33
<b>Aspect A3</b>	<b>The Environment and Natural Resources</b>	
General Disclosure	Policies on minimising the issuer’s significant impact on the environment and natural resources	17
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	17

**XI. “Environmental, Social and Governance Reporting Guide” by HKEX (Continued)**

Key Performance Indicators	Reporting Guideline	Page
<b>B. Social <sup>2</sup></b>		
<b>Aspect B1</b>	<b>Employment and Labour Practices</b>	
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.	17 – 20
<b>Aspect B2</b>	<b>Health and Safety</b>	
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.	22 – 25
<b>Aspect B3</b>	<b>Development and Training</b>	
General Disclosure	Policies on improving employees’ knowledge and skills for discharging duties at work. Description of training activities.	21
<b>Aspect B4</b>	<b>Labour Standards</b>	
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.	18
<b>Aspect B5</b>	<b>Supply Chain Management</b>	
General Disclosure	Policies on managing environmental and social risks of the supply chain.	26
<b>Aspect B6</b>	<b>Product Responsibility</b>	
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.	26 – 28

**XI. “Environmental, Social and Governance Reporting Guide” by HKEX (Continued)**

Key Performance Indicators	Reporting Guideline	Page
<b>B. Social <sup>2</sup></b>		
<b>Aspect B7</b>	<b>Anti-corruption</b>	
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.	29
<b>Aspect B8</b>	<b>Community Investment</b>	
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.	30 – 31

Notes:

- 1 The Group’s main businesses are provision of piped gas, and sales and distribution of cylinder gas. We did not generate any hazardous wastes.
- 2 Pursuant to Appendix 27 of the “Main Board Listing Rules”, the KPIs under Area B “Social” are recommended disclosures only. Therefore, the Group chose not to disclose those KPIs in this Report.



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