



# 中國基礎能源控股有限公司 China Primary Energy Holdings Limited

(Incorporated in the Cayman Islands with limited liability)  
(Stock Code : 8117)

## Environmental, Social and Governance Report 2019



# Environmental, Social and Governance Report

## TABLE OF CONTENT

	PAGE
I. PREAMBLE	2
II. ABOUT THIS REPORT	3
III. SUSTAINABILITY GOVERNANCE	5
IV. STAKEHOLDER ENGAGEMENT	6
V. ENVIRONMENTAL SUSTAINABILITY	12
VI. SOCIAL SUSTAINABILITY	21

## LIST OF TABLES

Table 1 Stakeholders Expectations and Communication Channels	7
Table 2 The Group's Total Emissions by Category in FY2019	13
Table 3 The Group's Total Use of Resources by Category in FY2019	16
Table 4 Total Workforce of the Group by Gender and Age in FY2019	21
Table 5 Total Workforce of the Group by Gender and Position Type in FY2019	21
Table 6 Employee Turnover of the Group by Gender and Age in FY2019	23
Table 7 Total training of the Group by Gender and Position Type in FY2019	27

# Environmental, Social and Governance Report

## I. PREAMBLE

Over the last five to ten years, natural gas consumption and production in China have grown dramatically. The natural gas demand is rising rapidly and continuously as a result of China's ongoing policy and plan to combat air pollution. The government is encouraging the generation sector to switch from using coal to natural gas, particularly for domestic heating, with the aim of having the natural gas account for 10 percent of energy consumption by 2020. The Chinese government introduced a value-added tax cut from April 2019 and a subsidy program in June 2019 that incentivised production of natural gas from tight formations and extended existing subsidies for production from shale and coalbed methane resources. All these actions have shown an increasing concern and attention on the environmental and social impacts of the energy and gas industry. Being one of the prominent brands in the natural gas industry in the People's Republic of China (the "PRC"), China Primary Energy Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group" or "We") have stringently adhered to their environmental and social responsibilities.

The Group mainly engages in the transmission and distribution of natural gas, and some trading of electronic components and consumables business and property investment in the PRC. The Group decided to cease its manufacture and sales of PE pipes business in the year 2018, hence this business segment is no longer included in this ESG report.

Not only has the Group made tremendous progress in its business expansion and economic development, China Primary Energy Holdings Limited and its subsidiaries have also paid great attention to environmental protection and social responsibilities. To forge an eco-friendly, resilient and reliable enterprise that pioneers in sustainable development compared to its peers in the industry, the Group is committed to improving its business model and operating practices proactively, especially in addressing the pressing global climate change related challenges, as highlighted by its endeavour to clean energy.

# Environmental, Social and Governance Report

## II. ABOUT THIS REPORT

The Group is pleased to present Environmental, Social and Governance (“ESG”) Report (“ESG Report”) for the financial year ended on 31 December 2019 (“FY2019”) from 1 January 2019 to 31 December 2019, to demonstrate the Group’s approach and performance in terms of ESG management and corporate sustainable development for FY2019. The information in this ESG Report was gathered through a wide range of channels to ensure data richness, including internal policies of different subsidiaries of the Group, the factual evidence of the implementation of ESG practices in the Group, the feedback from staff via online surveys in the format of quantitative and qualitative questions based on the reporting framework, and the verified statistics of the Group’s annual performance in business operations and sustainable development. This ESG report was prepared in full compliance with the ESG Reporting Guide as set out in Appendix 20 of the GEM Listing Rules on The Stock Exchange of Hong Kong Limited (“HKEx”). To deliver a formalised and internationally compatible ESG report and in preparation for the 2020 HKEx’s new requirements, the Group referenced recommendations of the Task Force on Climate-related Financial Disclosures (“TCFD”) to improve the integrity, international compatibility and industrial comparability of the report. A complete content index and a GRI linkage table are available at the end of the ESG report for readers’ convenience to check its integrity.

### Reporting Scope

This ESG Report covers the environmental and social performance within the operational boundaries of the Group that includes the business of transmission and distribution of natural gas in Fujian, property rental in Yichang City, trading business in Hong Kong and the Group’s offices located in Hong Kong and Shenzhen. For corporate governance section, please refer to the Group’s 2019 Annual Report on pages 29 to 39 therein. This report was prepared in both English and Chinese. If there is any conflict or inconsistency, the English version shall prevail.

# Environmental, Social and Governance Report

## Reporting Principles

The preparation of this ESG Report strictly follows the Reporting Principles set out by the ESG Guide. The main content of this ESG Report has been determined, organised and presented under the principles of Materiality, Quantitative, Balance and Consistency, which were applied throughout the entire reporting process.

### *Materiality:*

As a common strategic business tool for screening the insignificant issues and highlighting the major environmental and social impacts, the Group has implemented a broad, inclusive and science-based materiality assessment by gathering the feedback of various stakeholder groups about their concerns and expectations in terms of company's sustainable development (refer to **Materiality Assessment**). The outcome informs the Board of Directors of the Group (the "Board") about the potential impacts of different ESG topics on the Group's overall strategies, by allocating more resources and putting more focus on material topics that enhances the Group's ability to develop in a sustainable way. This ESG report discloses information with sufficient importance to the Group, notably its air and greenhouse emissions, energy use, and its employee well-being such as workplace health and safety, reflecting the nature of the Group's natural gas business segment. In the meantime, the prioritisation of the climate-related risks and their financial impacts in accordance with the TCFD Recommendations was also a good example of how the Group has applied the principle of Materiality in its ESG reporting.

### *Quantitative:*

The application of the reporting principle of Quantitative was primarily reflected under the sections of Emissions, Use of Resources and Employment in this ESG report. To ensure a transparent disclosure of information and a clear understanding of the Group's ESG performance under environmental and social subjects, a summary of the Group's performance in air and greenhouse gas emissions, consumption of various energy and natural resources, and distribution of employees and training in terms of age and position types were shown in the measurable format (refer to **List of Tables**).

## Environmental, Social and Governance Report

### *Balance:*

An unbiased analysis and presentation of the Group's ESG performance is essential to ensure the accuracy and objectiveness of information delivered to the audiences. Adhering to this principle, the selective disclosure in the report was utterly based on the reporting principle of Materiality, in which both the excellent performance and rooms for improvement were covered. For instance, the study of the drastic paper consumption in the Group's offices was the reflection of the Group's efforts in boldly facing the problems, discreetly analysing the root causes, timely setting up policies and effectively addressing the potential ESG risks.

### *Consistency:*

Stakeholders rely on a transparent disclosure of information against different indicators based on a consistent reporting technique and calculation methodology to guide their decision-making. As such, the Group provided an adequate descriptive explanation of the calculation methods and significant changes to the reporting techniques from the previous years. Meanwhile, to show the vast array of information under a variety of topics in a clear and consistent manner, the Group adopted a reporting flow that aligns with the order for disclosure in the ESG Guide, which helps add greater coherence to the entire reporting process and build a roadmap visualising its growth in sustainability to all.

### III. SUSTAINABILITY GOVERNANCE

The Group believes that a systematic sustainability governance framework and a clear internal sustainability strategy are of paramount importance to creating values to all its stakeholders, while reducing the Group's impact on the environment and natural resources. In order to carry out the Group's sustainability strategy from top to bottom, the Board takes the lead on and has oversight of the execution of relevant ESG issues. The Board assumes ultimate responsibility for ensuring the effectiveness of the implementation of the Group's ESG policies and sustainability reporting matters. To ensure that the Board can be timely informed of the latest corporate ESG performance, including the major plans of action and risk management policies, the Group has been in the process of building an ESG team to supervise and coordinate the implementation of the Group's ESG strategy, goals and policies. The Board reviews the progress to ESG-related goals through annual meetings and ESG reports.

## Environmental, Social and Governance Report

Risk management has been regarded as an integral part of business operations by the Group. To ensure business resilience, the Group constantly reviews and adjusts its sustainability policies to satisfy the ever-changing needs of its stakeholders and to adapt to the latest industry's trends and requirements. Details of its management approach in both environmental and social aspects can be found throughout different sections of this ESG Report.



### IV. STAKEHOLDER ENGAGEMENT

An effective communication with both internal and external stakeholders is essential to the Group in many areas. It can not only deliver the Group's commitment to long-term value creation to stakeholders who care about the level of sustainable development of the Group, but also help the Group gain a better understanding of those topics material and relevant to different groups of stakeholders.



## Environmental, Social and Governance Report

With the goal to strengthen corporate sustainability approach and performance while enhancing stakeholders' awareness of ESG and sustainability issues, the Group has put tremendous efforts into its internal and external stakeholder inclusiveness. The Group highly values the feedback from its stakeholders and takes initiative to build a trustful and supporting relationship with them through their preferred communication channels, which are listed in the table below.

Table 1 Stakeholders Expectations and Communication Channels

Stakeholders	Expectations and Concerns	Communication Channels
Government and regulatory authorities	<ul style="list-style-type: none"> <li>– Compliance with laws and regulations</li> <li>– Support economic development</li> <li>– Business sustainability</li> </ul>	<ul style="list-style-type: none"> <li>– Supervision on compliance with local laws and regulations</li> <li>– Routine reports and tax paid</li> </ul>
Shareholders	<ul style="list-style-type: none"> <li>– Return on investments and achieve targets</li> <li>– Corporate governance and communication</li> <li>– Policy review and performance monitoring</li> <li>– Law and regulation compliance</li> </ul>	<ul style="list-style-type: none"> <li>– Regular reports and announcements</li> <li>– Regular general meetings</li> <li>– Official company website</li> </ul>
Employees	<ul style="list-style-type: none"> <li>– Employees' compensation and benefits</li> <li>– Career development</li> <li>– Health and safety in the working environment</li> <li>– Implementation of ESG strategies</li> </ul>	<ul style="list-style-type: none"> <li>– Performance reviews</li> <li>– Regular meetings and training</li> <li>– Emails, notice boards, hotline, caring activities with management</li> </ul>
Customers	<ul style="list-style-type: none"> <li>– High quality products and services</li> <li>– Protect customers' rights</li> <li>– Qualified products with good performance against environmental indicators</li> </ul>	<ul style="list-style-type: none"> <li>– Customer satisfaction survey</li> <li>– Face-to-face meetings and on-site visits</li> <li>– Customer service hotline and email</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>– Fair and open procurement</li> <li>– Win-win cooperation</li> <li>– Business ethics</li> <li>– Environmental impacts</li> </ul>	<ul style="list-style-type: none"> <li>– Open tendering</li> <li>– Suppliers' satisfactory assessment</li> <li>– Face-to-face meetings and on-site visits</li> <li>– Industry seminars</li> </ul>
Professional Bodies	<ul style="list-style-type: none"> <li>– Climate change awareness and inputs</li> <li>– Law and regulation compliance</li> <li>– Implementation of ESG strategies</li> </ul>	<ul style="list-style-type: none"> <li>– Routine reports</li> <li>– Emails, hotline, enquiries</li> </ul>
General public	<ul style="list-style-type: none"> <li>– Community involvement</li> <li>– Law and regulation compliance</li> <li>– Environmental protection awareness</li> </ul>	<ul style="list-style-type: none"> <li>– Media conferences and responses to enquiries</li> <li>– Public welfare activities</li> <li>– Regular reports and announcements</li> <li>– Face-to-face interview</li> </ul>

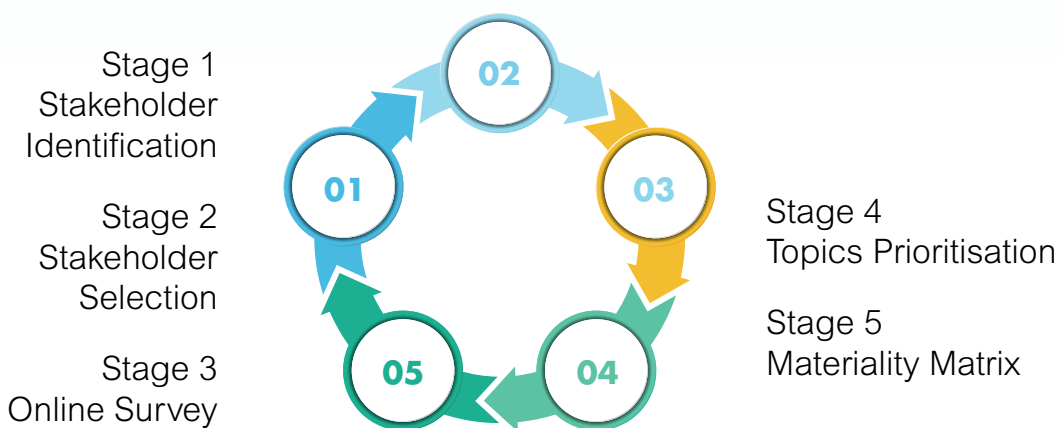


## Environmental, Social and Governance Report

### Materiality Assessment

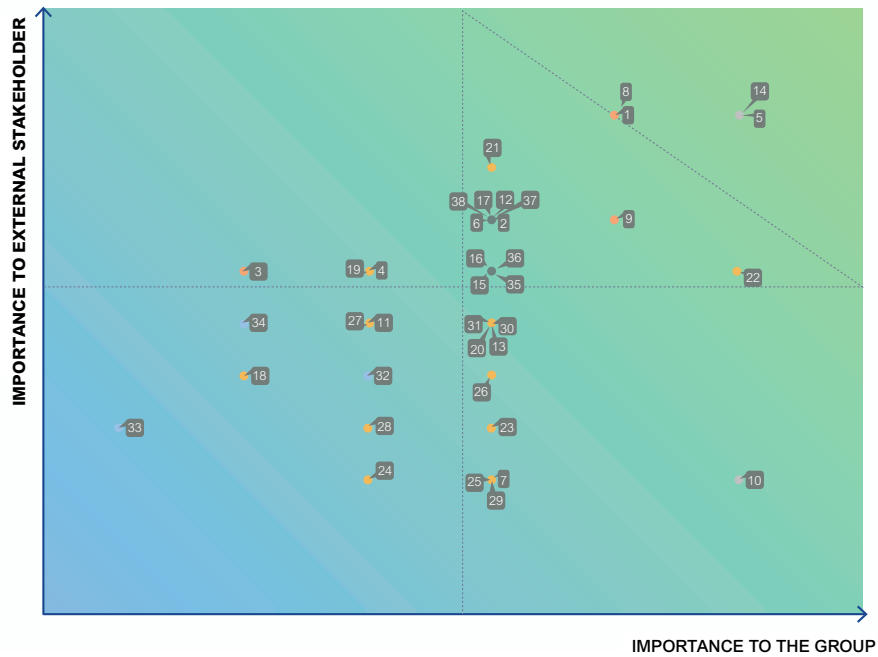
Since ESG risks and opportunities for companies vary across industries and depend on specific business patterns of companies, the Group normally undertakes an annual review in identifying and understanding its stakeholders' main concerns and material interests for the ESG report. In FY2019, the Group engaged its stakeholders to conduct a materiality assessment survey initiated by a third-party agency in order to guarantee the accuracy and objectivity of evaluation. Specifically, internal and external stakeholders including customers, suppliers, business partners, board members and employees from various business units of the Group were chosen and assessed based on their respective influence and dependence on the Group. Stakeholders were invited to express their concerns on a list of sustainability issues via an online survey to pinpoint the ESG issues that were identified as material to the Group's business development and strategies. Through a science-based materiality assessment to prioritise the topics from the entire inventory of ESG issues, the Group eventually formulated a materiality assessment matrix below, which could genuinely reflect the real concern of its stakeholders on ESG matters and facilitate the Group to develop actions plans for effective ESG management.

### MATERIALITY ASSESSMENT CYCLE



# Environmental, Social and Governance Report

**Stakeholder Engagement Materiality Matrix**



- Environmental Impacts
- Operating Practices
- Leadership & Governance

- Employment and Labour Practices
- Community Investment

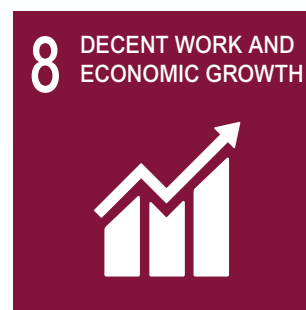
## Environmental, Social and Governance Report

1	Air and greenhouse gas emissions	14	Preventing child and forced labour	27	Labelling relating to products/ services
2	Sewage treatment	15	Selection of local suppliers	28	Product design & Lifecycle management
3	Land use, pollution and restoration	16	Smooth communication and sound relationship with suppliers	29	Number of legal cases filed against the company about bribery, extortion, fraud and money laundering
4	Solid waste treatment	17	Environmental risks (e.g. pollution) of the suppliers	30	Anti-corruption policies and whistle-blowing procedure
5	Energy use	18	Social risks (e.g. monopoly) of the suppliers	31	Anti-corruption training provided to directors and staff
6	Water use	19	Procurement practices	32	Community engagement
7	Use of other raw/ packaging materials	20	Environmentally preferable products and services	33	Participation in charitable activities and support public welfare
8	Mitigation measures to protect environment and natural resources	21	Health and safety relating to products/ services	34	Cultivation of local employment
9	Climate-related risks	22	Customers satisfaction (Welfare)	35	Business model adaptation and resilience to environmental, social, political and economic risks and opportunities
10	Diversity of employees	23	Marketing and promotion	36	Management of the legal & regulatory environment (regulation-compliance management)
11	Employee remuneration and benefits	24	Observing and protecting intellectual property rights	37	Critical incident risk responsiveness
12	Occupational health and safety	25	Product quality assurance and recall percentage	38	Systemic risk management
13	Employee development and training	26	Protection of consumer information and privacy		

## Environmental, Social and Governance Report

According to the outcome of the materiality analysis matrix, the Group identified four ESG issues that are of great significance to both the Group and its stakeholders, including “Air and greenhouse gas emissions”, “Energy use”, “Mitigation measures to protect environment and natural resources”, and “Preventing child and forced labour”. Such great focus on the aspects of emissions, energy use, and resources use under the environmental subject aligns with the Group’s continuous actions and future direction towards clean energy and more sustainable operations.

In FY2019, the Group also engaged its stakeholders in a survey concerning the Sustainability Development Goals (“SDGs”) to develop future goals for the Group’s ESG policy that are in line with the international sustainability movement. The Group has identified “Target 7: Affordable and Clean Energy” as the most relevant and concerned goals for the sustainability development, followed by “Target 3: Good Health and Well-Being for People” and “Target 8: Decent Work and Economic Growth”. This assessment allows the Group to review and objectively rank its sustainability issues, which further helps identify the material and relevant topics to disclose in this report in favour of stakeholders’ expectations.



### Stakeholders Feedback

As the Group strives for excellence, the Group welcomes stakeholders’ feedback, especially on topics listed as the highest importance in the materiality assessment and its ESG approach and performance. Readers are also welcomed to share their views with the Group at [info@china-p-energy.com](mailto:info@china-p-energy.com).

# Environmental, Social and Governance Report

## V. ENVIRONMENTAL SUSTAINABILITY

The Group is committed to the long-term sustainability of the environment and community in which it operates, stringently controlling its emissions and consumption of resources, and complying with all relevant environmental laws and regulations in Hong Kong and the PRC in its daily operations. The Group strives to minimise the potential environmental impact during its daily operations in various aspects, in order to ensure that its operations align with the Chinese government's movement of switching into natural gas to improve air quality.

This section primarily discloses the Group's policies, practices, and quantitative data on emissions, the use of resources and the environment and natural resources in FY2019.

### A.1. Emissions

The main emissions from the Group are the air emissions from electricity consumption and vehicle use, municipal wastewater and solid wastes. The Group complied with all relevant environmental laws in the operating regions, including but not limited to the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》) and the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》), and found no disregard of any influential laws relevant to waste gas or greenhouse gas emissions, water or land discharging and hazardous or non-hazardous wastes.

In FY2019, given the nature of the Group's business, the greenhouse gas ("GHG") emissions from the Group for Scope 1 (Direct Emissions), Scope 2 (Energy Indirect Emission), and Scope 3 (Other Indirect Emissions) were 116.1 tonnes carbon dioxide equivalent ("CO<sub>2</sub>e"), 71.5 tonnes CO<sub>2</sub>e, and 40.7 tonnes CO<sub>2</sub>e respectively. The Group's total GHG emissions amounted to 228.3 tonnes CO<sub>2</sub>e, and the GHG intensity for the Group was 2.1 tonnes CO<sub>2</sub>e/employee. Other than GHG emissions, the Group also generated 3.1 kg of non-hazardous solid wastes (with an intensity of 0.03 kg/employee) and 4,113.9 m<sup>3</sup> non-hazardous wastewater during the year under review. During the year under review, the Group did not generate any hazardous wastes. The air pollutants from the Group including sulphur oxides ("SO<sub>x</sub>"), nitrogen oxides ("NO<sub>x</sub>") and particulate matter ("PM") were mainly generated from vehicles for transportation for business affairs. Specifically, the Group's air emissions of SO<sub>x</sub>, NO<sub>x</sub> and PM amounted to 0.7 kg, 28.7kg and 2.1 kg respectively in FY2019. The Group's total emissions are summarised in Table 2.

## Environmental, Social and Governance Report

Table 2 The Group's Total Emissions by Category in FY2019\*\*\*\*\*

Emissions		Unit	Amount in FY2019	Intensity* (Unit/ employee) in FY2019	Amount in FY2018	Intensity* (Unit/ employee) in FY2018
<b>Air emissions**</b>	SO <sub>x</sub>	kg	0.7	–	0.5	–
	NO <sub>x</sub>	kg	28.7	–	20.7	–
	PM	kg	2.1	–	1.5	–
<b>GHG emissions</b>	Scope 1 (Direct Emission)***	tonnes CO <sub>2</sub> e	116.1	1.1	80.0	2.3
	Scope 2 (Energy Indirect Emission)****	tonnes CO <sub>2</sub> e	71.5	0.6	92.4	2.6
	Scope 3 (Other Indirect Emission)*****	tonnes CO <sub>2</sub> e	40.7	0.4	29.7	0.8
	Total (Scope 1, 2 & 3)	tonnes CO <sub>2</sub> e	228.3	2.1	202.1	5.7
<b>Non-hazardous waste</b>	Solid Waste*****	kg	3.1	0.03	43.5	1.1
	Wastewater*****	M <sup>3</sup>	4113.9	37.2	5,265.0	135

\* Intensity was calculated by dividing the amount of air, GHG and other emissions by the average number of employees of the Group in FY2019 and FY2018 (the financial year ended on 31 December 2018 from 1 January 2018 to 31 December 2018), respectively;

\*\* Air emissions included the air pollutants in the exhaust gas from vehicles for transportation. Emission factors used in the calculation have been updated and PM emission is newly included in disclosing the Group's emission performance. Thus, the calculation methodology of and the results in FY2018 were altered accordingly for better comparison throughout recent years,;

\*\*\* The Group's Scope 1 (Direct Emissions) included only the consumption of diesel, petrol, and natural gas in motor vehicles;

\*\*\*\* The Group's Scope 2 (Energy Indirect Emissions) included only the electricity consumption;

\*\*\*\*\* The Group's Scope 3 (Other Indirect Emissions) included only paper waste disposed at landfills and business travel by air (calculated using ICAO Carbon Emissions Calculator);

\*\*\*\*\* The solid wastes covered commercial wastes from the factories and property buildings where the Group's employees worked;

## Environmental, Social and Governance Report

\*\*\*\*\* The total amount of wastewater discharged from the Group in FY2019 was based on the assumption that 100% of the consumed fresh water entered the building drainage system; and

\*\*\*\*\* The methodology adopted for reporting on GHG emissions set out above was based on “How to Prepare an ESG Report? – Appendix 2: Reporting Guidance on Environmental KPIs” issued by the Stock Exchange and the IPCC Emission Factor Database. A comparison of FY2018’s data is provided to display changes and progress made by the Group.

After the cessation the manufacture and sales of PE pipes of the Group, GHG emissions, the air emissions and non-hazardous waste that were previously generated from the PE pipes manufacturing process are not incorporated in the calculation of emissions of this ESG report. As the emissions from the property rental and trading business are insignificant comparing to other business segments, this following chapter mainly highlights the policies of emissions control in the natural gas business of the Group.

### **Transmission and distribution of the natural gas business**

The natural gas transmission and distribution is the core segment of the Group business. In FY2019, the performance of this business segment continued to grow as the PRC government kept pushing the implementation of effective policies in transitioning towards clean energy nationwide. The Group, in response to the national call, endeavours to develop its natural gas business in an environmentally sustainable manner and promote clean energy to reduce air pollution and tackle climate change. The air and GHG emissions are, therefore, in high priority of the Group’s concerns, as it has also been reflected by the materiality assessment.

### **Air Emissions and GHG Emissions**

In FY2019, the GHG emissions of this segment consisted of direct emissions (Scope 1) from the use of vehicles, indirect emissions (Scope 2) from the consumption of electricity, and other indirect emissions (Scope 3) from the waste paper processing and business air travel. The direct emissions and indirect emissions were the main source of the total GHG emissions while other indirect emissions were relatively insignificant. GHG emissions from the Group’s natural gas segment were primarily generated from the consumption of purchased electricity during daily operations.



## Environmental, Social and Governance Report

During the year under review, the Group transmitted the natural gas directly to its clients through long-distance pipelines, hence there was no air emissions through the transmission process. Tetrahydrothiophene, known as THT, is generally used as an odorant as the warning agent in the natural gas industry in China. The Group paid great attention to the safe use of THT and operated in strict compliance with relevant regulations in the PRC.

There is no denying that the accelerating level greenhouse gases (“GHGs”) is inherently linked with the climate-related catastrophic consequences that are happening across the world according to IPCC’s latest report (Intergovernmental Panel on Climate Change). To mitigate the GHG emissions, the Group is aware of the role that the technological and economic potential plays in limiting the global temperature rise to 2°C above pre-industrial levels. Therefore, the Group has aligned its operating practice with internationally acceptable and recognised standards and recommendations in terms of GHGs reduction by bringing in energy-efficient technologies and electricity-saving measures. Although the air and GHG emissions slightly increased comparing to the figures in FY2018, the emission intensity per employee decreased by half. This shows that the Group has expanded its business in a sustainable manner and relevant policies in controlling the emissions through draconian measures, especially the management of electricity, have been implemented efficiently throughout FY2019. With a strict target to further reduce its emission intensity in the future, the Group has commenced its investment in natural gas combined heat and power cogeneration plants, which have better performance in fuel use efficiency than conventional power plants. Detailed measures taken by the Group to reduce its GHG emissions by improving the energy efficiency will be described further in A.2. Use of Resources of this report.

### Waste

In FY2019, the wastewater and solid wastes generated from the Group were mainly domestic sewage and garbage by its staff from daily operating activities. A significant drop in solid waste by more than 10 times was recorded in the Group due to the cessation of the manufacture and sales of PE pipes and the unswerving efforts made by the Group in the pursuit of sustainable waste management. The magnificent success in lowering the generation of both solid waste and sewage from business operations not only reflected the perseverance of all staff and companies of the Group in acting towards sustainability, but gave the Group a fillip and confidence in adhering to its plan, seeking the minimisation of its waste during business operation.

## Environmental, Social and Governance Report

### A.2. Use of Resources

The Group has complied with the relevant laws and regulations with regards to its use of resources, including but not limited to Energy Conservation Law of the People's Republic of China (《中華人民共和國節約能源法》) and Provisions on the Management of Water Conservation in Cities (《城市節約用水管理規定》) during the year under review.

The use of natural resources has always been the key issue for the Group's environmental concern. To effectively manage its resources consumption, the Group kept improving its tracking of ESG performance under relevant KPIs (Key Performance Indicators) and launched an internal monitoring programme on the procurement and use of resources. In FY2019, the major resources consumed by the Group were electricity, diesel and gasoline. Table 3 illustrates the amount of different resources used by the Group.

Table 3 The Group's Total Use of Resources by Category in FY2019\*\*\*

Use of Resources	Unit	Amount in FY2019	Intensity* (Unit/ employee) in FY2019	Amount in FY2018	Intensity* (Unit/ employee) in FY2018
<b>Electricity</b>	kWh	120,757.2	1,092.8	150,963.2	4,252.5
<b>Diesel</b>	L	20,438.7	185.0	4,683.0	131.9
<b>Gasoline</b>	L	22,566.1	204.2	27,132.8	764.3
<b>Natural gas</b>	M <sup>3</sup>	3,500.0	31.7	3,851.2	108.5
<b>Water**</b>	M <sup>3</sup>	5,288.0	47.9	18,475.5	520.4
<b>Paper</b>	kg	6,562.8	59.4	811.6	22.9

\* Intensity was calculated by dividing the amount of resources by the Group's average number of employees in FY2019 and FY2018 respectively;

\*\* The water consumption excluded the Hong Kong office of the Group in both FY2019 and FY2018. The Group endeavours to further improve its measurement of electricity usage among all subsidiaries in the future; and

\*\*\* A comparison of FY2018's data is provided to display changes and progress made by the Group.

# Environmental, Social and Governance Report

## Electricity

The Group has kept a detailed record of its electricity consumption. In FY2019, the Group's use of electricity mainly came from the daily operations. All subsidiaries of the Group stringently complied with the Group's policy of saving energy. In particular, the Group has been committed to saving electricity by executing the following measures:

- Switch off the idle lights and air-conditioning;
- Place "Saving Electricity, turn off the Light when Leaving" posters in prominent places to remind employees of energy conservation;
- Maintain the electrical appliances (such as refrigerator, air-conditioner and paper shredder) on a regular basis;
- Use electrical appliances with certified energy-saving labels;
- Replace high electricity consumption lamps with the electricity saving lamps for office lighting; and
- Prohibit heating equipment and other electricity guzzling appliances in the office.

With the effective implementation of policies in electricity conservation, the Group's electricity consumption declined by approximately 20% in FY2019 as compared to that in FY2018. The Group aims to further its commitment to sustainable energy consumption, reinforcing the relevant education and training among employees in the future.

## Energy

The Group's own vehicles consumed diesel, gasoline and natural gas for transportation purposes. In FY2019, while a staggering rise of diesel consumption due to the business development of Fujian China Primary Energy Co, Ltd of the Group, both gasoline and natural gas fell to varying degrees by around 16.8% and 9.1%, respectively, marking the determination of the Group in energy control. The Group has been dedicated to cutting down its air and GHG emissions from transportation through various measures, such as making the best use of room to avoid unnecessary transport, encouraging employees to share vehicles for business affairs when appropriate, planning appropriate driving routes in advance and keeping the vehicle travelling at a constant speed to avoid any unnecessary brake. Apart from saving the amount of the energy consumed by the Group's own motor vehicles, the Group also highly encouraged its staff to take public transportation instead of driving to work, thereby lowering their own carbon footprints.

## Environmental, Social and Governance Report

### Water

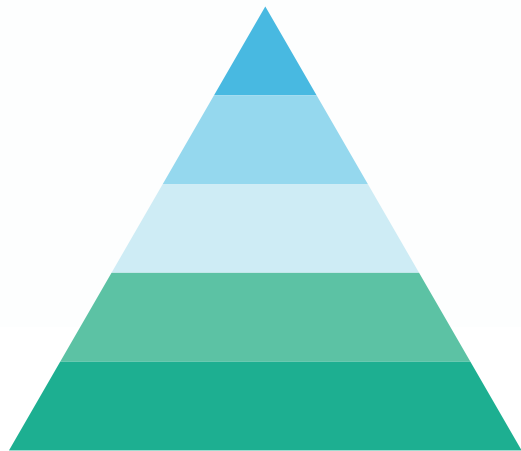
In FY2019, the water consumption by the Group was for domestic use by its staff during working hours, the amount of which was minimal and need-based. As mentioned earlier in the **A.1. Emissions** section, the Group has seen a dramatic decline of water consumption by one-third after ceasing the manufacture and sales of PE pipes and its discontinued operations. In FY2019, the Group did not face any problems in sourcing water. To improve the utilisation efficiency of water resources, the Group and all its employees have laid emphasis on water conservation and are dedicated to saving every drop of precious water resource by various efficacious ways. Specifically, to improve the utilisation efficiency of water resources, the Group has further adopted the following practices:

- Perform regular propaganda and education on water conservation among its staff;
- Place “Saving Water Resource” posters in prominent places to encourage water conservation;
- Collect used water for cooling purposes, floor cleaning and yard washing if possible;
- Carry out regular leakage tests on water tap, washers and other defects in the water supply system;
- Repair dripping taps immediately; and
- Turn off the water supply system at night and on holidays.

## Environmental, Social and Governance Report

### Paper

The Group's paper consumption ascended substantially in FY2019, as a result of increasing required documentation due to its business expansion. With an ambition to promote the concept of paperless office, the Group has paid particular attention to the patterns of paper consumption in all subsidiaries and found that its office in Shenzhen was the major contributor to this sharp increase where more than 80% of the paper resources were consumed. As such, the Group plans to improve its procurement management system for office stationery and paper, and instill the concept of the 'Waste Hierarchy' to all employees in the offices, striving to cultivate the good habits of diligence and frugality in the Group.

**Eliminate**

e.g. use digital document instead of printed form

**Reduce**

e.g. double-sided printing

**Reuse**

e.g. printing paper as draft paper

**Recycle**

e.g. paper recycling bin

**Disposal**

## Environmental, Social and Governance Report

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

The Group has put great emphasis on improving efficiency of its daily operations and been committed to innovating, designing and utilising cleaner and more energy efficient technologies for its natural gas business in order to reduce their major environmental impacts such as controlling its energy consumption, and minimising its air and GHG emissions. As a result, an overall positive progress has been made by the Group throughout the year under review due to its unwavering efforts. In particular, the termination of the PE pipes manufacturing business has hugely brought down the waste generation of the Group. Meanwhile, facing the imminent global climate change-related challenges, the Group's measures in lowering its carbon emissions were efficacious and the results were remarkable, leading to a considerable reduction of GHG emission intensity in FY2019 by about 50%.

It is widely acknowledged that the SDGs define the vision and priorities of global sustainability in 2030 and call on all enterprises to maximise their innovation capabilities in accomplishing the 17 sustainability goals together. Integrating the global sustainable development goals into its business strategies, the Group is currently working on the establishment of sustainable development framework by enhancing environmental awareness and carrying out SDGs evaluation under the context of industrial trend and business nature within the organisation. Given the nature of its business, the Group selected three most relevant goals: "Target 7: Affordable and Clean Energy", "Target 3: Good Health and Well-Being for People" and "Target 8: Decent Work and Economic Growth", as its prioritised targets in the value chain management and planned to take corresponding measures to address the sustainability concerns under both targets. In which, the Group has been focusing on natural gas-related clean energy projects, and natural gas combined heat and power cogeneration business is projected to be one of the Group's development direction. This innovative business transformation has been built on years of the Group's research and is not only in coordination with the vision empowered by the SDGs on promoting clean energy and economic growth, but also endowed with a broader mission to tackle and mitigate climate change.

# Environmental, Social and Governance Report

## VI. SOCIAL SUSTAINABILITY

### EMPLOYMENT AND LABOUR PRACTICES

#### B.1. Employment

The Group views talents as its most valuable assets and the key driving factor in ensuring the success and sustainable development of the Group. Upholding the concept of “paying respect to the dedicated, utilising the competent, fostering the aspiring and incentivising the innovative”, the Group strives to provide a safe and sound working environment for employees and cultivating talents experienced in technology and management. The Group's workforce is more dominated by male employees due to the nature of its business, but gender equality and women empowerment are grounded in its core value and practices.

Table 4 Total Workforce of the Group by Gender and Age in FY2019

By gender	By age				Total
	Below 30	Between 31 and 40	Between 41 and 50	Above 51	
Male	25	38	18	20	101
Female	12	11	8	9	40
Total	37	49	26	29	141

Table 5 Total Workforce of the Group by Gender and Position Type in FY2019

By gender	By position			Total
	General staff	Middle management	Senior management and directors	
Male	64	21	16	101
Female	28	6	6	40
Total	92	27	22	141



## Environmental, Social and Governance Report

### Law compliance

The Group's human resources policies fully align with the applicable employment laws and regulations in Hong Kong and the PRC, including but not limited to the followings:

- Employment Ordinance (Chapter 57 of the Laws of Hong Kong);
- Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong);
- Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong);
- Labour Law of the People's Republic of China (《中華人民共和國勞動法》); and
- Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》).

The Group has also complied with the laws and regulations in respect to the employees' social security schemes that are enforced by the local government, such as the social security fund in the PRC and Mandatory Provident Fund Scheme and Medical Insurance Scheme in Hong Kong.

To make sure that the relevant internal policies are fully in line with the latest laws and regulations, the human resources department is responsible to review and update corporate policies in talent management on a regular basis.

### Recruitment and promotion

The Group deeply understands that talent acquisition is vital to the sustainable development of the Group's business, hence the Group prepares "Yearly Recruitment Plan" to manage the recruitment every year. To attract high-calibre candidates, the Group offers fair, competitive remuneration and benefits based on individuals' performance, personal attributes, job experiences and career aspiration. In addition, the Group has proposed a variety of initiatives to facilitate the recruitment, such as recruitment fairs, job advertisements in recruitment seminars and internet websites. The Group believes that its continuous efforts will tremendously help attract the most suitable and outstanding personnel to join 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 practices gender equality throughout its recruitment and promotion process. Workers of both sexes hold equal choices of getting promoted.

## Environmental, Social and Governance Report

### Compensation and dismissal

To motivate, reward, and recognize its existing employees who have made giant contributions to the Group, compensation reviews and salary adjustment are regularly conducted with reference to the overall market conditions, inflation rate, profitability of the Group and employee's past performance. The Group will give bonus to employees according to their performance and set share point scheme as a long-term incentive plan for key management and loyal staff. By improving the remuneration system and career paths, the Group expects to establish a comprehensive incentive system based on physical, mental, emotional and growth motivations to carry forward the harmonious and stable employment relationship. Meanwhile, any termination of employment contract would be strictly based on reasonable and lawful grounds. The Group prohibits any kinds of unlawful or unreasonable dismissals.

Table 6 Employee Turnover of the Group by Gender and Age in FY2019

By gender	By age				Total
	Below 30	Between 31 and 40	Between 41 and 50	Above 51	
Male	11 (14.9%)	5 (6.8%)	4 (5.4%)	3 (4.1%)	23 (31.2%)
Female	3 (10%)	2 (6.7%)	1 (3.3%)	2 (6.7%)	8 (25.0%)
Total	14 (13.5%)	7 (6.7%)	5 (4.8%)	5 (4.8%)	31 (29.8%)

The Group is experiencing a relatively high turnover rate in FY2019 due to its business transformation, namely the termination of its PE pipe manufacturing business. This piece of data is projected to be lowered in the coming years.

### Working hours and rest period

The Group arranges reasonable working hours and rest periods for its employees. Working hours are under strict supervision through internal system. In addition to basic paid annual leave and statutory holidays stipulated by the local governments, employees are entitled to additional leave benefits such as marriage leave, paternity leave and compassionate leave.

## Environmental, Social and Governance Report

### Equal-opportunity and anti-discrimination

As an equal opportunity employer, the Group is committed to creating a fair, respectful and diverse working environment by promoting anti-discrimination and equal opportunity in all human resources and employment decisions. For instance, training and promotion opportunities, dismissals and retirement policies are determined irrespective of employees' gender, race, age, disability, family status, marital status, sexual orientation, religion beliefs, nationality or any other non-job-related factors in all business units. The Group's equal opportunities policy allows zero tolerance to any workplace discrimination, harassment or victimization in accordance with the relevant government legislation, ordinances and regulations, such as the Disability Discrimination Ordinance (Chapter 487 of the Laws of Hong Kong) and the Sex Discrimination Ordinance (Chapter 480 of the Laws of Hong Kong). Disciplinary actions would be taken against relevant employees if there is any non-compliance or breach of legislation related to the equal opportunities policies.

### Other benefits and welfare

To cultivate employees' sense of belonging, the Group offers additional benefits to its employees including medical subsidiaries, physical examination and special holiday leave. To fulfil the needs of employees working in factories, the Group also provides fully equipped dormitories. Meanwhile, with barrier-free communication channels and corporate culture that encourages employee engagement, employees can communicate with managers and colleagues through internal email, training and meetings. This can help improve the mutual understanding between employees and the management of the Group.

In FY2019, the Group was in compliance with relevant laws and regulations in relation to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, welfare and other benefits that have a significant impact on the Group.

## Environmental, Social and Governance Report

### B.2. Health and Safety

Health and safety are the cornerstone of our business, in accordance with results of the materiality assessment and the identified SDG “Target 3: Good Health and Well-Being for People”. To provide and maintain a good working condition and a safe and healthy working environment, the Group’s safety and health policies are in line with the workplace health and safety laws and regulations in Hong Kong and the PRC, namely:

- Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong);
- Law of the People’s Republic of China on the Protection of Production Safety (《中華人民共和國安全生產法》); and
- Regulation on Work-Related Injury Insurance (《工傷保險條例》).

The Group has established a comprehensive mechanism and stringent safety and labour practice policies that conform to the relevant health and safety standards, such as GB/T29639-2013, GBZ 1-2010, GB12011-2009, GB2811-2007, to minimise the risks of accidents in the workplace and enhance employees’ health and safety awareness. Different internal manuals, such as the Production Safety Emergency Plan (《生產安全事故應急預案》), have been set up to ensure that a safe working environment can be provided to all employees.

Following these manuals, the Group has provided suitable personal protective equipment to employees such as helmets, safety shoes, antifreeze gloves and cotton anti-static gloves. The Group also offers disinfectants for relevant employees and customers and carries out environmental disinfection on a regular basis. Besides, as dust is a threat to employees’ health, the Group conducts annual physical examinations of relevant employees at the operation site, ensuring that the risk of occupational diseases exposure caused by dust and hazardous substances can be recognised and addressed. The fire equipment such as automatic smoke spray system and powder fire extinguishers in the working place has been in place to prevent employees from occupational hazards.

## Environmental, Social and Governance Report

In order to create an accident-free workplace environment, increasingly gain the trust of its customers and ensure the operational safety, the Group adheres to its well-established design, engineering and operating principles and safety management system. The Group has built an emergency group for collecting relevant information and providing training to employees on emergency management. Regular occupational training courses have been held by the Group, which are believed as the key to enhancing the safety awareness of employees. The Group has an internal system regarding the protection of occupational health and safety, where safety policies and measures are introduced and well-managed, including the fire safety policy, labor protection management policy, on-site safety policy and safety warning sign management policy. Production and operation safety operating guidelines have been assembled and strictly implemented to prevent accidents. Security banners and slogans have been designed to create greater awareness and to enhance practices towards health and safety. The Group has installed a robust combustible gas leakage detection and alarm system that is strictly designed according to the GB50028 standard in order to monitor all relevant parameters of all sites 24 hours a day, 7 days a week. This system is regularly tested and maintained to ensure its effectiveness. There are comprehensive emergency rescue plans for accidents and special emergency plans for gas leakage on site. The Group regularly inspects and refills the fire protection facilities to ensure that the fire protection facilities are not damaged or expired and the fire exits are unblocked. The Group has hosted emergency fire drills annually and set safety signs to enhance employees' safety awareness. In addition, the Group prohibits smoking and drinking liquor in all workplaces, carries out the cleaning of air-conditioning systems and disinfection treatment of carpets, and conducts safety inspection with an aim to protect employees from occupational hazards.

In FY2019, the Group found no work-related fatalities or lost days due to work injury. During the year under review, the Group was in compliance with the relevant laws and regulations in relation to providing a safe working environment and protecting the employees from occupational hazards that have a significant impact on the Group.

### **B.3. Development and Training**

Training presents an opportunity to expand the knowledge base of all employees, which the Group finds quite useful for addressing employees' weakness, improving employees' performance, keeping the consistency between employees and corporate vision, and meeting employees' training expectations. Thus, the Group actively provides training opportunities for employees. The Group believes that the provision of professional training courses is a fundamental step to foster the understanding of its business philosophy among employees and the cornerstone to improve its service quality continuously.

## Environmental, Social and Governance Report

The Company provides comprehensive on-the-job training for newly hired employees to help them understand the company's corporate culture, business processes, work health and safety measures, management systems and corporate development history. For experienced employees, the Group offers training opportunities to develop their own working ability and build their career path. In addition to conventional training, online training via mobile application is also available. The Group encourages its employees to enhance their competitiveness and expand their capacity through continuous learning by attending external training programmes to enhance their competitiveness. Since the Group treats health and safety as a priority issue and believes that promoting a culture of safety is important for the Group's sustainable development, health and safety training courses are well-designed and provided regularly to employees, who are expected to garner a deep understanding of the skills for health protection.

Table 7 Total training of the Group by Gender and Position Type in FY2019

By gender \ By position	General staff	Management level	Total
Male	2	3	5
Female	4	0	4
Total	6	3	9

### B.4. Labour Standards

The Group strictly abides by the Employment Ordinance (Cap. 57 of the Laws of Hong Kong), the Labour Law of the People's Republic of China (《中華人民共和國勞動法》), the Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》) and other related labour laws and regulations in Hong Kong and the PRC to prohibit any child or forced labour employment.

To combat illegal employment on child labour, underage workers and forced labour, and to ensure that applicants are lawfully employable, all employees are required by the Group's human resources department to provide valid identification document prior to the confirmation of employment. The human resources department is responsible for monitoring and ensuring compliance with the latest and relevant laws and regulations that prohibit child labour and forced labour. The Group has regularly made reviews on the human resources policies and the reporting mechanism has been put in place to monitor and ensure the compliance of all relevant laws and regulations. Once any practice that fails to conform to the relevant labour laws, regulations or standards is found, the relevant employment contract will be immediately terminated.

In FY2019, the Group was in compliance with relevant laws and regulations, in relation to the prevention of child and forced labour that have a significant impact on the Group.

# Environmental, Social and Governance Report

## OPERATING PRACTICES

### B.5. Supply Chain Management

As a socially responsible enterprise, it is critical and vital for the Group to maintain and manage a sustainable and reliable supply chain that makes minimal negative impacts on the environment and society. Each of the operating subsidiaries within the Group monitors the quality of its suppliers and ensures the supply chain practice on a strict and continuous basis.

When choosing potential suppliers, the Group has developed and implemented the Supplier Evaluation Criteria (供方評定準則) through comprehensive evaluations and the benchmarking of potential suppliers. In the investigation of selected suppliers, the Group mainly takes into consideration the follows factors:

- the quality of suppliers' goods and services;
- the suppliers' business license, previous track record;
- reputation;
- quality management system;
- production capacity;
- technical parameters;
- financial performance; and
- social and environmental responsibility.

If no serious quality accident or delay on delivery is found during the background check, the supplier will be recognised as a qualified supplier and added to the supplier list. The relevant qualifications of suppliers will be filed in the company's archives and qualified suppliers shall be reassessed every year.

The Group is dedicated to reducing the impacts of supply chain on the environment and advocating green procurement. Apart from quality requirements, the environmental requirements are listed in the procurement contract. The Group has adopted a proactive approach by formulating Measures for the Environmental Impacts of the Party (對相關方施加環境影響的管理辦法) in managing their suppliers. The Group normally interviews its suppliers, encouraging them to review its operations from the perspective of environmental protection and trying to address any potentially significant environmental risk in the supply chain. The Group refuses to use suppliers who have violated relevant environmental regulations or may cause detrimental environmental impacts during operations.



## Environmental, Social and Governance Report

Through the real-time monitoring on all suppliers, the Group normally conducts test on raw materials and products to make sure that they are qualified and align with the Group's internal standards. If the products do not accord with the requirements of the Group, the Group would order and supervise the supplier to take corrective measures immediately until it is up to the standard.

The Group always keeps a firm and stable relationship with its suppliers and is updated of the suppliers' situation effectively through the internet, phone calls, and other means to ensure that all suppliers comply with local laws and regulations and stick to their corporate ethics. In the meantime, the Group stays in contact with the suppliers to replenish products in case of any shortage. The Group also collects information from its suppliers with respect to the contracts in top management turnover, production capacity, changes in manufacturing techniques and raw materials, and law compliance for evaluation on a periodic manner.

### **Transmission and distribution of the natural gas business**

The main raw material used in natural gas business is liquefied natural gas ("LNG"). The Group normally enters into a long-term gas supply contract and yearly supplemental agreement according to the actual demand with the selected gas suppliers, including Petrochina Kunlun Gas Co., Ltd. (中石油昆仑公司), CNOOC Fujian New Energy Co., Ltd. (中海石油福建新能源有限公司), Fujian Province Minsheng Gas Co., Ltd. (福建省闽昇燃气有限公司) and the new supplier in FY2019 called Wahan ENN Energy Holdings Ltd. (武漢嘉興能源有限公司).

The Group is principally responsible for the sourcing of the LNG from upstream suppliers including state-owned enterprises and distributing the products to customers for industrial, commercial and household uses. The quality of LNG must conform to the national standard of GB17820. The Group strictly audits the supplier qualification for the aforesaid criteria to manage the social risk and environment risk in the supply chain. Selected suppliers must provide a monthly "Natural Gas Quality Inspection Report" that complies with national and local laws and regulations to maintain a stable and reliable supply of gas.

### **Trading business**

The core supplier requirement of the trading business is to fulfill clients' needs. Currently, this business segment only has one supplier.

The Group emphasises that business partners should comply with as the requirements in relevant environmental laws, regulations, international treaties, and provide industry-recognised environmentally friendly products. The quality control department is responsible for the strictly keeps a strict monitoring on the product quality and suppliers' practices.

## Environmental, Social and Governance Report

### B.6. Product Responsibility

#### Law compliance

In order to protect the legitimate rights and interests of consumers and strengthen the supervision on the quality of products, the Group has prioritised the delivery of high-quality and safe products as its most important product responsibilities, and complied with relevant law and regulations including but not limited to:

- Law of the People's Republic of China on Product Quality (《中華人民共和國產品品質法》);
- Law of the People's Republic of China on the Protection of Consumer Rights and Interests (《中華人民共和國消費者權益保護法》);
- Law of the People's Republic of China on the Protection of Production Safety (《中華人民共和國安全生產法》); and
- Regulations on the Safety Administration of Dangerous Chemicals (《危險化學品安全管理條例》).

During the year under review, the Group was in compliance with relevant laws and regulations regarding health and safety, advertising, labelling and privacy matters of its products that may have a significant impact on the Group.

#### Transmission and distribution of the natural gas business

The Group has strictly complied with Regulation on the Administration of Urban Gas (城鎮燃氣管理條例) and Standard for Construction of City Gas Station (城市燃氣場站建設規範). Safety Operation Management Policy (安全運營部管理制度) has been set up to assess the gas safety operation which includes station gas supply maintenance system, incident and hidden danger management, combustible gas leakage alarm management system and operational procedures for station workers and gas supply equipment. The gas supply engineering practice should meet the national standard of GB50028. Special operations personnel must be trained and hold relevant certificates before being on board.

## Environmental, Social and Governance Report

To address the hidden dangers, the Group conducts comprehensive safety inspection (綜合性安全檢查) regularly by carrying out indoor safety checks and comprehensive emergency rescue drill to promote gas safety. Semi-annual anti-static testing and pressure safety testing should be conducted on station. Besides, gas suppliers provide monthly gas inspection reports to the Group to ensure the quality of the gas. The Group also pays attention to the details, conducting regular checks on pipe network leaks and would take remedial measures in a timely manner once any breakdown is found. The Group has a 24-hour monitoring system to guarantee the safety and stability of gas supply to its customers and the communities. Employees are required to turn on their mobile phone 24 hours a day to answer emergency tasks. On-going and proactive communication with upstream has been adopted to ensure regular inspections of pipeline and patrol systems, and equipment maintenance.

### **The Group**

#### Product quality

The Group adopts a rapid-response approach in monitoring the satisfaction rate from the customers. Sales Department collects customers' opinions on product quality, pricing, delivery services via telephone, fax and market information. If the satisfactory rate is in large fluctuations and below the management's expectations, the Group will make investigations and start the Improvement Control Procedures (改進控制程序), taking corrective actions immediately and setting up precautionary policies afterwards.

#### Complaints

The Group has built an opinion box and telephone hotline for the collection of complaints under a 24-hour supervision by specific employees. The complaints are collected and sent to the head office to for confirmation and follow-up. According to the type of complaints, substantiated complaints will then be sent to different departments which are required to take immediate actions. The processing results are public to all employees. The Group deals with a complaint based on an in-depth communication with its customers as it believes that understand the issues is the prerequisite of reach a sound solution. The disputes will be verified internally with relevant employee(s) being found responsible and complaint files being archived for future reference. The Group values the feedback from its customers and has always been committed to providing a satisfactory answer to all customers.

During the year under review, the Group did not receive any complaint regarding either product quality or customer data breach.

## Environmental, Social and Governance Report

### Advertising

The Group has internal procedures to ensure that the marketing materials are in accurate and precise descriptions which comply with the local laws and regulations. Any misrepresentation or exaggeration of products is strictly prohibited. If there is any non-compliance with the internal procedures, the Group would carry out corrective actions immediately. General Affairs Department is responsible for monitoring or vetting the sales and marketing materials before publication.

### Privacy matters

The Group is committed to abiding by the local privacy laws and regulations such as the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong). The Group's privacy policies such as the Customer Property Control Procedures (顧客財產控制程式) and File Management Regulation (檔案管理規定) have been implemented to ensure that customers' rights are strictly protected. The collected information would only be used for the purpose for which customers have been told. The Group prohibits the provision of consumer information to a third party without the authorisation from the customers. All collected personal data is treated confidentially, kept securely, and accessible by designated personnel only. Through the internal training and confidential agreements with employees, the Group puts great emphasis on confidentiality obligations and warns of the legal consequences of the breaches of obligations to all employees.

### Intellectual property rights

The Group complies with laws and regulations that have great impact on the Group such as Patent Law of the People's Republic of China (《中華人民共和國專利法》), the Trademark Law of the People's Republic of China (《中華人民共和國商標法》) and Patents Ordinance (Chapter 514 of the Laws of Hong Kong). Employees also hold the responsibility to protect the intellectual property of the Group.

## **B.7. Anti-corruption**

To maintain a fair, ethical and efficient business and working environment, the Group strictly adheres to the local laws and regulations relating to anti-corruption and bribery, irrespective of the area or country where the Group operates, such as the Anti-Corruption Law of the People's Republic of China (中華人民共和國反腐敗法), the Law of the People's Republic of China on Anti-money Laundering (中華人民共和國反洗錢法), the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615 of the Laws of Hong Kong), and the Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong).

All employees are expected to discharge their duties with integrity and self-disciplined, and are required to abstain from engaging in any activities related to bribery, extortion, fraud and money laundering which might affect their business decision or independent judgment during business operations, and exploit their positions against the Group's interests.

## Environmental, Social and Governance Report

The Group has no tolerance to any corruption and set whistle-blowing policy to report any corruption. Whistle-blowers can report verbally or in writing to the department or the senior management of the Group for any suspected misconduct with full details and supporting evidence. The management will conduct investigations against any suspicious or illegal behaviour to protect the Group's interests. The Group advocates a confidentiality mechanism to protect the whistle-blowers against unfair dismissal or victimisation through security regimes. Where criminality is suspected, a report is made to the relevant regulators or law enforcement authorities when the management considers necessary. During the year under review, no legal cases regarding corrupt practices were brought against the Group or any of its employees.

During the year under review, the Group was in compliance with the relevant laws and regulations in relation to bribery, extortion, fraud and money laundering that have a significant impact on the Group.

### COMMUNITY

#### **B.8. Community Investment**

The Group is in constant pursuit of greater achievements, which the Group believes is not possible without the support from the operating society. The community is the foundation on which the company depends for survival and development. All business activities of the company have considered and will keep taking the interests of the community as one of its top missions in the path toward sustainability.

In recent years, to align with the Chinese government's vision on the widespread adoption of natural gas as a driver to reduce the environmental impacts caused by massive energy consumption during operations, the Group believes that the precious opportunities and sense of mission that this era endows it should not be squandered. As such, over the past years amid proliferating signs of uncertainty and instability, the Group insisted on its strategy of sustainable development, continuing to expand its natural gas business and promoting the development of the gas industry in mainland China steadily. The Group has been working hard on improving air quality and tackling climate change through its business operations, that have not only benefited the environment, but contributed to improving the quality of life of the wider community in China and the globe as well. Looking ahead, the Group will keep rely on its expertise in gas safety and further share its practical experience in safety management with its partners during visits and seminars, promising to make its communities better and better by reshaping the energy landscape.

## Environmental, Social and Governance Report

### VI. REPORT DISCLOSURE INDEX

Aspects	ESG Indicators	Description	GRI Standards and Disclosures	Page
<b>A. Environmental</b>				
A1: Emissions	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	GRI 103: Management Approach: Disclosure 103-2 (c-i) (used together with GRI 305: Emissions, and GRI 306: Effluents and Waste) GRI 305: Emissions: Management approach disclosures guidance GRI 307: Environmental Compliance: Disclosure 307-1	12
	KP A1.1	The types of emissions and respective emission data.	GRI 305: Emissions: Disclosures 305-1, 305-2, 305-3, 305-6, and 305-7	12
	KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	GRI 305: Emissions: Disclosures 305-1, 305-2, 305-3, 305-4	13
	KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	GRI 306: Effluents and Waste: Disclosure 306-2 (a)	13
	KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	GRI 306: Effluents and Waste: Disclosure 306-2 (b)	13
	KPI A1.5	Description of measures to mitigate emissions and results achieved.	GRI 103: Management Approach: Disclosure 103-2 (used together with GRI 305: Emissions) GRI 305: Emissions: Clause 1.2 and Disclosure 305-5	14
	KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	GRI 103: Management Approach: Disclosure 103-2 (used together with GRI 306: Effluents and Waste) GRI 306: Effluents and Waste: Disclosures 306-2 and 306-4	14

## Environmental, Social and Governance Report

Aspects	ESG Indicators	Description	GRI Standards and Disclosures	Page
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	GRI 103: Management Approach: Disclosure 103-2 (c-i) (used together with GRI 301: Materials, GRI 302: Energy, and GRI 303: Water)	16
	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).	GRI 302: Energy: Disclosures 302-1 and 302-3	16
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Not covered by the GRI Standards	16
	KPI A2.3	Description of energy use efficiency initiatives and results achieved.	GRI 103: Management Approach: Disclosure 103-2 (used together with GRI 302: Energy) GRI 302: Energy: Disclosures 302-4 and 302-5	17
	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	GRI 103: Management Approach: Disclosure 103-2 (used together with GRI 303: Water) GRI 303: Water: Disclosure 303-3	18
	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	GRI 301: Materials: Disclosure 301-1	In FY2019, the Group did not consume any packaging material during operations.



## Environmental, Social and Governance Report

Aspects	ESG Indicators	Description	GRI Standards and Disclosures	Page
A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	GRI 103: Management Approach: Disclosure 103-2 (c-i) (used together with GRI 301: Materials, GRI 302: Energy, GRI 303: Water, GRI 304: Biodiversity, GRI 305: Emissions, and GRI 306: Effluents and Waste).	20
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	GRI 103: Management Approach: Disclosures 103-1 and 103-2 (used together with GRI 301: Materials, GRI 302: Energy, GRI 303: Water, GRI 304: Biodiversity, GRI 305: Emissions, and GRI 306: Effluents and Waste) GRI 303: Water: Disclosure 303-2 GRI 304: Biodiversity: Disclosure 304-2 GRI 306: Effluents and Waste: Disclosures 306-3 (c) and 306-5	20
<b>B. Social</b>				
<b>Employment and Labour Practices</b>				
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.	GRI 103: Management Approach: Disclosure 103-2 (c-i) (used together with GRI 202: Market Presence, GRI 401: Employment, GRI 405: Diversity and Equal Opportunity, GRI 406: Non-discrimination) GRI 419: Socioeconomic Compliance: Disclosure 419-1	21
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.	GRI 103: Management Approach: Disclosure 103-2 (c-i) (used together with GRI 403: Occupational Health and Safety) GRI 419: Socioeconomic Compliance: Disclosure 419-1	25

## Environmental, Social and Governance Report

Aspects	ESG Indicators	Description	GRI Standards and Disclosures	Page
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	GRI 103: Management Approach: Disclosure 103-2 (c-i) (used together with GRI 404: Training and Education) GRI 404: Training and Education: Disclosure 404-2 (a)	26
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.	GRI 103: Management Approach: Disclosure 103-2 (c-i) (used together with GRI 408: Child Labor and GRI 409: Forced or Compulsory Labor) GRI 419: Socioeconomic Compliance: Disclosure 419-1	27
<b>Operating Practices</b>				
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	GRI 103: Management Approach: Disclosure 103-2 (c-i) (used together with GRI 308: Supplier Environmental Assessment and GRI 414: Supplier Social Assessment)	28
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.	GRI 103: Management Approach: Disclosure 103-2 (c-i) (used together with GRI 416: Customer Health and Safety, GRI 417: Marketing and Labeling, and GRI 418: Customer Privacy) GRI 416: Customer Health and Safety: Disclosure 416-2 GRI 417: Marketing and Labeling: Disclosures 417-2 and 417-3 GRI 418: Customer Privacy: Disclosure 418-1 GRI 419: Socioeconomic Compliance: Disclosure 419-1	30
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.	GRI 103: Management Approach: Disclosure 103-2 (c-i) (used together with GRI 205: Anti-corruption) GRI 205 Anti-corruption: Disclosure 205-3 GRI 419: Socioeconomic Compliance: Disclosure 419-1	32

## Environmental, Social and Governance Report

Aspects	ESG Indicators	Description	GRI Standards and Disclosures	Page
<b>Community</b>				
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.	GRI 103: Management Approach: Disclosure 103-2 (c-i) (used together with GRI 413: Local Communities)	33