



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)

2022

**Environmental, Social and
Governance Report**



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Board Statement

The board of directors (the **“Board”**) of CHINESE PEOPLE HOLDINGS COMPANY LIMITED (**“the Company”**) hereby makes the following statement in accordance with the required information under the “comply or explain” provision of Appendix 27 of “Environmental, Social and Governance Reporting Guide” (**“ESG Guide”**) of The Stock Exchange of Hong Kong Limited (**“Stock Exchange”**).

The Board of the Company attaches great importance to sustainable development management and has incorporated environmental, social, and governance (**“ESG”**) considerations into the Company's operations. The Company has established an effective ESG management mechanism, with a clear and well-defined governance structure, to effectively control the relevant risks under ESG and promote the continuous improvement of the Company's governance level.

ESG Governance Responsibilities of the Board

As the highest decision-making body for ESG affairs, the Board of the Company undertakes the whole responsibility for the Company's ESG. The Board of the Company is responsible for overseeing the implementation of ESG policies, strategies, goals and reviewing the Company's Environmental, Social, and Governance Report on a regular basis.

ESG Management Policies and Strategies

The Company attaches great importance to ESG risk management and conducts analysis of ESG risks in conjunction with various policy environments, industry development trends, stakeholder expectations, and other factors. Every year, the Company engages in Improving stakeholder communication through various means, and determines substantive issues that are of significant importance to the Company's development based on the two dimensions of "Importance to Stakeholders" and "Importance to the Company's Sustainable Development". Based on this, the Company establishes the key areas of ESG risk control and management measures.

Targets, Indicators, and Supervision and Implementation

The Company considers setting medium to long-term goals for ESG affairs, covering aspects such as governance systems and capabilities, green and low-carbon transformation, greenhouse gas emissions, sustainable resource utilization, pollutant emissions, safety and health, human resources, etc., based on actual circumstances, and regularly checks progress. Compliance, safety, environmental protection, energy conservation and emissions reduction, etc., are important areas of the Company's publicity.

About this Report

Reporting Period and Purpose

The Board of the Company is pleased to present the Environmental, Social, and Governance Report ("**this Report**") of the Company and its subsidiaries (collectively "**the Group**" or "**we**") for the year ended 31 December 2022 ("**this Year**" or "**this Reporting Period**"), to analyse the Group's policies and measures in environmental management, social and governance, and sustainable development, as well as the critical sustainable development opportunities and challenges faced by the Group and the effective response measures that the Group will take.

Information Disclosure

The information contained in this Report is sourced from official documents and relevant data of the Group's various subsidiaries, with annual statistical data verified for accuracy, while taking into account the Company's development priorities and stakeholder concerns. This Report has been reviewed and approved by the Company's Board. The Board of the Company guaranteed that there are no false records, misleading statements, or significant omissions in the content of this Report, and confirmed its truthfulness, accuracy, and completeness.

Scope of the Report

This Report covers the environmental and social performance of the Group's business operations, including pipeline gas transmission and distribution, cylinder gas supply, gas distribution and food ingredients supply and fast-moving consumer goods together with the Group's offices located in multiple cities ("**the business scope of this report**"). This Report does not cover the Group's food ingredients supply and fast-moving consumer goods business, as the revenue from this type of business during this Reporting Period accounted for only approximately 4.13% of the total revenue of the Group which has less representativeness under the total revenue of Group's overall business.

Obtaining the Report

This Report can be downloaded and viewed on the Stock Exchange's website (www1.hkexnews.hk).

Feedback and Contact Information

We sincerely look forward to hearing your valuable feedback and suggestions to continuously improve our sustainable development performance and enhance our environmental, social and governance capabilities. If you have any questions about this Report, please feel free to contact us by an email of the Company (info@681hk.com).

About the Company

Company Overview

CHINESE PEOPLE HOLDINGS COMPANY LIMITED (Stock Code: 0681.HK) is listed on the Main Board of the Stock Exchange. It is primarily engaged in the sales and distribution of fuel gas including piped gas transmission and distribution, cylinder gas supply, gas distribution and food ingredients supply and fast moving consumer goods supply businesses in the People's Republic of China ("PRC" or "China").

Distribution of business in China



Establishing Management System for Greater Responsibility



I . Establishing Management System for Greater Responsibility

1.1 Sustainable Development

Our Group adheres to the sustainable development philosophy of practicing low-carbon, green and environmentally friendly strategies to build a beautiful ecological environment. "The environment is crucial to the well-being of the public, since blue skies and verdant surroundings allow us to feel the beauty and joy of life." " A sound Eco-environment is the most basic public good that benefits all."








Our Group adheres to the sustainable development philosophy of "Green, Low-carbon, High-quality Development and Beautiful Ecological Environment" and vigorously implements green strategic measures. For the society, our Group proactively integrates into the national major environmental protection strategy, actively participates in local environmental protection projects and promotes environmental protection knowledge. Within the Group, we have always regarded energy conservation and emissions reduction as our top priority, strengthening energy conservation and efficiency improvement in all aspects of life and station work, promoting energy-saving renovation of existing stations, and actively optimizing equipment to achieve energy-saving effects, we aim of becoming a truly energy-saving enterprise.

By adhering to green environmental protection and increasing our energy conservation efforts, we can enhance the Group's capabilities of sustainable development.

1.2 Stakeholder Communication

Our Group attaches great importance to communication with stakeholders and insists on actively seeking communication opportunities with them. Through daily visits and communication, the Company's official website, email, and other methods, we seek to deeply understand the demands and expectations of various stakeholders and disclose relevant information about the Company's development, operation and special changes to stakeholders in timely manner. By actively addressing issues raised by stakeholders, the Group can help stakeholders reach consensus and effectively respond to environmental and social challenges. To increase stakeholder engagement, the Group has established a communication mechanism for stakeholder expectations and requirements (see the table below) and proactively establishes a relationship of mutual trust.

Stakeholder Expectations and Communication Channels

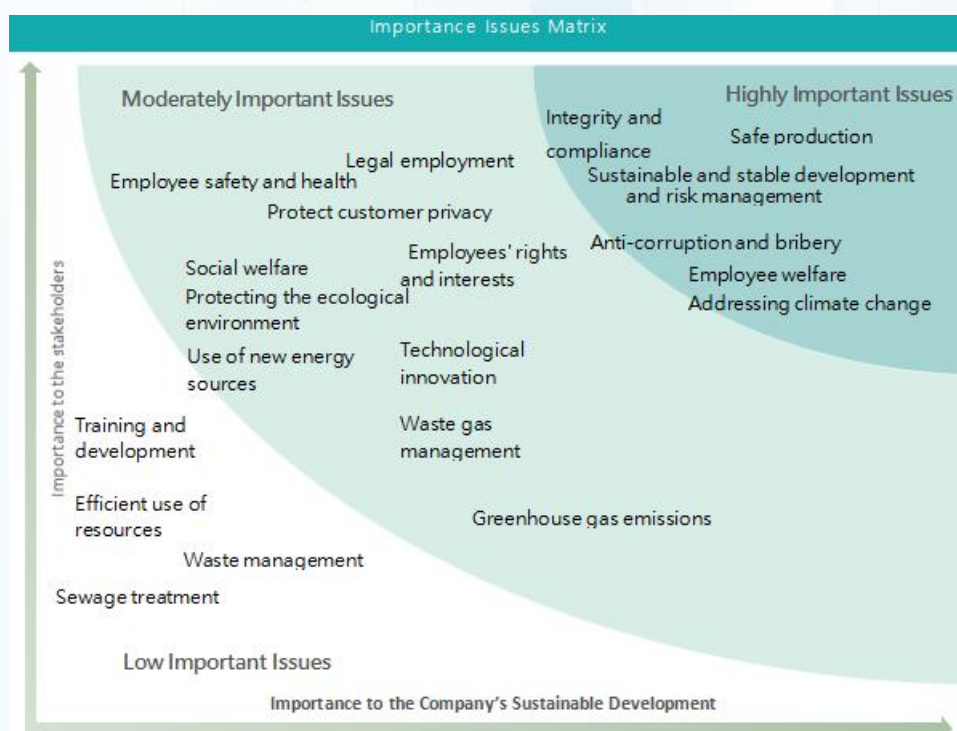
| Stakeholders | Expectations and Requirements | Communication Channels | Key actions |
|---|---|--|--|
|  Clients | <ul style="list-style-type: none"> ➤ Safety assurance ➤ Price stability ➤ Supply speed and service quality ➤ Privacy protection ➤ Stable supply ➤ Reply to inquiries | <ul style="list-style-type: none"> ➤ 24-hour emergency rescue hotline ➤ Customer satisfaction survey ➤ Community promotion ➤ Safe gas use manual ➤ Phone, Wechat and other Apps ➤ Consumer events | <ul style="list-style-type: none"> ➤ Reasonably set selling price ➤ Ensure stable resource supply ➤ Enhance user's safety inspection ➤ Strengthen user's safety use of gas publicity ➤ Timely and effective resolution of customer demands ➤ Strengthen information security protection ➤ Ensure implementation of the contractual responsibilities |
|  Government and regulatory agencies | <ul style="list-style-type: none"> ➤ Implement government energy strategy ➤ Comply with law, regulatory and supervision requirements ➤ stable supply ➤ Pay taxes under law ➤ Respond to climate change ➤ Support economic development | <ul style="list-style-type: none"> ➤ Accept monitor ➤ Concern on contribution to society ➤ Government-enterprise cooperation ➤ Participate in government meetings | <ul style="list-style-type: none"> ➤ Use multiple measures to ensure stable energy supply ➤ Comply with law and regulation ➤ Pay taxes in accordance with law ➤ Review energy saving and emission reduction targets ➤ Strictly implement safety, environmental protection and occupational health policies |
|  Suppliers | <ul style="list-style-type: none"> ➤ Balance and stable demand and supply ➤ Fair and transparent procurement ➤ Win-win cooperation ➤ Corporate reputation ➤ Resource stock | <ul style="list-style-type: none"> ➤ Strengthen connection between upstream and downstream ➤ Mail, phone and application programs ➤ Strategic cooperation ➤ On-site inspection of supplier ➤ Public bidding | <ul style="list-style-type: none"> ➤ Ensure execution of contract obligation ➤ Public bidding ➤ Improve supply chain management policies and standardised processes ➤ Maintain deeply long-term cooperative relationship with supplier ➤ Rigorously screen suppliers ➤ Actively obtain resources and balance supply and demand ➤ Optimize management efficiency |
|  Employees | <ul style="list-style-type: none"> ➤ Career development ➤ Legal rights and interests ➤ Salary and benefits ➤ Safe and healthy working environment ➤ Work-life balance | <ul style="list-style-type: none"> ➤ Employee activities ➤ Establish complaint and feedback channels ➤ Employee performance appraisal ➤ Regularly hold workers' congresses ➤ Various training | <ul style="list-style-type: none"> ➤ Employ legally and protect labour rights ➤ Improve training and promotion programmes ➤ Improve salary system ➤ Pay multiple social insurances for employees ➤ Optimize on occupational health and safety |
|  Community | <ul style="list-style-type: none"> ➤ Protect local ecological environment ➤ Create employment opportunities for community ➤ Support community public welfare ➤ Safety operation ➤ Motivate local economic development ➤ Respect community regulations and culture | <ul style="list-style-type: none"> ➤ Company website ➤ Actively visit the local communities ➤ Continuing assessment of environmental and social projects ➤ Strengthen safety information disclosure ➤ Community safe and charity publicity activities | <ul style="list-style-type: none"> ➤ Focus on climate change and promote green and clean energy ➤ Actively join community volunteer and public welfare services ➤ Regularly safety check for clients ➤ Educate safe use of gas to public |
|  Shareholders / Investors | <ul style="list-style-type: none"> ➤ Good investment returns ➤ Protection of rights and interests ➤ Information disclosure ➤ Enterprise risk management and control | <ul style="list-style-type: none"> ➤ Regularly hold shareholder meetings ➤ Timely disclosure of announcements and information ➤ Regularly release finance report ➤ Company official website | <ul style="list-style-type: none"> ➤ Improve information disclosure ➤ Release finance reports regularly ➤ Improve efficiency of board and management ➤ Stable profitability |
|  environment | <ul style="list-style-type: none"> ➤ Protect ecological environment and reduce pollution ➤ Improve environmental governance ➤ Addressing climate change | <ul style="list-style-type: none"> ➤ Actively join and organize public welfare and environmental protection activities ➤ Report green operation information ➤ Publicize and educate ecological environment and energy conservation | <ul style="list-style-type: none"> ➤ Implement environmental protection planning ➤ Improve management of energy conservation and emission reduction ➤ Promote green office work regularly ➤ Actively participate in green and environmental protection activities |

1.3 Important Issues

The Group is committed to providing stakeholders with reliable decision-making information through effective communication.

Our Company believes that labour responsibility, environmental responsibility, and operational responsibility are all vital components that cannot be ignored in the process of sustainable development. Therefore, our Company has classified and identified 20 sustainable development issues into three categories of responsibility for investigation. Such issues are displayed in below importance issue matrix.

| Environmental responsibility | Labor responsibility | Operational responsibility |
|--|-------------------------------------|--|
| 1. Protecting the ecological environment | 9. Employee safety and health | 14. Sustainable and stable development and risk management |
| 2. Addressing climate change | 10. Employees' rights and interests | 15. Integrity and compliance |
| 3. Efficient use of resources | 11. Training and development | 16. Technological innovation |
| 4. Waste gas management | 12. Employee welfare | 17. Anti-corruption and bribery |
| 5. Greenhouse gas emissions | 13. Legal employment | 18. Protecting customer privacy |
| 6. Sewage treatment | | 19. Social welfare |
| 7. Waste management | | 20. Safe production |
| 8. Use of new energy sources | | |



Based on the analysis and judgment of Importance Issues, this Year we have selected six highly important issues: safe production, anti-corruption, sustainable and stable development, integrity and compliance, employee welfare, and addressing climate change. this Report focuses on the highly important issues, providing detailed disclosure in response to stakeholder concerns.

| Highly important issues | Issue response | Corresponding chapters |
|------------------------------------|---|--|
| safety in production | In the process of operating LPG, LNG, DME, CNG and other inflammable and explosive products, we have developed and implemented strict safety management systems, continuously strengthened safety inspections at all levels, and prevented and controlled safety risks. | II . Safe Operation for Sustainable Development |
| Anti-corruption | We have established anti-corruption systems, and implemented system revisions and enforcement at all levels. We promote effective anti-corruption work through various forms of anti-corruption training at all levels. | I . Establishing Management System for Greater Responsibility |
| Sustainable and stable development | According to the "14th Five-Year Plan" of the country, we implement strategies such as innovation, green, and low cost with high-quality and high-efficiency development as the theme. | IV. Protecting Environment for Clean Water and Green Mountains |
| Integrity and compliance | We have established a complete management system and strictly prevent various violations of business ethics or laws and regulations through channels such as complaint reporting. | II . Safe Operation for Sustainable Development |
| Employee welfare | We attach great importance to employee welfare. Based on legal employment and ensuring employee safety, we continuously improve employees' sense of belonging and happiness through various forms of employee care activities. | III. Being People-oriented and Caring for Employees |
| Coping with climate change | We have incorporated the impact of climate change on our business development and the Group's strategic planning. We will also identify and evaluate the impact of climate change on our business. | IV. Protecting Environment for Clean Water and Green Mountains |

1.4 Compliance Management

Compliance Management

In order to ensure the safe and stable supply of gas in the Group's gas transmission and distribution system, and to improve the Group's rapid response and emergency handling capabilities in the event of a major gas system accident, the Group has developed risk management systems such as the "Safety Production Management System" and the "Safety Production Emergency Plan" based on guiding documents such as the Emergency Response Law of the People's Republic of China and the Compilation Guidelines for Production Safety Accident Emergency Plans of Production and Operating Units (GB/T 29639-2020). These risk management documents have formulated emergency plans and on-site emergency response plans for various major accidents such as leakage accidents, fire accidents, explosion accidents, and force majeure that may occur in the operating area, and have clearly defined the responsibilities of relevant departments in the pre-incident, incident, mid-incident, and post-incident stages.

Risk Control

In the Reporting Period, the Group conducted risk point identification and assessment, including assessment of ESG-related risks such as health and safety risks and compliance risks.

Anti-corruption

Honesty, fairness, impartiality and transparency are essential to the Group's business performance and long-term development. The Group is committed to creating a fair, honest, open and standardised business scope by requiring business partners and employees to perform duties in accordance with the code of conduct. The Group has always followed the "Anti-Corruption Law of the People's Republic of China"* , the "Anti-Money Laundering Law of the People's Republic of China"* , the "Interim Provisions on Prohibition Commercial Bribery"* , the "Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615 of the Laws of Hong Kong)", the "Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong)", and other local laws and regulations, and adopted zero-tolerance policy for corruption, bribery and extortion. Therefore, we strengthen internal control mechanism of enterprises, establish anti-corruption management system, regulate employee behaviour, and establish clear and severe penalties for accepting bribes and obtaining other illegal benefits, and send them to authorities for violating local laws and regulations. We require all personnel to develop the habit of strictly abiding by the rules and regulations, put an end to all bribery, discipline inspection supervision work into the operation process. We establish confidential channels such as informants' hotline telephones and emails for the reporting of illegal and non-compliant activities such as seeking personal gains by taking advantage of their office. We resolutely fight corruption to contribute to the construction of a clean social environment.

*For identification purpose only

The Group firmly opposes and forbids all commercial bribery and corruption to maintain a fair and just market order. The Group's anti-corruption initiatives are shown in the following table:

| | |
|----------------------------------|--|
| Fair competition | <ul style="list-style-type: none"> ➤ Strictly abide by the “Anti-Unfair Competition Law of the People's Republic of China”*; and ➤ Actively carry out anti-unfair competition investigations. |
| Commercial intercourse | <ul style="list-style-type: none"> ➤ Legal compliance; ➤ Strictly follow the prescribed procedures for budget application, approval, reimbursement, etc.; and ➤ Investigate and punish violations of discipline. |
| Anti-corruption and anti-bribery | <ul style="list-style-type: none"> ➤ Identify key risk areas of corruption; ➤ Prohibit all bribery; and ➤ Strictly abide by relevant laws and regulations. |
| Cooperative partner | <ul style="list-style-type: none"> ➤ Regularly conduct compliance due diligence with partners; and ➤ Prevent and control compliance risks such as commercial bribery and corruption caused by partners. |
| Antitrust | <ul style="list-style-type: none"> ➤ Standardize monopoly operation, anti-monopoly work, and anti-monopoly education and training. |
| Report supervision | <ul style="list-style-type: none"> ➤ Set up a reporting channel, where employees or other stakeholders can report violations such as bribery, extortion and money laundering, and will file a case for investigation or transfer to judicial organs for handling. |

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

The Group complied laws and regulations concerning the prevention of bribery, extortion, money laundering and fraud during the Reporting Period. During the Reporting Period, the employees of the Group or the Group are not involved in litigation cases against corruption.

Safe Operation for Sustainable Development



II . Safe Operation for Sustainable Development

2.1 Safe Operation

Safety Management

The Group and the various project companies under its jurisdiction have established a leading production safety organization, mainly responsible for the safety management of the Company (i) has set up the safety management department and professional (part-time) safety officer safety production management network system (the Group has set up a safety technology department, which is responsible for the safety management of the Group and the safety work guidance of each sector company; the sector company has a safety management department, which is responsible for the safety management of the area and the safety work guidance of each project company); and (ii) has regulated the safety management rules and regulations (the "safety education system"* , "safety production meeting regulation"* and "vehicle safety management system"*) and safety technology operation procedures (the "low temperature liquid storage tank filling operation procedures"* , the "bottle residual liquid (residual gas) processing operation procedures"* and "low temperature liquid pump safety operation procedures"*) and has strictly implemented and monitor their effective and efficiency from time to time. We announced the emergency repair telephone number to the public and set up a professional (part-time) duty emergency repair team equipped with protective equipment, vehicle equipment and communication equipment for emergency repair machines, etc., . 24-hour duty system has set up for residential users they may get instructions from security specialists in real time to minimize the accident risk in time; in case of any accident, we can also obtain first-hand information and cooperate with the local fire department to deal with the accident as soon as possible and avoid the further expansion of the accident impact, at the same time, we check all kinds of security problems in each link regularly to minimize risks.

We have established a full-staff safety production responsibility system based on safety production regulations which clarified the responsible personnel, scope of responsibility, and assessment standards for each position. The Group decomposed safety production responsibilities layer by layer based on the safety production responsibilities of each company, department, and position, the "Safety and Fire Responsibility Letter"* be signed at each level of the Group. We have formulated various plans including annual safety operation plans, annual safety management implementation plans and safety production reward and punishment assessment system that help us to assess the completion of safety responsibility objectives and ensure the implementation of safety production objectives. We actively carry out corporate safety production commitment activities, such as withdrawal of safety production costs according to national regulations and establish safety production fund accounts, we ensure that safety production funds are used exclusively for safety production.

*For identification purpose only

We actively optimize employee education and training, and review the annual training program every year. During the Reporting Period, in addition to providing pre-service training and multiple safety training work for new employees, including but not limited to:

- Laws, regulations and rules of production safety;
- Production safety responsibility system; production safety rules and regulations and operation rules;
- Post safety operation skills; safety equipment, facilities, tools, the use of labor protection supplies (such as fire safety knowledge and gas knowledge training, pressure vessel operation training, high altitude and high temperature operation safety and protection training, electricity knowledge training, physical and chemical knowledge and field training, dangerous goods road transport safety management training, inflammable and explosive places fire safety training, emergency plan training, hidden perils in training, case analysis and gas facilities maintenance training, household safety inspection training, emergency training, safety certificate training; The prevention awareness of production safety accidents and emergency measures, and the knowledge of self-rescue and mutual rescue; production safety accident cases, etc.);
- Organize and implement the training and assessment as planned:
- Before the new process, new technology and new equipment are put into operation, we require the preparation of new safety operation procedures and special training.

We establish and improve the safety education and training evaluation ledger and files, and record information in detail including the responsible departments (responsible persons) of training and evaluation, training hours, list of trained personnel, qualifications of teachers, training and assessment content, etc. We require that special operators must pass special safety technical training and obtain qualified operation or professional qualification certificate before they can hold the certificate.

Safety Management Actions

Before supplying gas to users, we should install facilities and lay pipelines outdoors in the local area. Delivery of gas by pipelines and cylinder gas by vehicles bring our attention to the issue of the safety of users and residents. In consideration of effectively deal with emergencies in kinds and guarantee of the safety of employees and residents nearby, the Group has formulated an emergency handling work plan. We prioritise personal safety above all else and minimise the potential losses. After the emergency occurs, our employees will immediately arrive at the scene for a preliminary evaluation to understand the event type, time, place, cause, casualties, environmental pollution, and environmental impact. We then determine the severity and take emergency measures to avoid deterioration of the situation.

We have established a safety production inspection system from top to bottom and actively carry out various safety production inspections in accordance with the system, including annual, quarterly, and monthly safety inspections, seasonal safety inspections, special safety inspections, and daily safety inspections. We require employees on management positions of each company to lead safety inspections and assessments including holiday duty and patrols. We conduct on-site safety inspections for users in accordance with national regulations and local requirement.. We promptly inform users of any gas safety issues found and take remedy actions immediately. We conduct periodic comprehensive inspections of gas facilities and environments for large and medium-sized industrial and commercial buildings and gathering areas such as schools, hospitals, hotels, government canteens, restaurants and commercial complexes. We take action to solve the safety issues with scheduled timetable and set up register for recording all safety issues with aims of establishing closed-loop management for safety of users. .

Gas safety is the common responsibility of the whole society and in order to avoid any safety accidents, the Group actively cooperates with the government, the media, the community and other levels to widely publicize the message of safety use of gas in different ways. We use various methods such as the "3.15" event, safety production month, outreach vehicles entering residential areas, WeChat public accounts, text messages, LED screens, and "small hand in big hand" publicity activities to promote gas safety. We deliver the information of safety usage of gas by posting slogans, playing short films and sending warm reminders in company offices, toll outlets, key locations, transmission and distribution stations and rural population gathering places . We make efforts to improve public awareness of safty usage of gas and regulate their behaviour while using gas. We take advantage of the opportunity when users make application for gas access procedures and distribute informative materials and promote safety education on safety usage of gas to users. At the same time, we have formulated pipeline gas operating procedures including safety inspections and replacements of gas facilities for each household and customer's account only be approved for use after safety condition standards be met in accordance with the procedures. We also establish user register.

Safety Management Norms

We have established distribution location files and information management platforms for pipeline networks, valve wells, pressure regulating equipment, meter boxes, gas cylinders, and stores. We update the data in a timely manner on the information management platform based on project construction and user development. We have established special equipment accounts and archives, and production facility accounts at stations. All facilities and equipment are managed by designated personnel who conduct regular inspections and maintenance. We have implemented measures such as ledger management and personnel control over facilities and equipment to ensure accountability and safe gas supply.

In accordance with the requirements of the national regulations on gas industry management, we have established an emergency response system and developed emergency response plans for potential incidents and emergencies. The emergency response plans are evaluated by experts and submitted to local government regulatory authorities for filing. We organise all employees to undergo emergency response plan training, conduct emergency response drills for all staff, evaluate the effectiveness of the drills, and review the sufficiency and effectiveness of the emergency response plans. We have established a register of major hazard sources and strengthened pre-control of major hazard sources and accident risks. The Group have equipped sufficient emergency rescue equipment in accordance with national regulations and industry characteristics, and established a management ledger for emergency rescue equipment. We assign specialised personnel to conduct regular maintenance and management of repair and rescue facilities and equipment, ensuring effective control of gas emergencies. With all these measures mentioned above, the number of working days lost due to work-related injuries increased in this Reporting Period compared to the previous reporting period, mainly due to two employees of subsidiaries were involved in a work-related traffic accident. Consistently, our Group will strengthen employee safety education to reduce the occurrence of work-related injuries.

Overall, our Group has established a comprehensive system for managing and maintaining gas facilities and equipment, as well as an emergency response system to ensure effective control of gas emergencies. We will continue to improve our safety management practices and prioritize employee safety to ensure safe and reliable gas supply.

Number of working days lost by the business scope of this Report

| | 2022 year | 2021 year |
|--|-----------|-----------|
| Number of working days lost due to a work-related injury | 540 | 67 |

Number and rate of work-related fatalities occurred in the years of 2020, 2021 and the Reporting Period was 1 person (0.05%), 0 person (0%) and 0 person (0%), respectively.

Building of Safety Culture

Our Group adheres to the principle that safety production should be people-oriented, with a focus on protecting the lives and safety of employees. We prioritise safety as our top priority and adopt a policy of prevention first and comprehensive safety management. We adhere to the principle that "safety must be managed in pipeline operations, in production and in industry". We actively fulfill our corporate responsibility for safety production, maintain a bottom-line thinking, and firmly implement our responsibilities to ensure safe production. In 2022, we actively organised all employees to study General Secretary Xi Jinping's important speeches on safety production, the "15 Hard Measures for Safety Production", and organised the screening of the thematic film "Life is Above All". We also conducted various forms of safety inspections, emergency drills, safety publicity, and other activities that were rich in content and diverse in form. We are committed to continually monitoring the physical and mental health of employees and organise regular occupational health examinations to ensure the well-being of our employees.



2.2 Supply Chain Management

Supply Chain Management System

To create a sound supplier competition environment, provide reliable products and quality services, the Group adheres to the principle of fairness, justice, openness, constantly standardizing supplier management, improving the procurement mechanism and procurement process, urging suppliers to fulfill environmental and social obligations to jointly build green, healthy and sustainable value chain.

Our Group strictly adheres to the "The Bidding Law of the People's Republic of China" in supply chain management and carries out supplier bidding and supply chain management. We conduct regular reviews and assessments of suppliers' compliance, organise supplier assessments and evaluate their occupational health and safety, environmental management and other related aspects. For suppliers who engage in serious illegal or irregular activities, such as bribery and severe breach of trust or who are judged to have failed annual assessments, we implement supplier removal.

Our Group usually enters into long-term gas supply contracts with high-capacity and reputable gas suppliers and signs supplementary agreements annually based on actual demand. We mainly purchase gas from upstream suppliers (including state-owned enterprises) and sell it to customers for industrial, commercial, and residential purposes. Our Group has developed safety plans and emergency plans, and maintains stable communication with suppliers. The Group formulated several procurement management system to fit the local conditions with consideration of the interests of suppliers; we require all suppliers to meet our requirements of environmental protection, employee health and safety expectations. We are cautious in supplier selection, introduction and assessment standards, and we standardise the business ethics in bidding and cooperation. The Group strives to develop a sound supplier bidding process and conduct comprehensive management of suppliers throughout the procedure. The Group actively assumes corporate social responsibility, timely implements procurement policies and supports local suppliers to drive local economic development. In order to build an efficient supply chain, we maintain long-term strategic and partnership relationships with those with good credit history, sound goodwill, high product or service quality and good environmental compliance records. We irregularly review the performance of our product or service providers, to ensure the quality of our products and services. Throughout the operation and supervision, we have a strict and clear division of labour to ensure that the product and service suppliers are qualified. We apply professional technology and good internal management system to achieve on-time delivery and legal compliance and to ensure that the suppliers are competitive and can provide high quality products and services. Some of our subsidiaries have also established conflict of interest management systems and rigorous procedures to allow employees, suppliers, and customers to report any dereliction of duty. During the Reporting Period, the Group did not receive any report of serious violation or misconduct. As of 31 December 2022, our Group has 372 key suppliers (including key auxiliary suppliers) in China.

Supplier access management

The Group considers the following factors when we evaluate the credibility of potential suppliers:

- Reputation in the market;
- Quality of goods and services;
- Business license and other certificates;
- Supply capacity; and
- Fulfillment of social and environmental responsibilities.

In accordance with the procurement process and regulations, the suppliers who seek benefits by improper means such as corruption and bribery, violate the work regulations, have violations of discipline, or cause great losses to the Group due to product quality, environmental protection and safety problems shall be disqualified.

Safe and Stable Gas Supply

The Group always adheres to safe and stable energy supply. We monitor the upstream and downstream conditions in real time, strengthen the inspection of gas supply network equipment and facilities, ensure the stability and safety of our gas supply and gas use during extreme weather.

2.3 Quality Management

Quality Management Measures

Our Group attaches great importance to the quality of all products, and conducts quality inspections for natural gas, LNG, LPG, CNG, DME, and other related products in accordance with national standards and relevant policies. During this Reporting Period, our Group has strengthened the quality management throughout the entire process of purchasing, selling, storing, and transporting products.

Product and Service Responsibility

Our Group continues to increase investment, improve and enhance the quality of gas supply, and ensure the high stability and reliability of products and services. For the health, safety, privacy, and other related matters of our Group's products and services, we have complied with relevant rules, regulations, and standards during this Reporting Period, including:

- “The Product Quality Law of the People's Republic of China”*;
- “The Road Traffic Safety Law of the People's Republic of China”*;
- “The Law of the People's Republic of China on the Protection of Consumer Rights and “Interests””; and
- “Regulations on the Safety Management of Hazardous Chemicals”*.

*For identification purpose only

2.4 Customer Service

Customer Service Management

We listen carefully to our customers' needs, focus on enriching customer service content, establish and improve customer service information systems, and strengthen the service awareness and skills training of customer service personnel, with the aim of enhancing the quality of customer service.

Our Group has set up channels for customer complaints, including a 24-hour service hotline and a complaint box. We classify complaints by level and handle them promptly. During this Reporting Period, there were a total of 135 customer complaints, and the problem resolution rate was 100%.

Information Security Management

Confidentiality is a core value in the Group. We have specific guidelines to monitor the management of customer files and handling of any confidential information without legal repercussion. When processing customer information for business purposes, our employees shall not disclose any confidential information to any third party without authorisation from management. If our employees do need access to this information for appropriate business purposes, specific purposes and reasons must be provided to justify his/her intention, and access to this information must only be granted with authorisation.

Intellectual Property Rights

During the Reporting Period, the Group complied with the applicable laws and regulations in relation to intellectual property rights, including the "Patent Law of the People's Republic of China"*, "Trademark Law of the People's Republic of China"* and "Patents Ordinance (Chapter 514 of the Laws of Hong Kong)".

Customer Privacy Protection

Our Group attaches great importance to the security of customer information and privacy, and strictly complies with the "Consumer Rights and Interests Protection Law of the People's Republic of China"*, "Cybersecurity Law"*, "Personal Information Protection Law"*, "Internet Personal Information Protection Guidelines"*, and the Personal Data (Privacy) Ordinance of Chapter 486 of the Hong Kong Laws and Regulations, as well as international guidelines. The personal information collected is only used for defined purposes, and all employees must comply with relevant rules. Without the customer's authorization, personal information will not be shared or transferred to third parties. We will strictly abide by and implement the confidentiality agreement signed with customers, and make every effort to ensure the security of customer privacy and information.

* For identification purpose only

Customer Complaints and Satisfaction

Our Group has established a sound mechanism for handling customer complaints. After receiving customer complaints, the customer service personnel will determine the validity of the complaints. For valid complaints, customers are invited to fill out a complaint handling form to record detailed information, and the complaint handling form is then transferred to the relevant departments for investigation and resolution. After the complaint is resolved, customer service personnel will conduct follow-up visits to the customers to understand their satisfaction with the complaint handling and provide channels for future complaints.

Compliance

The Group values customer interests and understands customer satisfaction through customer satisfaction surveys. 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.



Being People-oriented and Caring for Employees

III. Being People-oriented and Caring for Employees

3.1 Employee Employment

The Group strictly abides by relevant laws and regulations, such as the “Labor Contract Law of the People's Republic of China”*, the “Labor Law of the People's Republic of China”*, “Employment Ordinance (Chapter 57 of the Laws of Hong Kong)”; “Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong)” and “Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong)”. On this basis, some rules and regulations within the Group (such as the “Comprehensive Management System of Chinese Civigas”)* have been formulated in order to comprehensively protect the legitimate rights and interests of employees. No material labour disputes occurred during the Reporting Period.

Our Group advocates for an equal, diverse, and non-discriminatory employment environment. Our Group prohibits any form of discrimination, violence, and disrespectful behavior towards employees, including gender, age, ethnic, racial, religious beliefs, nationality, and educational background discrimination. We also prohibit any form of discrimination against employees with psychological and physical disabilities, any form of disrespectful behavior towards employees, and any form of harassment against employees. At the same time, our Group insists on promoting local employment and increasing local community employment opportunities. Currently, many of our employees are local employees. As of 31, December 2022, under the business scope of this Report, we consisted of 1,644 employees.

Number of Employee under the business scope of this Report

| Group | | 2022 ^(Note) |
|------------------------------------|---|------------------------|
| Total number of employees (person) | | 1,644 |
| By gender | Male | 1,124 (68.37%) |
| | Female | 520 (31.63%) |
| By employment type | Full-time | 1,613 (98.11%) |
| | Part-time | 8 (0.49%) |
| | Rehire after retirement | 12 (0.73%) |
| | Others | 11 (0.67%) |
| By job level | Senior management | 113 (6.87%) |
| | Intermediate management | 197 (11.98%) |
| | Ordinary employees | 1,272 (77.38%) |
| | Others | 62 (3.77%) |
| By region | Beijing, Tianjin, Hebei and Henan provinces | 160 (9.73%) |
| | Sichuan, Chongqing and Shaanxi | 702 (42.70%) |
| | Hong Kong, Guangdong and Guangxi | 69 (4.20%) |
| | Guizhou, Yunnan and Hunan | 713 (43.37%) |
| By age | ≤30 years old | 277 (16.85%) |
| | 31–40 years old | 646 (39.29%) |
| | 41–50 years old | 493 (29.99%) |
| | ≥50 years old | 228 (13.87%) |

* For identification purpose only

Employee Turnover Rate under the business scope of this Report

| Group | | 2022 ^(Note) |
|-----------|---|------------------------|
| By gender | Male | 78.35% |
| | Female | 21.65% |
| By age | ≤30 years old | 26.12% |
| | 31–40 years old | 34.02% |
| | 41–50 years old | 24.40% |
| | ≥50 years old | 15.46% |
| By region | Beijing, Tianjin, Hebei and Henan provinces | 23.37% |
| | Sichuan, Chongqing and Shaanxi | 14.78% |
| | Hong Kong, Guangdong and Guangxi | 8.93% |
| | Guizhou, Yunnan and Hunan | 52.92% |

Note:

The employment data in headcount was obtained from the Group's Human Resources Department for the Reporting Period based on the employment contracts entered into between the Group and its employees. The data covered employees engaged in a direct employment relationship with the Group according to relevant local laws and workers whose work and/or workplace was controlled by the Group. The methodology adopted for reporting on employment data set out above was based on "How to Prepare an ESG Report — Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange.

3.2 Labour Guidelines

To avoid non-compliant employment practices such as child labour and forced labour, our Group strictly complies with relevant national laws and regulations, fully respects the legitimate rights and interests of every employee and prohibits the employment of any child labour or forced labour.

In order to combat the illegal employment of child labour, underage workers, and forced labour, as well as to ensure that job seekers can be legally employed, our Group's human resources department requires all employees to provide valid identity proof (including ID cards, household registration books (if any), and personal resumes) and conducts pre-employment background checks to ensure strict compliance with labour-related laws and regulations. Our Group reviews human resources policies regularly and has established a reporting mechanism to monitor and ensure compliance with all relevant laws and regulations.

Recruitment and Promotion

The Group adheres to the national energy development plan, and analyses the demand for human resources in various regions and businesses in combination with industry market prospects and the Group's business needs. Therefore, the Group strives to strengthen the professional team by absorbing and cultivating high-quality talents, in order to stabilise its sustainable development. The Group's employment system is under strict and effective management around its fundamental strategies including employees have equal opportunities to be hired and promoted; with regard to vacant positions, the forms of internal and external recruitment are both adopted and work performance is one of the most important criteria for the promotion of employees. Furthermore, the Group has formulated a feasible recruitment management system and recruitment process on the basis of equal opportunities and respect for personal privacy. In the recruitment process, the department supervisor must first clarify the responsibilities and requirements of the recruitment position. After being approved by the management, the human resources department selects suitable candidates according to the requirements, so as to improve the efficiency of talent selection. The Group insists on providing equal employment opportunities for persons of different ages, genders, races, marital status or nationalities based on character, knowledge, competence and job requirements. These policies apply to different stages of the employment relationship, including but not limited to recruitment, promotion, performance appraisal, training, personal development and termination of employment. On an equal basis, the Group expects to identify dedicated and responsible employees, and poses high expectations for employees who can constantly improve their abilities through learning and who are willing to move forward with the Group. The Group refers to market benchmarks in relation to staff promotion and provides equal opportunities for promotion to eligible employees who have shown excellent performance and made giant contributions to the Group. The Group practises gender equality policies throughout its recruitment and promotion process.

Adhering to the concept of mutual growth between employees and the Group, the Group has established a complete ability training system, such as clear and flexible career promotion channels, to encourage employees to make continuous progress and achieve collaborative progress.

3.3 Occupational Health

Our Group strictly complies with relevant laws and regulations related to occupational health, such as the "Occupational Disease Prevention and Control Law of the People's Republic of China"*, the "Convention on Occupational Safety and Health and Working Environment", the "Regulations on Labor Protection in Workplaces Using Toxic Substances", and the "Regulations on Work-Related Injury Insurance", and attaches great importance to the occupational health of employees.

In 2022, our Group conscientiously implemented the "Healthy China 2030" Plan, strengthened health monitoring and surveillance based on strengthening occupational disease prevention, and incorporated employee mental health education and prevention and control of infectious and endemic diseases into the implementation plan, taking a series of measures to create a working and living environment that is conducive to employee health.

Measures for Occupational Health

During this Reporting Period, our Group has taken various measures related to occupational health (including but not limited to):

- Establishing employee occupational health monitoring files, strictly implementing pre-employment, on-the-job, and pre-departure occupational health examinations;
- Regularly conducting occupational health knowledge training, strengthening emergency assistance training and drills; and,
- Timely providing complete labour protection equipment and personal protective facilities.

Our Group is committed to improving the occupational health of employees and will continue to implement relevant measures to ensure a safe and healthy working environment.

* For identification purpose only

3.4 Talent Development

The Group has always attached great importance to talent development and potential exploration, striving to create a highly skilled and qualified team. Through various measures, our Group strengthens corporate culture construction, continuously improves employees' work skills, qualities, and team cohesion.

During the Reporting Period, the Group has developed the following training programme, under the business scope of this Report:

| New employee training | Business management talents | Professional and technical personnel | Highly skilled personnel |
|--|--|--|---|
| New employees are quickly integrated into the company through centralised training and on-the-job internships. In practice, new employees' job performance is assessed to explore their potential. | The comprehensive abilities of business managers are enhanced by focusing on business skills, management level, innovative thinking, leadership abilities, policy and regulations, corporate culture identity, and development stability, among other main contents. | Through forms such as on-the-job self-study, technical exchanges, off-the-job learning, and thematic lectures, the innovative and research abilities of professional talents are improved in new technologies, new processes, new theories, and new methods. | By focusing on basic theories, standardised operations, and knowledge of safety and environmental protection, the operational skill level and ability to fulfill safety production responsibilities are improved. |

The Group adopts a all-round education and training system, and developing multi-level, multi-direction training plans every year, and will be has optimized from time to time.

Employee Training under the business scope of this Report

| Group | | 2022 ^(Note) |
|--------------|--------------------------------|------------------------|
| By gender | Male | 73.57% |
| | Female | 26.43% |
| By job level | Senior management | 6.42% |
| | Intermediate management | 10.44% |
| | Ordinary employees | 82.03% |
| | Others | 1.11% |
| | Average training hours (Hours) | |
| By gender | Male | 29.35 |
| | Female | 32.59 |
| By job level | Senior management | 16.63 |
| | Intermediate management | 24.25 |
| | Ordinary employees | 32.22 |
| | Others | 15.85 |

Note:

The training information was obtained from the Group's Human Resources Department. Training refers to the vocational training that the Group's employees attended in the Reporting Period. The methodology adopted for reporting on the percentage of employees trained and average training hours received set out above was based on "How to Prepare an ESG Report — Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange.

During the Reporting Period of the business scope of this Report, the group organized 35,313 hours of training, with 1,169 participants and 30.21 hours per person.

New employees must receive pre-job training, which is designed to introduce corporate culture, business, industry knowledge, organisational structure, rules and regulations, quality awareness, production processes and technology, and safety work, among others. New and transferred employees must participate in three-level safety education and training to help them understand national safety production laws and regulations, learn safety knowledge, become familiar with safety production in various positions, and grasp key safety production points. New employees must pass the assessment before taking up their positions.

Compliance

During the Reporting Period, the Group did not have any violations of employment, health and safety, labour standards and other issues that had a significant impact on the Group.

3.5 Employee Care

Our Group places great emphasis on employee health and arranges employee health examinations with multiple types of examination items. We also provide gynecological examinations for female employees.

Our Group values the spirit of people-orientation and works with employees to create a positive, healthy, and sustainable work environment that balances their life and work comprehensively. Our Group actively cares about the physical and mental health of employees. We comply with local labour laws to establish employee working hours and protect employees' rights to rest and leave. All employees enjoy rest days and public holidays. We organise various types of extracurricular activities for employees, such as tree planting, sports events, basketball games, long-distance running activities, hiking, Women's Day activities, Spring Festival parties, and outdoor barbecues, to promote team cohesion and enhance employees' sense of belonging, while also reducing their work pressure.

Our Group adheres to the concept of valuing employee welfare. In addition to providing basic welfare benefits in accordance with relevant national laws and regulations, we actively develop and improve relevant employee welfare systems and implement a full social security system, paying for pension, medical, unemployment, work-related injury, maternity and housing insurance, as well as mandatory provident fund schemes for Hong Kong employees. In cases of employee termination or compensation requirements, we also handle them in accordance with local laws and regulations.

The Group has established a compliance, fair, reasonable and competitive salary and welfare system, and strives to improve and implement an incentive policy that combines compensation incentive and non-compensation incentive, ensuring a competitive treatment for employees. During the Reporting Period, we actively improved the remuneration system and remuneration performance management mechanism to ensure that employees' efforts can be evaluated and rewarded fairly, justly and reasonably. We maximise the strength and minimise the weakness of the employees which are from the analysis of the performance

management mechanism, thereby we may motivate them to make greater contributions to the Group's development. Additionally, employee treatment and benefits vary by region, including salary, overtime pay, and/or discretionary bonuses. Other benefits include, but are not limited to, holiday gifts (such as Spring Festival, Women's Day, Dragon Boat Festival, Mid-Autumn Festival, etc.), birthday gifts, meal expenses, employee physical examinations, commuting allowances, communication allowances, high temperature allowances, and/or heatstroke prevention drugs and beverages.

In order to improve the work efficiency of employees and stimulate their ambition, the Group regularly organised systematic performance appraisals, combining multiple criteria such as work experience, years of service, qualifications, knowledge and skills, performance and contribution during the Reporting Period. The results would affect employee bonuses, salary adjustment and/or promotion based on the consideration of fair and just appraisals. The department supervisor fully communicates with the subordinate employees on the performance appraisal results, aiming to formulate the next work goals and development plans for the employees, and arrange appropriate training to stimulate their potential.

The Group has established various channels to maintain democratic communication with every employee. We encourage employees to make suggestions or raise opinions to our Company through communication in accordance with the norms of employee behaviour.

Compliance

During the Reporting Period, the Group did not have any violations of employment, health and safety, labour standards and other issues that had a significant impact on the Group.

Protecting Environment for Clean Water and Green Mountains



IV. Protecting Environment for Clean Water and Green Mountains

4.1 Environmental Management

The Group strictly abides by the “Environmental Protection Law of the People's Republic of China”*, the “Law of the People's Republic of China on Prevention and Control of Water Pollution”*, the “Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution”*, the “Integrated Wastewater emission Standard”*, the “Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste”*, the “Soil Pollution Prevention and Control Law of the People's Republic of China”*, the “Identification Standards for Solid Wastes - General Rules”*, “Directory of National Hazardous Wastes”*, the “Law of the People's Republic of China on Prevention and Control of Environmental Noise Pollution”*, and other relevant laws.

Our Group continuously improves its environmental management system and is committed to environmental protection. We improve environmental performance by effective strategies. In the face of environmental challenges such as environmental deterioration and energy scarcity, our Group strongly promotes sustainable development measures and makes contributions to environmental protection. As stated in the State Council's “Guiding Opinions on Accelerating the Establishment of a Sound Green, Low-carbon and Circular Development Economic System” in respect of , "Establishing a sound green, low-carbon and circular development economic system and promoting a comprehensive green transformation of economic and social development is the fundamental strategy for addressing China's resource, environmental, and ecological problems." According to the national strategic objectives, our Group has always strictly complied with relevant national regulations in controlling emissions and resource consumption.

This section mainly discloses the policies and emissions data, and other information of our Group during the Reporting Period in terms of emissions, resource utilisation, environment, and natural resources. The emission density of our business scope is calculated based on the total sales volume of natural gas or liquefied gas per thousand tons.

* For identification purpose only



4.2 Emissions Management

Our Group is mainly engaged in pipeline gas transmission and distribution business, cylinder gas supply business, and gas distribution business. During the Reporting Period, the emissions of our Group were mainly exhaust gases and greenhouse gases generated by office buildings, stores, gas stations, canteens, and office vehicles during energy consumption, as well as construction waste and noise generated during the laying and maintenance of gas pipelines, office and domestic waste, and domestic wastewater. We have taken various measures to reduce emissions and conserve energy to minimise the negative impact of emissions on the environment (see the "Resource Usage Management" section below for details).

Solid Waste Management

Our Group has always strictly monitored the waste generated during daily operations and processed it in accordance with national and local laws and regulations. Through improved waste management, we implement source control and process control to reduce the emission of waste into land and water bodies. Hazardous waste generated during our operations is entrusted to qualified units for disposal, and other waste is disposed of in accordance with national and local emission standards. In terms of gas pipeline laying projects, the Group strictly supervises the management and disposal of waste generated at the construction site. Our Group separates domestic and industrial waste for disposal and collects and recycles reusable waste such as plastic bags and mineral water bottles. Wastes such as mud removed during pipeline commissioning and cleaning, waste anti-corrosion materials generated during pipeline anti-corrosion and repair operations, and waste sand generated during sandblasting and rust removal are all collected and centrally processed. Other domestic waste is sent to designated disposal sites near the construction site.

Actions

The solid waste of the Group mainly includes construction waste, office waste and household waste. We control the generation of solid waste from the very source. During the operation process, we carry out complete solid waste management system. In the early stage of the project, we comprehensively assess the species of animals and plants around the construction site and the impact of the construction on land, water sources, natural resources and surrounding communities. We then formulate various response plans and measures to mitigate the impact on the ecological environment. For example, we use trenchless pipeline construction works that can alleviate damage to animals, plants and land. When it comes to the selection, design, construction and operation of the site, we respect for the local culture and folk customs to avoid damaging the living environment of the local residents. We strengthen project construction management and elevate environmental protection awareness of the construction personnel to avoid excessive waste of resources. We arrange personnel to supervise the waste disposal work on the construction site. It is strictly prohibited to backfill domestic waste, engineering waste and earthwork into the construction position. We use a dust filter or a dust collector to prevent the dust from flying in the air and causing air pollution. Project garbage and household garbage are collected and sorted out, and will never be dumped without due processing. The Group strictly complies with the "Law of the People's Republic of China on the Prevention of Petroleum and Natural Gas Pipelines"*. Only after obtaining the approval of the site selection,

construction and completion of the relevant process from the respective government departments, we carry out the construction project and operate the pipeline facilities and avoid any illegal operations. General waste mainly includes construction waste such as slag, cement bricks and other construction waste that cannot be back-filled, we will landfill in accordance with the relevant regulations.

All liquefied gas tanks (including scrapped gas tanks) must be put through "disabled" procedures. That is, the remaining LPG in the tank will be poured out and collected to ensure that no flammable material will impact on the gas quality in the next filling. After that, we regularly submit the poured liquefied gas and the remaining liquefied gas in the collected tank to the supplier with recycling technology.

According to the requirements of the local government, we classify office and household garbage, such as recyclable garbage, kitchen waste, other garbage, hazardous waste, etc., and regularly deliver them to the local sanitation department for recycling, landfill or incineration. A small amount of hazardous solid waste generated in offices, such as waste light tubes, waste toner cartridge, and waste batteries be collected and disposed by a qualified recycling company. Besides, we execute the implementation of the office and household waste reduction, recycling and harmless policy from educating employees. We take different measures to reduce waste production. For example, some companies have set up canteens to provide meals for their employees. Employees are discouraged from ordering takeaway food, thus reducing the use of food packaging bags and disposable tableware. The number of people eating in the canteen is counted every day to reduce the waste of food. We have microwave ovens in the office, the employees can carry their own lunch and use reusable tableware. We also provide regular training with regard to garbage sorting to strengthen the awareness of garbage classification. The employees are encouraged to use environment-friendly office supplies. For example, to encourage the use of refillable ink pen instead of a disposable atomic pen, and to use a pencil to reduce the use of volatile ink and correction fluids. Advocating employees to save paper at work by switching to a paperless working style, therefore to enhance working efficiency as well as protecting environment.

During the Reporting Period, the Group required employees to reduce household solid waste and contribute to resource protection. During the Reporting Period, the emission of Non-hazardous solid waste was reduced by approximately 114.27 tons or 13.16%, as compared with the corresponding period in the last year as the number of staffs and the sale volume of cylinder gas was dropped, the intensity of harmless solid waste decreased by approximately 0.13 tons or 8.78%.

* For identification purpose only

Information on Non-hazardous Solid Wastes Emission within the business scope of this Report

| | 2022 year (ton) | 2021 year (ton) |
|---|--------------------|--------------------|
| Non-hazardous Solid Waste Emission | | |
| Total ^(Note1) | 754.32 | 868.59 |
| Density ^(Note2) | 1.35 | 1.48 |

Notes:

1. Non-hazardous solid wastes mainly includes domestic waste and construction waste generated from cylinder gas supply and gas distribution business. The amount of domestic waste is estimated based on the average waste generation per employee per year.
2. The emission intensity of piped gas transmission and distribution, cylinder gas supply and gas distribution are calculated based on the kilo-tonne of total natural gas and liquefied gas sold.

Wastewater Discharge Management

The wastewater produced in the operation mainly includes the domestic sewage of the offices, stores and gas stations, oily sewage in the canteen, and wastewater produced in the construction and maintenance of gas pipelines. The Group strictly complies with the relevant national standards and built up environmental protection facility of extinguisher pool and discharge of wastewater disorderly is strictly prohibited.

Actions

We strictly prohibit employees or outsourced construction units from dumping waste oil and hazardous chemicals into the sewer pipes under any circumstances. The sewage generated in the canteen contains oil, which must undergo oil and residue separation procedures before being discharged into the local sewage network along with domestic wastewater for further treatment by the local sewage treatment plant. We also regularly maintain and repair the wastewater transmission pipes within companies and prevent wastewater leakage and avoid negative impact on the surrounding environment. For wastewater generated during engineering construction, we require the relevant contractors to set up drainage pipes at the construction site. The wastewater must undergo filtering and sedimentation procedures to separate solid waste such as sand and gravel before being discharged into the local sewage network to avoid clogging the sewage pipes. During the Reporting Period, the emission of non-hazardous wastewater decreased by approximately 6,419.49 tons or 9.61% as compared to the corresponding period in the last year as there was reduction on water resource usage.

Information on Non-hazardous Wastewater Discharge within the business scope of this Report

| | 2022 year (ton) | 2021 year (ton) |
|---|--------------------|--------------------|
| Non-Hazardous Wastewater Discharge | | |
| Total^(Note 1) | 60,354.88 | 66,774.37 |
| Density^(Note 2) | 108.14 | 113.94 |

Notes:

1. Since the discharge of production and domestic wastewater was not recorded in the business scope of this Report, the emission of non-hazardous wastewater in the table above was estimated at 80% of the water resource usage.
2. The emission intensity of piped gas transmission and distribution, cylinder gas supply and gas distribution business are calculated based on the kilo-tonne of total natural gas and liquefied gas sold.

Compliance

During the Reporting Period, no violations related to environmental protection that significantly affect the Group were identified.

Emission Reduction Target

As the business scope of this Report did not generate a lot of solid waste or sewage during operations in the Reporting Period and we have been implementing series of emission reduction policies and actions mentioned above, the Group believes that an indefinite reduction target which aims to continuously maintain the waste density fluctuations at the levels of 5% above or below is appropriate.

Greenhouse Gas Emissions Management

Excessive emission of greenhouse gas ("**GHG**") can raise global average temperatures, leading to melting ice sheets, extreme weather, droughts and rising sea levels. Its global impact could endanger human lives. The Group is committed to control GHG emission, we provide publicity and educate employees making contribute to the control and reduction of GHG emissions.

Target and Actions

In response to the global decarbonisation agreement and China's "30-60" carbon target (which aims to address climate change by reducing GHG emissions, primarily carbon dioxide, with the goal of peaking carbon dioxide emissions before 2030 and achieving carbon neutrality before 2060), our Group has actively explored the development and utilisation of clean energy with multiple measures, and actively implemented emission reduction and energy conservation measures and actions reducing emissions (details can be found in the "Management of Resource Use" section below). The Group plans to reduce the overall GHG emissions density (scopes one and two) by 3% and 5%, respectively, by 31 December 2030 based on the level in the 2021 ESG Report.

During this Reporting Period, our Group strongly promoted water conservation, waste reduction, and electricity conservation with aim to reduce GHG emissions. During the Reporting Period, the scope one GHG emissions decreased by approximately 1,009.99 tons or 28.05%, while the scope two GHG emissions increased of approximately 54.05 tons or 2.59%, as compared to the corresponding period in last year because there was an increase in electricity usage during this Reporting Period due to the operation and business of certain subsidiaries.

Information on GHG Emission for the business scope of this Report

| | 2022 Year (ton) | 2021 Year (ton) |
|-----------------------------|--------------------|--------------------|
| GHG Emission | | |
| Scope 1 ^(Note 1) | 2,590.26 | 3,600.25 |
| Density ^(Note 3) | 4.64 | 6.14 |
| Scope 2 ^(Note 2) | 2,140.60 | 2,086.55 |
| Density ^(Note 3) | 3.84 | 3.56 |

Notes:

1. Scope one refers to direct GHG emissions generated by burning natural gas, liquefied gas, diesel and gasoline
2. Scope two refers to the "indirect energy" GHG emissions caused by the consumption of purchased electricity.
3. The emission intensity of piped gas transmission and distribution, cylinder gas supply and gas distribution business are calculated based on the kilo-tonne of total natural gas and liquefied gas sold.

During the Year, the emission of nitrogen oxide, sulphur dioxide and particulate matter recorded an increase as compared with the correspondence period in the last year, because we re-addressed target customers and the purchased of large diesel vehicles for distribution that has affected various emission data.

Information on Exhaust Emissions of the business scope of this Report

| | 2022 year (ton) | 2021 year (ton) |
|--|--------------------|--------------------|
| Exhaust Gas Emission^(Note) | | |
| Nitrogen oxide | 17.53 | 13.52 |
| Sulphur dioxide | 6.63 | 6.46 |
| Particulate matter | 1.43 | 1.32 |

Note:

Exhaust gas emissions include air pollutants from the exhaust of vehicles used for transportation.

4.3 Management of Resource Use

In the Reporting Period, the Group mainly consumed resources including gasoline, diesel, liquefied gas, natural gas, electricity, water and paper. The Group has been abiding by the laws and regulations regarding the use of resources, including but not limited to the “Energy Conservation Law of the People's Republic of China”*, “Urban Water Conservation Management Regulations”* and other applicable laws and regulations establishing resource-saving ideas and promoting conservation culture. We set up a number of measures and environmental training to promote energy conservation with the concept of "energy saving is everyone’s responsibility", making sure that employees are aware of the environmental impact of their behaviours. In the Reporting Period, the Group continues to improve the management regulations regarding the use of resources to make greater contribution to energy conservation.

Save the Use of Gasoline, Diesel Oil, Liquefied Gas and Natural Gas

The gasoline and diesel oil used by the Group are mainly for vehicles and backup generators, while liquefied gas and natural gas are mainly used for canteen cooking and heating supply. Since the cylinder gas supply and gas distribution businesses are supported with a large number of vehicles to deliver our the products to the gas stations and retail stores, the automotive fuel management is one of our key issues.

These vehicles can be used directly or indirectly for commercial purposes. The use of direct business vehicles includes using tank car deliver gas from the refinery gas station to gas stations and clients, dangerous-goods-vehicles deliver cylinder gas from gas station to retail stores, battery car or dangerous-goods-vehicles deliver cylinder gas to the user, etc.. The use of non-direct business vehicles are mainly for office use and provide customer service, such as maintenance, customer complaint and safety inspection etc.

We have developed management systems and adopted conservation measures for business and non-business purpose to control the use of fuel reducing GHG emissions. When purchasing a new vehicle, we prioritise budget vehicles with small displacement volume to reduce energy consumption. Under the same conditions, we prefer gasoline cars to diesel ones. Before shipping the product, the delivery personnel must plan the route in advance to ensure safe delivery and a short distance.

Employees must make application for using vehicles in respect of any non-business purpose in advance from management, they must apply for management approval. They are encouraged to share vehicle where the destinations close to each other, it will increase the benefits of fuel consumption. The vehicle management department is responsible for recording the mileage and fuel consumption and analyse the oil consumption of each vehicle. In the event of any abnormal situation, they investigate the cause and make rectification plan regulating the use of vehicles and fuel as well as the drivers’ behaviours to reduce energy consumption generated by engine idling. We also actively advocate the environmental concept of “green travel”, encouraging the employees to use public transportation, cycling or walking to work instead of driving cars.

* For identification purpose only

The driver is responsible for the daily inspection of the vehicle to keep it in good condition. We maintain vehicles regularly to improve the efficiency of energy use and reduce use of gas caused by failure or malfunction of components. In the daily meetings and special training, we also emphasise that employees should pay more attention to driving habits to reduce or avoid unnecessary fuel consumption.

As for the use of liquefied gas and natural gas, the amount of food prepared in the canteen is strictly regulated and to reduce the overuse of energy as well as the production of kitchen waste. We use the heating system according to seasonal changes. We never use air conditioners and heating systems at the same time to avoid wasting of energy.

We strictly abide by the “Law of the People’s Republic of China on Promoting Clean Production”*, the “Renewable Energy Law of the People’s Republic of China”*, the “Energy Conservation Law of the People’s Republic of China”*, the “Law of the People’s Republic of China on Promoting Circular Economy”*, and other relevant laws and regulations; and reduce the carbon emissions generated during our operation. During this Year, as compared to the corresponding period in the last year, consumption of gasoline and diesel oil decreased. Reduction in diesel oil of approximately 289.29 tons or 32.87% was mainly caused by the decline in the sales volume of cylinder gas and the re-arrangement of sales strategies. In this Year, consideration of the actual operating conditions, we fine-tuned the use of various energy sources, thus, the consumption of gasoline decreased by approximately 38.89 tons or 16.64%, liquefied gas and natural gas consumption increased by approximately 1.12 tons or 23.48% and 9.55 tons or 16.30%, respectively.

Information on Direct Energy Utilization within the business scope of this Report

(scope one GHG emission)

| | 2022 Year | | | 2021 Year | | |
|--|--------------------|----------------------------|--|--------------------|----------------------------|--|
| | Usage amount (ton) | Usage amount density (ton) | CO ₂ -Equivalent emission (ton) | Usage amount (ton) | Usage amount density (ton) | CO ₂ -Equivalent emission (ton) |
| Energy Utilization | | | | | | |
| Gasoline | 194.80 | 0.35 | 592.69 | 233.69 | 0.40 | 711.01 |
| Diesel oil | 590.77 | 1.06 | 1,858.04 | 880.06 | 1.50 | 2,767.90 |
| Liquefied gas | 5.89 | 0.01 | 17.40 | 4.77 | 0.01 | 14.09 |
| Natural gas | 68.14 | 0.12 | 122.13 | 58.59 | 0.10 | 107.25 |
| Total emissions^(Note) | | | 2,590.26 | | | 3,600.25 |
| Emission density^(Note) | | | 4.64 | | | 6.14 |

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

* For identification purpose only

Water Conservation Management

Our Group continuously strengthens water resource management and supervision, and improves water resource utilisation efficiency by promoting new technologies, equipment and materials. The Group mainly uses government-supplied water source, but some subsidiaries are located in remote areas without the coverage of municipal pipelines. Hence, groundwater is used in these areas. We use water in offices, stores, dining halls and employee dormitories, and to cool the gas storage tanks in the gas station during the summer to prevent the explosion from excessive pressure. During the Reporting Period, we have no problem with obtaining suitable water sources. However, we clearly know that water is a valuable and limited resource for sharing. During this Year, the arrangement of construction projects carried out by the project company and the newly purchased project company raised up the Group's demand on water, the Group's effective water resources management and supervision gave a positive impact on water conservation, final, water consumption recorded decrease of approximately 8,024.37 tons or 9.61% as compared to the corresponding period in the last year.

Information on Water Resource Utilization within the business scope of this Report

| | 2022 Year (ton) | 2021 Year (ton) |
|------------------------------------|--------------------|--------------------|
| Water Resources Utilization | | |
| Total | 75,443.60 | 83,467.97 |
| Density ^(Note) | 135.17 | 142.42 |

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

Target and Actions

To improve the efficiency of water resources utilization and reach the targets of water saving levels, the Group aims to achieve a 3% reduction in its density of water consumption by 31 December 2030 compared to the level in the 2021 ESG Report. To achieve this goal, the measures taken by the Group include but not limited to the followings:

- Promoting value of water resources on the Earth to each employee, therefore, we take various measures to improve their awareness on water conservation and reduce wastage of water. Punishments be applied if wastage are identified;
- Drinking water cannot be used for other purposes; we control water flow as small as possible while washing hands and switch off after use;
- Checking the water supply pipelines regularly and prevent leaking. If defects are found, the maintenance department shall be notified and repaired in time;
- Encouraging the reuse of water resources;
- Conducting regular detection of water usages for any abnormal water consumption;
- Conducting comparison of water consumption between the current and past data, monitor the effective of water consumption and improve the efficiency of water use; and
- some subsidiaries have developed water resources and power management system and policies in light of national and local regulations and have established resource use indicators and records for different departments monitoring the water consumption.

Electricity Conservation Management

Our Group aims to control resource usage and improve usage efficiency in order to reduce waste. We consider setting an indefinite emission reduction target aimed at continuously reducing the power consumption of each product. We currently use electricity in offices, stores, gas stations, and dormitories. We focus on energy effective and efficiency.

Target and Actions

We make effort to control the consumption of resources and thereby taking improving efficiency of energy use and reduction of wastage as our mission. Considering the nature of usage of electricity in the Group, the Group believes that an indefinite emission reduction target which aims to continuously lower the electricity consumption per product is appropriate at current stage. We add environmental protection elements in our daily work and life, hoping to educate and improve employees' habits of using electrical appliances. The measures we have been implementing include, but not limited to the followings:

- Buy energy-efficient electrical equipment, use clerical appliances with energy saving label;
- Regular repair, maintenance or transformation are performed to extend its life cycle, improve the energy efficiency and reduce the production of solid waste;
- Replace traditional light tubes with LED tubes and using natural sunlight to reduce office lighting consumption; and setting electronic equipment in regular sleep mode;
- Air conditioner shall be used in accordance with changes in seasons and outside temperature, and only be used when the temperature is higher than 25°C or lower than 10°C, it is strictly forbidden to turn on the air conditioner when the doors and windows are open. The air conditioner should be cleaned regularly to reduce electricity consumption; and
- Post energy saving tips on conspicuous positions in the office to remind employees the importance of saving energy and ensure that each of our employees would follow the instructions to save energy, for instance, by reducing the brightness of the monitor, turning off electrical appliances such as lights, desktops, printers, copy machines, scanners, and air conditioners when they are not in use.

Information on Indirect Energy Utilization within the business scope of this Report

(Scope two GHG)

| | 2022 Year | | 2021 Year | |
|--|--------------------|---|--------------------|---|
| | Usage Amount (MWH) | CO ₂ -equivalent emissions (ton) | Usage Amount (MWH) | CO ₂ -equivalent emissions (ton) |
| Energy Utilization | | | | |
| Electricity | 3,144.39 | 2,140.60 | 3,065.00 | 2,086.55 |
| Total emissions | 3,144.39 | 2,140.60 | 3,065.00 | 2,086.55 |
| Emission density^(Note) | 5.63 | 3.84 | 5.23 | 3.56 |

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

During this Year, the issue of construction projects, equipment maintenance, acquisition of project companies and arrangements during the epidemic enhanced the Group's demand for electricity, electricity consumption increased by approximately 79.39 tons or 2.59%, CO₂-equivalent emissions boosted up approximately 54.05 tons or 2.59%, as compared to corresponding period in last year.

Paper Saving Management

In order to reduce the impact of on the environment affected by excessive paper usage in daily operations, our Group promotes paperless office by leveraging information technology to transmit information in electronic file format. We plan to reduce paper usage by 5% by 31 December 2030, based on the level in the 2021 ESG Report. The Group has been committed to saving paper in various effective ways including, but not limited to:

- Encouraging transmission information in the form of electronic files, and reducing photocopying, printing or fax;
- Making use of electronic formats to store and review documents;
- Setting the printer in double-sided mode, and to check the file format before photocopying or printing (such as space, margin and page settings);
- Encouraging reduction the font without disturbing reading, if possible;
- Fully reusing one-side printed documents;
- Encouraging recycled envelopes and paper bags;
- Recycling waste paper and used double sided into recycle bin and hand it to qualified waste paper recycling companies; and
- Adopting the "unified procurement, unified acquisition" paper management method, the establishment of paper procurement and acquisition procedures, effectively standardise and improve the habits in all departments.

During this Year, certain works were carried out, such as engineering projects, acquisition of companies and gas safety inspections, etc., the quantity of paper used increased by approximately 1.01 tons or 9.55% as compared to the corresponding year in the last year.

Information on Paper Utilization within the business scope of this Report

| | 2022 Year (ton) | 2021 Year (ton) |
|-----------------------------|--------------------|--------------------|
| Paper Utilization | | |
| Total ^(Note 1) | 11.59 | 10.58 |
| Density ^(Note 2) | 0.02 | 0.02 |

Notes:

1. Paper usage mainly includes office paper, delivery documents, gas safety inspections and publicity paper.
2. The emission intensity of piped gas transmission and distribution, cylinder gas supply and gas distribution business are calculated based on the kilo-tonne of total natural gas and liquefied gas sold.

Due to the negative impact of the economy and the epidemic in this Year, the sales volume of cylinder gas declined, during the Reporting Period, the packaging materials used for finished products decreased by approximately 776.97 tons or 36.97%, as compared to the corresponding period in the last year.

Information on the Packaging Materials Used for Finished Products within the business scope of this Report

| | 2022 Year (ton) | 2021 Year (ton) |
|---|--------------------|--------------------|
| Packaging Materials Used for the Finished Products | | |
| Total ^(Note 1) | 1,324.56 | 2,101.53 |
| Density ^(Note 2) | 2.37 | 3.59 |

Notes:

1. Refers to gas cylinders used for bottled gas supply. The gas cylinder is a reusable pressure vessel provided to customers, which is collected by us for reuse during its validity period. It does not produce pollution to the environment during its validity period, and after the validity period, the supplier who possesses the technology of recycling and reuse will collect and dispose of the gas cylinder, which will not produce harmless solid waste.
2. The emission intensity of piped gas transmission and distribution, cylinder gas supply and gas distribution business are calculated based on the kilo-tonne of total natural gas and liquefied gas sold.

4.4 Soil Biodiversity

Our Group attaches great importance to the appropriate development and utilisation of natural resources and the protection of biodiversity. We insist on both ecological protection and restoration, strictly identify ecological environmental factors before engaging in production and business activities, and develop and implement ecological environment protection plans. We select construction periods that are conducive to ecological protection and use environmentally friendly construction technologies, materials, and equipment. During and after construction, we promptly restore the ecology and strictly prohibit the use of toxic and harmful substances, industrial solid waste, household waste, or polluted soil for land reclamation. In accordance with relevant national laws and regulations, our Group implements environmental impact assessments, completion environmental protection acceptance, environmental impact assessments, and environmental protection supervision and inspection systems for construction projects, and strictly carries out relevant work in accordance with the approval of the environmental impact assessment.

Biodiversity protection measures: we strengthen the management of construction personnel and carry out education on biodiversity protection. When encountering wildlife during vehicle driving, we take measures to avoid them. For the protection of aquatic organisms in natural reserves, we effectively strengthen the protection of water environments and prevent eutrophication in some water areas along the line, minimizing the impact on the living environment of aquatic organisms.

Soil resource protection measures: we strictly control land occupation during construction, rationally plan pipeline occupation, and carry out orderly operations. We strictly prohibit the random stacking of construction materials and reduce damage to surface vegetation. During construction, we strictly follow the operating procedures and stack and backfill the soil excavated from the trench in layers, so that the soil can quickly restore its productivity. We prevent soil erosion during the backfilling process and achieve self-balance. We schedule construction progress reasonably and avoid busy farming seasons and rainy seasons.

4.5 Environment and Natural Resources

As a clean energy provider, we are highly concerned about the impact of operations on environmental and natural resources. While following national environmental laws and regulations, we actively adopt various management instructions to effectively reduce carbon emissions and promote environmental protection, so as to improve employees' resource habits and to alleviate the adverse impact on environmental and natural resources.

During the Reporting Period, we take different emission reduction and energy conservation measures and actions in an effort to reduce the businesses' negative impacts on environment and natural resources (see the "Emission Management" and "Management of Resource Use" sections above for details). The Group formulates rules and regulations to promote comprehensive and sustainable development.

The Group will continue to actively respond to the call for environmental protection and to become a greener and cleaner enterprise.

4.6 Climate Change

Actively Responding to Climate Change

With the Chinese government "double carbon target" concept, and the relevant national strategy and policy guidance, the Group identified and assessed the impact on climate change to the enterprise, actively implement measures and incorporate them into the enterprise development strategy planning and business development.

Under the background of national energy structure transformation and accelerated development of new energy, the Group will strengthen the publicity and education of energy conservation and emission reduction. We provide guidance to employees to establish the awareness of environmental protection and change their consumption concept, such as, transform waste into treasure; classify garbage; less or no use disposable utensils; use green cloth bags instead of plastic bags, save water, electricity and gas; switch off household appliances if not in use; take public transportation, cycling, walking and other green travel modes. We encourage smart consumption and not blind pursuit of luxury, etc.

Actively Responding to Climate Change

Climate change is both a challenge and an opportunity for energy industry. The Group has always adhered to the concept of green development, defined carbon emission reduction targets, and carried out green action plans, in the hope of helping ourselves and our customers to cut off carbon emission and achieving the national "dual-carbon" goals.

Climate change may pose severe risks, such as extreme weather. Therefore, the Group continues to assess the possible impact on climate change and develop strategies to better address the risks.

The Group's actions to address climate change issues are as the following:

| Major climate risks | Specific description | Response to action |
|-------------------------|--|--|
| Natural calamities | Natural disasters such as typhoons, floods, freezing, rainstorms, etc. may cause losses to gas equipment and affect normal gas supply. | Regular inspection, maintenance and reinforcement of the equipment to prevent potential safety risks from natural disasters; Formulate relevant contingency plans to ensure that emergency rescue materials are available; Strengthen safety training and emergency drills for employees to improve their ability to respond to natural disasters. |
| Bad weather | Severe weather may affect project construction quality and employee safety. | Improve the engineering construction system in terms of severe weather, including heavy fog, high temperature, lightning, typhoon, and suspend work under heavy rain and other extreme weather if needed. |
| Warm winter weather | Warm winter can lead to the reduction in gas consumption. | Improve the management skills to make up for the loss caused by the reduction of gas consumption by adding new users. |
| Winter weather | Winter could lead to an increase in gas consumption, so emergency supply support is necessary. | Explore suitable gas sources to enhance the emergency supply guarantee capacity. |
| Weather change forecast | Uncertainty in weather change prediction could cause excess or shortage of gas sources. | Formulate corresponding emergency plans and connect upstream gas sources to ensure supply capacity. |
| Physical risk | Climate change may bring potential risks to project construction. | Assess the geological and climatic conditions to predict the potential harm caused by climate change, and formulate risk prevention and control plans. |

Look ahead to the further, the Group will continue to focus on energy-saving and pollution reduction, with the aim of green environmental protection.

**Contributing to
Society and
Enjoying Better Life**



V . Contributing to Society and Enjoying Better Life

5.1 Community Public Welfare

The Group always keeps in mind its original business mission of "taking from society and giving back to society" and runs the public welfare concept of sharing development with society by participation in society activities in past years. On the one hand, it actively participates in community welfare undertakings and enhances interpersonal communication to promote social harmony and development. On the other hand, it builds a low-carbon ecological environment, advocates for green consumption to promote the formation of a green and low-carbon lifestyle.

Our Group has always maintained on close cooperation with the local community for years where we operate, actively participating in community activities, and creating a joint and collaborative relationship between our employees and the community to build up a harmonious community together. Our Group advocates that employees should be responsible for themselves, their families, their companies, and society, starting from small things around them. We focus on participating in community building activities, helping the people with difficulty to find employment, engaging in public welfare undertakings, carrying out charitable activities. We promote education with care and support in society.

In addition, in order to enhance public awareness on the safety of using natural gas pipelines and cylinder gas, and to strengthen safety protection measures, our Group has organised a rich variety of publicity activities, such as free safety inspections, community safety training and publicity events, and the "Gas Safety In Campus" publicity and education activities. We have also held a series of activities such as "Safety Production Month" and "Safety Production Journey", and organised campaigns to raise awareness of preventing carbon monoxide poisoning. Through these measures, we have effectively identified and eliminated potential risks, reduced the frequency of accidents, and minimised the harm to the environment and society caused by disasters and accidents.

Our group has always insisted on paying taxes in accordance with the law and making every effort to expand employment opportunities. We have actively planned for post-retirement life security measures for our employees and have continuously paid the five social insurances and one housing fund for employees in mainland China and provided a Mandatory Provident Fund scheme for employees in Hong Kong. We have maintained a good production and operation situation, actively promoted the concept of green environmental protection, and made due contributions to maintaining social stability and building a harmonious community.

During the Reporting Period, 366 people participated in the various activities with a total time of 147.33 hours under the business scope of this Report.

5.2 Honours

During the Reporting Period, some subsidiaries of our Group have received the following important honours:

- Xi'an Zhongmin was awarded the title of "Outstanding Enterprise (Institution) Unit" by Yanliang District (*see the Picture 1 below*); and
- Chongqing Zhongmin was awarded the title of "Worker Pioneer" by Tongnan District (*see the Picture 2 below*).



Picture 1



Picture 2

Better Environment for the Future



VI. Better Environment for the Future

Our Group will continue to explore and innovate, adhere to our mission, and organically combine enterprise development with ecological environment construction. We will strictly comply with environmental protection laws and regulations, strengthen energy conservation and emission reduction, reduce energy consumption, make good use of renewable resources, establish an environmental protection and resource conservation monitoring and assessment system, and upgrade various emission and waste treatment facilities, aiming to achieve the long-term goals of a low-carbon economy and a circular economy.

Looking to the future, as a responsible corporate citizen, we will fully recognize the importance of the ecological environment to human development. To build a stable, healthy, environmentally-friendly and low-carbon social environment, we will join forces to promote the harmonious development of enterprises and society. In the future, we will provide a good working environment and competitive salary system to attract outstanding talents while meeting the needs of our employees and ensuring operational safety. We will continue to increase our investment in resources, improve service quality, and enhance customer satisfaction. We will adhere to our original intention of shouldering social responsibilities, actively engage in public welfare undertakings, and give back to society with practical actions.

Appendix: Hong Kong Stock Exchange's ESG Index

| Aspects | ESG Indicators | Description | chapter |
|----------------------|--------------------|--|--|
| A.Environment | | | |
| A1: Emissions | General Disclosure | <p>Information on:</p> <p>(a)the policies; and</p> <p>(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.</p> <p>Note: Air emissions include NOx, SOx, and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride . Hazardous wastes are those defined by national regulations.</p> | IV. Protecting Environment for Clean Water and Green Mountains |
| | KPI A1.1 | The types of emissions and respective emissions data. | |
| | KPI A1.2 | Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | |
| | KPI A1.3 | Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | |
| | KPI A1.4 | Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | |
| | KPI A1.5 | Description of emissions target(s) set and steps taken to achieve them. | |
| | KPI A1.6 | Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them. | |

| Aspects | ESG Indicators | Description | chapter |
|---|--------------------|--|--|
| A2: Use of Resources | General Disclosure | Policies on the efficient use of resources, including energy, water and other raw materials. Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc. | IV. Protecting Environment for Clean Water and Green Mountains |
| | KPI A2.1 | Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility). | |
| | KPI A2.2 | Water consumption in total and intensity (e.g. per unit of production volume, per facility). | |
| | KPI A2.3 | Description of energy use efficiency target(s) set and steps taken to achieve them. | |
| | KPI A2.4 | Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them. | |
| | KPI A2.5 | Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced. | |
| A3: The Environment and Natural Resources | General Disclosure | Policies on minimising the issuer' significant impacts on the environment and natural resources. | IV. Protecting Environment for Clear Water and Green Mountains |
| | KPI A3.1 | Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them. | |
| A4: Aspect Climate Change | General Disclosure | Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer. | IV. Protecting Environment for Clear Water and Green Mountains |
| | KPI A4.1 | Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them. | |
| B. Social | | | |
| Employment and labour Practices | | | |
| B1: Employment | General Disclosure | Information on: (a)the policies; and (b)compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. | III. Being People-oriented and Caring for Employees |
| | KPI B1.1 | Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region. | |
| | KPI B1.2 | Employee turnover rate by gender, age group and geographical region. | |

| Aspects | ESG Indicators | Description | chapter |
|------------------------------|--------------------|---|---|
| B2: Health and Safety | General Disclosure | Information on: (a)the policies; and (b)compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards. | II. Safe Operation for Sustainable Development |
| | KPI B2.1 | Number and rate of work-related fatalities occurred in each of the past three years including the reporting year. | |
| | KPI B2.2 | Lost days due to work injury. | |
| | KPI B2.3 | Description of occupational health and safety measures adopted, and how they are implemented and monitored. | |
| B3: Development and Training | General Disclosure | Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer. | III. Being People-oriented and Caring for Employees |
| | KPI B3.1 | The percentage of employees trained by gender and employee category (e.g. senior management, middle management). | |
| | KPI B3.2 | The average training hours completed per employee by gender and employee category. | |
| B4: Labour Standards | General Disclosure | Information on: (a)the policies; and (b)compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour. | III. Being People-oriented and Caring for Employees |
| | KPI B4.1 | Description of measures to review employment practices to avoid child and forced labour. | |
| | KPI B4.2 | Description of steps taken of eliminate such practices when discovered. | |
| Operating Practices | | | |
| B5: Supply Chain Management | General Disclosure | Policies on managing environmental and social risks of the supply chain. | II. Safe Operation for Sustainable Development |
| | KPI B5.1 | Number of suppliers by geographical region. | |
| | KPI B5.2 | Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored. | |
| | KPI B5.3 | Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored. | |
| | KPI B5.4 | Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored. | |

| Aspects | ESG Indicators | Description | chapter |
|----------------------------|--------------------|--|---|
| B6: Product Responsibility | General Disclosure | Information on: (a)the policies; and (b)compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress. | II. Safe Operation for Sustainable Development |
| | KPI B6.1 | Percentage of total products sold or shipped subject to recalls for safety and health reasons. | |
| | KPI B6.2 | Number of products and service related complaints received and how they are dealt with. | |
| | KPI B6.3 | Description of practices relating to observing and protecting intellectual property rights. | |
| | KPI B6.4 | Description of quality assurance process and recall procedures. | |
| | KPI B6.5 | Description of consumer data protection and privacy policies, and how they are implemented and monitored. | |
| B7: Anti-corruption | General Disclosure | Information on: (a)the policies; and (b)compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering. | I . Establishing management system for greater responsibility |
| | KPI B7.1 | Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases. | |
| | KPI B7.2 | Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored. | |
| | KPI B7.3 | Description of anti-corruption training provided to directors and staff. | |
| Community | | | |
| B8: Community Investment | General Disclosure | Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests. | V . Contributing to Society and Enjoying Better Life |
| | KPI B8.1 | Focus areas of contribution (eg. education, environmental concerns, labour needs, health, culture, sport). | |
| | KPI B8.2 | Resources contributed (e.g. money or time) to the focus area. | |

Note: Sourced from the Environmental, Social and Governance Reporting Guidelines.



中民控股有限公司

CHINESE PEOPLE HOLDINGS COMPANY LIMITED

