



# 嘉興市燃氣集團股份有限公司 JIAXING GAS GROUP CO., LTD.\*

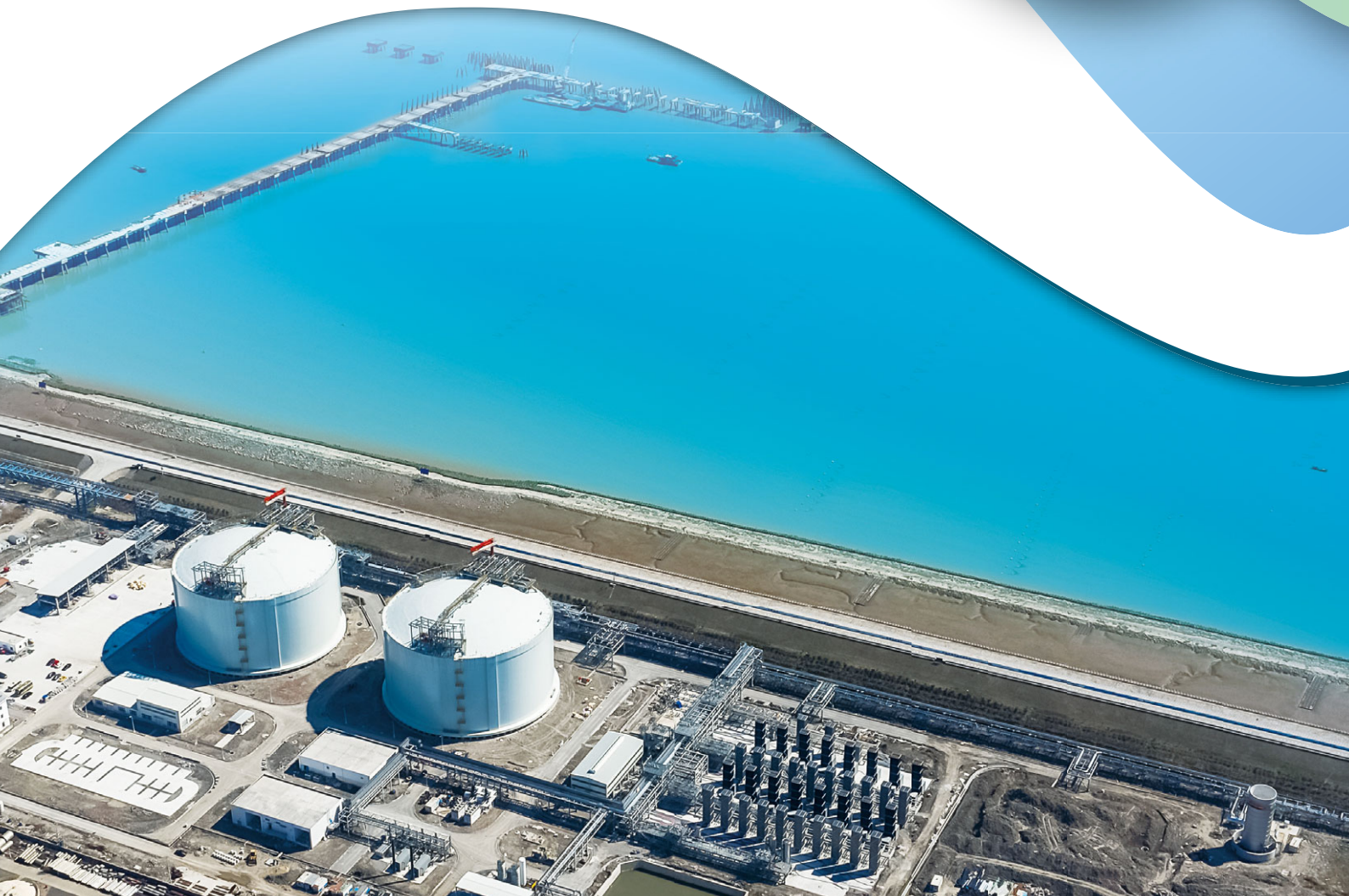
(a joint stock company incorporated in the People's Republic of China with limited liability)

Stock code : 9908

## 2020

### ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

*\* For identification purposes only*







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# ABOUT THE REPORT

## OVERVIEW

This report is the first Environmental, Social and Governance (hereinafter referred to as “**ESG**”) annual report issued by JiaXing Gas Group Co., Ltd. (hereinafter referred to as the “**Company**” or “**Jiaxing Gas**”) and its subsidiaries (collectively, the “**Group**”, “**we**”, “**our**” or “**us**”).

This report covers the ESG performance of the Group for the financial year from 1 January 2020 to 31 December 2020 (hereinafter referred to as the “**Reporting Period**”).

## BASIS OF PREPARATION

This report has been prepared in accordance with the requirements of the revised Environmental, Social and Governance Reporting Guide (the “**Guide**”) issued in December 2015 as set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) and based on the principles of “Materiality”, “Quantitative”, “Balance” and “Consistency”.

The contents of this report have been determined based on a set of systematic procedures. Such procedures include, among others, identifying key stakeholders, identifying and prioritizing material ESG related topics, deciding the scope of the ESG Report, collecting relevant materials and data, preparing reports based on the data, and reviewing the information and data in the report.

## REPORTING SCOPE AND BOUNDARY

The policies, statements and data disclosed in this report cover the Company and its subsidiaries. The Company's main subsidiaries include Jiaxing Gangqu Natural Gas Co., Ltd. (嘉興市港區天然氣有限公司), Jiaxing Jiaran Liquefied Gas Company Limited (嘉興市嘉燃液化氣有限公司), Jiaxing Jiaran New Energy Company Limited (嘉興市嘉燃新能源有限公司), Jiaxing Jia'an Gas Technology Service Company Limited (嘉興市佳安燃氣技術服務有限公司), and Jiaxing Jie'an Transportation Company Limited (嘉興市捷安運輸有限公司).

## DATA SOURCE

Information and cases adopted in this report are mainly sourced from the statistics report and related documents of the Group. The Group undertakes that this report does not contain any false record or misleading statements, and is responsible for the truthfulness, accuracy and completeness of its contents.

# MANAGEMENT'S STATEMENT

2020 was a challenging year. Facing the impact of the COVID-19 pandemic, the Group has equipped the enterprising spirit, and continuously made breakthroughs, improved its quality and efficiency, built its core competitiveness, and actively took effective measures to expand its business volume, so as to offset the impact of the outbreak on the gas sales volume in the first half year. The Group recorded positive growth for the year.

While pursuing economic growth, the Group also takes into account the sustainable development of the economy, society and environment. The Group firmly keeps in mind the corporate philosophy of “safe gas supply, civilized service, standardized management, and customer satisfaction”. In the process of environmental, social and governance management, we listen to the voices of multiple parties and actively communicate and cooperate with stakeholders to achieve long-term sustainable development.

In terms of environment, the Group is committed to providing clean, efficient and innovative energy solutions, and takes the harmonious development of energy and environment as its mission. We strictly monitor and continuously reduce the impact of business operations on the surrounding environment and work together with the society to realize the development concept of “clear waters and green mountains are as good as mountains of gold and silver” and contribute to the national ecological civilization and work together for a better future.

In terms of employees, the Group insists on being people-oriented and firmly believes that “people” are the cornerstones of the Company’s sustainable and long-term development. We attach importance to the value creation of employees, actively safeguard their legal rights and interests, care for their physical and mental health, and are committed to creating a diversified training system to continuously empower employees, achieving the joint development of employees and the Company.

The prosperity and stability of the society are more conducive to the sustainable development of the Company. As an enterprise engaged in the public utility business, the Group actively performed its corporate and social responsibilities, and rapidly established a pandemic prevention and control leading team upon the pandemic outbreak. During the pandemic, the Group did not suspend work and production, so as to satisfy the natural gas demand of local users in both residential and industrial sectors. Our employees actively joined the volunteer team to support the epidemic prevention work in communities. Meanwhile, the Group rapidly launched “contactless business services” to adapt to the development, pandemic prevention and control, and promoted the online business hall and the mobile application (APP) online service platform to provide convenience for users in business and draw our users closer with the Group. We have also introduced relief policies such as “supply despite default in payment” and the early adoption of off-season prices to customers, so as to support enterprises in work and production resumption.

2021 is the first year for the “14th Five-Year Plan” implemented by the PRC government. Looking ahead, the Group will continue committing to arrangements for the industry chain and making full use of our competitive strength in Jiaxing City. The Group will capture the business opportunities brought by the expected population growth and sustainable development of Jiaxing City, seize the opportunities from the national strategy of high-quality green development in the Yangtze River Delta region, actively explore business growth and seek comprehensive clean energy development by making use of locational advantages, and make arrangements for opening up new growth space. The Group will also actively respond to China’s “committing to peak carbon dioxide emissions before 2030 and achieve carbon neutrality before 2060”, and work with the industry to seize opportunities to improve the clean energy supply capacity and energy efficiency and accelerate green development.

Finally, on behalf of the Board of Directors, I would like to extend my heartfelt thanks to all our shareholders, customers and business partners for their support, and all our employees for their hard work.

**Sun Lianqing**

*Chairman*

## ABOUT US

JiaXing Gas Group Co., Ltd. is a pipeline natural gas (“**PNG**”) operator in Jiaxing, a major prefecture-level city in Zhejiang Province, China. Its predecessor was Jiaxing City Gas Company, which was established in September 1985. In March 1998, Jiaxing Gas was incorporated as a limited liability company in China. In January 2017, it was restructured and renamed JiaXing Gas Group Co., Ltd., and was listed on the Hong Kong Stock Exchange on 16 July 2020 (stock code: 9908).

### BUSINESS OVERVIEW

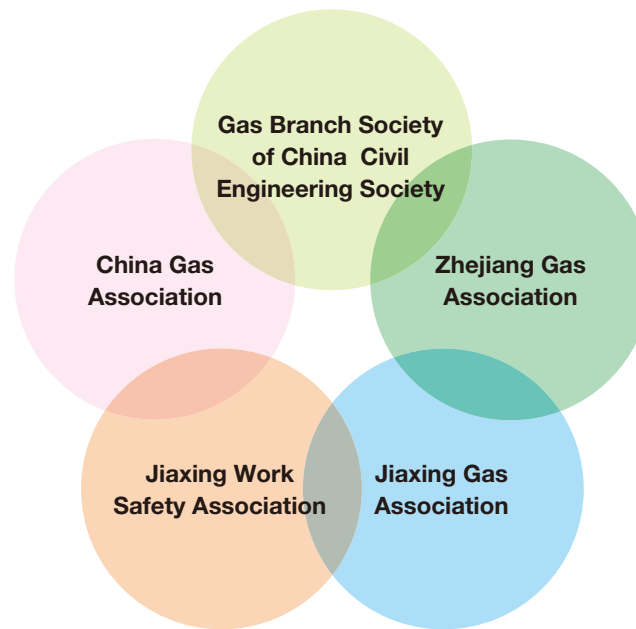
As a grantee of the concessions, the Group has been a pipeline natural gas distributor in the operating area in Jiaxing. Our operating area is located in Jiaxing Urban Area and Jiaxing Port Area. Our principal business operations include:



Jiaxing Gas always adheres to its mission of “developing pipeline gas supply and improving urban quality”, its development principle of “being pragmatic and truth-seeking, pioneering and enterprising”, and its quality policy of “safe gas supply, civilized service, standardized management, and customer satisfaction”, and forges ahead towards the goal of becoming bigger and stronger. The Group has been adhering to scientific and rigorous decision-making, efficient execution and control, stable financial policies and standardized internal management, which has enabled the Company to achieve rapid development and at the same time win the trust and satisfaction of the majority of customers. Meanwhile, we are committed to vigorously developing clean energy, striving to innovate and expand the application field of clean energy, and contributing to making Jiaxing City more livable.

## INDUSTRY PARTICIPATION

We actively expand social cooperation and develop together with the industry. During the Reporting Period, the major industry associations that Jiaxing Gas participated in were:



# ESG MANAGEMENT

While pursuing economic growth, Jiaxing Gas also takes into account the sustainable development of the economy, society and environment. The Group keeps in mind the corporate philosophy of “safe gas supply, civilized service, standardized management, and user satisfaction”. In the process of environmental, social and governance management, it listens to the voices of multiple parties and actively communicates and cooperates with stakeholders to achieve its long-term sustainable development.

## GOVERNANCE SYSTEM

A sound ESG governance system is the basic guarantee for an enterprise to develop ESG management. Jiaxing Gas is committed to practicing the business philosophy of sustainable development, and through the establishment of a complete ESG governance system, it continues to make efforts in corporate governance, environmental protection and fulfillment of social responsibilities.

### Corporate Governance

Jiaxing Gas continues to strengthen internal governance, actively communicates with stakeholders such as the government, investors/shareholders, suppliers, partners, customers, media, communities, non-profit/non-governmental organizations to fully understand the expectations and appeals of stakeholders to safeguard their actual interests.

The board of directors of the Company is responsible for assessing and determining the Group’s ESG risks and ensuring the establishment of appropriate and effective ESG risk management and internal control systems. The board of directors also reviewed the disclosure of the ESG report and is ultimately responsible for the final release of the report.

During the Reporting Period, we initially established an ESG working group composed of senior management of the Group and management personnel of relevant functional departments to optimize the content and quality of ESG information disclosure, and to carry out inquiries, sorting and systematic evaluation on the demands from various stakeholders in respect of the Group’s ESG to achieve the sustainable development goal of a win-win situation for multiple parties.

#### Environmental Protection

Jiaxing Gas always adheres to the idea of green development, is committed to providing clean, efficient and innovative energy solutions, and takes the harmonious development of energy and the environment as its mission. We strictly monitor and continuously reduce the impact of corporate operations on the surrounding environment and work together with the society to realize the development concept of “clear waters and green mountains are as good as mountains of gold and silver”.

#### Social Responsibility

While creating profits and assuming legal responsibilities to shareholders and employees, an enterprise also should assume social responsibilities. We adhere to the concept of “dedicated and sincere service to make people warm; passing on smiles to create a harmonious society”, and constantly improve our performance of responsibility, including providing resources and assistance for social development, and protecting the locations where we operate and the rights of the residents in the whole operation process of technology research and development, manufacturing, and sales.



## COMMUNICATION WITH STAKEHOLDERS

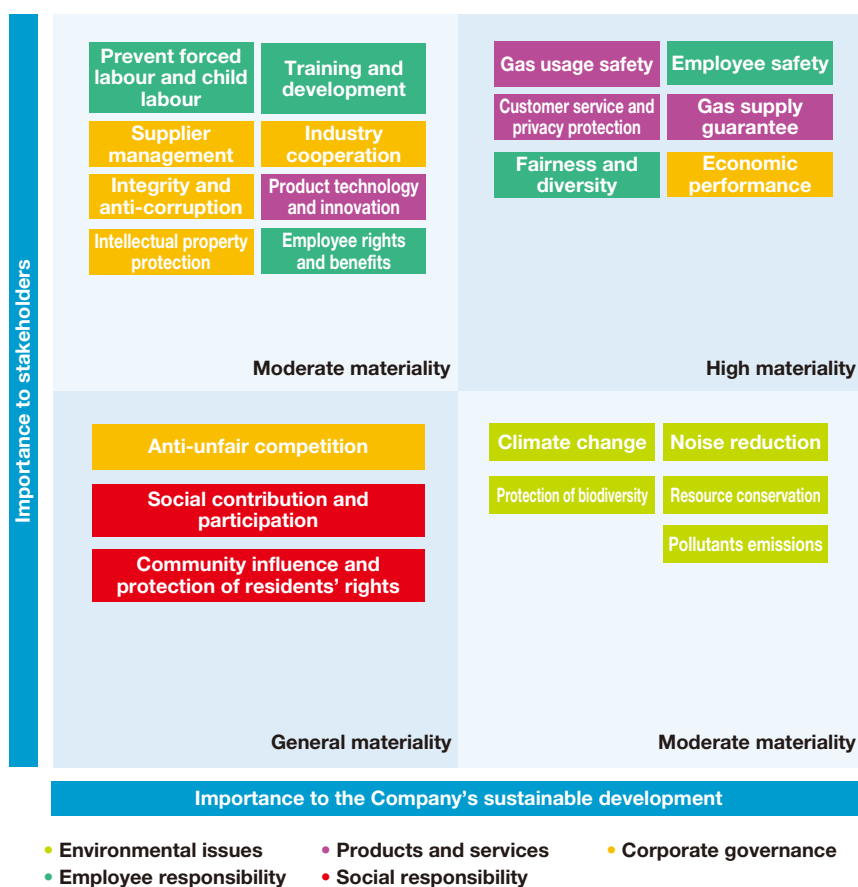
Jiaxing Gas regards the communication and cooperation with stakeholders as an important part of the sustainable development system of the Company. Through the communication channels built by important departments in their daily work, we can understand the expectations and demands of all stakeholders in a timely manner, summarize them regularly, and feedback to the management of the Company, so as to provide better services and enhance stakeholders' understanding and support of the Company.

Stakeholders	Issues of Concern	Communication and Response
 <b>Government</b>	<ul style="list-style-type: none"> <li>• Pollutants emissions</li> <li>• Gas supply guarantee</li> <li>• Integrity and anti-corruption</li> </ul>	<ul style="list-style-type: none"> <li>• Work reports and communication</li> <li>• Attending conferences and major events</li> <li>• Acceptance of supervision</li> </ul>
 <b>Investors/shareholders</b>	<ul style="list-style-type: none"> <li>• Economic performance</li> <li>• Industry cooperation</li> <li>• Gas supply guarantee</li> </ul>	<ul style="list-style-type: none"> <li>• General meeting</li> <li>• Regular announcements</li> <li>• Publication of information on the Company's website</li> </ul>
 <b>Suppliers and partners</b>	<ul style="list-style-type: none"> <li>• Supplier management</li> <li>• Product technology and innovation</li> <li>• Industry cooperation</li> </ul>	<ul style="list-style-type: none"> <li>• Daily informal communication</li> <li>• Signing cooperation agreements</li> <li>• Special research, lectures</li> </ul>
 <b>Customers</b>	<ul style="list-style-type: none"> <li>• Gas usage safety</li> <li>• Customer service and privacy protection</li> <li>• Gas supply guarantee</li> </ul>	<ul style="list-style-type: none"> <li>• Customer satisfaction survey</li> <li>• Multi-channel complaints and suggestions</li> </ul>
 <b>Media</b>	<ul style="list-style-type: none"> <li>• Economic performance</li> <li>• Industry cooperation</li> <li>• Pollutants emissions</li> </ul>	<ul style="list-style-type: none"> <li>• Media site visits</li> </ul>
 <b>Employees</b>	<ul style="list-style-type: none"> <li>• Employee rights and benefits</li> <li>• Fairness and diversity</li> <li>• Employee safety</li> </ul>	<ul style="list-style-type: none"> <li>• Employee representatives</li> <li>• Internal and external trainings for employees</li> <li>• Employee activities</li> </ul>
 <b>Communities</b>	<ul style="list-style-type: none"> <li>• Gas usage safety</li> <li>• Gas supply guarantee</li> <li>• Community influence and protection of residents' rights</li> </ul>	<ul style="list-style-type: none"> <li>• Social activities</li> <li>• Charitable donations</li> </ul>
 <b>Non-profit/non-governmental organizations</b>	<ul style="list-style-type: none"> <li>• Community contribution and participation</li> <li>• Climate change</li> <li>• Protection of biodiversity</li> </ul>	<ul style="list-style-type: none"> <li>• Social communication and research</li> <li>• Charity events</li> <li>• Volunteer activities</li> </ul>

## MATERIALITY ASSESSMENT

Jiaxing Gas attaches great importance to the appeals of stakeholders and hopes to further deepen communication and collaboration with internal and external stakeholders. During the Reporting Period, the Group identified a number of major issues through peer benchmarking and media monitoring and collected internal and external information through questionnaires and stakeholder surveys. At the same time, based on the survey results and the importance of each issue to business development, the Group has evaluated and ranked the above issues in a comprehensive manner, and determined the main direction of ESG management within and outside the enterprise in the future.

In the survey, the Group collected 95 questionnaires and completed the identification and evaluation of materiality issues of the year based on the concerns, expectations and demands of various stakeholders on the Company's ESG work:



Based on these results, the Company will continuously improve its ESG performance in order to fulfill the expectations of its stakeholders and respond to the risks encountered by the Company.

# COMPLIANCE MANAGEMENT TO ACHIEVE A WIN-WIN SITUATION ACROSS THE INDUSTRY

Jiaxing Gas strictly abides by and operates in compliance with national and local laws and regulations, strengthens risk management, and implements a clean and anti-corruption system. While ensuring our compliance development, we are committed to building a sustainable supply chain system in cooperation with suppliers to create win-win opportunities.

## CORPORATE GOVERNANCE

Jiaxing Gas has established a sound governance structure to ensure stable operation. We strictly abide by the Company Law of the People's Republic of China, Code of Corporate Governance for Listed Companies and the regulatory requirements of the Hong Kong Stock Exchange to regulate our corporate governance and operations, continuously improve management transparency, and protect the rights and interests of shareholders and stakeholders.

The Company's board of directors has three committees, namely, the audit committee, the remuneration committee and the nomination committee, which are authorized by the board of directors and clarify their responsibilities. As of the end of the Reporting Period, the board of directors of the Company consisted of eight members, including two executive directors, three non-executive directors and three independent non-executive directors.

We comply with the Board Diversity Policy and strive to ensure that members of the Board have the appropriate skills, expertise and diverse perspectives required to support the implementation of business strategies. The directors have a balanced combination of experience. In addition to the PNG business, they have extensive experience in management and strategic development, finance and accounting. To achieve an appropriate balance between the male and female members of the board of directors, the Group's goal is to nominate and add at least one female director in the re-election of the board of directors in January 2023 under the review and recommendations of the nomination committee and with reference to the Board Diversity Policy.

## RISK MANAGEMENT AND CONTROL

Jiaxing Gas believes that a sound risk management and control system is the foundation of the long-term development of the Company. We continue to improve the Group's risk management system and mechanism, formulate risk management measures to analyze and control the risks involved in all aspects of our business operations. We mainly focus on include operational risks, supply chain risks, price risks, compliance risks, health and safety and environmental risks, and financial risks.

We have established a comprehensive enterprise risk management structure. The audit committee of the board of directors is responsible for assisting the board of directors in formulating internal control measures, supervising the implementation of such measures and the effectiveness of the risk management system. During the Reporting Period, we established an audit department and a risk identification management team within the Group to promote risk management-related measures and ensure the effective operation of the system.

We regularly carry out risk identification among our departments and prepare a checklist accordingly for evaluation, and we will control and prevent risks based on the evaluation results. Meanwhile, we have established a supervision and inspection mechanism as well as a risk management assessment mechanism to further enhance the effectiveness and timeliness of risk management. During the Reporting Period, we conducted annual internal audits of all subsidiaries, identified relevant risk points, tracked improvement progress and recorded implementation status.

## COMPLIANCE MANAGEMENT TO ACHIEVE A WIN-WIN SITUATION ACROSS THE INDUSTRY (continued)

### INTEGRITY AND ANTI-CORRUPTION

Jiaxing Gas strictly abides by the Criminal Law of the People's Republic of China, the Anti-Unfair Competition Law of the People's Republic of China and other laws and regulations and formulated the Anti-Corruption Management Regulations on such basis to prevent bribery, extortion, fraud and money laundering. We have a sound internal control system in place. We organized various functional departments and affiliated companies of the Group to conduct annual fraud risk assessments, organized investigations on corruption and fraud cases, to comprehensively establish the integrity system of the Group.

We strengthen the construction of corporate culture, employee professional ethics training, guide employees to establish positive values and professional ethics of honesty and integrity and create a corporate culture environment of integrity and anti-corruption. During the Reporting Period, the Group did not receive any reports of corruption, bribery and money laundering, and no anti-corruption lawsuits occurred.

#### Integrity education themed by “Honesty and Integrity”

To continuously strengthen the construction of clean governance, during the Reporting Period, we launched an anti-corruption education lecture with the theme of “honesty and integrity”. Through recent reports of typical cases of unsound practices and corruption issues in the city, we motivated employees to further improve their awareness of integrity and self-discipline.



#### Integrity Risk Prevention and Control Conference

In order to establish an office environment with honesty and integrity, we held an anti-corruption risk prevention and control meeting in December 2020. Heads of various departments of the Group's headquarters and subsidiaries and staff from high-risk jobs involving corruption participated in the meeting. The meeting conveyed and emphasized on the relevant national anti-corruption laws and regulations, publicized the relevant systems of Jiaxing Gas for anti-corruption risk prevention and control, and formulated proposals for Jiaxing Gas's anti-corruption risk points and the prevention and control measures. Through this meeting, we further optimized the construction of the mechanism to create an honest working atmosphere.



## COMPLIANCE MANAGEMENT TO ACHIEVE A WIN-WIN SITUATION ACROSS THE INDUSTRY (continued)

We have smooth anti-fraud reporting channels, such as the reporting telephone number (0573-82217572) and e-mail address (jxrqsjb@163.com), that accept real-name or anonymous reports from employees and external third parties. Upon receipt of the complaints, we will carry out investigations. Once verified, we will give corresponding sanctions based on the severity of the fraud and notify the relevant departments and informants of the handling. We are committed to protecting the privacy of the whistleblower, and will never reveal any information of the whistleblower, and will conduct investigations without revealing their identity.

### SUPPLY CHAIN MANAGEMENT

Jiaxing Gas regards suppliers as important partners, strictly abides by the Bidding and Tendering Law of the People's Republic of China, has formulated internal supply chain management systems such as Supplier Site Inspection Regulations and Supplier Performance Appraisal Methods, and are committed to working with suppliers to create a mutually beneficial and win-win business environment to improve the supplier management system continuously.

The Company has formulated an annual supplier inspection plan, set up the Registration Form of Basic Information of Inspected Suppliers and Summary of Supplier Site Inspection Scores to register the suppliers' basic information, and conducted inspections on their basic corporate profiles, enterprise qualifications, including HSE system certification, main production equipment and inspection equipment, professional level of technical expertise, research and development capabilities, production and operation conditions, major performance, quality control measures, supply channels for key raw materials and supporting product, logistics distribution and after-sales service, etc., and has taken the final inspection results into consideration for supplier access.

Meanwhile, the Company strengthened risk management and control on procurement to reduce procurement risks and operating costs, and create a transparent, high-quality and competitive procurement environment. We have compiled the Procurement Management Regulations and Service Project Management Regulations, formed a material procurement review team, the inspection team conducted interviews and on-site audits, and carried out the acceptance, recording and storage of the purchased materials to build a transparent and high-quality procurement environment. As of the end of the Reporting Period, there were 89 suppliers providing products and services for Jiaxing Gas. To control supply chain risks, improve supply stability and efficiency, and drive the growth of local suppliers and the development of industry and regions, Jiaxing Gas has its product and service suppliers located in China.

## SAFE GAS SUPPLY, CUSTOMER FIRST

As a city-level gas supplier in Jiaxing, Jiaxing Gas has been committed to the corporate mission of “providing efficient energy to create a better life”. To achieve the Company’s sustainable development goals, Jiaxing Gas continues to improve its organizational structure, refine management responsibilities, and take “safe gas supply, civilized service, standardized management, and customer satisfaction” as the quality policy to provide safe and reliable gas and professional quality services.

### SAFETY MANAGEMENT

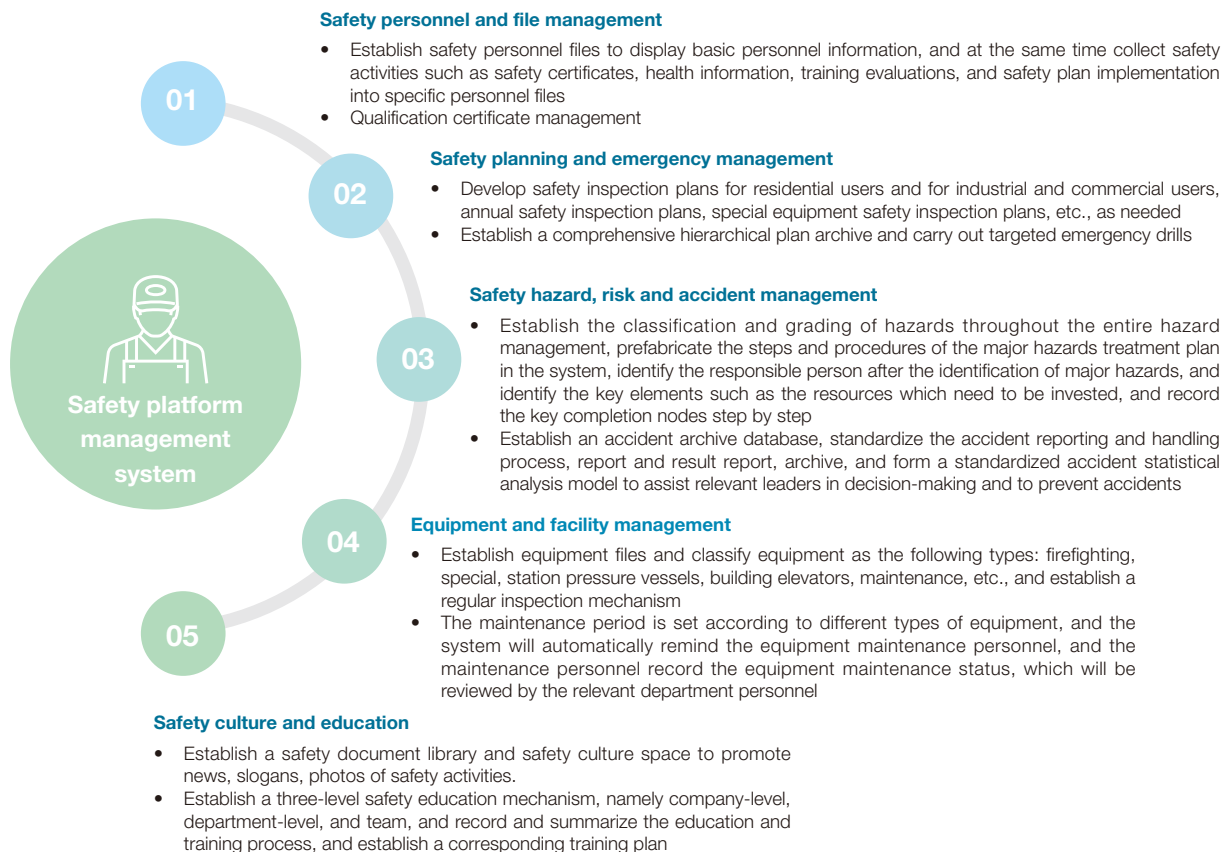
A sound safety management system is fundamental for Jiaxing Gas to achieve sustainable development. We undertake to abide by the Work Safety Law of the People’s Republic of China and other laws and regulations, and on such basis we formulated a series of work safety standardized systems such as the Work Safety Responsibility System and Target Assessment Management System, Work Safety Supervision and Inspection Regulations, Dangerous Operation Site Management Regulations, and Regulations on Work Safety Education and Training, Work Safety Cost Guarantee System, and Work Safety Regular Meeting System.

### WORK SAFETY

The Group has obtained the ISO 9001 quality management system certification and holds the second-level certificate of safety production standardization. To further ensure the effective development of work safety, we have established a work safety committee, which holds regular meetings to review various safety technical issues and control safety risks. The work safety committee has the work safety leading groups from the Company and the subsidiaries, which cooperate with and assist the work safety committee.

We establish comprehensive safety management measures, formulate annual plans and set up various safety indicators, including targets for accident rate, rectification rate, the number of emergency plan drills times, monthly follow up on each department’s plan, and regularly assess the completion of each department’s plan. At the same time, to ensure safe production and operation, the Group supervises and inspects the quality of gas pipeline network inspections, maintenance quality and engineering construction quality through departmental self-inspection and random inspection by the Safety and Quality Supervision Department. During the Reporting Period, a total of 289 hidden dangers were discovered, and the rectification rate reached 100%.

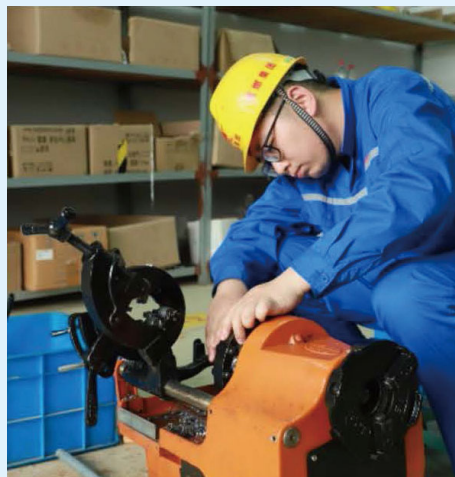
We have a safety management system to comprehensively control the personnel, equipment, environment, and process related to safety management, and provide real and effective information for the management in real time to help the management make the right decisions.



To improve the safety awareness of employees, the Group has developed safety education and training programs, and actively carried out internal safety training within the Company to strengthen employees' sense of safety responsibility during operations and services and regulate their safety behaviors. The training contents cover accident warning education, work safety legal system learning, operation hazard identification, fire safety, etc., to comprehensively enhance the safety awareness of internal employees.

### Strengthening Operation Training to Enhance Safety Awareness

In order to improve employees' safety awareness and firmly establish a "red line" awareness of work safety, the Group has implemented targeted prevention and training measures against potential risks in various operations. In March 2020, we conducted operational skills and safety training for relevant employees in the opening and connection process through training explanations and operation assessments. On 30 June 2020, Jiaxing Jia'an Gas Technology Service Company Limited (嘉興市佳安燃氣技術服務有限公司) organized and carried out the annual practical evaluation of indoor meter installation. By simulating the whole process of indoor meter installation, and through real interaction on the spot, the substantive role of the evaluation was greatly improved.





### OCCUPATIONAL HEALTH

Jiaxing Gas is committed to providing employees with a safe and healthy working environment. In strict accordance with the Occupational Disease Prevention and Control Act of the People's Republic of China, the Regulations on the Administration of Occupational Health at Workplaces, and the Code of Practice for Selection of Personal Protective Equipment and other laws and regulations, we have formulated the Occupational Health Management System, the Regulations on the Management of Labour Protection Products, and the Management Methods for Work-related Injuries, Emergency Rescue Plan for Occupational Hazardous Accidents, etc., to fully protect the physical and mental health of employees. In addition to providing annual health check-ups, Jiaxing Gas organizes employees to visit Jiaxing Safety Education Interactive Experience Hall from time to time to experience occupational hazards through interaction and improve employees' awareness of occupational health. We identify risk factors for each position with potential occupational hazards such as high temperature heatstroke, frostbite, noise, and provide corresponding protective equipment such as work clothes, helmets, earplugs. The specific protective measures are as follows:

#### Comprehensive dust prevention measures

- Take effective comprehensive dust-proof measures
- Strengthen ventilation management to ensure adequate air supply

#### Noise protection measures

- Choose low-noise equipment when selecting equipment
- Perform regular physical examinations on employees, and take timely measures when problems are found
- Strengthen equipment maintenance and reduce the noise caused by mechanical aging

#### High temperature protection measures

- Strengthen temperature monitoring at worksites
- Strengthen occupational hazard learning and training

#### Toxic and harmful gases protection measures

- Strengthen gas monitoring
- Strengthen ventilation management
- Strengthen employee training and master the knowledge of self-help and mutual rescue

During the Reporting Period, Jiaxing Gas had no work-related fatalities, and the work-related fatalities rate was 0%. There were 4 full-time safety management personnel. As of 31 December 2020, we invested a total of RMB17,264,100 in work safety, and conducted 834 hours of safety trainings for 362 employees.

### PANDEMIC PREVENTION AND CONTROL

Since the outbreak of the COVID-19 pandemic in early 2020, Jiaxing Gas has attached great importance to the dynamics and development trends of the pandemic and has made corresponding prevention and control measures. At the most severe stage of the pandemic, all operating units adopted a work-from-home model, leaving only employees in core production positions to maintain operations on site. We conducted strict prevention and control from the inside to the outside, not only controlling the Company's internal safety resumption of work and production, but also ensuring the operational safety of all business halls, and actively expanded online service models, comprehensively guaranteeing the safety of our users. With the joint efforts of all our employees, the Group won the Outstanding Group for the Construction of Systemic Prevention and Control of COVID-19 Pandemic in Jiaxing City (嘉興市建設系統新冠肺炎疫情防控工作成績突出集體) in July 2020, which recognized the outstanding performance of Jiaxing Gas in the fight against the pandemic.

#### Established a leading group for pandemic prevention to direct the direction of scientific deployment

- The Company quickly established a leading group for pandemic prevention, responsible for unified leadership, command and deployment of emergency response for and made major decisions on epidemic prevention, and successively issued a number of notification documents such as the Work Plan for Fighting against the Pandemic of Jiaxing Gas Group.



#### Strengthened the prevention and control safety of outlets, and did a good job to serve all citizens

- During the pandemic, to fully meet the needs of the general public for gas service, service facilities such as premises, counters, and self-service machines must be fully disinfected at least three times a day, and ventilation was provided daily during the business period. The staff in the halls of the outlets wore masks throughout the business process. At the same time, customers who entered the halls must be subject to temperature checks and be reminded to wear masks to ensure the safety of the halls.



#### Provided gas online services to meet the needs of all citizens

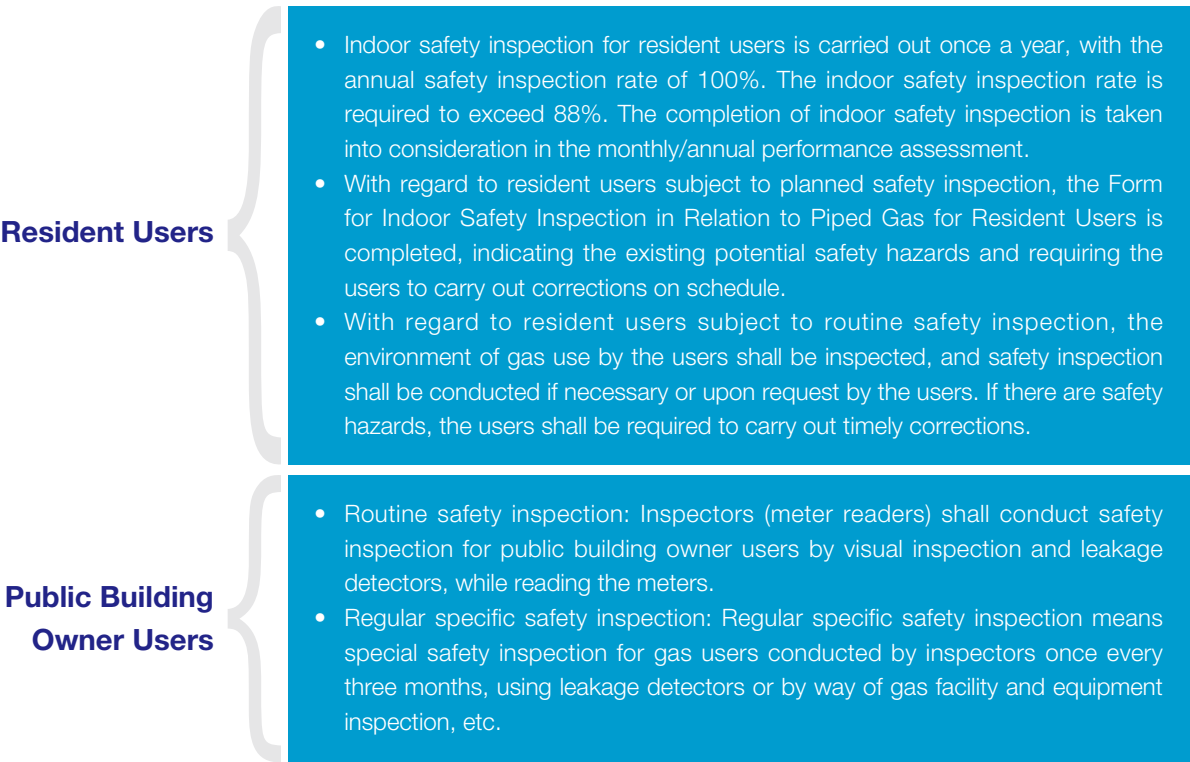
- During the pandemic, Jiaxing Gas advocated a "contactless" business. In addition to headquarters branch services, it advocated making appointments through online channels such as telephone, website, WeChat business hall, and mobile APP, and continued to maintain customer service and emergency repair calls 24 hours a day.

The pandemic has fully tested the leadership, crisis management, health and safety management system, and information system support capabilities of Jiaxing Gas and its operating units. As of the date of this report, all operating units still maintained strict pandemic prevention measures, and the pandemic did not have a significant impact on the normal operations of the Company.

SAFE COMMUNITIES

Jiaxing Gas has always adhered to the philosophy of safety first, and has taken safety as the foremost precondition. Jiaxing Gas makes efforts to ensure the safety of communities and its customers, enhances the dissemination of the safety philosophy in communities. Jiaxing Gas is committed to providing its customers with a safe and stable gas source.

In order to ensure the safety of our users and communities, we have formulated polices and rules including the Operation Guide to Safety Inspection for Public Building Owner Users and the Rule on Indoor Safety Inspection for Resident Users, specifying safety inspection requirements for our gas equipment, and fully ensuring the safety of gas supply.



Requirements on Safety Inspection for Users

While carrying out regular safety inspections, we pay great attention to safety publicity in communities. During the Reporting Period, we actively carried out various safety publicity activities in different communities to enhance residents' awareness of gas use safety, publicize gas safety standards, and comprehensively improve gas safety in communities.

### Safety Inspection and Publicity for Users in Communities



**Safety Assurance by Jiaxing Gas**

- On 31 August 2020, Jiaxing Gas carried out safety publicity activities in many communities, and provided guidance on the safe use of gas, in relation to problems including the lack of flameout protection devices, aged hoses, poor working conditions of kitchen range and poor ventilation, which result in more safety hazards. Local residents praised the service and thanked Jiaxing Gas for providing community residents with service in relation to the safe use of gas.



**Warmth and Love from Jiaxing Gas**

- As winter approaches, in order to ensure the gas safety for users, Jiaxing Gas organized over 20 volunteers to carry out safety publicity and safety inspection activities in urban areas on 13 November 2020. The publicists at the safety inspection site explained the gas safety standards and precautions on gas use in winter for community residents, so as to improve the residents' awareness of gas use safety in winter.



**Eliminating Potential Hazards to Consolidate Safety**

- In June, "Warmth and Love" volunteers from Jiaxing Gas carried out gas safety publicity and addressed the worries of residents, facilitated the livelihood of residents in many communities, thus promoting the harmony, with the coverage over 2,340 households of resident users. At the site, the volunteers patiently answered residents a series of questions about how to correctly use gas and deal with gas accidents, so as to support the safe, standard and rational use of gas.



**Safety Publicity by Minions in Campuses**

- In order to improve children's awareness of gas safety, Jiaxing Gas offered courses to disseminate gas safety knowledge in campuses. In November 2020, we provided safety training for second-grade students in Xiuzhou Foreign Language School of Shanghai International Studies University by PowerPoint (PPT) explanation and trivia game interaction, thus disseminating gas safety knowledge to the children and improved their awareness of gas safety.



### Safety Publicity for Industrial and Commercial Users

In the afternoon of 30 March 2020, employees of the Company carried out safety publicity and service activities in Nanmentou. Volunteers distributed to shopkeeper users on the site, materials in relation to the safe use of gas, and carried out safety publicity and inspection for users on the site, covering safety issues during the use of piped gas.



### STABLE GAS SUPPLY

It is our most important responsibility and undertaking to ensure a stable supply of gas to users. Jiaxing Gas actively improves its energy transmission network and storage facilities, emergency systems for energy storage, transportation and peak shaving, and continuously enhances the quality and safety of energy supply. In terms of ensuring gas supply for the surge in gas consumption in the heating season in winter, the Group actively communicates with the upstream part with regard to the gas use demand, and secures an additional supply of liquefied natural gas (LNG) in a timely manner to ensure the supply in the heating season and the safe, stable and normal use of gas by users. As a result, the Group has won unanimous praise from government authorities and users.

#### Meeting of Industrial and Commercial User Representatives for 2020

In order to further enhance communication and exchange, understand the gas demand, improve the service level, and ensure a safe and stable gas supply, on 16 December 2020, Jiaxing Gas organized and held Jiaxing Gas meeting of industrial and commercial user representatives for 2020, attended by over 30 persons including government leaders and industrial and commercial user representatives.

Participants had an in-depth and frank exchange on the price and supply of gas in the heating season, which is of the utmost concern to all parties. Jiaxing Gas indicated that it would make efforts to secure gas sources from the upstream part, accelerate the construction of its LNG receiving station project in Dushan Port, develop the core competitive advantage of “gas source plus terminal”, ensure the stable and orderly supply of natural gas in the business area, and further strengthen the confidence in corporate development.



## SAFE GAS SUPPLY, CUSTOMER FIRST (continued)

Meanwhile, in terms of leakage detection for loss prevention, in strict accordance with laws, regulations and technical standards such as the Regulations on the Administration of Town Gas, and the Technical Regulations on Safety of Operation, Maintenance and Emergency Repair of Urban Gas Facilities, we have formulated a series of policies including the Rules on Pipe Network Inspection, the Policy on Emergency Response and Rescue Management, the Operation Guide to Inspection of Gas Facilities in Use, and the Operation Guide to Inspection for Simultaneous Construction, and have carried out daily inspection management and simultaneous construction, and reduced gas pipe network leakage, and the pipe network damage and leakage caused by third parties' construction. We regularly carry out leakage detection on gas equipment, replace quick-wear parts of the equipment according to industry standards, and conduct leakage detection on overhead pipes and standpipes by using infrared laser remote detectors. During the Reporting Period, Jiaxing Gas conducted 32 emergency drills for pipe leakage at team level, and 4 drills at company and inter-company levels. For each drill, emergency drill plans are optimized and upgraded according to possible situations.



交叉施工監護，避免施工破壞  
Supervision of simultaneous construction to avoid damage caused by construction



加強燃氣設施的檢查，防止泄漏  
Enhancement of inspection on gas facilities to prevent leakage

## INNOVATIVE RESEARCH AND DEVELOPMENT

With the operational responsibility to provide customers with a safe and stable supply of natural gas, Jiaxing Gas ensures and encourages the implementation and application of various innovative research and development achievements by improving its innovation management system, establishing and improving its innovation talent team, formulating the innovation incentive mechanism, and improving the human resource support and incentive mechanism.

### TECHNOLOGY RESEARCH AND DEVELOPMENT

In order to stimulate the enthusiasm of all employees for innovation, and improve management methods and the safety level, Jiaxing Gas continuously strengthens the building of innovative organizations. During the Reporting Period, Jiaxing Gas established special leading and judge panels for management, technology and safety innovation projects, so as to promote the innovation work of the Group; review the project establishment for innovation, key milestones, and the progress of innovative projects; provide technical support to facilitate innovation work; establish innovative incentive measures to support the development and implementation of innovation projects.

Research and Development Project for Use of Special Metal in Construction

With the rapid increase in the laying length of polyethylene gas pipes, in order to effectively perform its tracing effect function of tracer wires in polyethylene pipes and reduce the easy aging and insufficient strength of insulating layer (PVC) on the outer surface of the tracer wires, we actively carry out research and experiments on a new type of multi-stranded copper clad steel tracer wires wrapped with polyethylene, which eliminates the problems of aging of the insulating layer and the fracture of tracer wires.

PROTECTION OF INTELLECTUAL PROPERTY RIGHTS

A sound intellectual property protection system is a very important assurance for encouraging innovation. We strictly comply with the Patent Law of the People’s Republic of China, the Trademark Law of the People’s Republic of China and other laws and regulations in relation to intellectual property rights. We strictly protect the intellectual property rights of the Group and avoid infringing external intellectual property rights.

As at the end of the Reporting Period, the Group applied for 1 invention patent (leak test method and system for underground gas pipes), and held 1 valid patent (unpowered demisting device for ambient air vaporizers and large gasifier arrays), 7 trademarks, 5 domain names and 7 software copyrights.

CUSTOMER SERVICE

CUSTOMER SERVICE SYSTEM

With the corporate philosophy of “create value, win respect and build brands with service”, Jiaxing Gas wholeheartedly provides customers with service in a responsible manner. We are committed to building a comprehensive service system for our customers and unblocking complaint and feedback channels for our customers, and conduct customer satisfaction surveys, so as to continuously improve our service quality.

<p>Safe gas supply, civilized service, standardized management and user satisfaction;</p>	<p>Dedicated service, sincerity and warmth; smile, and joint construction of a harmonious society;</p>	<p>Create value, win respect and build brands service;</p>
<p>All for customer, satisfy all customers’ need, and act for all customers;</p>	<p>Smile is the most powerful language, the bridge of communication between people, and the most beautiful and brilliant flower on the faces;</p>	<p>Hotline with warmth, and responsible service.</p>

Service Philosophy



## SAFE GAS SUPPLY, CUSTOMER FIRST (continued)

We have established service management policies including the Service Standard for Employees from Customer Service Department and the Management Rules on Gas Supply Service for Residents, and formulated service assurance measures for different types of businesses and customers and different service processes. In consideration of the needs of different customer groups, we provide diversified service channels, including online service, offline business hall, 24-hour emergency repair hotline and customer hotline.



Our customer service personnel are selected according to the requirements of our service management policy, so as to ensure that each customer service personnel can provide safe, timely and civilized services to users and that the users are satisfied. Meanwhile, we actively carry out customer service training and relevant activities, so as to help employees understand the service standards and continuously improve the service level of the Group.

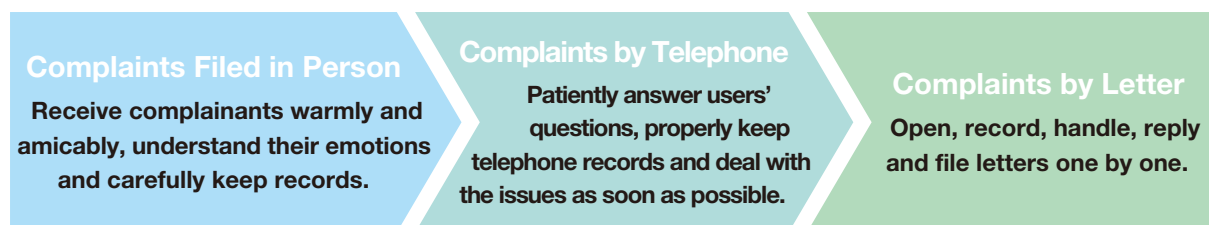
### Skills Competition and Commendation of Gas Customer Service Employees in 2020

In the afternoon of 30 August 2020, the first “Jiaying Gas Skills Competition in the Gas Industry (for Gas Customer Service Employees)” ended successfully. A total of 21 contestants from 9 piped gas enterprises in Jiaying took part in the competition. The competition covers theoretical knowledge and practical operation, and comprehensively tests the theoretical knowledge, practical skills and service etiquette of the contestants. The competition plays a better role in improving the comprehensive skills of service personnel of the Company. In the competition, the gas customer service personnel of Jiaying Gas achieved excellent results, winning four awards, namely the fifth prize in Zhejiang Province, and the first, second and third prizes in Jiaying City.



### CUSTOMER COMPLAINT AND SATISFACTION

We firmly believe that customers' opinions and complaints can continuously guide our development and progress. In order to better manage and respond to customers' complaints, we have formulated the Rule on Handling Complaints from Three Channels. By handling complaints filed in person, by telephone and letter, we investigate, analyze and correct the unqualified products and services, so as to define responsibilities, formulate corrective measures, prevent the re-occurrence of similar incidents, and make the gas supply service meet quality objectives and improve user satisfaction.



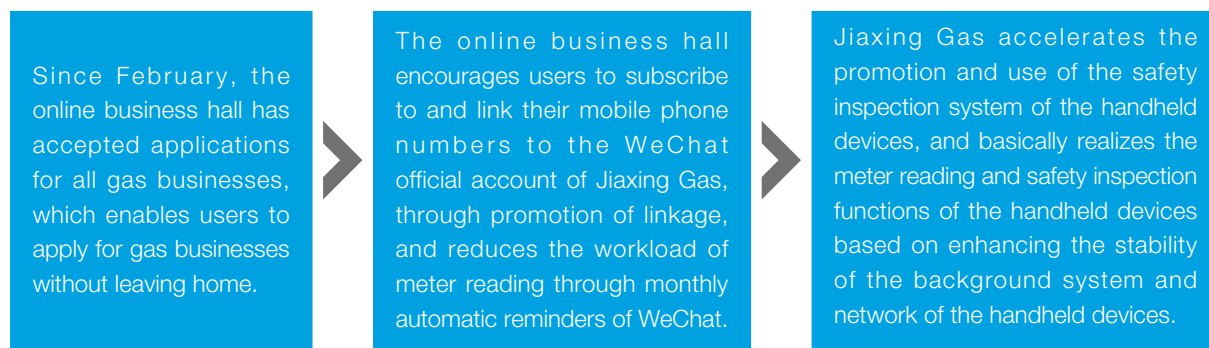
Handling Standard for Complaints from the "Three Channels"

Customer satisfaction is the truest feedback on our service. In order to further understand the service quality of the Company and the real opinions of our customers, we have established the Rules on Customer Satisfaction Evaluation, so as to facilitate the implementation of the social service commitment system, accept supervision from all walks of life, and provide a basis for customer satisfaction improvement. We carry out satisfaction surveys for different users, including residential users, industrial and commercial users and customers of projects under construction. Meanwhile, we will follow up complaints, investigate the satisfaction of the complaining customers with complaint handling, summarize the work and formulate subsequent improvement measures.

In 2020, for the complaints accepted by us, the customer satisfaction reached 99%, while the industrial and commercial customer satisfaction was 100%.

### INNOVATIVE SERVICE

Jiaxing Gas continuously implements the innovative service philosophy and strengthens information-based construction, so as to provide customers with more convenient, rapid and efficient services. We set the goal of “smart gas”, and confirm the framework of “integrated platform for gas supply and control” in the three-year implementation plan and the goal of “basic data, management, service and decision-making informatization”.



Measures for Customer Service Informatization

### PRIVACY PROTECTION

Jiaxing Gas attaches great importance to the protection of customer information and privacy, and has established policies on information security including Information Security Management Policy for Industrial Control System and the Rules on the Use and Management of Office Computers, so as to effectively cope with the risk of customer information leakage. We strengthen customer information protection by hardware encryption, upgrade and update. Meanwhile, we have entered into a letter of responsibility including user information confidentiality requirements, with frontline service personnel, such as meter readers, inspectors and customer service personnel, so as to ensure the security of user information and privacy from the source.

# GREEN DEVELOPMENT FOR PROTECTING THE EARTH

Jiaxing Gas has always adhered to the philosophy of green development, and is committed to providing clean, efficient and innovative energy solutions, and has the harmonious development of energy and environment as its mission. We strictly monitor and continuously reduce the impact of enterprise operation on the surrounding environment, and work together with the society to realize the development philosophy of “clear waters and green mountains are as good as mountains of gold and silver”. The Company actively responds to the policies and targets of coping with climate change, continuously improves its environmental management system, promotes the improvement in energy-saving and environmental protection processes, implements measures for energy conservation, pollutant discharge reduction and comprehensive utilization of resources, and comprehensively performs its corporate environmental protection responsibility, thus contributing to the promotion of national ecological civilization construction and the joint efforts for a better future.

## COPING WITH CLIMATE CHANGE

Since COP21, China has actively made efforts to achieve the climate targets agreed in the United Nations Framework Convention on Climate Change and the Paris Agreement, and has strived to peak carbon dioxide emissions before 2030 and achieved carbon neutrality before 2060. Jiaxing Gas actively responds to the national development strategy, and in consideration of its development situation and needs, vigorously reduces methane emissions, and actively develops clean energy, so as to fully cope with climate change.

## GREEN OPERATION

Jiaxing Gas has implemented the low-carbon and environmental protection philosophy in the office process. It has actively formulated relevant energy conservation rules, adopted various measures to reduce the use of resources, enhanced employees' awareness of saving resources, and caused its employees to adopt a green and low carbon lifestyle.

In the office process, the Company has formulated relevant rules on the use of air conditioners and office supplies. Air conditioners can be used at the temperature of lower than 5℃ in winter and higher than 30℃ in summer, and the air conditioner temperature shall not be higher than 20℃ in winter or lower than 26℃ in summer. In addition, the Company encourages green travel and continuously improves the efficiency in the use of its vehicles.

In the production process, the Company makes efforts to explore management measures and technology application in relation to energy conservation and emission reduction, so as to improve the efficiency in the use of resources and energy. It actively explores and uses renewable energy including photovoltaics. During the Reporting Period, Jiaxing Gas invested a total of RMB4.431 million in energy conservation, emission reduction and transformation of environmental protection technologies, which resulted in the saving of approximately 28,424 m<sup>3</sup> of natural gas and the consumption of 41,600 kWh of electricity from renewable energy sources (from the rooftop photovoltaic power station of the energy station project of Qingchi Hotel).

### Multi-energy Complementation, Energy Conservation and Emission Reduction

In response to the national call for energy conservation and emission reduction, the Group uses natural gas-based Combined Cooling, Heating and Power (“**CCHP**”) in the energy station project of Qingchi Hotel to realize multi-energy complementation. The system includes a CCHP station with natural gas internal combustion engines, a rooftop photovoltaic power station and a sewage source heat pump unit. The whole system achieves effective use of clean energy and renewable energy, and efficient cascade use of waste heat, with the comprehensive utilization efficiency of energy reaching 81.6%. Compared with the traditional separate generation system, the system can save 255 tons of standard coals and reduce 799 tons of carbon dioxide every year.

### METHANE EMISSION MANAGEMENT

Jiaxing Gas continuously pays attention to greenhouse gas emission arising out of methane leakage and emission, enhances the monitoring of methane emission and leakage in all processes, increases management measures, and reduces the gas loss rate and emission, so as to reduce the impact of methane leakage on the environment:

- Separately store liquefied natural gas (LNG) from different gas sources, carry out operations for liquid inflow and outflow according to the standard, control the liquid level, and prevent excessive liquid inflow;
- Empty the storage tank, and regularly check the vacuum degree of the storage tank to maintain the temperature and the space above the liquid surface at a safe level;
- All storage tanks of the LNG station are equipped with field instruments and SCADA (Supervisory Control and Data Acquisition) systems, i.e. data acquisition and monitoring control systems, which inspect and check field and system data every two hours. Meanwhile, they are equipped with automatic pressure regulators for BOG (Boil-off Gas, referred to as BOG), safety valves and last manual discharge valve;
- Design according to the vehicle structure, and slightly elevate the front end of the vehicle storage tank to facilitate the unloading of liquid and reduce the methane loss;
- Regularly test the pressure of methane emission pipes to ensure the stability of the pressure in the pipes;
- In the construction operation involving switch to natural gas and natural gas emission, select the optimal discharge point in advance for discharge according to the actual situation and pipe layout, and test the gas concentration at the discharge outlet in strict accordance with the operation standard.

### Energy Use Performance<sup>1</sup>

Indicator	Unit	2020
Gasoline	Liter	179,398
Diesel oil	Liter	135,820
Natural gas	Standard m <sup>3</sup>	32,500
Purchased electricity	kWh	991,210
Energy consumption	tce	503
Energy consumption intensity	tce/100 million m <sup>3</sup> of gas sold	130.65

<sup>1</sup> The data exclude vapour sales business (natural gas integrated energy business), which consumed 6,064,000 standard m<sup>3</sup> of natural gas, 151,876 kWh of purchased electricity, and 8,084 tce, with the energy consumption intensity of 1.01 tce/MWh of vapour production.



## Greenhouse Gas Emission Performance<sup>2,3</sup>

Indicator	Unit	2020
Scope 1: Direct greenhouse gas emissions <sup>4</sup>	tCO <sub>2</sub> e	1,469
Scope 2: Indirect greenhouse gas emissions	tCO <sub>2</sub> e	665
Total greenhouse gas emissions	tCO <sub>2</sub> e	2,134
Greenhouse gas emission intensity	tCO <sub>2</sub> e/100 million m <sup>3</sup> of gas sold	554.29

## EMISSION REDUCTION

Jiaxing Gas strictly complies with relevant environmental laws and regulations, including 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 Atmospheric Pollution, 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 Prevention and Control of Environmental Pollution by Solid Waste, and the Law of the People's Republic of China on Prevention and Control of Pollution From Environmental Noise. It has formulated the environmental protection responsibility system, comprehensively controlled the generation and discharge of wastes and pollutants, strictly monitored and continuously reduced the impact of enterprise production and operation activities on the surrounding environment. During the Reporting Period, the Company was not subject to any material environmental protection accidents, or any claim arising out of material violations of relevant licensing and environmental requirements, or any material claim by customers or residents in the business areas due to violations of relevant environmental requirements.

Jiaxing Gas does not involve the use of packaging materials in its operation, and mainly generates waste water, waste gas and solid waste. In order to reduce the environmental impact caused by the business of the Company, we specify that all construction projects shall be subject to the Regulations on the Three Simultaneities Administration of Safety Facilities, which requires that environmental protection facilities and the main part of a project shall be designed, constructed and put into use at the same time. In 2020, we actively took relevant environmental management measures to reduce the discharge and pollution of waste water, waste gas, solid waste and noise as far as possible.

Waste Water	Waste Gas	Solid Waste	Noise
<ul style="list-style-type: none"> <li>After being cooled in the cooling tank, the high-temperature water from boilers is reasonably discharged to the municipal pipe network according to regulations.</li> </ul>	<ul style="list-style-type: none"> <li>For waste gas from boilers, through replacement with low NO<sub>x</sub> burners, we control the combustion temperature of boilers and reduce the nitrogen oxide emissions from the boilers;</li> <li>During the operation, we make efforts to reduce the residual gas discharged to atmosphere from gas dispensers.</li> </ul>	<ul style="list-style-type: none"> <li>Hazardous wastes of the Group are mainly waste engine oil. The Company engages qualified hazardous waste collectors to carry out professional collection, transportation and treatment, and keeps records;</li> <li>Non-hazardous wastes are removed and transported regularly by third parties.</li> </ul>	<ul style="list-style-type: none"> <li>Noise reduction facilities are installed to prevent noise pollution during construction.</li> </ul>

<sup>2</sup> The greenhouse gas emission coefficient is calculated with reference to the Reporting Guidance on Environmental KPIs published by the Stock Exchange, the Average CO<sub>2</sub> Emission Factors of Regional Power Grids in China published by the National Development and Reform Commission of China and the default value table for fossil fuel characteristic parameters.

<sup>3</sup> The greenhouse gas emission data exclude the greenhouse gas emissions from vapour sales business (natural gas integrated energy business), the greenhouse gas emission of which was 13,393 tons, with the greenhouse gas emission intensity of 1.67 tCO<sub>2</sub>e/MWh of vapour production.

<sup>4</sup> The data include the methane emissions arising out of the damage by third parties in 2020 (35,221 standard m<sup>3</sup>) which are calculated according to the GWP of methane.

## GREEN DEVELOPMENT FOR PROTECTING THE EARTH (continued)

Indicator		Unit	2020
Waste water	Total sewage discharge	Ton	40,736
Waste gas	Total nitrogen oxide emissions	Ton	3.82
	Total sulfur dioxide emissions	Ton	0.91
Solid waste	Total hazardous waste discharge	Ton	1
	Hazardous waste discharge intensity	Kg/RMB1 million of revenue	0.79
	Total non-hazardous waste discharge <sup>5</sup>	Ton	30
	Non-hazardous waste discharge intensity	Kg/RMB1 million of revenue	23.55

### RESOURCE UTILIZATION IMPROVEMENT

Jiaxing Gas strictly complies with the Law of the People's Republic of China on Energy Conservation, other laws and regulations, actively responds to the national ecological civilization construction and strategic philosophy of environmental protection, and integrates the philosophy of energy conservation and emission reduction into each process of its daily operation. The Company actively improves the efficiency in the use of resources and energy, promotes the use of clean energy, and carries out green office work through various measures, and makes joint efforts for a better future.

#### USE OF WATER RESOURCES

We attach great importance to the water resources management and strictly comply with the Water Law of the People's Republic of China and other national and local laws and regulations. Our main source of water is the municipal water supply, which is used for office business and boilers, and other processes.

During the Reporting Period, we used the condensed water recycling technology to recycle condensed water and waste heat from boilers, which achieves sewage discharge and energy waste reduction, while decreasing water consumption and improving the quality of water supply to boilers. Moreover, the technology can help reduce the consumption of industrial salt and anti-sludging agents after the water quality is improved. The statistics show that with the technology, the Company can recycle approximately 1,600 tons of condensed water and save 13,600 standard m<sup>3</sup> of natural gas every month, thus greatly improving the recycling rate of water resources.

<sup>5</sup> Total non-hazardous waste discharge is the amount of office and household garbage generated.

### Performance in Use of Water Resources

Indicator	Unit	2020
Total water consumption	Ton	49,685
Water consumption intensity	Ton/RMB1 million of revenue	39.01

### PAPERLESS OFFICE

The Company will implement the resource conservation philosophy in the office process, replace the traditional paper-based office with digital office, and vigorously promote paperless office. We continuously improve our digital office system, digitalize relevant business documents, circulate, sign and approve the documents through our system. We require that all meeting-related documents shall be PowerPoint presentations for projection. We basically achieve a paperless office, make efforts to encourage surrounding people to practice environmental protection, and fulfill our sustainability undertakings with tangible action.

- An online business hall or hotline is available for users to submit an application, so as to replace the paper-based application in a traditional business hall;
- Certain business reports can be prepared, generated, circulated and submitted through the report system and software;
- The process documents, documents received and sent, policies and rules, audio-visual materials, drawings, etc. in business are electronically stored through the file management system;
- Traditional paper books for service records are replaced with handheld devices for meter reading and inspection;
- The results are recorded and reported through the mobile business cloud platform, and the customers are notified of the meter reading results by text message or WeChat instead of paper documents.

### ECOLOGICAL PROTECTION

Jiaxing Gas attaches great importance to biodiversity conservation and habitat restoration. Jiaxing Gas strictly complies with relevant laws and regulations including the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on Environmental Impact Assessment, the Regulation on the Administration of Environmental Protection in Construction Projects and the Classified Administration Catalogue of Environmental Impact Assessments for Construction Projects. Jiaxing Gas reduces soil erosion and the impact of project construction on the surrounding natural ecology and biodiversity, by conducting environmental and social impact assessment and formulating special protection measures.

Jiaxing Gas respects local culture and folk customs, and minimizes the impact on local communities and residents in project site selection, design, construction and operation. In the project design, we carry out construction in heavily populated areas in strict accordance with urban plans, so as to ensure that the original ecosystem is properly protected. We regularly carry out questionnaire surveys of community residents and the public. After understanding the concerns and demands of local residents, we carry out improvement measures in a timely manner to minimize the possible impact on community residents.

Project planning and site selection	<ul style="list-style-type: none"> <li>• Carry out environmental impact assessments to identify the main environmental impact factors and the generation and expected discharge of the relevant pollutants, for defining proposed measures;</li> <li>• According to the requirements of Code for Urban Gas Design and other codes, in site selection for project construction, select construction sites which are far away from wetlands and wildlife habitats or take protective measures to avoid the environmental impact;</li> <li>• In the project construction design, take into full consideration of the vegetation distribution and growth on the land, so as to protect the balance of the original land ecosystem to the maximum extent.</li> </ul>
Project construction	<ul style="list-style-type: none"> <li>• Reasonably determine the season for construction according to the local climate conditions, and properly carry out water and soil conservation to reduce the impact on the local agricultural ecology, vegetation and the living environment of rare and endangered animals;</li> <li>• Make a strict construction plan and strictly control the generation of environmental impact factors and relevant pollutants according to environmental impact assessment reports;</li> <li>• Strictly control the width of the operation area according to operation standards and procedures, and carry out pipeline construction by actively adopting trenchless construction methods including directionally-drilled crossing and pipe jacking according to the difference in the surrounding environment of pipe locations, and reasonably determine the buried depth in consideration of the vegetation, terrain and underground level along the pipeline to avoid damage to animals, plants and land;</li> <li>• Strictly manage the discharge of noise, dust, off-gas and waste water generated during construction;</li> <li>• After construction, compact the backfill, and clear away construction wastes in a timely manner, so as to reduce the ecological impact;</li> <li>• Restore the disturbed land and habitats, respect the original residents and actively reduce the impact of the project on the community.</li> </ul>

## PEOPLE ORIENTATION, AND JOINT EFFORTS FOR A BETTER FUTURE

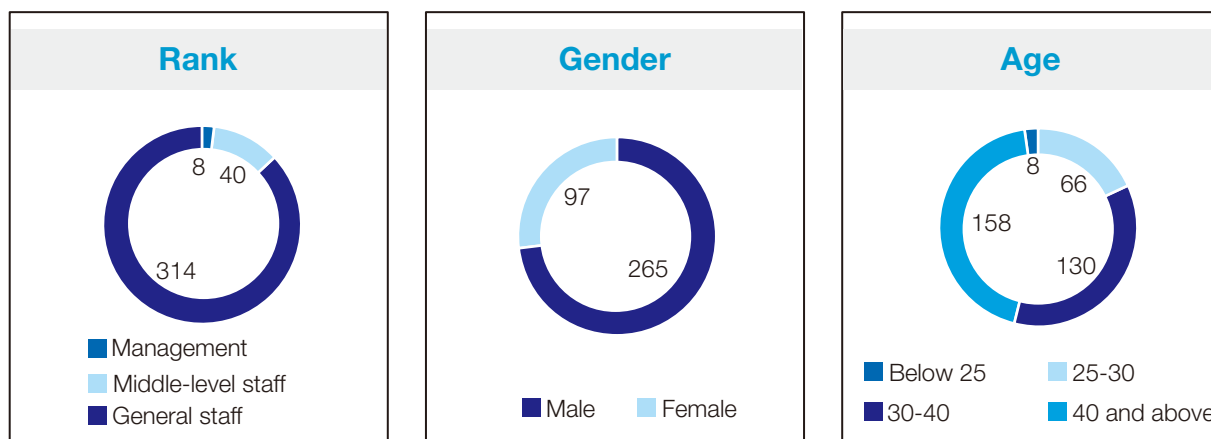
Jiaxing Gas adheres to the people-oriented philosophy, and is convinced that “people” are the cornerstone for the sustainable and long-term development of an enterprise. We attach importance to the value creation by our employees, actively safeguard their legitimate rights and interests, and care for their physical and mental health. We are committed to building a diversified training system to continuously enable the development of employees and realize the growth of employees and the enterprise.

### EMPLOYMENT MANAGEMENT

From the perspective of employees, the Group practically safeguards the actual labour rights and interests of each of its in-service employees. We strictly comply with the Labour Law of the People’s Republic of China, the Labour Contract Law of the People’s Republic of China, the Social Insurance Law of the People’s Republic of China and other relevant labour laws and regulations, and formulate internal labour management rules legally and fairly, and provide a good and healthy work environment for all employees of the Group.

The Group complies with the Regulations on the Administration of Recruitment and Employment and other relevant employment equality regulations, and strictly complies with national laws and regulations in recruitment and employment. The internal recruitment policy of the Group prohibits the employment of child and forced labour in any form. The Company will seriously deal with any issues in relation to the use of forced and child labour and will immediately terminate the employment to protect the interests of employees. During the Reporting Period, there was no employment of child and forced labour.

The Group supports the provision of equal employment opportunities for all employees and fully upholds the human resources management principle of fairness and equality. Under any circumstances, the Group resolutely eradicates gender, age, regional or other employment discriminations in the employment process. During the Reporting Period, the ratio of male to female employees in the Group was relatively balanced. The Group provides employees with equal employment opportunities by recruiting employees of different ages and establishing teams at different levels. As at the end of the Reporting Period, the Group had a total of 362 employees in China, the specific distribution of which is as follows:



Employee Distribution

During the Reporting Period, Jiaxing Gas established a relatively stable employment relationship with its employees, and achieved healthy, stable and normal operation. As at the end of the Reporting Period, the employee turnover rate of the Group was 9%.



## PEOPLE ORIENTATION, AND JOINT EFFORTS FOR A BETTER FUTURE (continued)

### TALENT DEVELOPMENT

The Group further strengthens the training of its employees and improves their professional level and overall quality by providing targeted training courses for the management, managers in various positions, professionals and customer service personnel, and distributing relevant policies and regulations, industry information and knowledge documents to its employees. The Group also provides employees with competitive remuneration packages to encourage them to work hard and serve its customers with great effort.

### CAREER DEVELOPMENT SYSTEM

Jiaxing Gas pays great attention to the continuous growth of its employees. The career development system combines development towards the corporate strategic goals and individual goals, and represents an important process in promoting enterprise human capital management. The career development system includes recruitment, performance appraisal and evaluation, and promotion management systems. The Group has established a sound career development management policy and system to ensure clear career development paths, fair performance appraisal and evaluation, fair salary increase for its employees during their term of office, and create a work environment and atmosphere with fair competition for its employees.

The Group has established a system of assessment based on semi-annual and annual indicators for employees at different levels. The promotion system includes promotion and salary increment. The promotion to middle management and professionals is organized on a competitive basis once a year, while salary increment for employees and middle management is organized once a year. Various types of promotion channels will continuously stimulate the self-development and personal growth of employees.

### EMPLOYEE TRAINING

Jiaxing Gas attaches great importance to the value of talents, and knows that the value of human capital is vital for the successful development of an enterprise. In order to improve the professional level of its employees, the Group will invest more resources and funds in internal training, and continuously improve its talent training system, so as to provide its employees with sustainable development opportunities and channels, and further promote the professional growth and development of its employees.

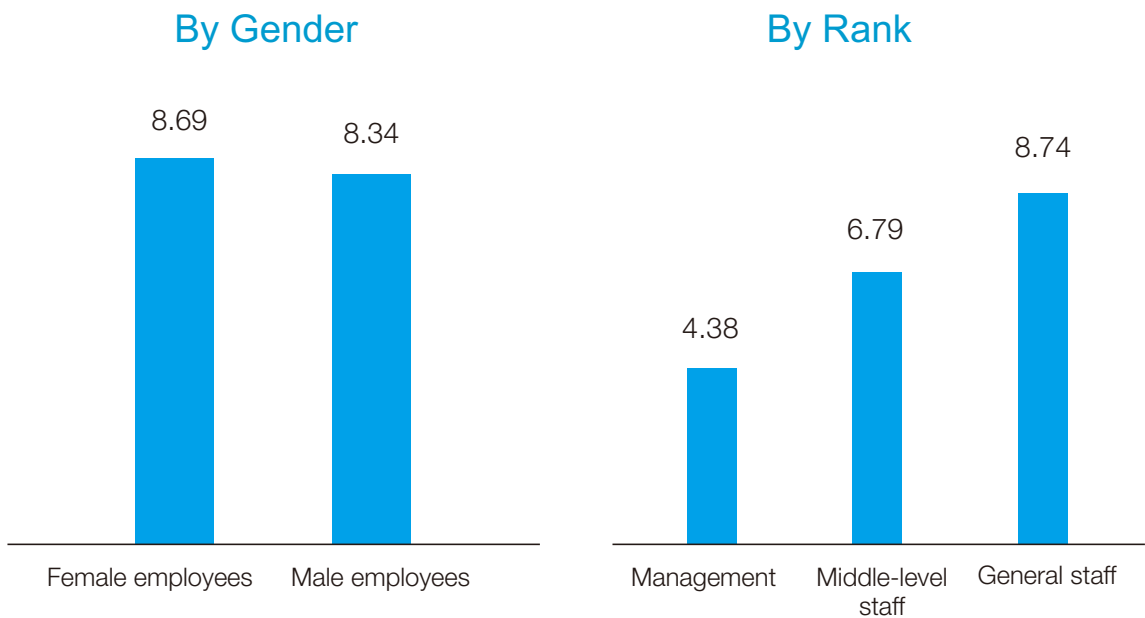
By formulating the sound Rules on the Management of Employee Training, we systematically train our employees influential in service quality and operators in special positions, so as to increase their awareness of service quality, and their knowledge, skills and management quality, thus satisfying the needs of safe production and standardized service.

During the Reporting Period, we carried out training in industry knowledge, business skills and service philosophy, according to the needs and features of business development of the Group. Major training projects include master studio training and safety production training.

PEOPLE ORIENTATION, AND JOINT EFFORTS  
FOR A BETTER FUTURE (continued)

As at the end of the Reporting Period, 362 employees of the Group were trained, with a training coverage rate of 100%, the total training hours of 3,052 hours and average training hours per employee of 8.43 hours.

Average Training Hours per Trained Employee by Gender and Employee Category (Hour)



## PEOPLE ORIENTATION, AND JOINT EFFORTS FOR A BETTER FUTURE (continued)

### Theoretical Training in the Master Studio

On 25 December 2020, the Group offered the theoretical training courses in the master studio – Code for Urban Gas Design GB50028-2016 (2020), and carried out training in relation to key points and difficulties in the “Code and Standard for Urban Gas Design GB50028”, and provided technical guidance and training courses. As a part of the theoretical training courses in the master studio, the Group organizes 1 or 2 theoretical training courses from time to time every month according to its business needs, and carries out practical training based on the theoretical courses, so as to improve the professional skills of professionals.



Teaching Activities in the Theoretical Training Courses in the Master Studio

### Training in Relation to Safe Production

On 23 December 2020, Jiaying Gas offered an internal training course in relation to the General Technical Requirements for Medium and Low Pressure Gas Project Design in Jiaying City, which included general technical requirements of municipal roads, communities, industrial users and public building owner users, so as to ensure that employees from departments of the Group can understand the latest technical requirements in a timely manner and provide important technical support for departments in various businesses and safe production.

## CARE FOR EMPLOYEES

Employees are the greatest wealth of an enterprise. In order to create a harmonious, friendly and equal working atmosphere of Jiaying Gas, we have established sound rules and policies in terms of employee benefits, healthy life and communication, so as to safeguard the rights of each employee to the maximum and achieve the goal of harmonious and joint development of the enterprise and employees.

## PEOPLE ORIENTATION, AND JOINT EFFORTS FOR A BETTER FUTURE (continued)

### EMPLOYEE BENEFITS

Jiaxing Gas provides employees with various benefits every year, including labour insurance benefits, in-kind benefits (agricultural products, fruits, holiday gifts, etc.), cash benefits (holiday red envelopes), and body checks. Meanwhile, we also pay attention to caring for female employees, with visits to pregnant employees organized by our trade union and conducting regular job-specific body checks for female employees. We also organize fellowship activities as well as birthday parties for new and old employees, promote communication and exchange among employees through various activities, so as to create a harmonious and happy work environment.



Birthday Party for Employees

### COMMUNICATION WITH EMPLOYEES

The Group organizes different forms of communication meetings to actively listen to the opinions of grassroots employees, with the aim of enabling more employees to participate in business management and achieving the joint development of the enterprise and employees. We have established a communication channel and feedback mechanism for all employees. Our employees can submit their personal opinions through various channels including fellowship activities of new and old employees, solicitation of reasonable suggestions, and suggestion box. The method of communication involving all employees helps to enhance the connection between employees and the enterprise, fully mobilize the eagerness and enthusiasm for working of employees, and create a good communication atmosphere in the enterprise.

### CONTRIBUTION TO COMMUNITIES

While actively performing its social responsibilities, the Group never forgets to give back to the society with corporate strength. We actively participate in social welfare and charity activities, and continuously provide community residents with social services and convenience including guidance on safe use of gas, safety inspection and publicity<sup>6</sup>. During the Reporting Period, Jiaxing Gas donated<sup>7</sup> a total of RMB0.57 million and invested a total of 2,346 hours in public welfare projects with 838 participants from Jiaxing Gas.

<sup>6</sup> For the description of such activities, see the section headed "Safe Communities"

<sup>7</sup> Donations for social welfare projects include anti-epidemic donations, poverty alleviation and difficulty condolences

## PEOPLE ORIENTATION, AND JOINT EFFORTS FOR A BETTER FUTURE (continued)

### JOINTLY OVERCOMING DIFFICULTIES IN THE OUTBREAK

The Group never forgets to give back to society while continuously making breakthroughs in business and improving quality and efficiency. Facing with the outbreak, the Group made contributions in various forms and actively assumed its social responsibilities, thus establishing a good corporate image in society. During the outbreak, we actively performed our social responsibilities, immediately donating RMB0.5 million to the Red Cross Society of China, Jiaxing Branch, for the prevention and control of the COVID-19 outbreak. We donated 100 gifts to frontline employees in the fight against the outbreak through Changshui Chamber of Commerce (長水商會), and secured cash and in-kind donations amounting to RMB78,000. Meanwhile, the Group took a series of measures to overcome the difficulties in the outbreak with its customers, including “supply despite default in payment”, the early adoption of off-season prices as required by the National Development and Reform Commission, and a reduction in the selling prices by gas supply enterprises as required by local governments, and actively helped all walks of life overcome difficulties. Jiaxing Gas earnestly performed its social obligations with tangible action to make contributions to society. With excellent performance in the fight against the outbreak, Jiaxing Gas won the title of “Organization with Outstanding Performance in Prevention and Control of COVID-19 Outbreak in the Construction System of Jiaxing” and gained social recognition.

### SOCIAL RECOGNITION

The Group actively carried out and participated in community public welfare activities, won various honorary awards in community public welfare, and was strongly recognized by the community and the government. The Group provided important support for promoting community and local development. During the Reporting Period, the Group won the following honorary awards:

Name of Award
National Women's Civilization Post
National Model in Ethical and Cultural Progress (the Group continues to hold such award)
Advanced Organization in Construction of Business Environment in Jiaxing in 2020
Organization with Outstanding Performance in Prevention and Control of COVID-19 Outbreak in the Construction System of Jiaxing
Advanced Award for Volunteer Service
96345 Excellent Volunteer Substation
Five-star Service Provider



# CONTENT INDEX OF THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE OF THE HONG KONG STOCK EXCHANGE

Indicator		Section
Area: Environmental		
A1: Emissions		
General Disclosure		Green Development for Protecting the earth – Coping with Climate Change, and Emission Reduction
A1.1	The types of emissions and respective emissions data	Green development for Protecting the Earth – Emission Reduction
A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Green Development for Protecting the Earth – Coping with Climate Change
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Green Development for Protecting the Earth – Emission Reduction
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Green Development for Protecting the Earth – Emission Reduction
A1.5	Description of measures to mitigate emissions and results achieved	Green Development for Protecting the Earth – Emission Reduction
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	Green Development for Protecting the Earth – Emission Reduction
A2: Use of Resources		
General Disclosure		Green Development for Protecting the Earth – Coping with Climate Change, and Resource Utilization Improvement
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)	Green Development for Protecting the Earth – Coping with Climate Change
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility)	Green Development for Protecting the Earth – Resource Utilization Improvement
A2.3	Description of energy use efficiency initiatives and results achieved	Green Development for Protecting the Earth – Coping with Climate Change
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	Green Development for Protecting the Earth – Resource Utilization Improvement
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	The business of the Company does not involve the use of packaging materials for finished products

# CONTENT INDEX OF THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE OF THE HONG KONG STOCK EXCHANGE (continued)

Indicator		Section
A3: The Environment and Natural Resources		
General Disclosure		Green Development for Protecting the Earth – Resource Utilization Improvement, and Ecological Protection
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	Green Development for Protecting the Earth – Resource Utilization Improvement, and Ecological Protection
Area: Social		
Employment and Labour Standards		
B1: Employment		
General Disclosure		People Orientation, and Joint Efforts for a Better Future – Employment Management
B1.1	Total workforce by gender, employment type, age group and geographical region	People Orientation, and Joint Efforts for a Better Future – Employment Management
B1.2	Employee turnover rate by gender, age group and geographical region	People Orientation, and Joint Efforts for a Better Future – Employment Management
B2: Health and Safety		
General Disclosure		Safe Gas Supply, Customer First – Safety Management
B2.1	Number and rate of work-related fatalities	Safe Gas Supply, Customer First – Safety Management
B2.2	Lost days due to work injury	To be disclosed in the future
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored	Safe Gas Supply, Customer First – Safety Management
B3: Development and Training		
General Disclosure		People Orientation, and Joint Efforts for a Better Future – Talent Development
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management)	People Orientation, and Joint Efforts for a Better Future – Talent Development
B3.2	The average training hours completed per employee by gender and employee category	People Orientation, and Joint Efforts for a Better Future – Talent Development

# CONTENT INDEX OF THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE OF THE HONG KONG STOCK EXCHANGE (continued)

Indicator		Section
B4: Labour Standards		
General Disclosure		People Orientation, and Joint Efforts for a Better Future – Employment Management
B4.1	Description of measures to review employment practices to avoid child and forced labour	People Orientation, and Joint Efforts for a Better Future – Employment Management
B4.2	Description of steps taken to eliminate such practices when discovered	People Orientation, and Joint Efforts for a Better Future – Employment Management
Operational Practices		
B5: Supply Chain Management		
General Disclosure		Compliance Management to Achieve a Win-Win Situation across the Industry – Supply Chain Management
B5.1	Number of suppliers by geographical region	Compliance Management to Achieve a Win-Win Situation across the Industry – Supply Chain Management
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.	Compliance Management to Achieve a Win-Win Situation across the Industry – Supply Chain Management
B6: Product Responsibility		
General Disclosure		Safe Gas Supply, Customer First
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	N/A
B6.2	Number of products and service related complaints received and how they are dealt with	To be disclosed in the future
B6.3	Description of practices relating to observing and protecting intellectual property rights	Safe Gas Supply, Customer First – Innovative Research and Development
B6.4	Description of quality assurance process and recall procedures	N/A
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored	Safe Gas Supply, Customer First – Customer Service

## CONTENT INDEX OF THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE OF THE HONG KONG STOCK EXCHANGE (continued)

Indicator		Section
B7: Anti-corruption		
General Disclosure		Compliance Management to Achieve a Win-Win Situation across the Industry – Integrity and Anti-corruption
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	Compliance Management to Achieve a Win-Win Situation across the Industry – Integrity and Anti-corruption
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored	Compliance Management to Achieve a Win-Win Situation across the Industry – Integrity and Anti-corruption
Community		
B8: Community Investment		
General Disclosure		Safe Gas Supply, Customer First – Safe Communities People Orientation, and Joint Efforts for a Better Future – Contribution to Communities
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	Safe Gas Supply, Customer First – Safe Communities People Orientation, and Joint Efforts for a Better Future – Contribution to Communities
B8.2	Resources contributed (e.g. money or time) to the focus area	People Orientation, and Joint Efforts for a Better Future – Contribution to Communities