



CHINA GAS
中國燃氣

Stock Code : 00384.HK

CHINA GAS HOLDINGS LIMITED
中國燃氣控股有限公司*

**GREEN
FUTURE**
Together

Sustainability Report 2020/21

* For identification purpose only

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ABOUT THIS REPORT

ABOUT THIS REPORT

This report is the fifth sustainability report (the “Report”) issued by China Gas Holdings Limited¹ (stock code: 384) (the “Company”) and its subsidiaries (collectively the “Group” or “China Gas”). This Report outlines the Group’s efforts and achievements regarding sustainability matters over the past year in a transparent and open manner, and at the same time demonstrates the Group’s strategies and commitment along the path towards sustainability. The Group publishes a sustainability report annually to the public to continuously enhance the transparency of information disclosure.

SCOPE OF THIS REPORT

This Report reflects the sustainability performance of China Gas’ headquarters and all companies under the operational control of the Group from 1 April 2020 to 31 March 2021 (“Reporting Period” or “FY2020/21”). Detailed contents are formulated with reference to materiality assessment, stakeholder engagement and other relevant disclosure guidelines. For details of the Group’s business development and consolidated financial statements, please refer to the Company’s 2020/21 Annual Report (“Annual Report”). Unless otherwise specified, the data of contractors and subcontractors is not reflected in this Report.

REPORTING GUIDELINES

This Report is prepared in compliance with the Global Reporting Initiative (“GRI”) Standards: Comprehensive option and Appendix 27 *Environmental, Social and Governance Reporting Guide* (the “ESG Reporting Guide”) of the Rules Governing The Listing of Securities on The Stock Exchange of Hong Kong Limited (the “HKEX”). This Report is also prepared with reference to *GRI Oil and Gas Sector Disclosures, Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises* (“CASS-CSR4.0”) of the Chinese Academy of Social Sciences and the Sustainable Development Goals (“SDG”) of the United Nations. This Report adheres to the Reporting Principles stated in the ESG Reporting Guide, including materiality, quantitative, balance and consistency, in a bid to objectively and comprehensively address all material issues and to demonstrate the Group’s commitment and determination to follow international best practices. A comprehensive content index is set out in the last chapter of this Report for quick reference.

INFORMATION COLLECTION AND REPORTING

Information contained herein is collected from the documents and statistics provided by various departments of the Group. The summary of the monitoring, management and operational information is also rendered by the relevant departments and subsidiaries in accordance with the relevant systems and policies of the Group. Certain amounts and numbers in this Report have been rounded. To ensure such information is as accurate and reliable as possible, the Group has established an internal regulatory mechanism and a review process. The content of this Report has also been reviewed by the senior management and the sustainability committee of the Company (“Sustainability Committee”), and approved by the board of directors of the Company (the “Board”).

¹ For identification purposes only.

HOW TO ACCESS

This Report is available in both Chinese and English electronic versions and has been uploaded onto the following websites of HKEXnews (www.hkexnews.hk) and the Company (www.chinagasholdings.com.hk). If there is any inconsistency or discrepancy between the Chinese and English versions, the Chinese version shall prevail. If there is any inconsistency or discrepancy between this Report and the Annual Report, the Annual Report shall prevail.

FEEDBACK

China Gas values the feedback of all stakeholders. Your valuable feedback on both the content and the format of this Report motivates the Group's improvement. If you have any questions or suggestions, please email your comments to investor@chinagasholdings.com.hk to help us improve our environmental, social and governance performance continuously.



MESSAGE FROM THE CHAIRMAN

The outbreak of COVID-19 in 2020 has significantly impacted on global economy and people's livelihoods. As a leading cross-regional integrated energy service providers in China, the Group has moved forward despite adverse situation under COVID-19. With our determination to serve society and our cohesive group of employees, the Group has been steadily improving its governance level and achieving success consistently. China Gas has always taken "Converging in Harmony and Benefiting the Society" as the development goal. While realising our own economic value, the Group is committed to attaining safe, energy-saving and environmentally friendly energy production and supply. We are eager not only to bring better services, but also to strike a balance between resource extraction and environmental harmony, and to protect the Earth — the home of mankind.

China Gas is committed to providing customers with safe and reliable gas, as well as high-quality services. Meanwhile, the Group is actively grasping development opportunities of new energy and related businesses, including city and township gas, value-added services, liquefied petroleum gas ("LPG"), Smart MicroGrid, Urban Heating projects, natural gas distributed energy, distribution and sales of electricity, charging piles, photovoltaic, integrated energy supply projects and "replacement of coal with gas" projects. The Group uses clean energy to reduce carbon emissions caused by coal combustion, in order to further solidify the Group's green energy business within the industry, and help achieve the national goal of "Carbon Peak" and "Carbon Neutrality".

2020 is the year for China Gas to achieve digital reform by digitalisation and comprehensive use of cloud for business. The Group carried out direct sale of agricultural products to 45,000,000 urban and rural users through "China Gas Smart Living APP" and the e-commerce system targeting poverty alleviation. The Group also conducted full life cycle analysis through smart cloud platform and energy supply and demand. The Group extended exclusive LPG and supply technologies to rural areas, so as to facilitate the adjustment of local energy structure. Moreover, China Gas provided heating to residents in southern China and used IoT cloud platform technology to allow real-time monitoring and early warning. At the 2020 International Science and Technology Innovation Festival and the Global Digital Conference with the theme of "Innovation-led Digital Empowerment", China Gas won the 2020 Digital Innovation Award. In the future, the Group will continue to accelerate the development of digitalisation, network technologies and intelligent-building technologies of our business. The Group will further integrate and connect its various digital platforms, in order to achieve more efficient digital resource sharing, and to set the digital benchmark of "smart energy" in the industry.

China Gas adheres to the principle of “People-oriented and Strive for Excellence”. As a public enterprise, the Group integrates “Caring for the Community” into our daily operations. Through China Gas Charity Foundation Limited (the “Foundation”), the Group has actively carried out charitable activities to help vulnerable groups, including educational and medical sponsorship, disaster relief, poverty alleviation and established a volunteer service team within the Group to promote “Converging in Harmony and Benefiting the Society”. During the pandemic, China Gas actively allocated human and material resources to provide safe and reliable gas supply, donated funds and materials to groups and institutions in need and provided daily necessities to the people. During the year, China Gas was awarded the 2020 Social Responsibility Outstanding Enterprise Award and the 2020 Economic Contribution Award, in recognition of our philosophy and efforts in giving back to society.

As an employer, China Gas strives to implement corporate culture with our employees and be a role model for the industry. The Group continues to build a diversified career development platform for employees and provide a good working environment, competitive remuneration and benefits, comprehensive career development training and a variety of recreational and leisure activities for employees to fully unleash their potential.

In FY2020/21, China Gas was included in the Hang Seng Shanghai-Shenzhen-Hong Kong (Selected Companies) 300 Index and the Hang Seng Corporate Sustainability Benchmark Index. The latest ESG (environmental, social and corporate governance) annual rating from Morgan Stanley Capital International (“MSCI”) was upgraded from BB to BBB, reflecting the highly recognised performance of the Group in environmental protection, social responsibility and corporate governance among the capital market. On 19 June 2021, the Group signed the Memorandum of Understanding with the United Nations Environment Programme (“UNEP”) and joined the Oil and Gas Methane Partnership (“OGMP”), becoming the first OGMP member company in China.

The Group will celebrate its 20th anniversary in the year of 2021. In the coming year, China Gas will continue to fulfill the four major responsibilities regarding economy, environment, social and corporate governance through innovation, coordination, going green, openness and sharing. Meanwhile, we will actively support the Sustainable Development Goals of the United Nations and fully fulfill our responsibilities as a corporate citizen, so as to create greater value for our stakeholders.

Mr. Liu Ming Hui

*Chairman, Managing Director and President
Chairman of the Sustainability Committee*



FEATURE: BATTLE AGAINST THE PANDEMIC

During the Reporting Period, the COVID-19 crisis has brought far-reaching impacts on people's livelihoods. In this critical time, the Group has continued to support social donation activities and implement employee wellness initiatives to fulfil its corporate social responsibilities and to help combat COVID-19 with people across the country throughout the challenging time.

STABLE GAS SUPPLY AMID THE PANDEMIC CONTROL

Soon after the pandemic outbreak, various provinces and cities in China activated Level 1 public health emergency responses and imposed strict lockdown measures that disrupted the liquefied natural gas ("LNG") logistics chain. As a result, various provinces in central China faced tremendous challenges in securing LNG supply. At that time, China Gas has taken prompt responses by engaging third-party transportation vehicles for hazardous substances, which involved more than 8,000 trips with a total travel distance of 5 million kilometres. The Group's stable gas supply, strong organisation and coordination ability, and excellent execution have helped overcome numerous difficulties such as gas shortages, road conditions, poor transportation and strict control, thereby securing gas supply for more than 500 city pipeline networks, 700 gas refilling stations and 1,000 end customers across the country. While access to roads and gas sources was restricted, China Gas carried out thorough excavation for gas supply, adopted the temporary liquefaction device in factories and urgently allocated gas supply to ensure sufficient gas supply was available in different regions. During the peak of the outbreak, the Group undertook the distribution of more than half of the LNG supply in Hubei Province, supplying over 200 million m³ of LNG to severely affected areas. In particular, we guaranteed constant gas supply to key anti-pandemic hospitals in Shiyan, Huanggang, Wuxue and other areas.



China Gas' employees committing to their duties during the pandemic

FEATURE: BATTLE AGAINST THE PANDEMIC

During the height of the pandemic in Wuhan, the Group adhered to the principle of “continuing supplying gas to all households while strictly upholding service quality” and strived to ensure stable gas supply in Hubei Province. China Gas’ employees in Wuhan City worked around the clock to deliver LPG to every household. As the only LPG supplier designated by the Wuhan Municipal Government to secure LPG supply, a subsidiary of the Group delivered cylinders of “life-saving” LPG to over 400,000 households in the city as well as frontline medical units such as Leishenshan Hospital, makeshift hospitals, quarantine hospitals and other frontline medical and nursing units during the peak of the outbreak.



The transportation and distribution team of China Gas Wumei Panva Limited* (中燃武煤百江公司), a subsidiary of the Group undertook the emergency delivery task in Wuhan



Gas delivery to Wuhan
Leishenshan Hospital by gas supply workers at China Gas Wumei Panva Limited*



During the urgent construction of Leishenshan Hospital, China Gas’ subsidiaries have taken the initiative to complete supplying gas within two hours and continued to ensure gas supply. China Gas was the sole gas supplier during the construction period of the hospital and endeavoured to help the medical team fight the pandemic. China Gas maintained a stable supply of natural gas during difficult times, supplying energy to 2,000,000 residential users and 30,000 commercial and public service users in 47 cities in Hubei Province, to achieve “pandemic prevention, life protection and rebuild citizens’ confidence”. As of the end of this financial year, the Group’s project companies supplied gas to a total of 13 key anti-pandemic hospitals in Hubei Province to ensure the normal operation of the healthcare system.

The Group has set up an anti-pandemic and gas supply support team during the pandemic to constantly ensure stable gas supply, and to carry out various gas safety inspections to guarantee the safe use of gas for thousands of families. The Group also actively negotiated with local governments to guarantee the transportation of gas supply to the public. According to the location of energy consumption units and daily demand as well as combining the loading of upstream gas supply, the Group optimised the point-to-point transportation routes. In response to possible emergency accidents, regional companies have formulated corresponding guaranteed gas supply plans, increased the inspection and maintenance frequency of gas infrastructure, actively communicated and coordinated gas volume with upstream companies, ensured the smooth and continuous gas supply as well as assured the orderly production and operation of the Company. The regional companies also arranged for emergency repair and home maintenance personnel to work in 24-hour shift, so that alarms could be timely responded to and eliminated to ensure gas safety.

FEATURE: BATTLE AGAINST THE PANDEMIC

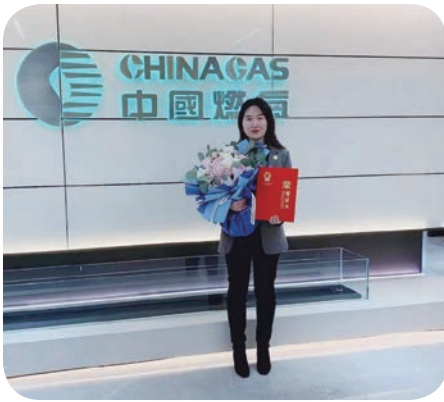
INNOVATIVE SERVICES TO FIGHT COVID-19 TOGETHER

During the pandemic, China Gas made full use of the established grid system to issue “Notices to Gas Users” in regional WeChat groups to remind users to prioritise the utilisation of online services during the pandemic to reduce face-to-face contact and the risk of infection. Faced with village and community lockdowns, the Group actively maintained good communications with local governments to ensure the safe operation of pipeline network.

While the project companies of China Gas continued to supply gas, they also carried out services to fight against the pandemic and secure people’s livelihoods by voluntarily delivering daily necessities to residential users. The “New Retail Community Platform” launched by China Gas has exerted its unique advantages during the pandemic to provide a range of anti-pandemic products at a fair price to meet users’ urgent needs. China Gas has switched its traditional face-to-face services to utilising non-contact online communication channels such as phone calls, WeChat and SMS to effectively communicate the supply and demand of nearby urban and rural areas, and provided residents with daily necessities like vegetables, food and fruits. During the pandemic, the Group served users from more than 500 cities and regions. It helped to overcome the daily challenges people face in cities and neighborhoods, and promoted online sales of specialty agricultural products. Our action was highly appreciated by the public and the governments in various regions, thereby helping to maintain social stability during this critical time.

In this nationwide anti-pandemic activity, the Group has thoroughly fulfilled its corporate social responsibility and lent a hand to Hubei Province at the most critical moment. When traffic was blocked, the Group actively sourced gas to ensure a stable gas supply. It also provided community residents with food, daily necessities and other convenience measures to help the residents of Wuhan City and Hubei Province overcome the difficulties, and made positive contributions in protecting Hubei Province and Wuhan City. The Group received special awards and a thank you letter from the Hubei Provincial Government in recognition of our dedication.

FEATURE: BATTLE AGAINST THE PANDEMIC



Ms. Liu Chang was awarded the honorary title

The young volunteers from China Gas have taken practical actions in fighting against COVID-19, thereby demonstrating the kindness, compassion and commitment of the new generation of Chinese youth. The executive director and vice president of the Company, Ms. Liu Chang, was awarded the honorary title of “Advanced Individual in Volunteer Service to Combat COVID-19 in Futian District in 2020”.



Zhongran Hongtu Logistics Company Limited* was awarded the title of “National Advanced Enterprise in Anti-pandemic in the Logistics Industry”

As a typical company in the new energy logistics industry, a subsidiary of China Gas, Zhongran Hongtu Logistics Company Limited* (中燃宏途物流有限公司), has participated in the “2020 (18th) Annual Meeting of Chinese Logistics Entrepreneurs” with the theme of “Creating the Future — A New Journey in the Logistics Industry” in November 2020. Zhongran Hongtu Logistics Company Limited* was awarded the title of “National Advanced Enterprise in Anti-pandemic in the Logistics Industry” in recognition of its outstanding contributions in battling the pandemic, safeguarding gas supply and ensuring social stability.

ABOUT CHINA GAS

CORPORATE PROFILE

China Gas is a leading regional energy service enterprise in China. It has been developing its city gas business since 2002. It is primarily engaged in the investment, construction and operation of city and township gas pipeline infrastructure facilities, gas terminals, storage and transportation facilities and gas logistics systems, transmission of natural gas and LPG to residential, industrial and commercial users, construction and operation of compressed natural gas (“CNG”)/LNG refilling stations, and development and application of technologies related to natural gas and LPG in China.

As of 31 March 2021, the Group had cumulatively secured a total of 642 city and township gas pipeline projects in 30 provinces, municipalities and autonomous regions in China. The Group also owns 32 long-distance gas transmission pipeline projects, 557 CNG/LNG refilling stations for vehicles and vessels, one coal bed methane development project, 113 LPG distribution projects and 364 integrated energy supply projects. The connectable urban population covered by all of the Group’s gas projects increased to 153 million (about 53.0 million households, with an increase of 19.2% over the same period from last year).

CORPORATE MISSION



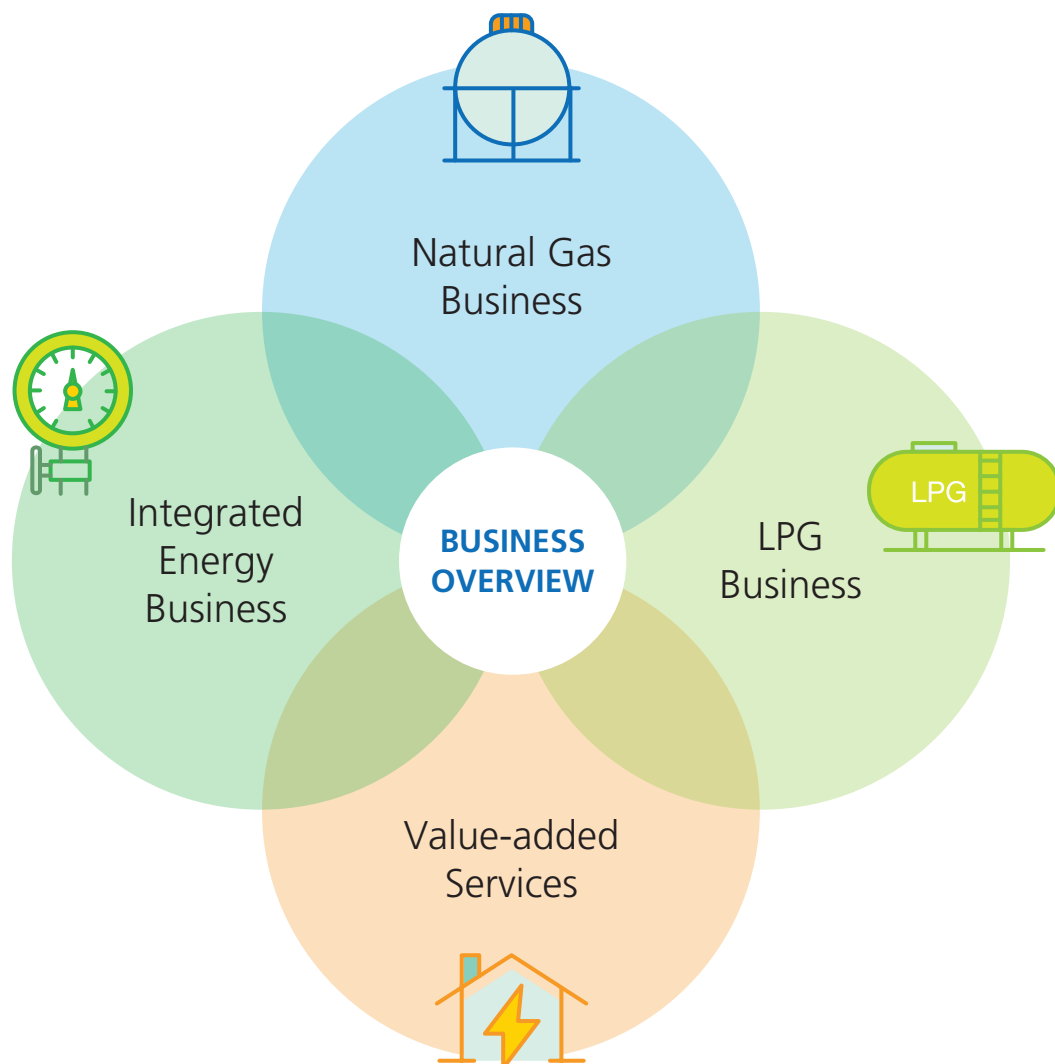
Converging in Harmony

By fully converging and allocating all capital and resources, China Gas can effectively achieve outstanding development and expand into blue oceans, comprehensively building a new business ecosystem for China Gas. On the basis of “successful cooperation between people and enterprises”, we will continue to convey our characteristics, spirits and core values to society, and ultimately strive to reach our corporate goal towards a “century of China Gas”.

Benefiting the Society

China Gas provides a full range of clean and convenient energy. China Gas provides innovative public utility services stemming from urban communities to rural communities, and corresponding smart commercial services. We enhance the efficacy and efficiency of the transformation of social public utility resources to improve the quality of life, promote regional economic development, and to fulfil civic responsibility by safeguarding the well-being of the public.

BUSINESS OVERVIEW



Natural Gas Business

The Group continues to innovate in clean energy and is committed to providing customers with quality services, improving the environment and enhancing one’s standard of living. We actively develop natural gas business to provide customers with a green, clean and low-carbon energy with high quality and efficiency. It continues to invigorate the global economic development and facilitate the transition of human society from industrial civilisation to ecological civilisation. Owing 642 city and township gas pipeline projects, the Group currently has the largest number of projects in China.

Construction of Gas Pipeline Networks and User Connections

City gas pipeline network is the foundation for the operation of gas suppliers. By constructing trunk and branch pipelines of city gas pipeline network, the Group connects natural gas pipelines to its residential, industrial and commercial users and charges them for connection fees and gas bills.

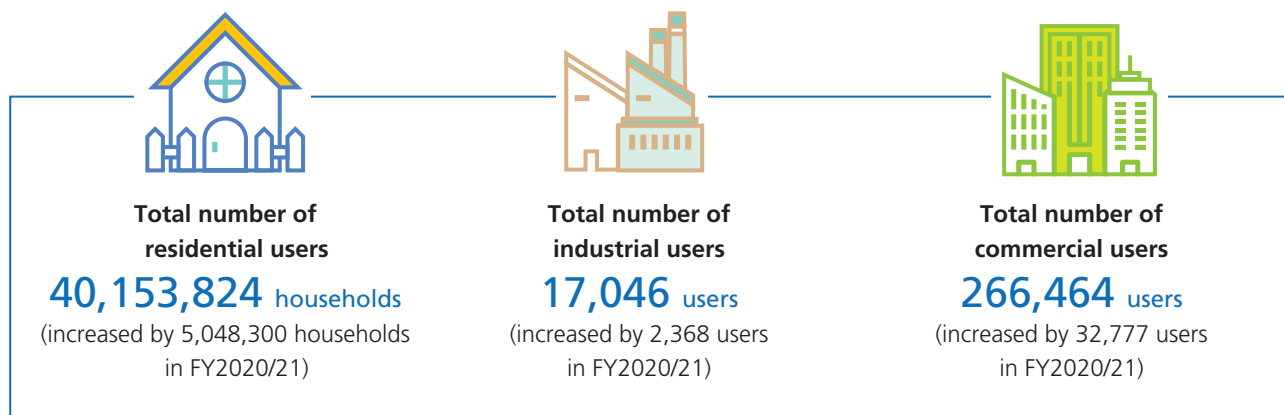
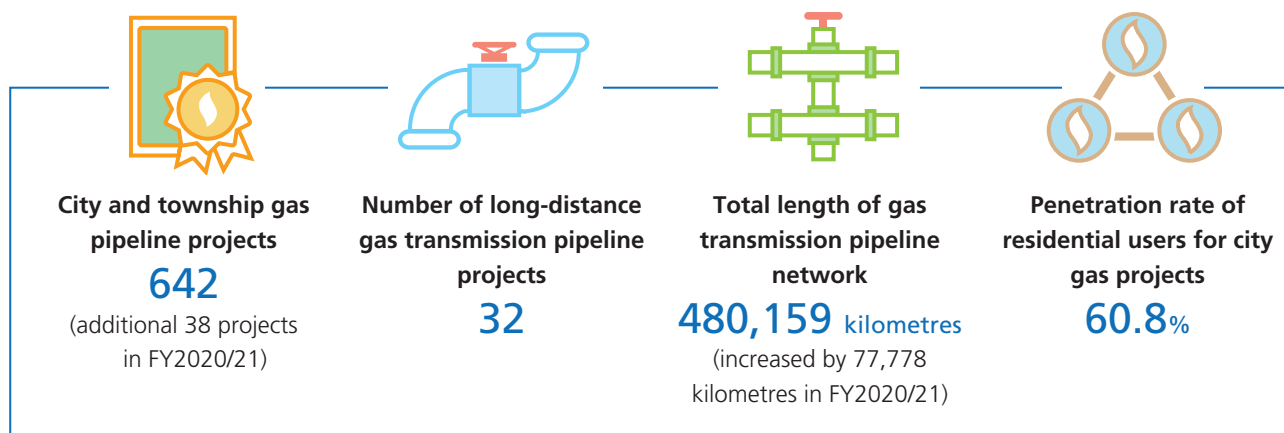
ABOUT CHINA GAS

BUSINESS OVERVIEW (Continued)

Natural Gas Business (Continued)

Construction of Gas Pipeline Networks and User Connections (Continued)

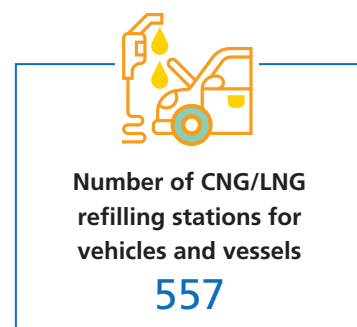
As at 31 March 2021



CNG/LNG Refilling Stations for Vehicles and Vessels

As at 31 March 2021

To promote the construction and development of clean energy business, China Gas owns more than 557 vehicle refilling stations, either in operation or under construction. The Group has made continuous outstanding breakthroughs in industry research, business model, pipeline expansion and network construction. The Group has also successively entered into industry strategic alliances with leading domestic automotive and equipment manufacturers, established close cooperative ties with leading domestic LNG suppliers to secure gas supply for vehicle gas projects, and further accelerated the construction of provincial clean energy investment platforms, ensuring the rapid development of gas projects for vehicles and vessels.



BUSINESS OVERVIEW (Continued)

Natural Gas Business (Continued)

Township “Replacement of Coal with Gas”

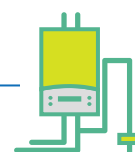
China Gas has actively responded to the central government’s policies and promoted the implementation of township “replacement of coal with gas” projects since 2017. To provide clean natural gas for residents in towns and villages in northern China, the Group has rapidly dedicated itself to facilitating the development of township “replacement of coal with gas” projects through maintaining high standard, high quality and high efficiency of construction projects and gas supply. In addition, the Group has successively established strategic cooperation with many provinces and cities in China to jointly facilitate the construction of beautiful villages and implement “township gasification” to promote the revitalisation of villages in various regions.

As at 31 March 2021



Accumulated number of residential users contracted for township “replacement of coal with gas” initiatives

over **9** million households



Accumulated number of township residential users completed gas pipeline connections

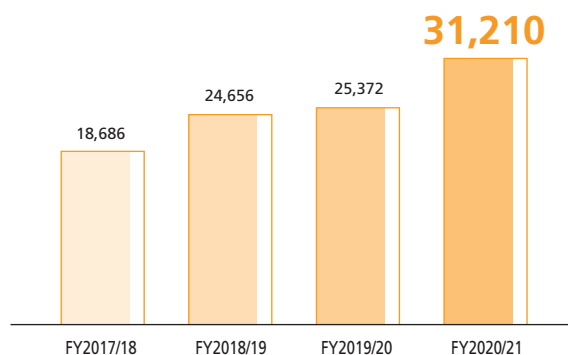
7.92 million households

(increased by 1,687,531 households in FY2020/21)

Sales of Natural Gas

China Gas’ total natural gas sales volume increased significantly during the Reporting Period. In FY2020/21, the Group’s total natural gas sales volume increased by 23.0% year-on-year to 31.21 billion m³. Natural gas was mainly sold through networks of gas pipelines laid in cities and townships, trading business and direct-supply pipelines. Gas sales volume attributable by city gas pipelines recorded 18.70 billion m³, representing a year-on-year increase of 19.6%. Trading segment and direct-supply pipeline business recorded 12.51 billion m³ in gas sale volume, representing a year-on-year increase of 28.4%.

Piped gas sales volume (million m³)



ABOUT CHINA GAS

1. INNER MONGOLIA AUTONOMOUS REGION

Hohhot, Wushen Banner, Baotou, Hellingeer County, Tuoketuo County, Tuzuo Banner, Wuchuan County, Alashangmeng, Alashangmeng Wusitai Industrial Zone, Zuo Banner Tenggeji Industrial Zone, Wuhai, Wulateqian, Liangcheng County, Jinshan Economic and Technological Development Zone, Ganqimaodu Industrial Zone of Urad Central Banner, Dengkou County, Jining District of Ulanqab City, Dongshan Industrial Park, Ningcheng County, Yijinhuole Banner, Bahrain Right Banner

2. XINJIANG UYGUR AUTONOMOUS REGION

Horgos Economic Development Zone, Huocheng Economic Development Zone

3. HEBEI

Shijiazhuang Gaocheng, Cangzhou Development Zone, Nanpi County, Qinghe County, Wangdu City, Tangshan Nanpu, Leting County, Xinle, Pingshan County, Fengnan District of Tangshan, Neiqiu County, Bohai New Zone, Cangzhou High-Tech Zone, Tang County, Handan Jinan New Zone, Luquan, Quyang County, Raoyang County, Botou New Zone, Laishui County, Dingzhou, Dingxing County, Yutian County, Yutian Town and Caitingqiao Town of Yutian County, Changli County, Weixian County, Xihuayuan District, Chengan County, Wujiao County, Ningjin County, Linzhang County, Zaoqiang County, Longyao County, Xingtang County, Gucheng County City Area, Gucheng County Administrative Jurisdiction, Nangong City, Jize County, Xinhe County, Xingtai, Kangbao County, Zanhuang County, Yu County Economic Development Zone, Nanhe County, Julu County, Linxi County, Xian County, Guangping County, Baixiang County of Xingtai City

4. GANSU

Lingtai County, Huating County, Jingning County, Chongxin County, Huachi County, Heshui County

5. TIANJIN

Baodi District in Tianjin, Jinghai Economic Development Zone, Ziya Industrial Zone

6. SHANXI

Shuozhou City, Xiangning County in Linfen City

7. SHANDONG

Dezhou, Qingdao, Leling, Qufu, Sishui, Qufu New Zone, Weifang Binhai Economic Development Zone, Liaocheng, Dezhou Tianqu Industrial Zone, Linyi City, Linyi Economic Zone, Linshu County, Zhangqiu District of Jinan City, Rongcheng City, Haiyang City, Wendeng City, Rushan City, Weihai City, Weifang Free Trade Zone, Jiexiang County, Laiyang City Economic Development Zone, Yuncheng

8. NINGXIA HUI AUTONOMOUS REGION

Zhongwei, Guyuan City

9. HENAN

Xinyang, Jiaozuo City, Qinyang City, Wuzhi County, Xiuwu County, Luohe City 7 Projects, Xiping County, Jiyuan City, Sanmenxia City, Shanxian County, Sanmenxia Industrial Park, Lingbao City, Yanshi City, Yongcheng City, Yongcheng Industrial Zone, Xinmi City, Huangchuan County, Guangshan County, Gushi County, Huiguo Town, Gongyi City, Yuanyang County, Hui County, Mengzhou City, Wen County, Puyang County, Puyang Industrial Zone, Tangyin County, Nanyang City Wolong District, Suiping County, Shangcheng County, Ningling County

10. SHAANXI

Baoji, Qishan County, Yulin, Linyou County, Shangnan County, Heyang County, Huazhou District in Weinan City

11. JIANGSU

Nanjing Jiangbei, Pizhou, Yangzhong, Pukou District in Nanjing, Xuzhou in Jiawang District, Yuzhou in Xinyi, Yangzhou City, Taixing East District, Lianyungang Haizhou Economic Development Zone, Nanjing Jingqiao, Donghai County, Tongshan, Sihong County, Guannan County, Nanjing Changlu Industrial Park

12. ANHUI

Wuhu, Huainan, Shou County, Suzhou, Wuhu County, Nanling County, Huoshan County, Fengtai County, Wuwei County, Qimen County, Xiuning County, Maoji Development Zone, Huoqu County, Susong Linjiang Industrial Zone, Suzhou Si County, Suzhou Yongqiao Economic Development Zone, Wuhe County, Sixian County, Susong City, Taihu County, Hefei Binhu New Zone, She County, Huinan Town of Wuhe County, Linbei Village, Xinji Town, Toupu Town, Wuhe Economic Development Zone

13. HUBEI

Qingshan District in Wuhan, Yichang, Xiaogan, Hanchuan, Yingcheng, Yunmeng, Suizhou, Tianmen, Dangyang, Wuhan Jiangnan, Laohekou, Danjiangkou, Yuanan, Dawu County, Run County, Wuxue Industrial Zone, Shiyan Wudangshan Zone, Fang County, Donghu High-tech Zone, Jianli County, Honghu City, Songzi City, Xinzhou District in Wuhan, Wuxue City, Yingshan County, Tuanfeng County, Longganhu district in Huangmei County, Huanggang City, Xishui County, Meichuan Town in Wuxue City, Huangmei County, Shiyan City, Zigui County, Huangshi Port Industrial Park, Yunxi County, Xiaogan High-tech Zone, Chongyang County, Honghu Economic Development Zone of Wuhan

14. ZHEJIANG

Xiaoshan District in Hangzhou, Taizhou, Jinhua, Hangzhou Jiangdong Development Zone, Daishan Economic Development Zone, Yueqing City, Xiushan Village of Zhejiang

15. CHONGQING

Yubei

16. JIANGXI

Nanchang Wanli, Xinfeng County, Wuyuan County, Yihuang County, Xinfeng Industrial Park, Nancheng County, Quannan County, Yichun Ganxiang Industrial Park, Shangyou County, Yongfeng District, Shangrao City

17. HUNAN

Yiyang, You County, Zhangjiajie, Yiyang Datonghu, Yiyang City New Zone, Huaihua National Agriculture and Technology Zone, Anhua County, Zhijiang Dong Autonomous County, Baojing County, Huishang Industrial Zone in Taojiang County, Huishangang Concentrated Industrial Park in Yiyang, Chaling County, Lukou District in Zhuzhou City, Yanling County

18. FUJIAN

Sanming City, Shaowu City, Wuping County, Taining County, Qingliu County, Youxi County, Datian County, Jianning County, Huaan Economic Zone, Mingqing County, Fuzhou (Jin'an District, Mawei District, Changle District, Cangshan District), Luoyuan County, Lianjiang County, Xinglin District in Xiamen City, Yanping District of Nanping City, Jiangle County in Yong'an City, Ninghua County, Jiaocheng District in Ningde City, Fuding City, Longyan City (Xinluo District, Yongding District), Zhangzhou City (Xiangcheng District), Jiaomei County Taiwanese Investment Zone, Zhangzhou China Merchants Economic and Technological Development Zone, Changtai County, Pinghe County, Dongshan County, Yunxiao County, Hua'an County, Zhao'an County, Zhangpu County, Nanjing County, Longhai County, Changshan Overseas Chinese Economic Development Zone, Dehua County

19. GUIZHOU

Kaili City

20. YUNNAN

Dali Haidong New Zone, Baoshan City, Luchun County, Qujing City, Luoping County, Shizong County, Fuyuan County, Maguan County

21. GUANGXI ZHUANG AUTONOMOUS REGION

Nanning, Yulin, Qinzhou, Liuzhou, Fangchenggang, Nanning ASEAN Development Zone, Laibin, Baise, Bobai, Chongzuo, Guiping, Beihai, Luchuan, Tiandeng County, Dahua County, Hechi, Tianlin County, Cenxi, Napo County, Liucheng County, Luocheng Mulao Autonomous County

642 Piped Gas Projects

15 Provincial Capital Cities & Municipalities

ABOUT CHINA GAS



22. GUANGDONG

Maoming, Conghua, Meizhou, Yunfu, Shanwei, Xinxing County, Fengshun County, Pingyuan County, Dapu County, Wuhua County, Huazhou, Luhe County, Mei County, Jieyang Industrial Park, Ruyuan County

23. HAINAN PROVINCE

Qiongzong Li-Miao Autonomous County

24. HEILONGJIANG

Harbin, Jiamusi, Mudanjiang, Daxing'anling Jiagedaqi, Huachuan County, Tangyu County, Huanan County, Suibin County, Tongjiang, Mudanjiang Jiangan Development Zone, Nongken Baoquanling, Raohe County, Qitaihe Jinsha New Zone, Mulan County, Tieli Chengguan, Fuyu County, Boli County, Luobei County, Yichun City Xinqing District, Jixi, Lingdong District in Shuangyashan, Heihe City, Nongken Hongxinglong District, Wudalianchi City, Xunke County, Qingan County, Sunwu County, Shuangyashan City, Tailai County, Acheng, Anda, Bin County, Wuchang, Zhaoyuan County, Fangzheng County, Jiansanjiang, Yilan Economic Development Zone

25. JILIN

Fusong, Baishan City, Changbai Mountain International Tourist Resort Zone, Jingyu County, Fuyu City, Zhenlai County, Gongzhuling City National Agriculture and Technology Park, Jiaohe City, Huadian City, Dongfeng County, Lushuihe Town and Quanyang Town in the administrative region of Fusong County, Baishan Economic Development Zone

26. LIAONING

Shenyang City, Fushun, Jinzhou Economic High-Tech Development Zone, Sujiatun District in Shenyang, Dalian Jinzhou Development Zone, Liaoyang, Gaizhou, Zhuanghe City, Zhuanghe Industrial Park, Pulandian, Liaoyang Economic Zone, Liaoyang Taizi River, Xinbin County, Jinzhou Longxiwan New Zone, Qingyuan County, Dashiqiao Industrial Park, Jianping County, Fushun County, Yixian Qilihe, Changhai County, Jinzhou Dayou Economic Area, Yingkou Bohai Tech City, Jinzhou City, Kuandian Manzu Autonomous County, Dalian Puwan Economic Zone, Dandong City

27. SICHUAN

Jinyang County, Zhaojue County, Xide County, Puge County

—○— Long Distance Pipeline Project

Major National Natural Gas Pipelines

- West-East Gas Pipeline No. 1
- West-East Gas Pipeline No. 2
- Shaanxi-Beijing Pipeline No. 2
- Zhongwu Pipeline
- Sichuan-East Gas Pipeline
- China-Russia Natural Gas Pipeline
- China-Myanmar Natural Gas Pipeline (not drawn to scale)

ABOUT CHINA GAS

BUSINESS OVERVIEW (Continued)

LPG Business

As the largest integrated LPG operation service provider in China, the Group has established a comprehensive industrial chain covering LPG import, ocean transportation, terminals, warehousing, international and domestic trading, domestic shipping and land logistics, bottled gas filling and retail distribution, chemical raw materials supply and chemical product production. Our products and services have been applied in many fields such as civil, commercial and industrial areas.



The VLGC of China Gas were put into service

Two very large gas carriers (“VLGC”), named “China Gas Legend” and “China Gas Glory”, were officially put into operation during the Reporting Period. The successive operation of the two self-owned VLGC will greatly enhance China Gas’ bargaining power in the LPG international procurement market. It also helps open up the entire industrial chain of ocean shipping, large inventory storage, domestic sea and land transportation, terminal distribution and raw gas supply, and facilitates the rapid development of China Gas’ business in the long term.

As at 31 March 2021



Large-scale petrochemical product terminal storage and logistics base in operation and under construction

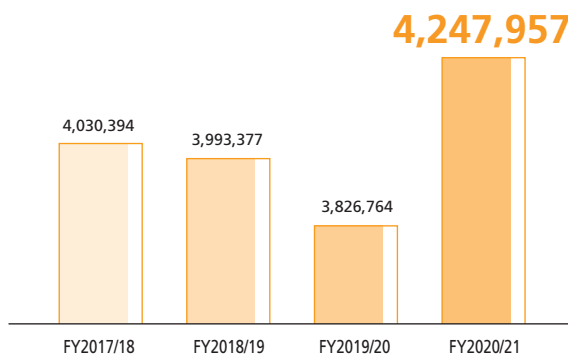
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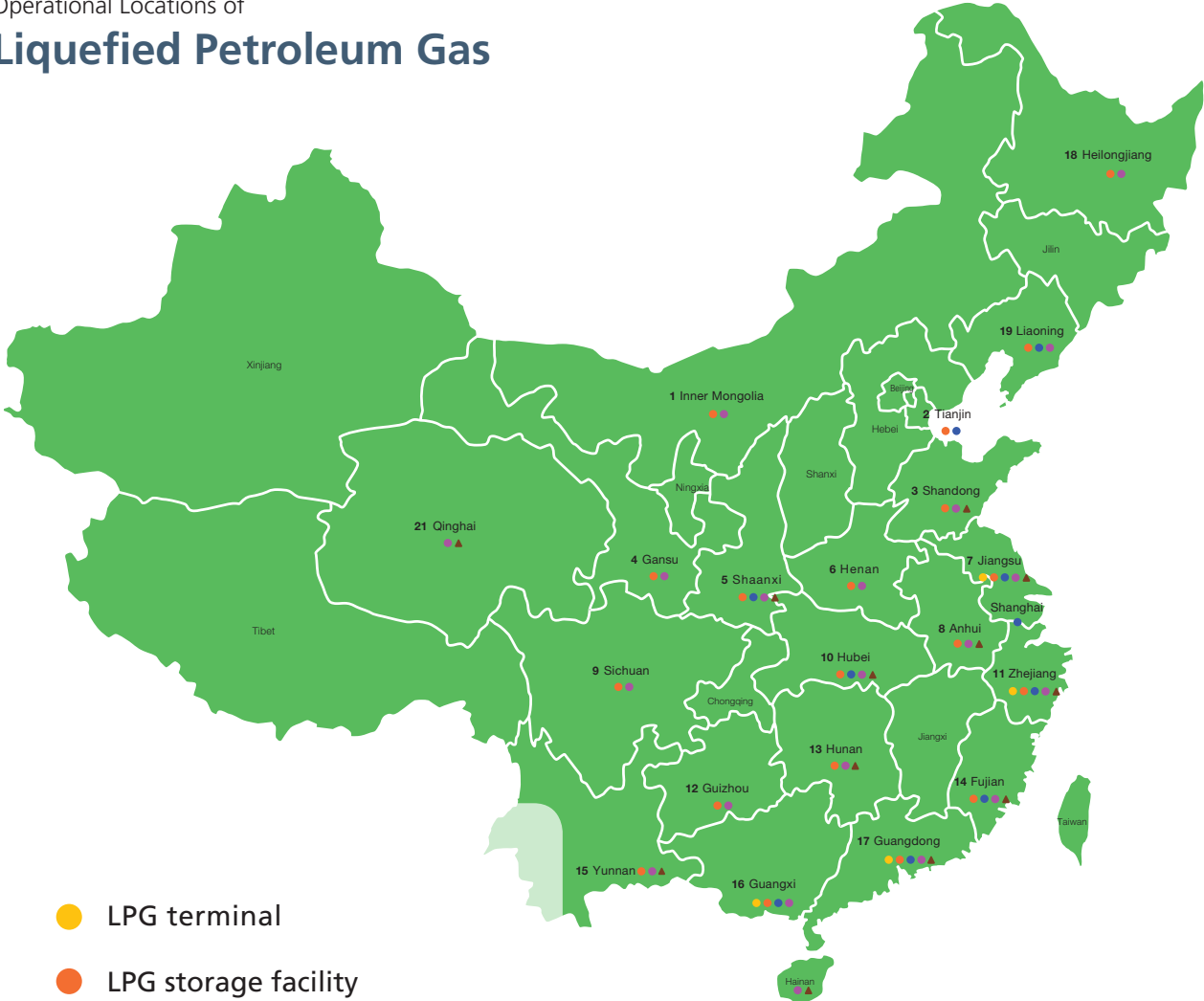
Accumulated number of LPG distribution projects

113

LPG sales volume (tonnes)



Operational Locations of
Liquefied Petroleum Gas



- LPG terminal
- LPG storage facility
- LPG wholesale
- LPG retail
- ▲ Smart MicroGrid

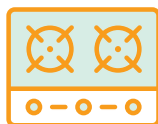
BUSINESS OVERVIEW (Continued)

Value-added Services

The Group strives to establish an e-commerce portal and platform mainly serving households, communities, and industrial and commercial users, providing a more convenient internet marketing platform for sales of gas and gas-related products and services. At present, the Group provides natural gas and LPG services to more than 45,000,000 households and industrial and commercial users, reflecting the significant value-adding potential of the customer network. Therefore, the Group will continue to enrich value-added services, improve marketing standards, and further increase the proportion of value-added services in the Group's overall operating income, so as to improve the profitability and comprehensive competitiveness of the Group's operating and service network. The Group's value-added services include sales of wall-mounted gas heaters and kitchen gas appliances, kitchen appliances, smart home, comprehensive gas insurance agency, corrugated pipes, gas alarms, water purifiers and fast-moving consumer goods under the Group's own brand "GASBO".

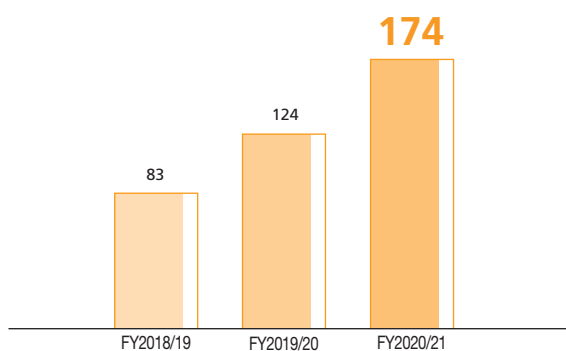
During the year, the Group held detailed discussions and came up with a long-term goal of creating a unique 'grid-type private retail' model and becoming China's leading integrated service platform for kitchen scenario and ecology. The core values of establishing a relationship of trust with users and becoming a one-stop kitchen manager for consumers, as well as the adoption of high-level business model which provides excellent end-to-end services from sale, installation, safety inspection and maintenance of kitchen-related products, guiding the future development of value-added services.

As at 31 March 2021



Sales volume of wall-mounted gas heaters and the series of kitchen gas appliances under the brand of "GASBO"
1,740,000 units
(increased by 40.3% in FY2020/21)

Sales volume of kitchen gas appliances series (ten thousand units)



BUSINESS OVERVIEW (Continued)

Integrated Energy Business

Driven by the progress made in implementing national and regional environmental protection policies, the changes in energy consumption structure and the transformation in consumption patterns, China's energy industry is witnessing an unprecedented wave of significant changes towards cleaner energy, diversifying energy consumption and energy supply integration. Over the years, the Group has been committed to pushing forward the extensive deployment of new businesses, from natural gas-fired distributed energy resources, photovoltaic power generation, distribution and sale of electricity, as well as central heating, charging piles and hydrogen energy in China, on the basis of the huge market and large customer base gained by its gas projects. China Gas seeks to carry out integrated utilisation of energy resources with years of cumulative experience in market development and technical innovation, in an effort to provide customers with highly efficient integrated energy resources that address their needs for gas, heating, electricity and cooling.

As at 31 March 2021



Accumulated number of integrated energy projects in operation

364

(increased by 262 in FY2020/21)

New Business Development

To coordinate with the development of national policy and take the increasing demand for clean energy into account, besides the four basic businesses mentioned above, China Gas utilised its own resources and technology to continuously develop new business such as photovoltaic storage and charging business, Building Integrated Photovoltaics ("BIPV") power generation business, hydrogen energy utilization, LPG Smart MicroGrid, and Urban Heating project to cater the needs of the market and customers.

Photovoltaic Storage and BIPV Business

China Gas actively responds to the call of the country to support and promote the national development of new energy. The Group actively deploys distributed photovoltaic power generation, energy storage system, charging piles and other projects in Guangdong, Guangxi, Fujian, Zhejiang, Jiangsu, Anhui, Shandong, Liaoning, etc. while engaging in the BIPV business and green infrastructure construction.

ABOUT CHINA GAS

BUSINESS OVERVIEW (Continued)

New Business Development (Continued)

Utilization of hydrogen energy

China Gas is fully deploying strategies for the hydrogen energy industry, striving to achieve the “dual carbon goals” of “Carbon Peak” and “Carbon Neutrality”. In terms of hydrogen energy production, the Group utilized the by-products of LPG chemical projects for the purification and production of hydrogen. Through the cooperation with CNOOC Gas and Power Group Co., Limited* (中海石油氣電集團有限責任公司), the Group commenced research and development on the application of skid-mounted natural gas technology to produce hydrogen. Through cooperation with the leading photovoltaic enterprise, LONGi Green Energy Technology Co., Ltd., the Group has carried out research and development on the application of hydrogen production through photovoltaic power generation hydrolysis. In terms of hydrogen energy storage and transportation, the Group has carried out research and development on the application of storage and transportation with its extensive experience in CNG and LNG storage and transportation and the national leading specialized delivery fleet. In terms of hydrogen energy application, China Gas leverages its nationwide business network, its substantial user resources and 557 gas filling stations to construct an integrated energy supply station of oil, gas, electricity and hydrogen.

LPG Smart MicroGrid

In recent years, the Group has been exploring a new model of rural “gas network” construction and leading the development of China’s first LPG Smart MicroGrid gas supply system through micro-pipe networks based on intrinsic safety and digital operation and management. The Group also took the lead in launching the LPG Smart MicroGrid business in June 2020. At present, the market development is progressing smoothly. The Group has entered into provincial strategic agreements with Qinghai Province and Yunnan Province, as well as strategic agreements with 15 prefecture-level cities and 26 counties. We promote the engineering design and construction work at a steady pace, and strive to build a low-carbon economy and a livable environment.

As at 31 March 2021



Accumulated contracted users
2,000,000 households

Urban Heating Project

The Urban Heating project is a comprehensive solution proposed by China Gas targeting southern non-traditional heating areas. The project adopts distributed heating sources to meet the heating needs of southern cities in the form of centralised heating, which provides centralised heating and builds heat source stations for individual communities, schools, hospitals, shopping malls and office buildings, shortening the primary pipeline network, reducing heat loss and improving heat supply capacity. As at 31 March 2021, China Gas had entered into strategic cooperation agreements for Urban Heating projects with 40 cities, with an accumulated contracted area of 16 million square meters.

1. RESPONSIBLE GOVERNANCE



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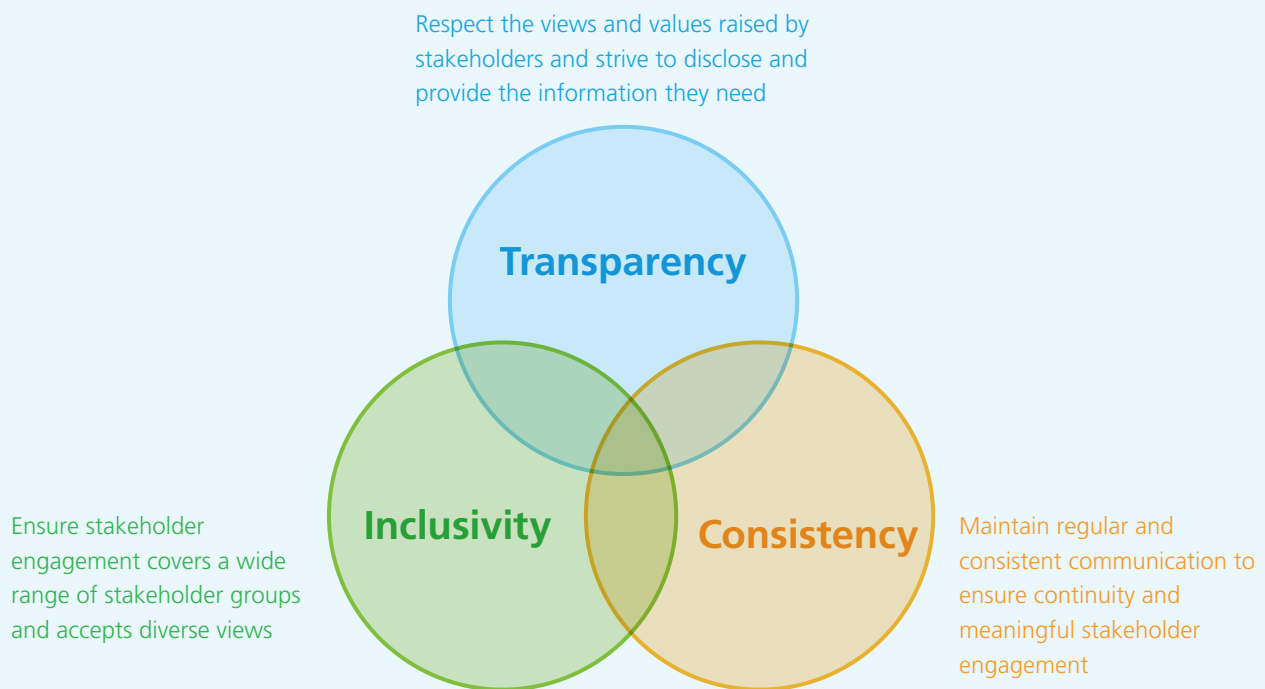
1. RESPONSIBLE GOVERNANCE

The Group maintains a comprehensive sustainability governance structure, under which the Board and management are responsible for the monitoring and determination of relevant environmental, social and governance issues. We are committed to collecting feedback from different stakeholder groups, actively conducting materiality assessment and reviewing the importance of various sustainable development issues to the Company, so as to define the disclosure focus of this report and serve as the reference for formulating our sustainable development strategy and management measures.

1.1 STAKEHOLDER ENGAGEMENT

The Group strives to establish a close and long-term relationship with its stakeholders. The main stakeholders of China Gas include shareholders, investors, creditors, financial analysts, employees, government and regulatory authorities, community groups, customers, business partners, suppliers, etc. In formulating our corporate sustainability development blueprint, we take the opinions of various stakeholders into account and establish a feasible and comprehensive development strategy.

We have diversified channels to maintain communication with stakeholders and adhere to three principles:



We adopt a proactive communication strategy with external stakeholders to disclose relevant environmental, social and governance information to the affected groups, and thus in return, receive their support. For example, our project companies are required to formulate a stakeholder engagement plan in accordance with the environmental impact assessment report and the relevant requirements as stipulated in the *Safeguard Policy Statement* of the Asian Development Bank (“ADB”), and regularly publish environmental and social information of the projects to local communities and governments during project development, so that the local residents and the governments can keep abreast of project development. For stakeholders who are less affected, our engagement policy is more specific, which usually involves direct communication with stakeholders. The Group also regularly evaluates the effectiveness of each engagement activity and explores areas for improvement.

1. RESPONSIBLE GOVERNANCE

1.1 STAKEHOLDER ENGAGEMENT (Continued)

The Group's principal channels of communication with stakeholders are as follows:



Shareholders, investors, creditors and financial analysts

- General meetings
- Annual reports, interim reports, announcements and circulars
- Investor roadshows
- Investors/analysts/creditors meetings
- Project visits for investors/analysts/creditors
- Telephone/email



Employees

- Work/project meetings
- Training programmes
- Employees' congress
- Internal publications
- Team building activities
- Face-to-face meetings
- Complaint mailbox
- WeChat groups and WeChat official accounts



Government and regulatory authorities

- Research and meetings on special topics
- Environmental impact assessment reports
- Environmental monitoring reports
- Daily report and communication
- Industry association activities
- Relevant forums and exchange activities
- Site inspections
- Telephone/emails



Business partners and suppliers

- Supplier conferences
- WeChat and QQ
- Supplier training programmes
- Strategic cooperation plans
- Supplier performance communication meetings
- Telephone/emails



Customers

- Telephone service hotlines
- Community service stations
- Electronic customer service system
- Customer satisfaction survey
- WeChat groups and WeChat official accounts



Community groups

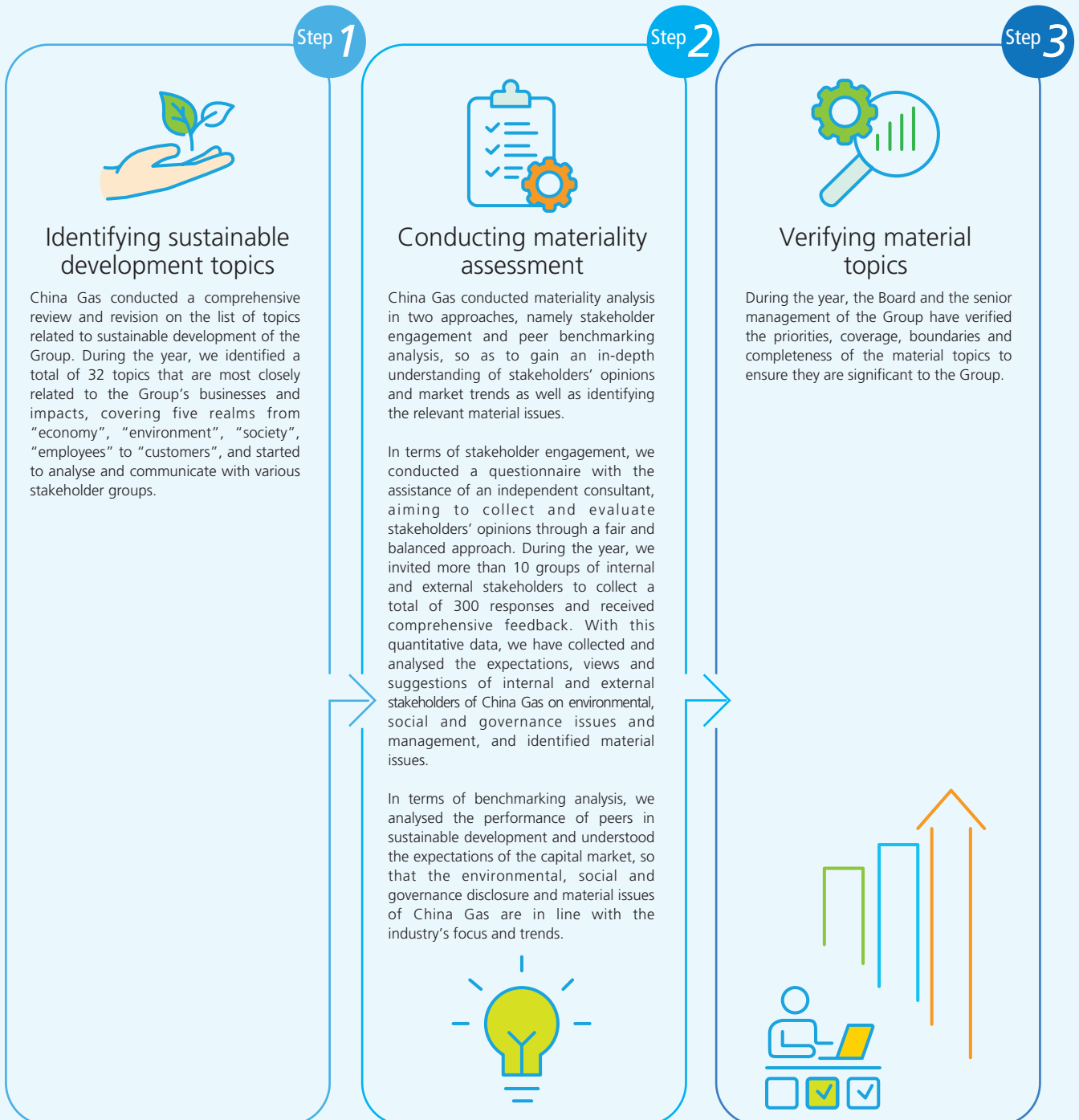
- Press release/announcements
- Community promotion activities
- Safety and science activities
- Social welfare volunteering activities
- Site inspections/visits
- Stakeholder engagement plans

1. RESPONSIBLE GOVERNANCE

1.2 MATERIALITY ASSESSMENT

The Group conducts materiality assessment annually to identify sustainability issues that are of greatest concern to business operations and stakeholders. Based on this, we have formulated and improved our sustainability strategies, sharpening the focus regarding our sustainability reports.

The major steps of the materiality assessment in FY2020/21 are outlined as follows:



1.2 MATERIALITY ASSESSMENT (Continued)

Materiality Matrix

A materiality analysis was conducted to identify the most critical topics based on the results of the stakeholder questionnaires, and the topics are present in a matrix. The materiality matrix is prepared based on two dimensions, namely “importance to stakeholders” and “importance to corporate development”, which fully considers the feedback of all stakeholders and the management of the Company. The matrix quantitatively prioritised 32 sustainability topics, identified 14 highly material topics, 15 material topics and three relevant topics. The details are as follows:



1. RESPONSIBLE GOVERNANCE

1.2 MATERIALITY ASSESSMENT (Continued)

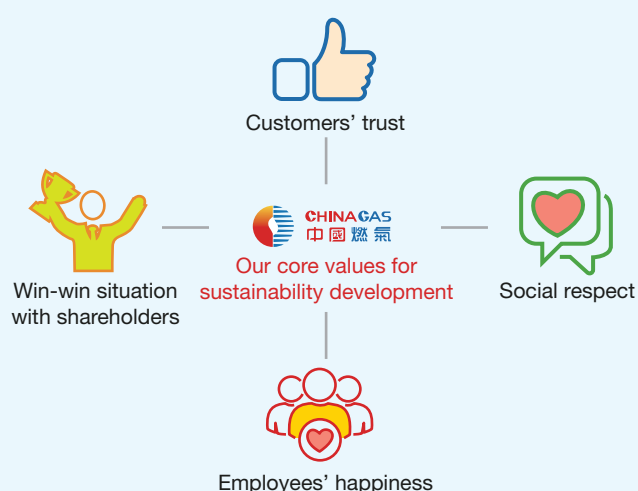
Material Topics

Ranking	Topics
1	Operational compliance
2	Gas supply and security
3	Anti-corruption
4	Well-being of employees
5	Training and development
6	Human rights assessment
7	Prevention of child labour and forced labour
8	Disaster and emergency planning
9	Community engagement, impacts, assessment and investment
10	Economic performance
11	Diversity, anti-discrimination and equal opportunity
12	Internal communication
13	Product services and information
14	Market presence
15	Occupational health and safety
16	Suppliers' social performance
17	Consumption and efficiency of resources and energy
18	Innovation and sustainable technology
19	Anti-competitive behaviour
20	Procurement practices
21	Effluents and waste management
22	Customer care and satisfaction
23	Respect the rights of indigenous peoples
24	Management of projects under construction
25	Biodiversity
26	Protection of customers' privacy and information security
27	Water consumption and efficiency
28	Climate change and greenhouse gases (GHG) emission management
29	Customers' health and safety
30	Protection of intellectual property rights
31	Waste recycling
32	Suppliers' environmental performance

1. RESPONSIBLE GOVERNANCE


1.3 SUSTAINABILITY STRATEGIES

The core values of sustainable development of China Gas focus on four areas: “Customers’ trust”, “Social respect”, “Employees’ happiness” and “Win-win situation with shareholders”. We adhere to the corporate mission of “Converging in Harmony and Benefiting the Society” and the core values of sustainable development, and use them as the principal guidelines for investment decisions and operations. We operate our business in a responsible and transparent manner, and continuously enhance our core competitiveness and sustainable development capabilities to create maximum value for our shareholders, customers, employees and the community.



1.4 SUSTAINABLE DEVELOPMENT GOALS

The Group adheres to the development concepts of innovation, coordination, green, openness and the sharing of ideas for the alignment of our businesses with the United Nations Sustainable Development Goals. As a large-scale urban gas operator in China, the Group is committed to becoming a high-quality supplier of clean energy and a promoter of low-carbon transformation. The Group also fully considers the impacts on the surrounding environment and communities from its project operations, and performs high standard corporate governance and risk management in order to fulfil the three major responsibilities on the economy, environment and society, as well as its commitment to responding to climate change and environmental protection.

Sustainable Development Goals	Strategies and Actions	Relevant Chapter(s)
<p>SDG 1: No Poverty</p>  <p>End poverty in all its forms everywhere.</p>	<p>Upholding the mission of “Converging in Harmony and Benefiting the Society” to undertake social responsibility through carrying out poverty alleviation work to help vulnerable groups and becoming an active promoter of charitable activities.</p>	<p>Social Responsibility</p>

1. RESPONSIBLE GOVERNANCE

1.4 SUSTAINABLE DEVELOPMENT GOALS (Continued)

Sustainable Development Goals	Strategies and Actions	Relevant Chapter(s)
<p>SDG 3: Good Health and Well-being</p>  <p>Ensure healthy lives and promote well-being for all at all ages.</p>	<p>Improving operational safety, enhancing employees' safety awareness and operation, and protecting customer's safety and health;</p> <p>Raising employees' awareness of self-care and health-related issues. Providing employees with occupational health and body checks so as to take practical action to care for their physical and mental health.</p>	<p>Safety and Quality Operations; Well-being of Employees</p>
<p>SDG 5: Gender Equality</p>  <p>Achieve gender equality and empower all women and girls.</p>	<p>Achieving equal pay for both men and women and providing equal opportunities on career development for female employees. Ensuring that they are fully protected by maternity and lactation leave regulations.</p>	<p>Well-being of Employees</p>
<p>SDG 7: Affordable and Clean Energy</p>  <p>Ensure access to affordable, reliable, sustainable and modern energy for all.</p>	<p>Providing customers with affordable photovoltaic energy solutions and contributing to "defending the blue sky".</p>	<p>New Green Opportunities</p>
<p>SDG 8: Decent Work and Economic Growth</p>  <p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.</p>	<p>Providing competitive welfare and adopting an incentive and encouraging remuneration system, allowing employees to receive fair remuneration and benefits.</p>	<p>Employee Management Policy</p>
<p>SDG 9: Industry, Innovation and Infrastructure</p>  <p>Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.</p>	<p>Promoting the "replacement of coal with gas" projects in rural areas, further innovating and expanding the LPG industry chain, and providing integrated clean energy solutions such as various types and forms of distributed energy, centralised heating and photovoltaic power generation services in various markets and regions.</p>	<p>Environmental Management System</p>


1. RESPONSIBLE GOVERNANCE

1.4 SUSTAINABLE DEVELOPMENT GOALS (Continued)

Sustainable Development Goals	Strategies and Actions	Relevant Chapter(s)
<p>SDG 10: Reduced Inequalities</p>  <p>Reduce inequality within and among countries.</p>	<p>In response to the central government's policies and promoting the implementation of the township "replacement of coal with gas" projects in remote areas to reduce the economic and environmental gap between urban and rural areas.</p>	<p>New Green Opportunities</p>
<p>SDG 11: Sustainable Cities and Communities</p>  <p>Make cities and human settlements inclusive, safe, resilient and sustainable.</p>	<p>Facilitating the construction of smart cities by applying OMP to realise dynamic management of the production and operation of existing businesses, providing accurate decision-making, monitoring and early warning, and dispatching support for our business.</p>	<p>Safety and Quality Operation</p>
<p>SDG 12: Responsible Consumption and Production</p>  <p>Ensure sustainable consumption and production patterns</p>	<p>Implementing responsible procurement to ensure that suppliers comply with relevant laws and regulations in their operations to maintain the sustainability of the Group. In terms of production, the Group continues to deepen its natural gas business and LPG industry chain, and strives to become a responsible clean energy operator.</p>	<p>Corporate Code of Conduct; New Green Opportunities</p>
<p>SDG 13: Climate Action</p>  <p>Take urgent action to combat climate change and its impacts.</p>	<p>Engaging in the main business of natural gas operation and responding to the climate disasters and crisis caused by global warming through replacement of coal with gas and renewable energy.</p>	<p>Environmental Management Approach</p>
<p>SDG 15: Life on Land</p>  <p>Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, halt and reverse land degradation and halt biodiversity loss.</p>	<p>Promoting biodiversity, particularly the natural habitats along the pipelines and sensitive areas with high ecological value, in order to fully protect the ecological environment around project areas.</p>	<p>Environmental Management System</p>

1. RESPONSIBLE GOVERNANCE

1.4 SUSTAINABLE DEVELOPMENT GOALS (Continued)

Sustainable Development Goals	Strategies and Actions	Relevant Chapter(s)
<p>SDG 17: Partnerships for the Goals</p>  <p>Strengthen the means of implementation and revitalise the global partnership for sustainable development.</p>	<p>Cooperating with government departments and industry companies in different regions strategically, signing long-term strategic cooperation agreements, building shared experimental base and establishing exchange platforms for regular communication, in order to promote efficient implementation of the local energy projects and increase the utilisation rate of city and township natural gas.</p>	<p>Environmental Management System</p>

To facilitate the achievement of the global target of reducing methane emission, the Group entered into a memorandum of understanding with the UNEP on 19 June 2021 to join the Oil and Gas Methane Partnership (“OGMP”) and become the first OGMP enterprise in China. OGMP is a voluntary initiative initiated by the Climate and Clean Air Coalition at the 2014 UN Climate Summit to help businesses reduce methane emission in the oil and gas industry. The signing of the memorandum aims to provide the Group with a cooperation framework for the OGMP. The companies need to commit to the OGMP 2.0 Framework to enhance the transparency of the reporting mechanism for methane emission, in order to contribute to climate change mitigation.

1.5 SUSTAINABLE CORPORATE GOVERNANCE

The Board is the highest authority of the Group’s governance structure and the decision-making body of the Group’s sustainable development work. The Board is responsible for our strategic planning and annual review of work plans, as well as the decision-making, deployment and guidance on material sustainability issues.

Establishment of Sustainability Committee

We have also established a Sustainability Committee to monitor the Group’s progress in sustainable development and further enhance management standards. The Sustainability Committee is led by Mr. Liu Ming Hui, the Company’s chairman and president, as the chairman of the Sustainability Committee and Mr. Zhu Weiwei, the Company’s executive director and managing vice president, as the vice chairman of the Sustainability Committee.

The Sustainability Committee has established the Sustainability Committee Leadership Group and the Sustainability Committee Office to assist the committee in coordinating, implementing and monitoring the Group’s sustainability-related work. The Sustainability Committee comprises the senior management and administrative staff of the Group, who represent different functional and operational departments, including the Audit and Supervision Department, Legal and Compliance Department, Safety Supervision Department, Engineering Management Department, Value-added Services Business Department, Natural Gas Dispatching Transaction Management Centre, Digital Development Department, Electricity and New Energy Business Department, Operational and Customer Service Management Department, Procurement Management Department, Corporate Planning and Management Department, Human Resources and Corporate Culture Department, Administrative Department and Financial Management Department, etc., to effectively coordinate and implement sustainable development measures.

1.5 SUSTAINABLE CORPORATE GOVERNANCE (Continued)

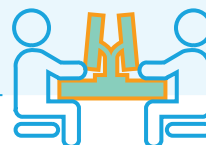
Establishment of Sustainability Committee (Continued)

The duties of the Sustainability Committee Leadership Group and the Sustainability Committee Office are summarised as follows:



Sustainability Committee Leadership Group

- Assist the Board in supervising the Group's overall planning of sustainable development
- Identify and review sustainability issues, risks and opportunities
- Study the Group's sustainable development policies and strategies
- Review and monitor the Group's sustainability performance
- Review and optimise the Group's sustainability management and structure
- Supervise and review the work of the Sustainability Committee Office
- Arrange meetings to review the performance of the Group's sustainable development and reflect deficiencies



Sustainability Committee Office

- Manage resource allocation and the coordination of inter-departmental work on sustainable development
- Perform daily tasks of the Group's sustainable development including enquiry, reporting, analysis and audit of environmental, social and governance information
- Communicate with the Group's stakeholders on a daily basis
- Arrange meetings to discuss the work of sustainability reports and review the deficiencies
- Report the progress of sustainability reports to the Sustainability Committee

1. RESPONSIBLE GOVERNANCE

1.5 SUSTAINABLE CORPORATE GOVERNANCE (Continued)

Regional Management and Control Mode

In a bid to foster the sustainable development work of various regional and project companies with the headquarters, China Gas has implemented a management and control mode of “headquarters, regional operational and management centres and project companies”, and utilised the practice of gradual authorisation by grading to enhance management efficiency. Through the strategic leadership of the headquarters, management at the regional level and dedication from project companies, we are able to maximise the creativity and vitality of the management system.

Headquarters



- Responsible for formulating strategies, policies, systems and standards, decision-making and controlling budget as well as supervision and control

Regional operational and management centres



- As an extension of headquarters’ management, undertaking and implementing important management functions of the Group

Project companies

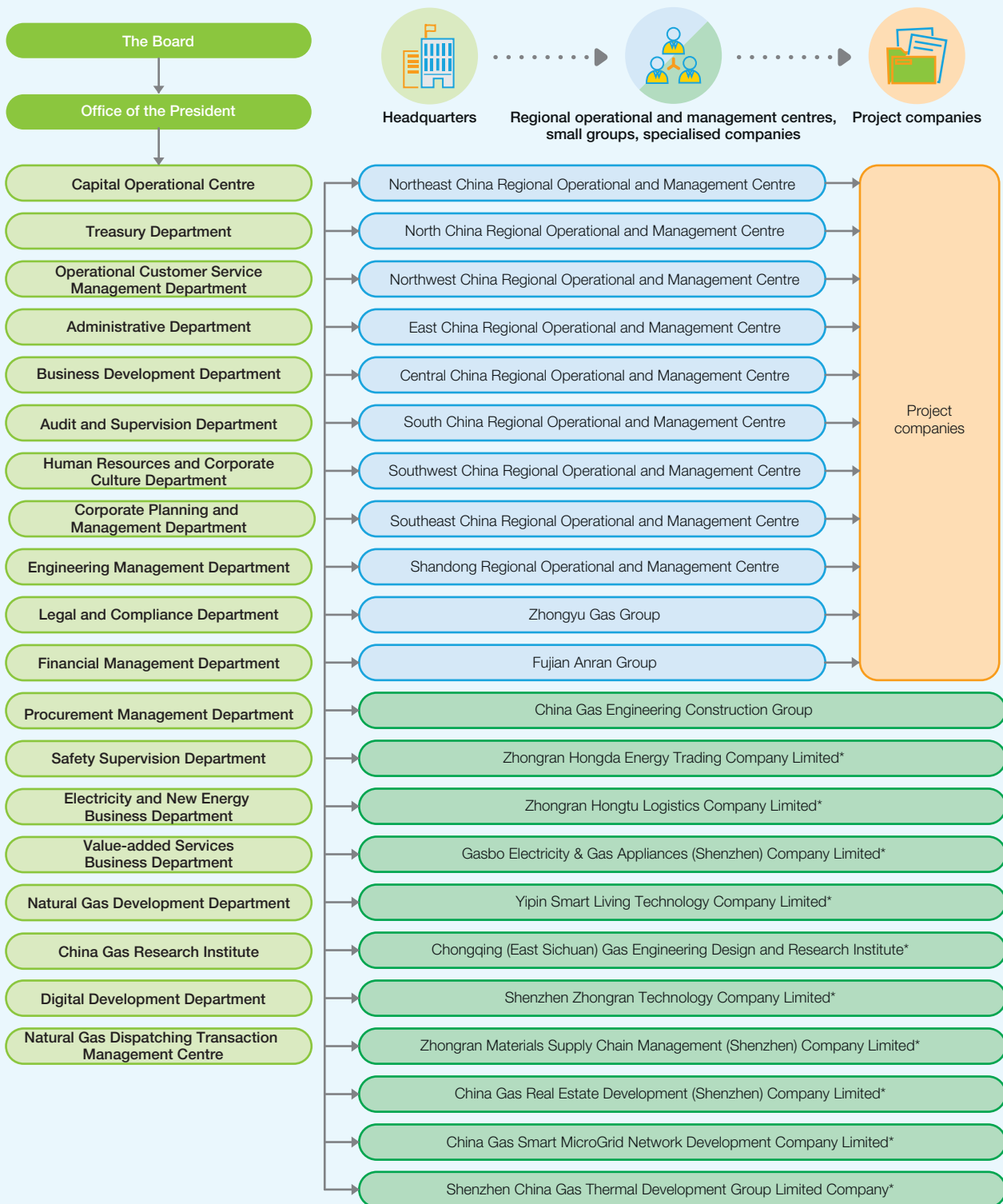


- As a profit centre and operating entity, an independent accounting unit is incorporated into consolidated management. It is subject to supervision and management of the Group’s headquarters and regional operational and management centres while enhancing its self-management and increasing profitability of various businesses at the same time

1. RESPONSIBLE GOVERNANCE

1.5 SUSTAINABLE CORPORATE GOVERNANCE (Continued)

Regional Management and Control Mode (Continued)



1. RESPONSIBLE GOVERNANCE

1.5 SUSTAINABLE CORPORATE GOVERNANCE (Continued)

Regional Management and Control Mode (Continued)

We advocate a diverse working culture and believe the diverse backgrounds of the leadership can provide comprehensive perspectives and skills to the Group. Hence, we have formulated and adopted a Board Diversity Policy to ensure that the Board has a balance of skills, experience and diverse perspectives appropriate to the requirements of the Group's business and to enhance the effectiveness of the Board and corporate governance.

China Gas will continue to optimise the sustainable development management system, incorporate sustainable development factors into the Company's decision-making and daily operation, and formulate and update relevant policies of the Board. Meanwhile, we have adopted a win-win approach to corporate sustainable development by communicating with stakeholders through various channels, listening to different parties' feedback, and the Board's participation in the discussion of determining material issues of sustainable development.

1.6 CORPORATE RISK MANAGEMENT

China Gas has attached great importance to risk management and is committed to protecting the long-term interests of stakeholders. Hence, a robust risk identification and management system has been established to improve the internal supervision and check-and-balance system. The Group has formulated the *Comprehensive Risk Management System*, which provides detailed provisions on the organisational risk management, risk management process, internal control system, risk reporting mechanism, risk management information system, risk management culture, and risk supervision and assessment. We have also formulated the *Risk Management Guidelines* to further improve the corporate internal control system and regulate the business process and accountability system at all levels of the Group. Since construction processes involve various risks, we have formulated the *Engineering Construction Risk Management and Control Guidelines* to improve the safety and risk control awareness of construction personnel and effectively prevent construction risks.

The Group has established a Corporate Governance and Risk Control Committee, which is responsible for assisting the Board in monitoring corporate governance and risk control of the Group's business operations and financial management. In addition, we actively promote and carry out internal risk self-assessments and assign full-time/part-time risk management personnel in project companies to ensure effective implementation of the risk management system. The Group continues to improve the corporate governance and internal control through internal audit and referencing to the professional opinions of independent third parties to ensure that we are moving towards a higher level of governance and internal control.

1.7 CORPORATE CODE OF CONDUCT

1.7.1 Business Standards and Supply Chain Management

Corporate ethics and professional conduct are the keys to China Gas' business operations. We continue to build a robust internal corporate culture and are committed to strengthening the systems and measures regarding internal compliance control, business ethics, integrity and self-discipline. Meanwhile, we also attach great importance to supply chain management and strive to create a supplier ecosystem with integrity and transparency through various supplier management mechanisms, systems and certifications.

Business Standards

China Gas has established a series of policies and systems, including the *Anti-bribery and Anti-corruption Policy*, *Internal Audit Supervision and Management System*, *Internal Supervision and Reporting Management System*, *Integrity and Diligence Handbook*, *Engineering Materials Supplier Management System*, and *Anti-corruption Work Regulations of China Gas (trial)*, etc., to prevent misconduct such as bribery, extortion, fraud and money laundering. All employees of the Group should strictly abide by the *Employees' Code of Conduct* and must not accept or seek any form of benefits from customers, suppliers, subcontractors or other parties who have dealings with the Group's business.

The Group has also revised and implemented the *China Gas Regulations on Supervision and Punishment for Employees' Misconduct*, *Anti-corruption Work Regulations of China Gas (trial)*, and incorporated *China Gas Employees' Rewards and Punishments Regulations* and *China Gas Red and Yellow Lines Management Regulations*, to further restrict and manage misconduct like corruption and malfeasance. Our operations strictly comply with national and local laws and regulations, including the *Anti-Unfair Competition Law of the People's Republic of China* and the *Prevention of Bribery Ordinance* in Hong Kong.

China Gas has established a group-level Anti-corruption Leading Group to guide and supervise the anti-corruption work of the Group. In addition, we have also established a group-level Anti-corruption Leading Group Office ("Anti-corruption Office"), which is a permanent establishment of the Group's anti-corruption work and is fully responsible for the organisation and implementation of anti-corruption practices within the Group's management scope. The Anti-corruption Office regularly conducts investigation on corruption cases within the Group and carries out anti-corruption events to combat corruption and advocate integrity.

The Group has established whistle-blowing channels, such as its official WeChat account, emails and hotlines, as well as setting up procedures for investigation and handling of suspected misconduct. To protect the privacy and security of whistle-blowers, we have formulated the *Whistle-blower Protection Policy*. The Anti-Corruption Office is responsible for the handling and registration of cases and reports directly to the President and the Executive President of the Group to ensure that the work is not affected by each department. We put the confidentiality of whistle-blowing cases as our priority and have strict control systems and procedures for the acceptance and investigation of the cases. Whistle-blowers' personal details and reported information are kept strictly confidential. Disciplinary actions will be taken against responsible personnel who violate the confidentiality provisions and those suspected of having committed a crime are subject to investigation by judicial authorities in accordance with the laws. In addition, our whistle-blowing and investigation team has undergone professional training to fully protect the legitimate rights and interests of whistle-blowers from infringement.

1. RESPONSIBLE GOVERNANCE

1.7 CORPORATE CODE OF CONDUCT (Continued)

1.7.1 Business Standards and Supply Chain Management (Continued)

Business Standards (Continued)

The Group does not tolerate any form of corruption. After investigation, the Anti-corruption Office will put forward handling or accountability opinions for all corruption cases and report to the Anti-corruption Leading Group for approval. We investigate all dereliction of duty. For employees who are found to have corrupt practices, the Company will impose corresponding penalties according to relevant provisions of *China Gas's Employees' Rewards and Punishments Regulations*. Any violations of criminal law are handed over to the judicial authority for investigation in accordance with the law. We take remedial measures in a timely manner to assess and improve the internal controls of the affected business units or departments. During the Reporting Period, a total of four concluded legal cases regarding corruption were brought against the Group and all case suspects were sentenced and penalised accordingly.

During the year, the Group further strengthened its anti-corruption work and conducted systematic anti-corruption promotion and training for all employees, striving to create a corporate culture with integrity. In September 2020, we invited experts from the Shanxi High People's Court to give lectures to different departments of each region and project company, with more than 1,500 employees participated in the training. We have also established the WeChat official account of "China Gas Integrity", which integrates anti-corruption promotion into the daily operations of employees and strengthens anti-corruption advocacy efforts. In addition, we invited all employees to watch the outcomes of embezzlement cases on live video. This activity has a deterrent effect on employees through witnessing the judicial trials, with more than 100,000 participants have participated in it.

In terms of internal training, we held 10 on-site training sessions during the year, covering major operating regions, departments, as well as new and existing employees. We regularly published anti-corruption materials and released a total of eight issues this year. We also published the *Integrity and Diligent Handbook* and multiple promotional posters during the year to raise the employees' awareness of anti-corruption. We require our employees to conduct online learning, training and examinations on the Group's systems and regulations such as the *Integrity and Diligent Handbook*, *China Gas Regulations on Supervision and Punishment for Employees' Misconduct (trial)* and the *Anti-corruption Work Regulations of China Gas (trial)*, with over 54,000 participants during the year.

In order to further combat corruption and create a clean political and business environment, the Group avoided political lobbying and policy influence contributions. The Group also prohibits donations and sponsorships that support organisations and activities that violate laws or international conventions, as well as organizations that support terrorist activities or that discriminate based on religion or gender. No sum of money related was recorded during the year.

Total training hours on anti-corruption by employment category (hours)	FY2020/21	FY2019/20
Training hours on anti-corruption for senior management	20,272	2,233
Training hours on anti-corruption for middle-level management	52,626	2,271
Training hours on anti-corruption training for general staff	449,771	12,455

1.7 CORPORATE CODE OF CONDUCT (Continued)

1.7.1 Business Standards and Supply Chain Management (Continued)

Supply Chain Management

China Gas is committed to promoting a clean culture in the supply chain and actively preventing anti-competitive behaviours. During bid invitation and bidding activities, the Group strictly follows national laws and regulations including the *Anti-Unfair Competition Law of the People's Republic of China ("PRC")*, *Bidding Law of the PRC*, *Government Procurement Law of the PRC*, and strictly prohibits illegal activities such as colluded bidding and bid rigging in the process. The Group will continue to uphold the values of equality and respect, while abiding by business ethics and maintaining market order in its business operations.

The Group attaches great importance to supply chain management. Thus, the Group has formulated the *Engineering Materials Supplier Management System* and adhered to the principles of openness, fairness and justice to regulate benign competition and cooperation. We clearly stipulate the terms of integrity and compliance when signing contracts with suppliers and strictly require the personnel of both parties to comply with regulations, advocate integrity management, and oppose commercial fraud.

The Group's Procurement Management Department is responsible for supply chain management, preparing and revising various supplier management systems, supervising and guiding the suppliers' management at regional management centres and project companies. We have formulated the *Contractors' Management Policy* and *Tendering Management System* and established strict procurement procedures. All major suppliers must be registered in the China Gas Bidding and Procurement Platform, go through inspection and pass the relevant approval process of the Group to become "eligible suppliers". No other registration methods are available. Only the "eligible suppliers" within the China Gas Bidding and Procurement Platform are eligible to participate in the annual or quarterly tender invitation of the Group. Additionally, we also require all suppliers to obtain certifications for environmental management system and occupational health and safety management system.

As at 31 March 2021, 242 suppliers had completed registration on China Gas Bidding and Procurement Platform.

The Group attaches great importance to the continuous supervision of "eligible suppliers" and formulated the *Suppliers' Code of Conduct*. The Procurement Management Department would select a certain number of "eligible suppliers" from time to time annually and conduct on-site investigations on them in order to ensure consistent of management capacity and technical competence. We clearly classify our suppliers into three categories, including "verified", "suspended" and "blacklisted". If a supplier is involved in bid rigging, colluded or malicious bidding during the tendering process, or violates contractual requirements or national laws and regulations, the Group will blacklist and prohibit the supplier from participating in any tendering or procurement activities organised by the Company and its subsidiaries. During the reporting year, seven suppliers were terminated due to their failure to fulfill the Group's inspection standards, and 11 suppliers have taken corrective actions after our inspection processes.

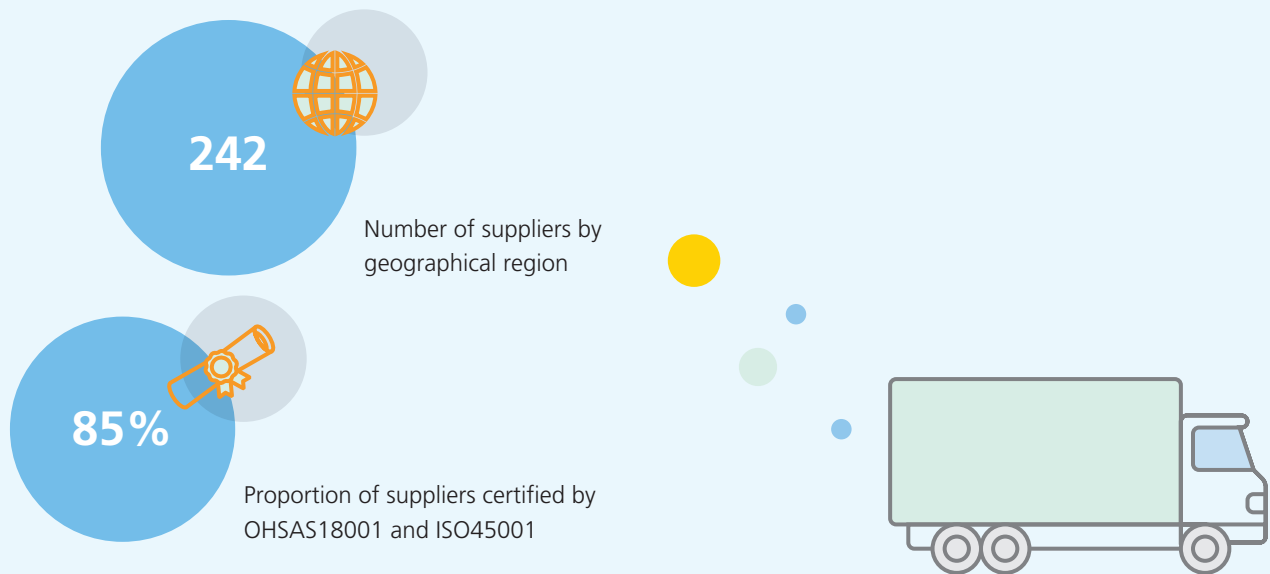
1. RESPONSIBLE GOVERNANCE

1.7 CORPORATE CODE OF CONDUCT (Continued)

1.7.1 Business Standards and Supply Chain Management (Continued)

Supply Chain Management (Continued)

We are committed to providing specialised support and training to our regional project companies to deepen their understanding of the Group's supply chain system guidelines. We actively combined the characteristics of different project companies to improve the standard of materials procurement management through in-person and on-site training. Meanwhile, the Group uploads professional course materials to the online system to facilitate self-study of the project company personnel. In addition, we also value support and training to our suppliers. The Group regularly conducts training for suppliers on the operation of the China Gas Bidding and Procurement Platform and Enterprise Resource Planning system, and compiles and issues operational guidelines and system manuals. We aim to ensure both internal and external parties clearly understand the requirements and expectations of China Gas in supply chain management.




1.7 CORPORATE CODE OF CONDUCT (Continued)

1.7.2 Information Security Management

Customer Privacy and Information Security

The Group attaches great importance to the protection of customer data privacy. The Group strictly complies with national and regional laws and regulations, such as the *Consumer Protection Law*, *E-Commerce Law*, *Cybersecurity Law* and *Guideline for Internet Personal Information Security Protection*.

We have established a customer service information system and endeavour to protect customer data:



Networking hardware The utilisation of Huawei's cloud service products to safeguard the security of back office through the use of firewalls, advanced anti-DDoS, vulnerability scanner, etc.	Communication security Adopted HTTPS security protocol to secure communication between customers and the server to prevent data being obtained and cracked by a third party.
Data encryption The encryption of highly confidential information during background saving prevents criminals and hackers from stealing and cracking.	Management system The platform has established a stringent and comprehensive permission management system to ensure that each employee can only obtain access to the data and information which is within his/her responsibilities. Every employee has signed the confidentiality agreement with the company and is not allowed to disclose customer information.
Customer lifecycle management The Group has built a new customer relationship management system that integrates the market, customer service, value-added services and request calling to enhance efficient customer management, and also provide a basis for scientific decision-making.	Customer Relationship Management ("CRM") system The Group's CRM system has now entered the stage of comprehensive promotion, providing a powerful tool for enhancing customer satisfaction and loyalty.

We have formulated documents such as the *Privacy Policy* and the *Protection of Customer Data Privacy* to regulate the information security management of the Group. The document outlines the Group's authority to utilise customer information and provides guidelines on customer data protection. In case of data breaches, customers can lodge complaints and report to China Gas through various channels, including emails, hotlines, etc. In addition, to ensure that employees clearly understand the Group's requirements and expectations on information security management, we regularly provide information security promotion materials and training for employees in various regions and departments.

1. RESPONSIBLE GOVERNANCE

1.7 CORPORATE CODE OF CONDUCT (Continued)

1.7.2 Information Security Management (Continued)

Customer Privacy and Information Security (Continued)



The proportion of customer service employees signing specialised privacy protection agreements

1.7.3 Protection of Intellectual Property Rights and Innovation

The Group has formulated the *Employees' Code of Conduct*. All employees must respect and prohibit copyright infringement, and comply with all relevant laws and regulations regarding the protection of intellectual property rights, including the *Patent Law of the PRC* and the *Trademark Law of the PRC*. We also require suppliers and business partners to respect and defend the intellectual properties of the Group.

In addition to strengthening the management of intellectual property rights, we also strengthen employees' specialised training on intellectual property rights, raise their awareness on the protection of intellectual property rights and guide them to reasonably use litigation to protect their intellectual property rights as well as to handle independent innovation and legal imitation in compliance with laws.

In addition, China Gas actively seized innovation and market opportunities, thereby increasing investment in research and development, and has established an innovative incentive system. During the year, we continued to invest in technology and project innovation. With China Gas' outstanding performance in smart energy construction and digital transformation, we are honored to be awarded the "2020 Digital Innovation Award" at the 2020 International Science and Technology Innovation Festival and the Global Digital Conference, demonstrating our efforts in promoting and applying new technologies.

We advocate digital transformation to transform and upgrade gas stations into unmanned ones. The gas stations utilise the Programmable Logic Controller ("PLC") and Remote Terminal Unit ("RTU") control systems to integrate and link the video surveillance system, fire alarm system, combustible gas leakage detection system, and perimeter anti-intrusion system, to achieve unmanned operation. In addition, we have introduced artificial intelligence and Robotic Process Automation ("RPA") technologies to simulate the thinking and behaviour of real-life employees and deliver services in a human-like manner. "Digital employees" work in a safe and reliable way and operate day and night through the implementation of a number of pre-set business process operating procedures, thereby replacing employees for regulated, repetitive and cumbersome tasks.

To promote the transformation of the business to intelligent manufacturing, the Group established the "Intelligent Equipment Manufacturing Centre" in Zhongshan. The centre will be responsible for the overall planning and management of all equipment manufacturing enterprises of the Group, including equipment manufacturing for strategic businesses such as Urban Heating projects and Smart MicroGrid of China Gas. The "Intelligent Equipment Manufacturing Centre" combines product, intelligent technology and internet technology to provide users with high-quality products and services, and is committed to expanding the market influence of the brand.

1. RESPONSIBLE GOVERNANCE

1.7 CORPORATE CODE OF CONDUCT (Continued)

1.7.3 Protection of Intellectual Property Rights and Innovation (Continued)



Opening ceremony of the "Intelligent Equipment Manufacturing Centre" of China Gas

The Group launched the "Zhongran Smart Living APP", which covers users from more than 500 cities and regions. It enables customers to pay gas bills, apply for maintenance services instantly and enjoy quality offline services from China Gas. In particular, during the anti-pandemic period, this retail platform has exerted its unique advantages and launched various anti-pandemic products at a fair price to meet users' emergency needs, providing residents with daily necessities.

China Gas also actively signed strategic cooperation agreements with peers and business partners to jointly promote the development of innovative technology. On 21 September 2020, the Group signed a strategic cooperation framework agreement with China Mobile Communications Group Co., Ltd. to jointly develop "smart kitchen" using 5G technology and actively carry out digital economic cooperation.

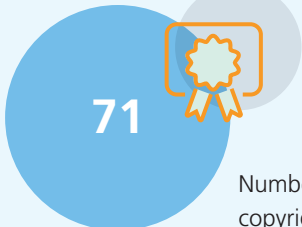
1. RESPONSIBLE GOVERNANCE

1.7 CORPORATE CODE OF CONDUCT (Continued)

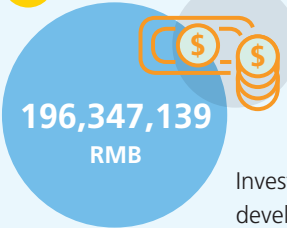
1.7.3 Protection of Intellectual Property Rights and Innovation (Continued)



China Gas and China Mobile Communications Group Co., Ltd. signed the strategic cooperation framework agreement in Beijing



Number of patents, trademarks and copyrights applied and granted in FY2020/21



Invested in research and development in FY2020/21

1. RESPONSIBLE GOVERNANCE

1.8 SAFETY AND QUALITY OPERATION

The Group is committed to providing customers with safe and quality services. We are currently building an integrated operation and management platform (“OMP”) that can realise the dynamic management of the production and operation of existing businesses such as city gas, rural gas, gas station, thermal power and LPG. OMP makes full use of next-generation information technologies such as cloud computing, big data, Internet of Things, geographic information to carry out the construction of information standards and safety assurance systems, reinforcing the quality control.

1.8.1 Ensuring Stable Supply of Gas

The Group strictly complies with the PRC’s *Regulation on the Administration of Urban Gas*. This regulation mainly governs urban gas development planning and emergency protection, gas operation and services, use of gas, gas facilities protection, prevention and handling of gas safety accidents and relevant management activities. It is the Group’s core value to provide safe and reliable services. During the Reporting Period, there was no confirmed case of non-compliance in relation to product responsibility that would have a significant impact on the Group.

	FY2020/21
Number of connected gas users (residential, commercial)	40,420,288
Number of connected gas users (industrial)	17,046
Number of gas stations	557
Total volume of natural gas sold to residential users	6,100,000,000 m ³
Total volume of natural gas sold to industrial and commercial users	11,500,000,000 m ³
Total volume of natural gas sold to CNG/LNG refilling stations	1,000,000,000 m ³
Length of gas pipelines	480,000 km

Rectification and Management of Transmission Loss


We are committed to ensuring stable gas supply to reduce safety concerns, economic losses and environmental impacts caused by gas leakage. China Gas implements a two-level transmission loss management mechanism, under which the Operational Customer Service Management Department of the headquarters is responsible for leading rectification work at all levels and conducting target-based assessments on transmission loss under an accountability system. The Group has implemented the *Rectification and Management Procedure for Transmission Loss*, tackling transmission losses in four aspects: transmission loss in gas pipeline network, transmission loss due to metering inaccuracies, transmission loss arising from data handling errors, and transmission loss due to gas theft, and issued *Guideline for Selection of Residential NB-IoT Meters* to strengthen the selection management of gas meters for various users. During the Reporting Period, the Group continued to combat gas theft and strengthen the management of data handling in order to further reduce the transmission loss rate.

1. RESPONSIBLE GOVERNANCE

1.8 SAFETY AND QUALITY OPERATION (Continued)

1.8.1 Ensuring Stable Supply of Gas (Continued)

Rectification and Management of Transmission Loss (Continued)



	<p>Rectification of transmission loss in gas pipeline network</p> <ul style="list-style-type: none"> Establish robust scheduling and inspection systems to ensure tightness and safety of the gas transmission and distribution system Establish a robust leakage detection and prevention mechanism to control the leakage rate at seal points of the gas transmission and distribution system Establish a robust emergency repair and maintenance mechanism to control gas leakage and unexpected incidents in gas transmission and distribution system Optimise pipe replacement scheme to strictly control the amount of gas escaped during construction 	<p>Rectification of transmission loss arising from data handling errors</p> <ul style="list-style-type: none"> Standardise the settlement of the sales volume of civil prepaid households and evaluate the remaining volume Increase efforts in internal inspections to improve meter recording accuracy Perform monthly meter reading for wall-mounted heater users during warm seasons Standardise billing practices for domestic prepaid users Conduct operational safety checks of gas facilities by customer management officers Identify hidden safety hazards and promptly arrange maintenance staff to carry out repair and rectification work
	<p>Rectification of transmission loss due to metering inaccuracies</p> <ul style="list-style-type: none"> Establish a robust metering management system Strengthen maintenance and weekly inspection of flowmeters Strengthen management on flowmeter selection Continue to carry out specific flowmeter rectification activities Provide dedicated meters to village users 	<p>Rectification of transmission loss due to gas theft</p> <ul style="list-style-type: none"> Take practical measures to prevent gas theft Increase inspection efforts to combat gas theft

1.8 SAFETY AND QUALITY OPERATION (Continued)

1.8.1 Ensuring Stable Supply of Gas (Continued)

Leakage Detection and Prevention Mechanism

The Group's *Management Guidelines for Gas Pipeline Network Inspection* sets out the contents and standards for gas pipeline network inspection and monitoring. Each project company has also developed a robust pipeline inspection system to obtain information of the gas transmission and distribution system in a complete, timely and accurate manner. These systems can help us instantly locate faults and ascertain the impacts on users when issues arise, such that immediate repairs can be made. In the event of emergency repairs, the system can assist the dispatch centre to make rapid decisions on the valve closures of different segments. On-site emergency repairs staff can then effectively identify the valves to be shut off under work orders issued from the dispatch centre. In the case of valve failure or blockage, the dispatch centre can also be contacted in time and a secondary valve closure analysis can be performed in accordance with the site conditions. As a result, incidents in city gas pipeline networks can be promptly responded and handled, minimising accidental losses to the greatest extent possible and shortening the repair time required.

Emergency Repair Mechanism

The Group has established a three-tier operational emergency repairing management system for customer support, including the Group's headquarters, regional management centres/operation management groups and project companies. The maintenance responsibility, structure and technical equipment requirements are clearly defined in the system. Moreover, we developed the *Operation and Maintenance Management Standards for Gas Facilities* which sets out the management standards ranging from pipeline network maintenance, emergency repairs, natural gas spherical tanks maintenance safety valves maintenance, and preparation for emergency response plans and drills. To increase the efforts in preventing damages to pipeline networks caused by third-party construction activities, the Group implemented the *Management and Assessment Measures for Third-Party Construction Damage Incidents (Accidents) for Gas Facilities* to manage third-party damages to gas facilities in a standardised and institutionalised manner.

Pipeline Network Renovation Plan

During the Reporting Period, we further rectified projects with potential hazards. In particular, we conducted comprehensive cleaning of aged cast iron pipeline network that pose safety risks due to their prolonged operation time. We have completed systematic analysis on the current status of the Group's grey cast iron pipeline network and aged steel pipeline network, classified them in accordance with priorities, and implemented renovation plans in the Northeastern region, Northwestern region and North China region.



The total length of refurbished pipeline network reached

461.87 km

(As at 31 March 2021)

1. RESPONSIBLE GOVERNANCE

1.8 SAFETY AND QUALITY OPERATION (Continued)

1.8.2 Ensuring Operation Safety

China Gas has adopted the safety management approach of “Safety First, Prevention Foremost, and Integrated Management” to ensure gas safety and strengthen the operation safety in different dimensions, putting safe production at the first place.

We strictly comply with all relevant health and safety laws and regulations. The *Work Safety Law of the PRC* aims to maintain labour safety and safe production and requires manufacturing organisations and employers to provide a safe working environment that protects employees from occupational hazards. The *Regulation on the Administration of Urban Gas* delineates that gas operators shall formulate emergency plans for gas safety accidents, assign emergency staff, provide necessary emergency facilities and equipment, establish sound gas safety evaluation and risk management system, and organise regular drills. The *Social Insurance Law of the PRC* regulates insurances on sickness, occupational injury, maternity, medical care, retirement, and death, and also clarifies the legal responsibilities of employers. As a socially responsible enterprise, the Group complies with relevant health and safety laws and regulations and provides employees with a safe workplace and suitable insurance. During the Reporting Period, there was no confirmed case of violation in relation to health and safety laws or regulations that would have a significant impact on the Group.

Safety Management Policy

The Group has established a comprehensive *Safety Management System* to ensure the safety of employees, customers and surrounding residents throughout different construction and operation stages. We also have detailed safety management guidelines, including the *Health, Safety and Environment (HSE) Management Manual of China Gas*, the *Implementation Plan of HSE Management Rating for Project Companies of China Gas*, the *Management System of Employees Safety Scorecard of China Gas (V3.0)*, the *Management System of Safety Performance Evaluation for Various Positions of China Gas*, the *Regulation of Safety Supervision of China Gas*, the *Safety Supervision and Appraisal System of China Gas*, the *Management System for Safety Supervision of China Gas*, the *Management System for Safety Accident of China Gas (V3.0)*, the *Management System for Traffic Safety of China Gas*, and the *Emergency Plan for Public Health Emergencies of China Gas (V1.0)*.

1.8 SAFETY AND QUALITY OPERATION (Continued)

1.8.2 Ensuring Operation Safety (Continued)

Operational Management Policy

The Group's Operational Customer Service Department has four main duties including "Standardisation of Transmission And Distribution", "Integration of Scheduling Systems", "Rectification and Management of Transmission Loss" and "Cost Control", with an aim of eliminating all safety related incidents.

The Group has established an *Operational Management System* which is applicable to the Group's development, in order to standardise the operations of our frontline staff. We also have detailed operating procedures and working guidelines, including *Regulations on Long-distance Pipeline and Township Gas Transmission and Distribution Management*, *Regulations on Facilities Management*, *Regulations on Township Gas Scheduling Management*, *CNG Gas Stations' Production and Operation Management Standards*, *Production and Operation Emergency Repair Maintenance Management System*, *Gas Facilities' Operation and Maintenance Standards*, and *Guidelines for Home Safety Inspection Management for Gas Users etc.* In order to prevent emergency incidents, we have established an *Emergency Response Plan* to strengthen our response to emergency incidents. For handling different working environments such as specialised operations, hot work operations, confined space operations, high-altitude operations, as well as LPG operations, the Operational Customer Service Management Department has established the *Regulations on Pressure Tapping of Steel Pipeline at High and Medium Pressure* and the *Regulations on Dangerous Operations Management in Gas Transmission and Distribution System* to ensure safe operations.

1. RESPONSIBLE GOVERNANCE

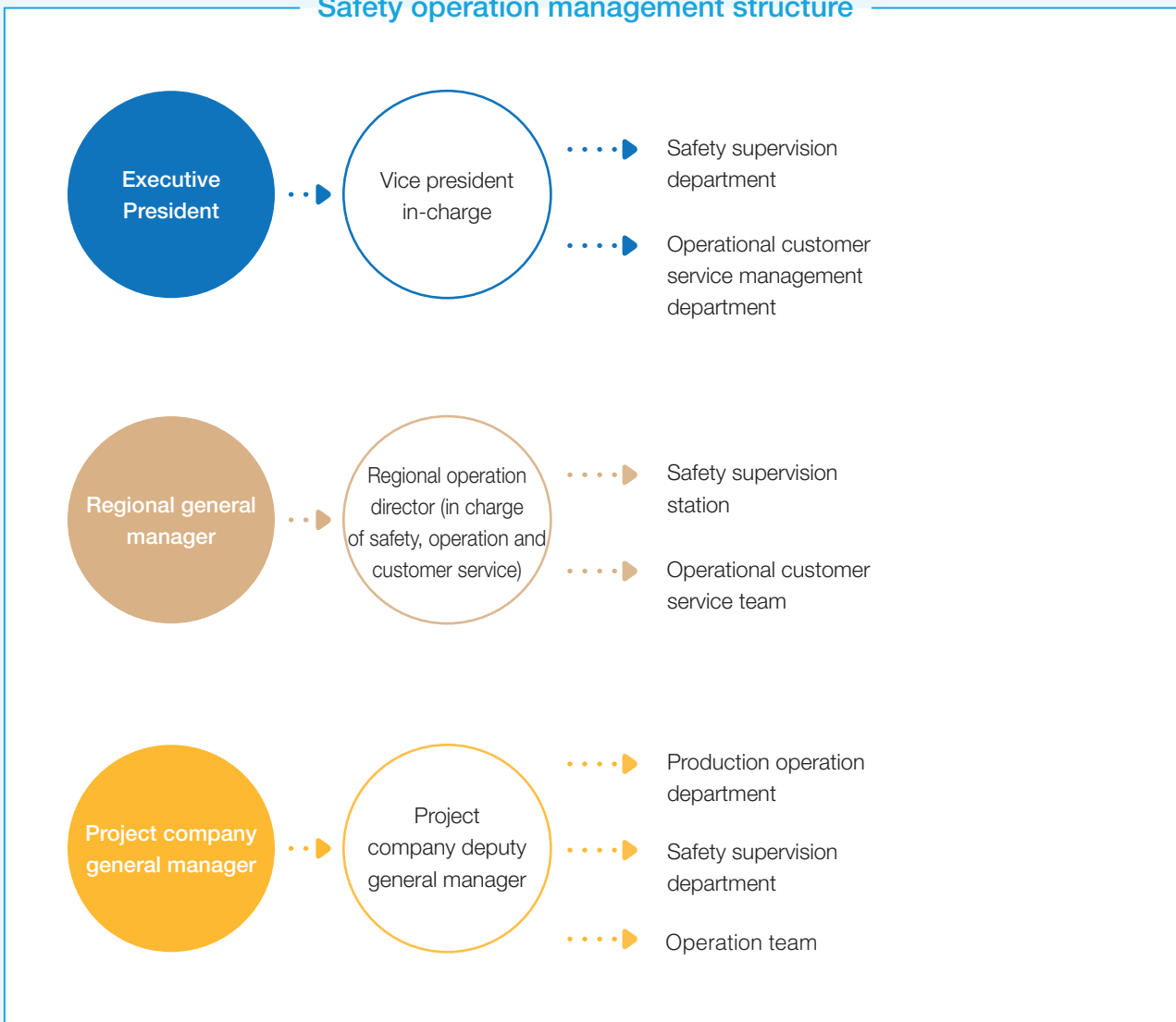
1.8 SAFETY AND QUALITY OPERATION (Continued)

1.8.2 Ensuring Operation Safety (Continued)

Safety Operation Management Structure

The Group's safety operation management structure is divided into three levels: headquarters, regional management centres and project companies. Each level has a dedicated Safety Supervision Department, Operational Customer Service Management Department and team. Management and staff at all levels have clear work safety responsibilities. All project companies must also sign the safety responsibility letters every financial year according to the corporate safety management targets, which ensures that all departments, units and employees strictly implement the relevant targets, standards and measures. The operation team provides feedbacks on safety issues to the safety supervision department regularly to continuously revise and implement the occupational health and management system.

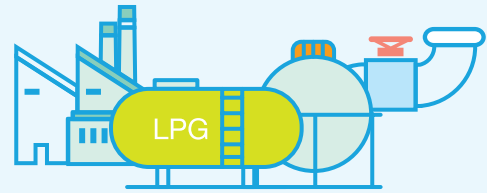
Safety operation management structure



1.8 SAFETY AND QUALITY OPERATION (Continued)

1.8.2 Ensuring Operation Safety (Continued)

Safety Measures



Duties of Safety Supervision Department



The Safety Supervision Department of the Group's headquarters acts according to the Group's overall requirement on "supervision, inspection, assessment, training, guidance and service", and is responsible for the Group's safety production and supervision management. Through establishing "the Group — Regional Operational and Management Centres (business departments and specialised companies) — Project Companies", a three-tier supervision system, safety inspection and comprehensive safety evaluation works have been launched. It supervises each unit to adhere to the principle of "management of safety is essential when managing industries, businesses and productions, and supervisors hold accountability" to implement accountability, enhance the Group's safety management standards, and curtail the occurrence of significant incidents.

Safety emergency plan



Each project company has prepared emergency plans to provide clear guidelines for employees on handling gas pipeline networks or gas station system incidents. The contents cover the formation of the emergency commander and rescue team, their responsibilities and division of work, and a summary of repairing equipment and safety equipment.

Safety equipment



All project companies are equipped with necessary protection facilities including warning signs, fire services equipment, explosion-proof equipment, lightning protection equipment, and protective equipment in hazardous locations such as gas stations, construction sites and warehouses.

Safety incident management



Regardless of the amount of loss and liabilities, project companies must report each safety incident within 24 hours to their superordinates. Major accidents involving explosions and casualties must be reported to headquarters and regional management centres within one hour.

Safety education and training



The Group actively conducts safety education and training for all staff and customers to regulate employees' safety behaviours and improve customers' emergency response capabilities. Topics covered by our safety training includes safety management trainings on construction, case studies on toxic gas leakage incidents, explosive and fire hazard incidents, and standards on safety production for urban gas companies.

1. RESPONSIBLE GOVERNANCE

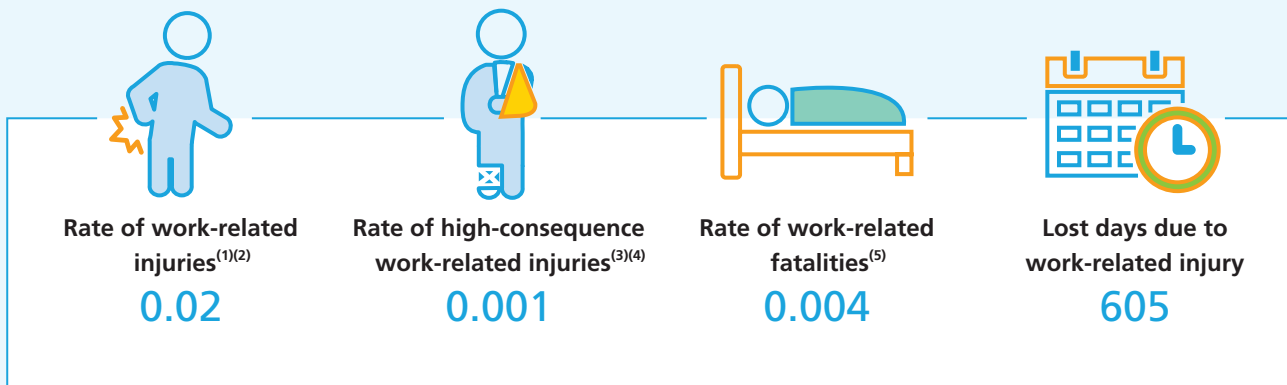
1.8 SAFETY AND QUALITY OPERATION (Continued)

1.8.2 Ensuring Operation Safety (Continued)

Safety Measures (Continued)

The Group also attaches great importance to the personal health and safety of employees and is committed to providing a safe and comfortable working environment for employees. We require our employees to be equipped with protective equipment that meets our standards during operation. According to the Group's safety monitoring mechanism, any person who does not wear or use protective equipment as required is not allowed to work. Employees are required to receive occupational health examinations before, during and after employment, and establish personal occupational health monitoring portfolio. In order to enhance employees' awareness of occupational health and safety, we set up warning signs at the workplace, work positions, equipment and facilities. In addition, we identify and assess occupational safety hazard factors annually and establish a list of preventive measures that can be taken.

Occupational Health and Safety Statistics in FY2020/21



Notes:

1. Work-related injuries include work-related fatalities and high-consequence work-related injuries.
2. Rate of work-related injuries = (total number of work-related injuries/total working hours) x 200,000.
3. High-consequence work-related injuries (excluding fatalities) refer to those work-related injuries which caused the workers to fail or have difficulty recovering to their pre-injury state within six months.
4. Rate of high-consequence work-related injuries (excluding fatalities) = (total number of high-consequence work-related injuries (excluding fatalities)/total working hours) x 200,000.
5. Rate of work-related fatalities = (total number of fatalities as a result of work-related injury/total working hours) x 200,000.

1. RESPONSIBLE GOVERNANCE

1.8 SAFETY AND QUALITY OPERATION (Continued)

1.8.2 Ensuring Operation Safety (Continued)

Safety Measures (Continued)

Name of indicator	Unit	FY2020/21	FY2019/20
Number of people received safety training (general manager level)	people	145	61
Number of people received safety training (safety management personnel)	people	1,145	697
Number of people received safety training (employees)	people	93,456	65,174
Number of safety emergency drills	times	1,054	592

Special training on standard operating procedures and safety management of indoor ignition and ventilation



Nanjing China Gas organised a special training on the standard operating procedures and safety management of indoor ignition and ventilation

On 18 August 2020, the Customer Service Department of Nanjing China Gas organised a special training on the standard operating procedures and safety management of indoor ignition and ventilation, with an aim to improving the business skills of front-line employees in the gas industry and strengthening the gas safety management and control, thus reducing the occurrence of indoor safety accidents. The training analysed the recent cases of indoor gas accidents in the gas industry, making the training more practical.

1. RESPONSIBLE GOVERNANCE

1.8 SAFETY AND QUALITY OPERATION (Continued)

1.8.2 Ensuring Operation Safety (Continued)

Safety Production Month

In May 2020, the Group’s headquarters issued the *Notice on the Safety Production Month’s Activities in 2020*, to inform all regional operational and management centres and project companies to carry out the theme of “Preventing Risk, Eliminating Hazards and Avoiding Accidents” to kickstart the Safety Production Month.

Category	Unit	FY2020/21	FY2019/20
Emergency drill	times	1,054	592
Safety knowledge competitions and speech contests	times	343	186
Skills competition	times	217	509
External gas safety promotion	times	4,350	1,452
Safety training	times	6,362	1,114
Distribution of safety promotional materials	pieces	860,000	800,000
Safety inspection activities	times	2,356	1,496

Fire emergency drill



Zhangjiakou Coal-to-Gas Platform and Wanquan Project Company organised fire emergency drill

On 22 January 2021, Zhangjiakou Coal-to-Gas Platform and Wanquan Project Company organised a fire emergency drill. Through this drill, the employees not only improved the safety emergency response ability, but also the relevant professional skills to deal with emergencies, which further enhanced the ability of the Company’s emergency rescue team.

1.8 SAFETY AND QUALITY OPERATION (Continued)

1.8.2 Ensuring Operation Safety (Continued)

Safety Production Month (Continued)

Community gas safety promotional activity



Promotional activity of gas safety in winter

In order to raise public awareness of gas safety in winter, we carried out promotional activity for winter gas safety. The activity delivered the message of gas safety to residents to reduce and avoid the occurrence of gas safety accidents. The staff gave lectures on-site, promoted gas safety knowledge and answered the queries from residents regarding the measures of safe use of gas during winter and the handling of gas leakage when discovered.

Safety promotion in the community



Promotion on safe community gas use

On 4 August 2020, Huoshan China Gas Urban Gas Development Co., Ltd.* promoted knowledge of gas safety and emergency response for gas leakage to the public through exhibition boards, brochures, banners, consultation stations, conducted household safety inspections to identify safety hazards and distributed souvenirs with Hubei characteristics. It promoted the common knowledge of gas and safe gas use to the general public, as well as the method to deal with emergency gas leakage, etc. Warm reminders were also distributed to the leaders of the participating units.

1. RESPONSIBLE GOVERNANCE

1.8 SAFETY AND QUALITY OPERATION (Continued)

1.8.2 Ensuring Operation Safety (Continued)

Safety Production Month (Continued)

Household safety inspection



On 6 June 2020, Xiaogan Central Asia City Gas Development Co., Ltd.* carried out household safety inspection. Each department paid visit to households and conducted comprehensive inspections on gas appliances, gas meters and connecting hoses in groups. A total of 2,501 inspections were conducted in one day. 11 safety hazards were identified and the rectification rate was 100%.

Safety hazard inspection before school opens



In late August 2020, safety inspectors from Qufu Fuhua Gas conducted a large-scale investigation of potential safety hazards in the gas facilities and gas equipment in urban schools and kindergartens. The safety inspectors took the initiative to contact schools and conducted comprehensive inspections on the gas installation, gas consumption locations and gas consumption environment of school canteens. The inspectors also used professional equipment to detect whether there was leakage in the pipeline equipment and whether the alarm was operating normally, etc., strived to ensure the safety of teachers and students.

The Safety Production Warning Day of the Group

On 13 June 2021, a natural gas explosion incident occurred in Shiyan City, Hubei Province. After the incident, the Group promptly established an emergency response leadership team led by the president and the executive president of the Group, who together with the senior management of the Group, rushed to the site of the incident overnight. The Group redeployed nearly 1,000 different technical backbones, experts and supporting staff from various places, and deployed all kinds of equipment and materials to support the local project company, cooperate with the local government for rescue and relief work, and actively cooperate with the investigation of relevant PRC government departments. Meanwhile, the Group required all subordinate project companies to conduct comprehensive safety inspections and immediately rectify potential safety hazards to prevent the recurrence of similar incidents. All responsible persons involved have been subject to compulsory measures or pursued administrative responsibilities.

The directors and management were deeply saddened by the incident. All directors gave up a total amount of HK\$22.5 million from their remuneration. The Group would apply all the amount to the consolation of the casualties and their families, as well as the aftermath work. The Foundation also donated HK\$10 million to the casualties and their families. Having learnt the painful lessons from the incident, the Group decides to set 13 June each year as the Safety Production Warning Day of the Group to alert all employees, and will take measures to continuously improve the safety management level of the Group to prevent recurrence of material safety incidents.

1.8 SAFETY AND QUALITY OPERATION (Continued)

1.8.3 Product Quality Inspection

The Group has set up strict quality inspections for its brand “GASBO” and its products. Once a product is launched in the market, quality supervision is carried out through occasional production line quality inspections, quality inspections of finished products, defect rate control, and statistical analysis of after-sales service data. In terms of after-sales service, the Group has also established a comprehensive information feedback mechanism to collect product after-sales information and conduct quality analysis to identify the cause of problem, and to formulate improvement measures with suppliers. In response to specific product quality problems, the Group also formulates corresponding product recall procedures to follow up.

Our quality assurance engineers visit factories and conduct on-site product sampling and inspection tests. The results are compared with the standards of the *Guidance on Inspection Work* to determine whether the batch of products are up to standard. If the products are qualified, a *Product Inspection and Shipping Notice* will be issued so that the batch can be transferred to the warehouse and be shipped off. If the products fail to meet the standards, the Group will immediately notify the manufacturers of the unqualified situation, quantity and severity of the related batch of products.

Quality Assurance is classified into three areas:

Incoming material inspection



Upon arrival of the materials, the incoming material inspection will be carried out according to the *Incoming Inspection System* with a sample size as required by the *Incoming Materials Sampling and Inspection and Acceptance Plan*. Materials will only be accepted to the warehouse after they are deemed qualified.

On-site inspection



Inspectors inspect every element of the company’s products in accordance with the *On-site Inspection System*. The inspection will examine the elements involved in the entire production process, from manufacturing to the storage of finished products, including workers, machines, materials, methods, and environment.

Finished product inspection



Finished products will be inspected according to the *Finished Products Inspection System* with a sampling size as required by the *Guidance on Finished Products Inspection Work for Wallmounted Boilers*. Products will only be accepted to the finished products warehouse after they are deemed qualified.

1. RESPONSIBLE GOVERNANCE

1.8 SAFETY AND QUALITY OPERATION (Continued)

1.8.3 Product Quality Inspection (Continued)

Information on product responsibility:

	FY2020/21	FY2019/20
Number of products and services related complaints received	278	170
Number of products returned/recalled for safety and health reasons	137	124
Percentage of total products sold or shipped subject to returns/recalls for safety and health reasons	0.04%	0.06%

2. GREEN ENVIRONMENT

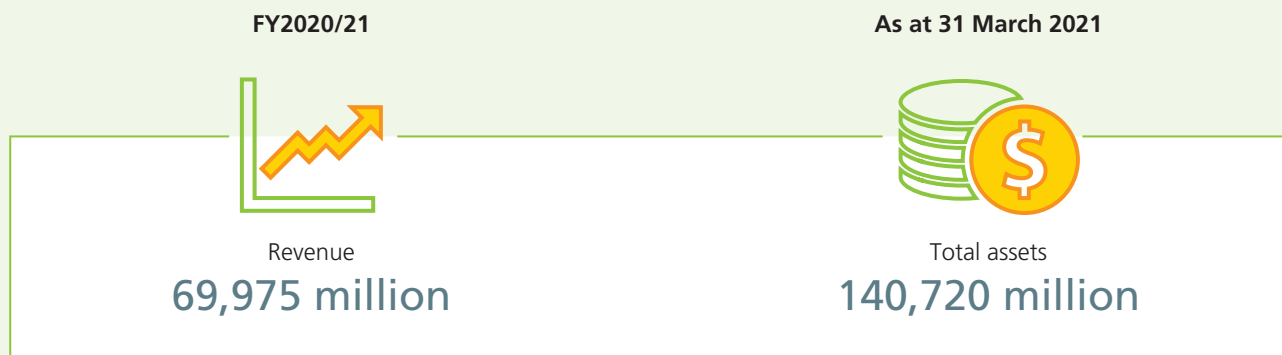


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2. GREEN ENVIRONMENT

2.1 NEW GREEN OPPORTUNITIES

2.1.1 Economic Value



2.1.2 Development Opportunities Brought by National Policies for The Sustainable Development of The Natural Gas Industry

On 21 February, 2021, China issued the No. 1 Central Document of 2021 *Opinions of the Central Committee of the Communist Party of China and the State Council on Comprehensively Promoting Rural Revitalization and Accelerating Rural Modernization*, which pointed out that “the construction of rural public infrastructure should be strengthened”, and continue to put a greater focus on the construction of infrastructure in the rural area, and clearly put forward that “promoting gas to rural areas and supporting the construction of a safe and reliable rural gas storage tank station and micro-pipe network gas supply system”. As a leading gas company in China, China Gas has extensive experience in rural gas promotion and a complete industrial chain layout, allowing China Gas to seize the opportunities in the upcoming industry development and enhance its market advantages. China Gas proposed the gas supply method of “utilization of pipelines or tanks, as appropriate”, organized and developed China’s first LPG Smart MicroGrid network gas supply system based on intrinsic safety and digital operation management, which was highly recognized by the regulatory authorities and local governments, and has taken the lead in entering the rural gas market.

Under the national goals of “Carbon Peak” and “Carbon Neutrality”, although natural gas, coal and oil are all fossil fuels, natural gas is also a clean fuel. The market will steadily increase the proportion of natural gas usage and vigorously develop renewable energy to transform the energy structure in medium to long term. When the proportion of renewable energy increases, it is expected that most regions will gradually stop the approval for the construction of coal-fired power stations and increase investment in natural gas power generation, which will support the steady development of the Group’s business.

Secondly, when the battery technology for electric vehicle (“EV”) is not fully mature and the hydrogen energy technology is still at a preliminary stage, there is still a long way to go for the city to become fully electrified. Natural gas as a clean energy will become an important foundation for the transformation from traditional energy to a new energy structure.

In addition, carbon trading will also facilitate the Group’s active transformation to new energy. It can leverage on the vast number of gas users to actively develop photovoltaic, energy storage and hydrogen energy businesses, and provide various integrated services such as carbon trading, which will benefit the Group’s business development in the long run.

2.2 ENVIRONMENTAL MANAGEMENT APPROACH

China Gas always adheres to the philosophy that “clean waters and green mountains are as valuable as mountains of gold and silver” with the responsibility of actively protecting the environment.

The Group strictly follows the relevant environmental laws and regulations including the *Environmental Protection Law of the PRC*, *Environmental Impact Assessment Law of the PRC*, *Air Pollution Prevention and Control Law of the PRC*, *Water Pollution Prevention and Control Law of the PRC*, *Soil Pollution Prevention and Control Law of the PRC*, and *Solid Waste Pollution Prevention and Control Law of the PRC*, and continuously strengthens energy and resources management, climate change resilience and environmental protection practices through establishing and improving various energy conservation and environmental protection systems, in order to reduce the potential impacts brought by production and operations on biodiversity and the ecological environment. The Group also strives to prevent and mitigate the environmental impacts associated with its operations and business activities. During the Reporting Period, there was no administrative penalty imposed on China Gas in regards to the aforementioned environmental laws and regulations.

In order to integrate environmental protection, health and safety factors into various business areas, the Group has formulated the *China Gas EHS Management System Work Guidelines* and *China Gas Environmental and Social Management System* with reference to the ISO 14001 standard. All business units and subsidiaries are required to implement relevant policies. In addition, in response to the pressing issue of climate change, the Group formulated the *Climate Change Policy*, hoping to make use of advanced methods to mitigate climate change by identifying and dealing with climate related risks and opportunities.

2.3 ENVIRONMENTAL MANAGEMENT SYSTEM

With the gradual marketization of the natural gas industry, the effective implementation of environmental policies such as replacement of coal with gas, and the increase in people’s environmental and health awareness, China is striving to build a clean, low-carbon, safe and efficient energy structure. The market demand for clean energy such as natural gas and LPG will maintain a steady growth and play a prominent role in the global energy transformation.

As one of China’s leading cross-regional energy service providers, we promote the transformation towards green development by enhancing clean energy supply capabilities. In addition, we actively cooperate with provincial and municipal governments on atmospheric environmental governance, entering into strategic cooperation framework agreements with the aim of leveraging each others’ advantages and resources, to accelerate project construction and increasing natural gas utilisation in cities and townships. In doing so, China Gas helps industrial and commercial entities and residential users reduce air pollutants and greenhouse gas emissions.

Prior to commencing construction projects, China Gas follows the statutory procedures to carry out environmental impact assessments, and strictly implements the *Group’s Environmental Impact Assessment Report Outline* and *China Gas Construction Risk Management and Control Guidelines* to identify, reduce and mitigate potential environmental impacts and risks.

2. GREEN ENVIRONMENT

2.3 ENVIRONMENTAL MANAGEMENT SYSTEM (Continued)

The Group has developed its *Environmental and Social Management System* in accordance with the *Safeguard Policy Statement* of ADB and the relevant applicable laws and regulations, which includes the following key elements:

➤ **Biodiversity Conservation**

Avoid, minimise, or mitigate potentially adverse impacts and risks on natural habitats, critical habitats, protected areas and biodiversity. If these actions fail, as a last resort, China Gas will propose compensatory measures, such as biodiversity offset, to achieve a net gain or no net loss of the affected biodiversity.

➤ **Tangible and Intangible Cultural Resources Protection**

To avoid significant damage to tangible and intangible cultural resources during the project site selection and design processes.

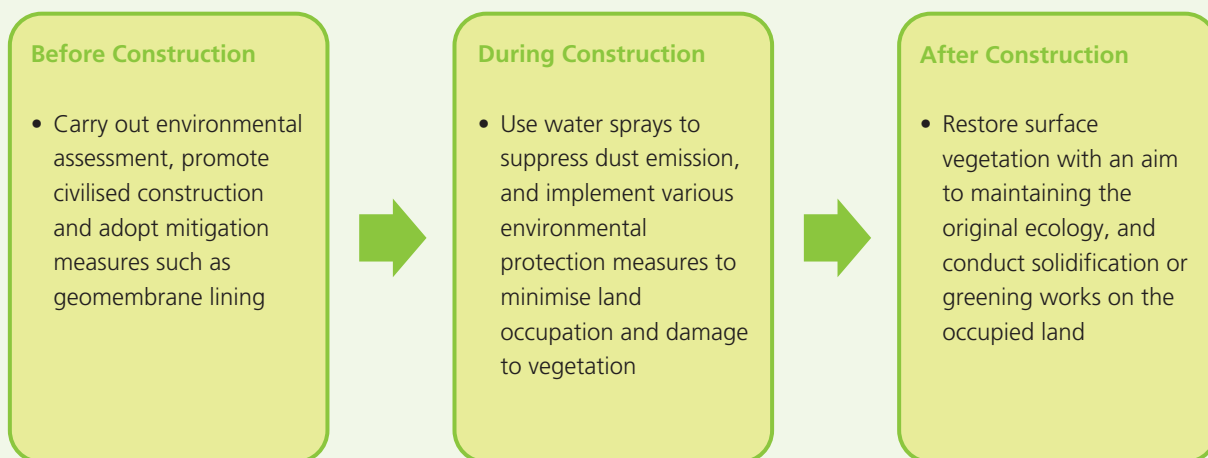
➤ **Pollution Prevention**

Apply pollution prevention and control technologies and practices consistent with internationally recognised standards throughout the design, construction, and operation of the project, including:

- Minimise or control the concentration and load of pollutants, and adopt resource-conserving and energy-efficient measures in accordance with clean production principles during project implementation
- Minimise or control the generation of hazardous and non-hazardous wastes and the release of hazardous materials resulting from project activities
- Avoid the manufacture, trade, and use of hazardous substances and materials subject to international bans or phaseouts
- Promote the reduction of project-related anthropogenic greenhouse gas emissions in a manner appropriate to the nature and scale of impacts of projects

2.3 ENVIRONMENTAL MANAGEMENT SYSTEM (Continued)

➤ Implementing green construction



➤ Advocate Green Office Operations

- Promote a paperless office: Enhance the electronic working platform, promote double-sided printing to reduce paper wastage
- Adjust and control air conditioning: Reduce office electricity usage
- Regular use of video conferencing: Reduce business travel

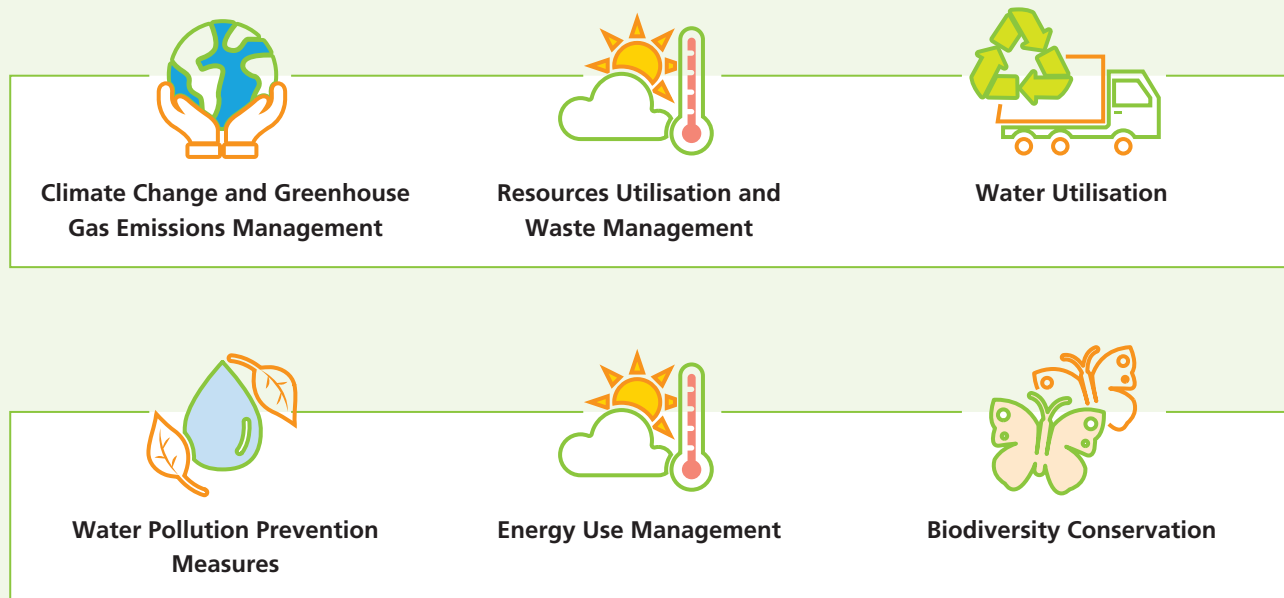
➤ Strengthen the Promotion of Environmental Protection

- Actively carry out environmental protection promotional activities within the Group to increase employees' green and environmental protection awareness, and encourage them to adopt a low-carbon lifestyle
- Actively build a communication platform with stakeholders such as government entities, media and the public to disseminate environmental protection concepts

2. GREEN ENVIRONMENT

2.3 ENVIRONMENTAL MANAGEMENT SYSTEM (Continued)

Six Environmental Aspects of China Gas



2.3.1 Climate Change and Greenhouse Gas Emissions Management

Air Emissions Management

The issue of global warming has become more severe. The Group pays close attention and actively responds to national environmental policies such as *Air Pollution Prevention and Control Action Plan*, *Three-Year Action Plan on Defending the Blue Sky* and *Promoting the Use of Clean Energy in Winter Heating in North China (2017–2021)*. The Group is committed to becoming a quality provider of clean energy, gearing its efforts towards building a new ecosystem for China Gas's 4G (piped natural gas, CNG, LNG and LPG) energy network development. The Group provides clean natural gas for town residents in northern China, while also engaging in development and application of technologies related to natural gas and LPG.

China Gas strictly controls air emissions of all operating projects and strictly implements emissions standards as stipulated in the *Integrated Emission Standard of Air Pollutants (GB 16297-1996)* and *Emission Standard of Air Pollutants for Boiler (GB 13271-2014)*.

Direct air emissions

	Unit	Emissions in FY2020/21	Emissions in FY2019/20
Nitrogen oxides (NO _x)	tonne	96.98	79.08
Sulphur dioxide (SO ₂)	tonne	11.84	27.15
Particulate matter (PM)	tonne	8.60	13.18

2.3 ENVIRONMENTAL MANAGEMENT SYSTEM (Continued)

2.3.1 Climate Change and Greenhouse Gas Emissions Management (Continued)

Air Emissions Management (Continued)

Air pollution control measures implemented by China Gas are as follows:



Measure 1: Establish and enhance air pollution prevention systems

Implement systems and mechanisms such as *Rectification and Management Procedure for Transmission Loss, Scheduling and Inspection System, Leakage Detection and Prevention Mechanism, and Emergency Repair Mechanism* to reduce gas leakage and safety incidents, to reduce air pollution and environmental damage caused by natural gas leakage.



Measure 2: Adopt appropriate gas transmission processes

Adopt appropriate gas transmission process and use high-quality materials. Fully integrate seismic-resistant considerations into the design of pipelines and their ancillary facilities in order to ensure stable operation and prevent gas leakage.



Measure 3: Reduce venting and leakage

Reduce venting and leakage and set up vent systems at gas stations to discharge gas at height through vents to reduce the safety hazards and environmental pollution caused by release of natural gas.

2. GREEN ENVIRONMENT

2.3 ENVIRONMENTAL MANAGEMENT SYSTEM (Continued)

2.3.1 Climate Change and Greenhouse Gas Emissions Management (Continued)

Air Emissions Management (Continued)



Measure 4: Developing Clean Energy

Case 1: LNG Refilling Station Project for Vessels



Commencement ceremony of Ezhou Gangfu Fujiang marine LNG refilling station project

On 20 December 2020, China Gas Hubei Fortune Fujiang Energy Technology Co., Ltd.* held a commencement ceremony for the “LNG refilling station for vessels” construction project at Everbright Shipyard of Technology, Linjiang Town, Huarong District, Ezhou City, in response to the national strategy of “Ecology Priority and Green Development” for the Yangtze River Economic Belt.

China Gas invested in the LNG Refilling Station Project for Vessels, and is one of the first 29 major port construction projects approved by the Hubei Provincial Government. The project consists of two LNG refilling berths with a capacity of 5,000 tons and two LNG refilling barges, having a designed annual bunkering capacity of 38,200 tons.

Case 2: Hydrogen Energy Development Project



On 8 April 2021, China Gas and CNOOC Gas and Power Group Co., Limited* entered into a Cooperation Framework Agreement on Hydrogen Energy R&D and Promotion and Application, in which both parties will jointly carry out projects such as skid-mounted natural gas hydrogen production, construction and evaluation of hydrogen refueling stations, high-pressure hydrogen storage and injection equipment, hydrogen refueling station reconstruction and expansion, and supplementation between multiple energy resources.

2.3 ENVIRONMENTAL MANAGEMENT SYSTEM (Continued)

2.3.1 Climate Change and Greenhouse Gas Emissions Management (Continued)

Air Emissions Management (Continued)

Case 3: Photovoltaic Development Project



On 4 June 2021, China Gas and LONGi Green Energy Technology Co., Ltd. signed a strategic cooperation agreement, under which both parties will uphold the principles of “complementary advantages, openness and fairness, mutual respect and mutual benefit”, to demonstrate both parties’ advantages in cooperating in the fields of distributed photovoltaics, building-integrated photovoltaics (“BIPV”), energy storage and electric vehicle charging, green hydrogen and other clean energy applications, and new energy research and development. Taking photovoltaic power generation such as industrial and commercial distributed photovoltaics, rural household photovoltaics and BIPV, and new energy applications as breakthroughs, we will promote smart city projects in the urban areas where the Group’s project companies are located, and explore the implementation of smart cities, green and low-carbon service mechanisms and extended service.

Greenhouse Gas Monitoring and Control

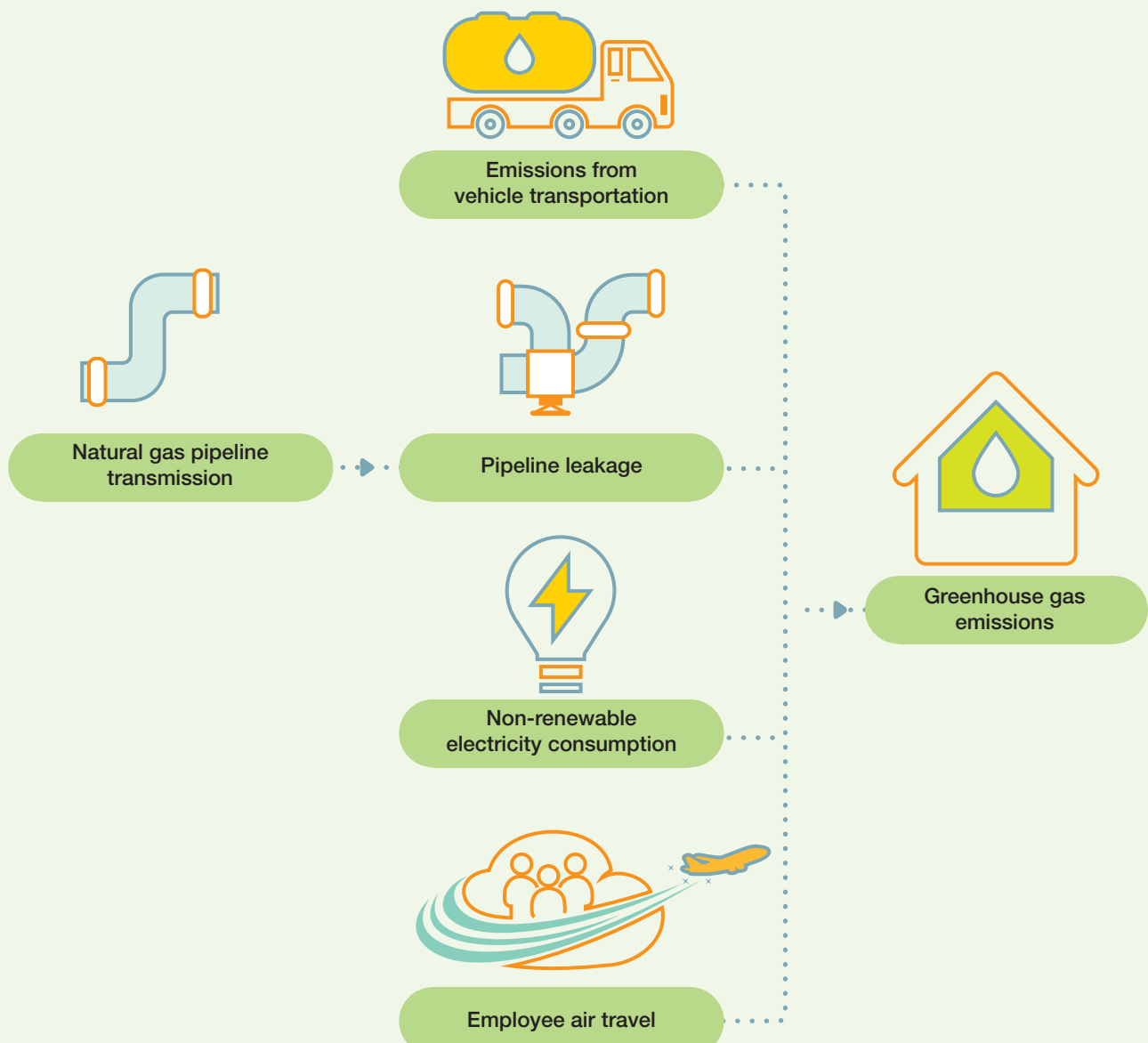
In order to strengthen the monitoring and control of greenhouse gases, the Group estimated the greenhouse gas emissions of its projects with reference to Appendix 2: Summary of Environmental KPIs of the Environmental, Social and Governance Reporting Guide of the HKEX. Greenhouse gas emissions generated during the operation of the Group included consumption of fossil fuels for operations, fugitive emissions released during transmission and transportation of natural gas and LPG and non-renewable electricity consumption. The Group will continue to monitor greenhouse gas emission data and review it annually. In the future, the Group will continue establishing a robust management plan to reduce greenhouse gas emissions, strengthen the management of fossil fuel and energy consumption and enhance the effectiveness of works on emissions reduction.

2. GREEN ENVIRONMENT

2.3 ENVIRONMENTAL MANAGEMENT SYSTEM (Continued)

2.3.1 Climate Change and Greenhouse Gas Emissions Management (Continued)

Greenhouse Gas Monitoring and Control (Continued)



2. GREEN ENVIRONMENT

2.3 ENVIRONMENTAL MANAGEMENT SYSTEM (Continued)

2.3.1 Climate Change and Greenhouse Gas Emissions Management (Continued)

Greenhouse Gas Monitoring and Control (Continued)

Greenhouse gas ("GHG")	Unit	Sources	Emissions in FY2020/21	Emissions in FY2019/20
Scope 1: Direct emissions (internal use)	tCO ₂ e	Consumption of fossil fuels for operations, fugitive emissions released during transmission and transportation of natural gas and LPG	72,176.26	118,000.50
Scope 1: Direct emissions (integrated energy business)	tCO ₂ e	Consumption of energy from project companies on distributed energy resources business for external heating	140,628.47	
Scope 2: Indirect emissions	tCO ₂ e	Consumption of non- renewable electricity for operations	75,513.15	91,166.40
Scope 3: Other indirect emissions	tCO ₂ e	Employee air travel	535.54	394.22
Total GHG emissions	tCO ₂ e		288,853.42	209,561.13
Total GHG emissions (excluding integrated energy business)	tCO ₂ e		148,224.95	Data not available
GHG intensity	kgCO ₂ e/GJ of energy sold		0.22	0.20
GHG intensity (excluding integrated energy business)	kgCO ₂ e/GJ of energy sold		0.11	Data not available

2. GREEN ENVIRONMENT

2.3 ENVIRONMENTAL MANAGEMENT SYSTEM (Continued)

2.3.1 Climate Change and Greenhouse Gas Emissions Management (Continued)

Greenhouse Gas Monitoring and Control (Continued)

Greenhouse gas emission control measures implemented by China Gas are as follows:

Measure 1: Promoting township “replacement of coal with gas”

China Gas continues to promote “replacement of coal with gas” projects in towns and villages and has intensified the development of the township “replacement of coal with gas” market through maintaining high standard, high quality and high efficiency of construction projects and gas supply to allow rural residents in northern China access to clean natural gas. In order to create a “gas ecosystem in rural villages”, the Group will accelerate the development of rural gas markets and establish a comprehensive development mechanism in rural villages.

As at 31 March 2021, the Group had accumulatively signed contracts with more than 9.00 million residential users for the township “replacement of coal with gas”, completed the gas pipeline connection for 7.92 million residential users in townships, and provided rural residential users with 1.76 billion m³ of natural gas in this fiscal year. The Group has signed Strategic Cooperation Agreements with Tianjin Municipality, Hebei Province, Shandong Province, Shanxi Province, Henan Province, Shaanxi Province, Anhui Province, Yunnan Province, Hainan Province, Heilongjiang Province, Hubei Province, Jilin Province, Guizhou Province, Sichuan Province and Hunan Province respectively, to carry out township “replacement of coal with gas”, transformation of coal-fired boilers, natural gas for vehicles, distributed energy, natural gas storage facilities, natural gas pipeline network and “beautiful countryside” construction projects in the counties or districts.

Measure 2: “Replacement of Coal with Gas” Projects for High Energy Consumption Industries

In recent years, local governments have proposed clean energy alternatives for industrial coal-fired boilers. China Gas has also been actively exploring the energy transition market for high energy consumption industries. In FY2020/21, in response to the *Implementation Plan for Fighting for the Blue Sky of Guangdong Province (2018–2020)*, China Gas carried out the following replacement of coal with gas projects:

Project	Estimated gas consumption	Progress in FY2020/21
Zhaoqing Jinshunlong Ceramic “replacement of coal with gas”	45 million m ³ /year	Completed hoisting of main equipment, expected to enter operation in mid-August 2021
Zhaoqing Donghui Ceramic “replacement of coal with gas”	45 million m ³ /year	Completed hoisting of main equipment, expected to enter operation in mid-August 2021
Qingyuan Guanxing Ceramic “replacement of coal with gas”	11 million m ³ /year	Completed and in operation

2.3 ENVIRONMENTAL MANAGEMENT SYSTEM (Continued)

2.3.1 Climate Change and Greenhouse Gas Emissions Management (Continued)

Measures to Combat Climate Change

We realise that climate change will bring challenges to our business operations, and we are determined to implement various measures to mitigate and adapt to the impacts of climate change. In July 2020, to cope with operational customer service management risks, such as flooding, lightning and high temperatures, China Gas issued the *Notice on Strengthening Safety Control and Operation of Customer Service in Summer*. Each project company pays close attention to the “five prevention works” of operational customer service. Each company refines its special emergency plan based on the specified type and level of summer natural disasters in the region, and forms an emergency working group. For abnormal situations, it promptly implements measures to deal with, control and report accidents, to minimise the impact of natural disasters.

In order to strictly implement the responsibility system of flooding prevention and supply guarantee, and ensure the safe operation and stable gas supply of each project company during the flood season, the Central China Region Operational Management Centre of China Gas promptly issued the *Notice on Properly Undertaking Flooding Prevention and Supply Guarantee Work in 2020* before the arrival of the flood season. It made specific work arrangements in eight aspects, including the flooding season monitoring and warning system, emergency protection mechanism, emergency rescue and material reserves, preventive measures before and during the flooding season, gas supply guarantee during flood season, emergency handling, construction during the flooding season, transportation and user safety during the flooding season.

In addition, each project company carries out safety training to strengthen employees’ awareness of preventive measures for seasonal natural disasters and improve employees’ knowledge and skills for “five prevention works”. The hotline personnel of each project company carry out equipment inspections and prepare emergency plans under malfunction in advance to ensure the smooth operation of 95007 and other service hotlines. The Company also improved the service sensitivity of hotline personnel, so that complaints and important matters with potential risks can be reported timely to avoid the escalation of events.

China Gas also issued the *Notice on Strengthening the Customer Service Management of Winter Operation* in September 2020, requiring strengthening the investigation of four types of users and hidden dangers of indoor management. We will improve the success rate of home security inspection, and fully realise data handling and the use of the security inspection application. The Company will commit to pipeline network pressure preservation and odourant-adding and leak detection. The Company strengthened the management of hotline reception and increased the training of hotline reception. The Company will strengthen emergency rescue management and improve emergency response capabilities, as well as organise winter safety publicity activities for users, and strengthen the rectification of hidden dangers.

2. GREEN ENVIRONMENT

2.3 ENVIRONMENTAL MANAGEMENT SYSTEM (Continued)

2.3.1 Climate Change and Greenhouse Gas Emissions Management (Continued)

Measures to Combat Climate Change (Continued)

Case 1: Anti-flooding meeting in the rainy season of Nanjing Zhongran



Nanjing Zhongran* held anti-flooding meeting

In July 2020, in the face of heavy and continuous rainfall, Nanjing Zhongran City Gas Development Company Limited* (“Nanjing Zhongran”) responded quickly, took action and strengthened the flooding prevention network, carried out detailed and practical flooding prevention work, and made every effort to ensure the safety of gas pipelines.

Nanjing Zhongran* pays close attention to the potential risks of long-term rainwater soaking and flushing on the operation safety of gas facilities such as gas pipelines. It organised several special meetings attended by the Production Operation Department, Safety Supervision Department and the operation personnel of each office to identify issues and formulate remediation plans. It focuses on key sections and areas, strengthens the storage and maintenance of key equipment such as SCADA and low-lying areas with pressure regulating equipment, improves emergency plans, requires all relevant departments to arrange safety work early during the flooding season, and conducts repair and maintenance of gas facilities, stations and emergency drainage equipment in advance.

For example, Nanjing Zhongran* requires the Safety Supervision Department to specify the safety responsibilities. Each department and office is required to strictly implement a 24-hour duty system and determine safety responsibility. The operation system is required to immediately perform safety inspections on gas pipeline side ditches, gas facilities and equipment.

2.3 ENVIRONMENTAL MANAGEMENT SYSTEM (Continued)

2.3.1 Climate Change and Greenhouse Gas Emissions Management (Continued)

Measures to Combat Climate Change (Continued)

Case 2: Handan Economic Management Group carried out “three prevention work in rainy seasons”



In order to effectively prevent the impact of natural disasters and bad weather during flood seasons, Handan Economic Management Group carried out various tasks of “three prevention works in rainy seasons”, including the establishment of a leading group for “three prevention works in rainy seasons”. The leading group was established to improve emergency rescue plans, and to implement detailed work measures for each team and position, so as to achieve the “five implementations” of responsibilities, institutions, personnel, emergency supplies and measures, and make joint emergency response by multiple departments possible. Handan Economic Management Group adhered to the flood duty and reporting system, reserved sufficient flood prevention supplies and emergency tools, set up flood rescue teams and emergency reserve teams, and carried out flood prevention emergency drills to ensure the efficient and orderly operation of the flood prevention command system, the rapid and effective handling of risk, and safe and stable gas supply during the flood prevention period.

Handan Economic Management Group also requires each subsidiary to conduct a thorough inspection of all gas pipeline networks, valves and pressure regulating stations in areas under its management before the flood season, and immediately rectify any problems found. At the same time, the supervision of each construction site is strengthened, requiring each construction team to carry out the prevention and response work of “three preventions in rainy season” and prepare emergency rescue tools. For the pipe ditches that are excavated during construction, the Company will pay close attention in waterproofing, drainage and ditch protection, and will backfill soil after completion of construction. For areas that cannot be backfilled in time, the Company will take protective measures to prevent flooding.

2.3.2 Use of Resources and Waste Management

In addition to complying with the *Solid Waste Pollution Prevention and Control Law of the PRC*, the Group aims to reduce waste and adopt materials that are in line with the principle of sustainability. The Group adopts a range of waste management measure to make good use of limited and precious resources, as well as minimising the environmental impacts in all aspects of value chain. We strictly manage the generation and disposal of waste in various projects, while closely monitoring the use of machinery oils and chemicals to minimise wastage and the generation of hazardous waste.

2. GREEN ENVIRONMENT

2.3 ENVIRONMENTAL MANAGEMENT SYSTEM (Continued)

2.3.2 Use of Resources and Waste Management (Continued)

Office environment management



The Group continues to promote the *7S Office Environmental Management System* to advocate the principle of frugality and conservation, and build a resource-saving enterprise with employees. The Group has cooperated with Fujifilm Business Innovation Hong Kong to implement the *Office Printing Improvement Programme* to actively promote printing improvement measures and encourage employees to change their printing habits, and thereby reducing resource consumption and improving printing efficiency.

Operation management



Each project strictly complies with the Group's material use management objectives. About 99% of the materials used in the production of LPG cylinders are recyclable materials (steel, brass), and only the remaining 1% are non-recyclable paint coatings.

Material Consumption Statistics

Material	Unit	Consumption in FY2020/21	Consumption in FY2019/20
LPG cylinder	no.	331,185.00	402,180.00
Lubricant	tonne	35.40	95.25
Antifreeze oil	barrel	0	256.00
Paper product/cardboard	tonne	2,135.91	1,978.98
Plastic	tonne	537.77	552.27 ²
Wood board	tonne	6.20	5.58
Styrofoam	tonne	393.13	296.56
Odourant	tonne	103.67	96.60

² Plastic consumption in FY2019/20 was corrected to reflect the actual situation

2. GREEN ENVIRONMENT

2.3 ENVIRONMENTAL MANAGEMENT SYSTEM (Continued)

2.3.2 Use of Resources and Waste Management (Continued)

Waste Generation and Disposal

Type of waste	Sources of waste	Disposal method	Unit	Amount of volume generated in FY2020/21	Amount of volume generated in FY2019/20
Non-hazardous waste	Mainly includes domestic waste from offices, non-hazardous parts produced during the manufacturing and maintenance of gas appliances, as well as a small amount of waste generated from cleaning of the gas transmission pipelines	Regular transportation and disposal by the environmental hygiene department after collection	tonne	21,555.99	17,323.06
Hazardous waste	Mainly includes waste machinery oil, hazardous and expired chemicals and hazardous metals from the waste circuit boards of gas appliances	Entrusting recycling units with relevant qualifications for compliant disposal	tonne	74.33	69.79

2. GREEN ENVIRONMENT

2.3 ENVIRONMENTAL MANAGEMENT SYSTEM (Continued)

2.3.3 Water Utilisation

China Gas understands the importance of water resources to our business and the sustainable development of society. Facing the challenges of water shortage, we are committed to the protection of water resources by reducing water consumption, enhancing water recycling, boosting water-use efficiency, as well as adopting water conservation measures in projects and office, including:

- Utilise recirculating water for water-consuming equipment such as natural gas compressors, ice machines and sprinkler systems to improve water efficiency
- Install rainwater harvesting facilities to recycle water
- Install water taps with automatic sensor in offices to reduce water consumption

During the Reporting Period, the Group's total amount of water consumption was 2,195,885.18 tonnes; the water consumption intensity was 1.83 kg/GJ of energy sold.

Water Consumption by Source (tonne)

	FY2020/21	FY2019/20
City and township water supply or other waterworks	2,013,625.06	1,473,050.75
Groundwater	74,738.12	126,777.91
Surface water	107,522.00	83,730.40
Seawater	0	1,000.00
Total	2,195,885.18	1,684,559.06

2.3.4 Water Pollution Prevention Measures

China Gas strictly abides by the *Law of the People's Republic of China on the Prevention and Control of Water Pollution*, the national guidelines and policies on the prevention and control of water pollution and the pollutant discharge permit management system, adheres to the principle of "focusing on source control, strengthening monitoring methods, adopting centralised wastewater treatment, and improving emergency response system", and adopts active control to avoid potential water pollution caused by projects. Wastewater generated by the Group mainly includes wastewater produced from operations, cleaning of equipment and domestic sewage from employees. During the Reporting Period, the Group's total wastewater discharge amount was 1,333,797.35 tonnes.

2.3 ENVIRONMENTAL MANAGEMENT SYSTEM (Continued)

2.3.4 Water Pollution Prevention Measures (Continued)

We have implemented a series of water pollution prevention measures in our operations:

- Strengthen the works on collection and treatment of wastewater, conduct regular inspections of wastewater treatment facilities and sewage tanks to prevent leakage of processed and domestic wastewater and prevent the pollution of surrounding water bodies.
- Install seepage control measures at the wastewater treatment facilities, sewage tanks and waste storage areas at gas stations. The rain and sewage diversion project is also implemented in gas stations.
- Set up emergency response plans for water sources to clarify the responsibilities of each department during emergencies. Once a water pollution accident occurs, emergency response plans should be initiated immediately to identify and terminate the sources of pollution, and investigate the scale and severity of the pollution.

Wastewater Discharge by Destination (tonne)

	FY2020/21	FY2019/20
Municipal wastewater treatment plants or other wastewater treatment facilities	1,042,289.27	896,540.05
Groundwater	70,332.94	108,686.85
Surface water	160,027.14	66,768.86
Ocean	61,148.00	0
Total	1,333,797.35	1,071,995.76

2.3.5 Energy Use Management

China Gas strictly abides by the *Environmental Protection Law of the People's Republic of China* and is committed to saving energy, reducing emissions and improving energy efficiency through technological innovation. Energy consumed in our daily operations and transportation mainly includes natural gas, LPG, petrol, diesel and purchased electricity.

In order to reduce the energy consumption of vehicles and support sustainable transportation, the Group formulated the *China Gas Vehicle Management System* to regulate the equipment, replacement and procurement management of various types of vehicles used by the subsidiaries of China Gas. When purchasing vehicles, economic vehicles with low emissions are prioritised.

During the Reporting Period, the Group's total energy consumption was 3,458,811.26 GJ, the energy intensity was 0.003 GJ/GJ of energy sold. During the Reporting Period, China Gas also actively carried out photovoltaic power generation projects, and provided solar power to companies such as Hangzhou Hangfang Technology Co., Ltd., Liaoning Ever Foundry Co., Ltd. and Voestalpine Automotive Components Shenyang Co., Ltd., which generated a total of 7,057,300 kWh of electricity.

2. GREEN ENVIRONMENT

2.3 ENVIRONMENTAL MANAGEMENT SYSTEM (Continued)

2.3.5 Energy Use Management (Continued)

Energy Consumption Statistics

Fuel	Unit	Consumption in FY2020/21	Consumption in FY2019/20
Petrol	tonne	5,232.87	2,682.60
Natural gas for internal use	m ³	15,066,913.84	11,443,533.71
Natural gas for integrated energy business	m ³	69,526,500.00	25,618,727.00
Diesel	tonne	3,857.03	3,605.80
LPG	tonne	90.44	69.40
Heavy oil	tonne	1,614.39	2,575.16
Kerosene	tonne	5.59	0.43
Energy	Unit		
Non-renewable electricity consumption	kWh	123,771,764.33	149,428,626.06

2.3.6 Biodiversity Conservation

Considering the fact that gas processing and distribution may interfere with land or wildlife habitats, mitigating the impact on biodiversity has become an important part of the Group's environmental management approach. We are committed to promoting biodiversity, particularly the natural habitats along pipelines and sensitive areas with high ecological value, in order to fully protect the ecological environment around project areas.

The Group has formulated *Biodiversity Protection Policy* and *Environmental and Social Management System*, and adopted the following protection measures and design principles during project development.

2.3 ENVIRONMENTAL MANAGEMENT SYSTEM (Continued)

2.3.6 Biodiversity Conservation (Continued)



Ecological Environment Protection Measures

- Where practical, gas transmission pipelines should avoid passing through nature reserves, eco-functional areas, forest parks and forest areas to reduce damage to vegetation
- Ensure prudent planning for land permanently occupied by pipelines; construction should be in parallel and along the alignment of roads to reduce soil disturbance and damage to surface vegetation, and to avoid exposing land and soil to erosion
- If there are construction activities taking place, on-site construction machinery should be strictly controlled, and the scope of activities should be delineated; off-road vehicle driving and work are prohibited in order to keep vegetation intact
- Strengthen the environmental awareness of workers and highlight the information regarding national key protected species as important matters in construction projects
- Where practical, restore the land to its original land use pattern after the completion of construction works if there are construction activities taking place, and adopt greening measures for planting trees and grass according to climate conditions



Biodiversity Conservation Measures

Protect the wild plants

- Prevent destructive logging of wild plants (particularly attaching significant importance to nature reserve areas) which would cause ecological and environmental damage along pipelines

Protect the wild animals

- Promote the protection of wild animals, including advocating the roles of amphibians, reptiles and birds in ecosystems, and prohibit construction workers from killing wild animals

Environmental protection

- Strengthen protection of the water environment, avoid pollution or eutrophication in water bodies within project areas and minimise the impact on aquatic species and habitats

Education on the awareness of protection

- Increase the public's awareness on protection of wildlife and ecological environment

2. GREEN ENVIRONMENT

2.3 ENVIRONMENTAL MANAGEMENT SYSTEM (Continued)

2.3.6 Biodiversity Conservation (Continued)



Green Design Principles

Plantation principle

- Under the principle of “Right Tree and Right Grass for the Right Place,” the selection of tree and grass species should be based on detailed surveys of the topographic, soil and climate conditions in each region; utilise native species as the main species and introduce appropriate new species to ensure a high survival rate of green planting

Office greening

- Target greening in office areas by planting ornamental evergreen trees around office buildings, setting up flower beds and planning small gardens

Vegetation restoration

- During restoration, in addition to selecting species that are suitable for the local environment, the restoration layout should also consider the interaction of multiple species based on environmental characteristics in order to enhance the stability of green planting

3. CARING FOR OUR SOCIETY



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3. CARING FOR OUR SOCIETY

China Gas cares for our society. The Group continuously improves product and service quality, as well as customer experience to ensure that customers receive the best services. The Group's *Environmental and Social Management System* complies with the relevant requirements of ADB and incorporates social considerations into various stages of project development, so that the operation of China Gas can co-exist in harmony with the surrounding communities and promoting social harmony and inclusion. Adhering to the corporate mission of "Converging in Harmony and Benefiting the Society", China Gas is committed to understanding and actively responding to the needs of communities for years, so as to fulfill its social responsibilities and promote the sustainable development of communities.

3.1 CUSTOMER CARE

"Customer Satisfaction, Social Recognition and Employee Pride" is the core strategic goal of China Gas. Guided by the cultural concept of "Everyone Serves", the Group is committed to providing customers with proactive, considerate and efficient services. In order to meet the needs of customers from different categories, regions and time zones, the Group follows the service principle of "Customer-oriented, Adapting to Local Conditions, Highlighting key Points and Continuous Improvements", and revises and improves the service indicators every year to improve service performance and quality.

China Gas strictly abides by various laws and regulations, including the *Company Law of the PRC*, *Foreign Investment Law of the PRC*, *Trademark Law of the PRC*, and *Regulations on the Administration of Urban and Township Gas*, to ensure that the Group's operations are in compliance with laws and regulations and provide reliable and high-quality services to customers.

At the same time, the Group has also formulated relevant policy documents for service management. The *Customer Service Management System* details the organisational management structure, work procedures, daily management system, training system and assessment criteria of the Group's customer service centre, so that customers can enjoy the high-quality services of China Gas. For the headquarters, we have formulated eight guidelines on customer service operations management and seven technical guidelines on customer services to clarify the responsibilities of each level. At the project company level, each project company has also set up customer service centres and customer service hotlines to properly manage customer services and improve customer service quality through a well-established mechanism.

The *China Gas Employee Service Specification* sets out the Group's requirements for service positions. All customer service personnel are required to respond to customer needs according to the requirements of the specification in a timely manner and continuously improve customer service quality to enhance the Group's brand image. The Group has also set up a team of professional part-time lecturers to train employees and improve their service capabilities, so that employee's work can meet the service targets and standards.

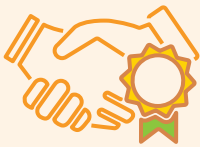
Complaint Handling Procedures and System

China Gas values the opinions of customers, listens to and understands the opinions of customers through different communication channels to improve products and service quality. The Group manages customer services by establishing customer service regulations and operating procedures. We have established the *Customer Complaint Handling Principles*. The customer service team will follow up with complaint cases according to the nature of complaints and suggestions within a reasonable time, in order to honour our service commitments and uphold the service attitude of "Sincere, Proactive, Enthusiastic and Long-lasting".

3.1 CUSTOMER CARE (Continued)

Complaint Handling Procedures and System (Continued)

Integrity



- Undertake commitments, contracts and promises
- Deal with problems and arising issues in an open, impartial and transparent manner

Timely



- Timely and effective problem-solving
- Communicate effectively, give feedback and resolve problems in a timely, professional and coherent manner

Professionalism



- Professional personnel and image
- Equip ourselves with professional standards, be considerate to customers, handle problems comprehensively and maintain the corporate image

For complaints about products and services, China Gas has standardized services and established handling procedures.



1.Receiving and handling complaint

Complaint acceptance (complaint cases established) — preliminary analysis (classify the severity and priority) — lodge a complaint (record the detailed data and collect related documents about the complaint) — allocate the case to specialised taskforces for timely and effective handling.



2.Complaint handling

After receiving the complaints, the person-in-charge shall convene relevant unit to analyze the cause, record and file case documents after handling the complaint for future reference.



3.Improvement and feedback handling

Actively communicate and coordinate with customers to resolve issues, so as to avoid customer's complaints and enhance their satisfaction in the future. The responsible department formulates individual improvement measures to close the case and ultimately track the progress of improvement.

3. CARING FOR OUR SOCIETY

3.1 CUSTOMER CARE (Continued)

Complaint Handling Procedures and System (Continued)

During the Reporting Period, China Gas received a total of 264 complaints in relation to installation, operation, maintenance and gas outage. All complaints were properly handled. The complaint resolution rate reached 100% during the Reporting Period.

Customer Satisfaction Survey

In order to understand customers' opinions on products and services of China Gas, 90 project companies of the Group conducted customer satisfaction surveys during the Reporting Period and received a total of 1,051 feedback surveys, with a score of 8.72. We carried out follow-up actions on the investigation results, and launched improvement measures for the problems identified, including revision of the *China Gas Call Centre Management Regulations*, optimizing customer service management, printing the *China Gas Hotline Personnel Service Manual* and sending it to the hotline personnel for learning, and carrying out the China Gas CRM call centre service training, to improve service performance in all aspects and meet customers' needs.

Promoting Smart IoT to Improve Customer Experience

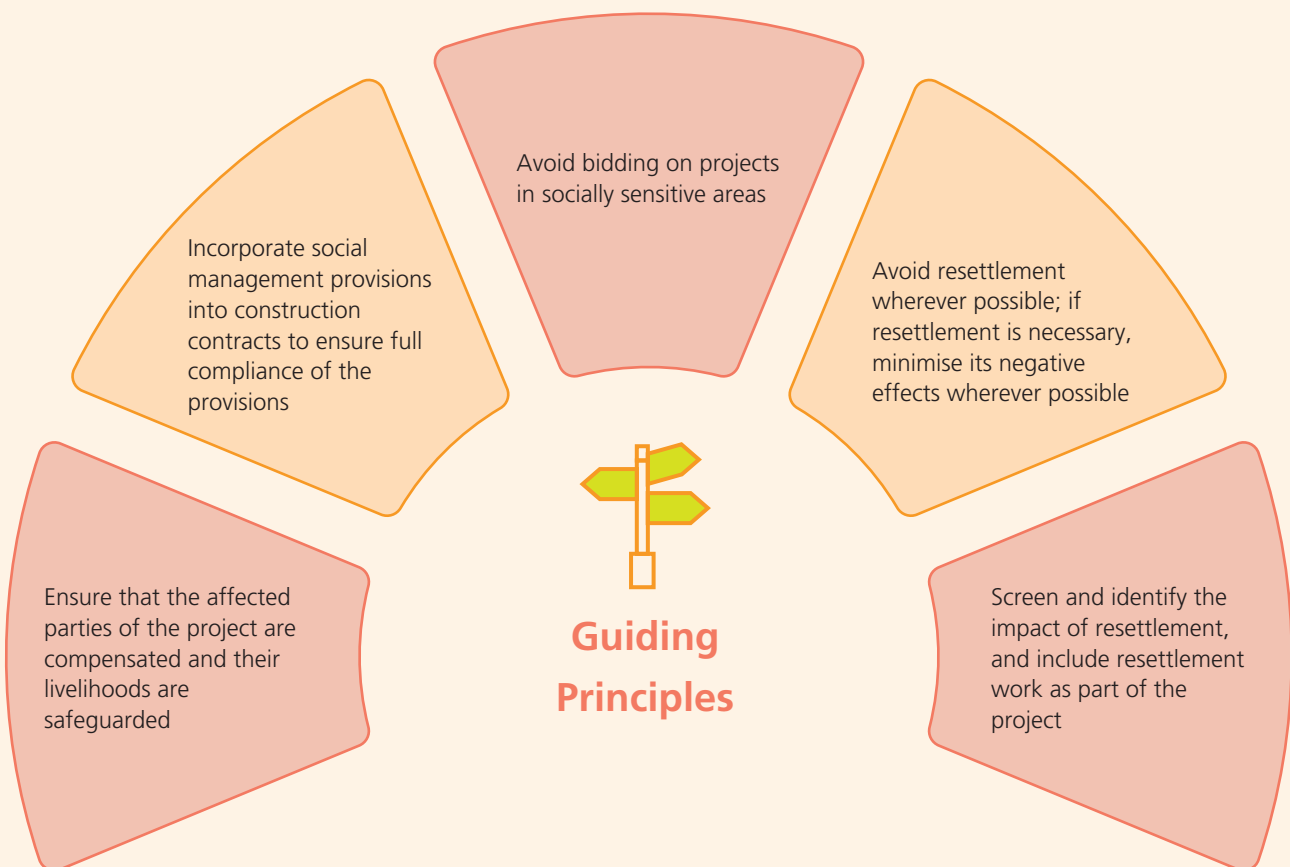
In line with local governments' active promotion of smart cities development, the Group also promotes the use of smart IoT meters and leverages Internet of Thing ("IoT") technology to realise the digitisation and refinement of business management, in order to provide users with more convenient and better services. During the Reporting Period, the Group launched an online self-service top-up service for IoT gas meters that supports top-up service on mobile phone, which facilitates remote gas purchases for a large number of gas users and enables users to pay and top up through mobile online payment at home. The use of smart IoT has greatly enhanced the customer experience and enabled customers to top up anytime and anywhere.

As at 31 March 2021, the Group (excluding non-controlling companies) had 2,470,131 existing customers with IoT meters installed, representing 11% of all customers, while 15,270,000 units of IC meters with automatic charging function have also been installed, with a coverage rate of 68%, which greatly enhanced the customer experience.

3.2 RESETTLEMENT OF INDIGENOUS PEOPLES

Incorporating Community Development into Project Investment and Development

China Gas adheres to the guiding principles in the *Environmental and Social Management System* to avoid or minimise the disturbance to the lives and livelihood of community members during project construction and operation to a large extent, and strives to achieve harmonious coexistence with surrounding communities to contribute to sustainable development.



Policy on the Resettlement of Indigenous Peoples

In order to protect and identify groups affected by the project, the Group will conduct preliminary social impact assessments on development projects in the early stage of the project cycle to assess the needs of the groups such as affected households, indigenous peoples and vulnerable groups. We strictly comply with resettlement protection and indigenous peoples safeguard requirements in the *Safeguard Policy Statement* of the ADB, and implement corresponding procedures to manage relevant risks and impacts.

3. CARING FOR OUR SOCIETY

3.2 RESETTLEMENT OF INDIGENOUS PEOPLES (Continued)

Policy on the Resettlement of Indigenous Peoples (Continued)

In order to protect the livelihoods and rights of indigenous peoples, the Group will avoid resettlement as much as possible. When inevitable, we will study and explore all possible opinions of enhancement proposals and alternatives to minimise the number of people affected by the actual resettlement and loss of land or loss of income sources and the extent of the impact. In designing and implementing our projects, we pay full respect to the identity characteristics, dignity, human rights, lifestyle and cultural characteristics of indigenous peoples, and their rights to obtain social and economic benefits that are consistent with their cultural traditions. If we are certain at an early stage that the projects will have an inevitable impact on the community, we will strictly comply with ADB's requirements on compensation, assistance, benefits sharing, assessment of social impact, resettlement planning, information disclosure, consultation, grievance mechanism, monitoring and reporting, and strive to maintain and protect the rights and interests of affected communities, so that they can maintain their living standards.

During the Reporting Period, the Group did not engage in any projects that involved resettlement of residents, nor any incidents involving the infringement of rights of indigenous peoples.

Effective Consultation and Participation

The Group proactively communicates with the community. When the project is likely to result in resettlement or cause negative impacts on indigenous peoples, we will contact the affected group at the earliest stage of the project and carry out effective communication and negotiation. With reference to the requirements of ADB, the Group will carefully consider the demands of affected groups, minimise and mitigate the possible negative impact of the project, and compensate affected groups according to legal requirements. In addition, China Gas has also established a sound grievance mechanism for each project to collect and respond to the needs of the affected population, and jointly seek solutions.

3.2 RESETTLEMENT OF INDIGENOUS PEOPLES (Continued)

Effective Consultation and Participation (Continued)

Communication with the Affected Groups

Continual consultation

Effective consultation begins in the early project cycle and is carried out on a continual basis throughout the project cycle, and often conducted in local dialects. The affected persons are adequately informed about the project's potential adverse impacts and mitigation measures are proposed.

Timely disclosure of relevant and adequate information

Affected persons should have access to relevant project information such as the nature of the project, the scope of and reason for land acquisition, the resettlement objectives and entitlement matrix, available choices regarding future life, rights of the displaced people to participate in resettlement planning and implementation, and the grievance mechanisms.

No intimidation or coercion

Negotiation shall be conducted in a transparent and open manner where the affected persons can freely express their views without any external manipulation, interference or threat of retribution.

Gender-inclusive and considering the needs of vulnerable groups

Ensure the participation and consultation of women and vulnerable groups, and take their concerns into account.

3. CARING FOR OUR SOCIETY

3.3 SOCIAL RESPONSIBILITY

China Gas is enthusiastic about public welfare, caring for and serving the society with the mission of “Converging in Harmony and Benefiting the Society”. The shareholders of the Group are committed to caring for our society. In 2014, the Group set up the Foundation to carry out charitable activities in various regions and help disadvantaged groups in society with practical actions. During the Reporting Period, the Foundation adhered to the principle of “Loving Communities, Caring for Colleagues”, actively helped vulnerable groups in society, and carried out charitable activities in areas such as education and medical sponsorship, disaster relief and poverty alleviation. The Foundation established a volunteer service team to convey love and practice the corporate concept, giving back to society and fulfilling our corporate social responsibility.

The key results of our community investment during the Reporting Period are as follows:

Total amount of donation for charitable activities in FY2020/21	HK\$2.34 million
Total time spent on charitable activities in FY2020/21	320 hours
Total number of participants in charitable activities in FY2020/21	2,052

Over the years, China Gas has been widely recognised by all sectors of society for its commitment to improving people’s livelihoods and fulfilling its social responsibilities. During the Reporting Period, China Gas received a number of awards, including the “Social Responsibility Contribution Award of the Year” issued by China Corporate Social Responsibility Forum, the “Aona Award — 2020 Outstanding Corporate Social Responsibility Award” issued by the 2020 Social Responsibility Conference and “Economic Contribution Award” in 2020, in recognition of China Gas’ commitment in social responsibility and contribution to improving people’s livelihoods.

Charity and Community Services

China Gas always believes that “charity work shall involve everyone”. Therefore, we have been keen on charity activities and have been serving the society for many years. The Group has established a volunteer service team to foster the culture of volunteer activities within the Company, encourage employees to participate more in community services and strengthen employees’ sense of belonging to society. At the same time, the Group is committed to enhancing the public welfare awareness of employees by providing training to them. In addition, the Group formulated the *Charitable and Community Activities Management Policy* to specify and monitor the commencement of various charity works within the Group.

China Gas actively participates in the government’s targeted poverty alleviation work to help build a prosperous society.

3.3 SOCIAL RESPONSIBILITY (Continued)

Charity and Community Services (Continued)

Case Study 1: Boye Zhongran responded to the government's targeted poverty alleviation work



In response to the call of the Boye County government for targeted poverty alleviation, Boye Zhongran Energy Co., Ltd.* (“Boye Zhongran”) organized all employees to make donations for poverty alleviation, raising over RMB20,000. The funds raised would be used for costs related to the use of piped gas for poor households. In addition, we donated RMB150,000-worth of gas products and supporting fees to the government, a strong guarantee for poor households in the county to overcome the cold winter.



Boye Zhongran targeted poverty alleviation

Case Study 2: Yulin Zhongran visited cadres stationed in villages for poverty alleviation



Yulin Zhongran City Gas Development Co., Ltd.* (“Yulin Zhongran”) visited Baian Village, Xintian Town, Bobai County, a designated poverty alleviation target of the Company in April 2020 to visit cadres stationed in the village to express their care and send them various kinds of supplies and daily necessities, to support the personnel stationed in the village, and to provide them with solid on-site support.

3. CARING FOR OUR SOCIETY

3.3 SOCIAL RESPONSIBILITY (Continued)

Charity and Community Services (Continued)

The Group has set up a volunteer service team to encourage employees to actively participate in volunteer services and contribute to society. During the Reporting Period, the volunteer service team participated in various types of volunteer services, including anti-phone fraud volunteer services, gas safety promotion, public welfare day activities, etc., to give back to society.

Case Study 3: “Sending Warmth and Love” activity



During the Mid-Autumn Festival and National Day holiday, the volunteer service team of China Gas carried out a visit activity of “Sending Warmth and Love” and sent festive gifts to poor elderly in the area to care for disadvantaged groups in the community. Accompanied by community workers, volunteers visited the home of each elderly person and sent festive gifts to them, learned about their family life and situation, physical conditions and actual difficulties.



Sending regards and care during festival

3.3 SOCIAL RESPONSIBILITY (Continued)

Charity and Community Services (Continued)

In addition, China Gas incorporates social elements into the focus and considerations of project investment and development, and hopes to make use of its resources as a gas company for social investment and public welfare by leveraging our own advantages, so that more people can benefit from our services, such as free installation of piped gas for poor households and caring for farmers by leveraging China Gas' e-commerce platform.

Case Study 4: Rural Agriculture Support Program



Xianning Zhongran City Gas Co., Ltd.* (“Xianning Zhongran”) made every effort to help fruit farmers sell agricultural products like citrus and oranges. The unsold local citrus and oranges were sold on the e-commerce platform of China Gas. At the same time, employees of Xianning Zhongran also voluntarily organized community marketing and selling to assist fruit farmers in clearing the storage of oranges. China Gas successfully helped farmers to sell more than 30,000 kg of citrus and oranges, with sales of more than RMB100,000.



30,000 kg of citrus in Tongshan Cikou went unsold, Xianning Zhongran helped farmers reduce this burden

3. CARING FOR OUR SOCIETY

3.3 SOCIAL RESPONSIBILITY (Continued)

Benefiting Communities Through Charitable Activities

Case Study 1: Voluntary blood donation



Hok Lei Feng volunteer services activity

In March 2021, on the 58th “Hok Lei Feng Memorial Day” in the country, Zhangjjajie City Gas Development Co., Ltd.* of the Group actively supported the voluntary blood donation activities jointly organised by the Zhangjjajie City Housing and Construction System.

3.3 SOCIAL RESPONSIBILITY (Continued)

Benefiting Communities Through Charitable Activities (Continued)

Case Study 2: Flooding relief and donation



During the flooding season, employees of China Gas provided support to areas that were seriously affected by flooding. From Hubei, Jiangxi to Anhui, employees went to the Yangtze River and Huaihe River basins for rescue, inspection and maintenance work. They were committed to handling hazards at the frontline, ensuring the safe operation of pipelines and stable use of gas by users. In addition to all kinds of safety flooding protection work, employees of China Gas voluntarily participated in community volunteer services to assist the government in embankment inspection. On the other hand, the Group actively donated money and supplies to support the frontline in helping to prevent flooding. China Gas donated flooding prevention supplies and equipment of RMB50,000 to Wuhu City Blue Sky Rescue Team and supported the flooding prevention work in Wuhu City with practical actions.



Going through hard times together, Wuhu Zhongran Trade Union fighting floods with actions

4. CARING FOR EMPLOYEES



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4. CARING FOR EMPLOYEES

China Gas prides itself in being people-oriented and strives to become an outstanding employer. The Group aims to continuously consolidate its leading position in the market. As an excellent employer, we pay close attention to the development opportunities of employees and invest in sufficient training resources to build a favourable working environment and promote the long-term development of the Group.

4.1 EMPLOYEE MANAGEMENT POLICY

The Group has a clear recruitment strategy, strictly abides by all employment-related laws and regulations and provides a competitive remuneration package to attract talents and motivate employees to work actively. We strictly follow the Equal Rights and Interests Policy formulated by the Group, and are committed to achieving equal rights and interests to build a responsible corporate.

Equal Employment

Adhering to the people-oriented business philosophy, we actively explore outstanding talents to join China Gas, laying a solid foundation for the sustainable development of the Group. As at 31 March 2021, China Gas had a total of 74,331 employees, of which 7,232 were new employees and 4,764 were ethnic minorities. The distribution of employees by gender, age, region, ranking and employment type is as follows:

Employee statistics by gender, age, region, ranking and employment type

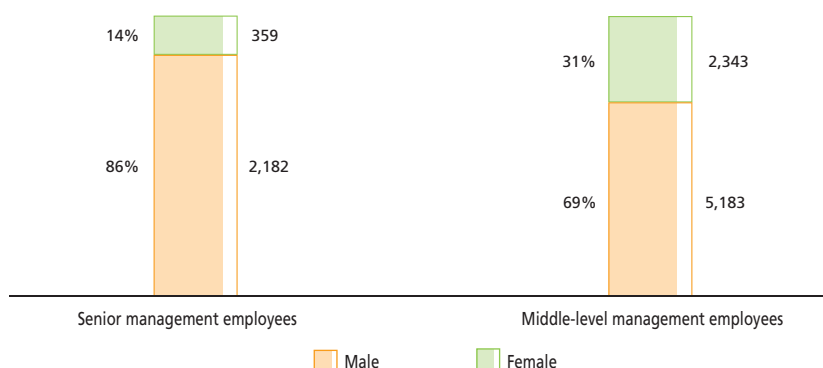


4. CARING FOR EMPLOYEES

4.1 EMPLOYEE MANAGEMENT POLICY (Continued)

Equal Employment (Continued)

Male to female ratios by ranking



Employment Compliance

In order to protect the rights and interests of employees, we strictly abide by the *Labour Law of the PRC* and the *Labour Contract Law of the PRC* to adhere to the principle of equal and inclusive employment, and we also comply with the *Social Insurance Law of the PRC*, which also sets out the Group's legal responsibilities for illness, work-related injury, maternity, medical care, retirement and death insurance. We forbid all discriminatory behaviours in relation to gender, ethnicity, age, religion, health, marriage status, family status during the recruitment process. China Gas also prohibits the employment of child labour, forced labour and people holding false identity documents. During the Reporting Period, no administrative penalties were imposed on China Gas with regards to labour security or child or forced labour.

Openness, fairness and righteousness are the three principles advocated by the Group's Human Resources Management Guideline. To protect employees' rights, our *Human Resources Management Manual and Recruitment Management System* covers detailed guidelines related to compensation and dismissal, recruitment and promotion, working hours, holidays and leave, equal opportunity and diversity, anti-discrimination, training, and other benefits and welfare.

Remuneration System

In terms of attracting and retaining talents, the Group adopts an incentivising and encouraging remuneration system. To further motivate employees, we offer competitive remuneration packages, including various types of paid leave, pension contributions, social insurance and housing provident fund, etc. to continuously enhance the enthusiasm and dedication of employees. The Group's remuneration management system is based on the position, performance and capability of employees, respecting their efforts and contribution. The Group also sets salary scales with due consideration of regional differences in salary standards, and is committed to offering all employees fair and reasonable remuneration and benefits.

Democratic Protection

In addition, we respect the rights of employees to freely organise or participate in labour unions to ensure that they enjoy the freedom of association and provide good democratic protection for employees. As at 31 March 2021, the total number of employees of the Group participating in the labour union was 74,305.³

³ The number in FY2020/21 included employees in Mainland China only.

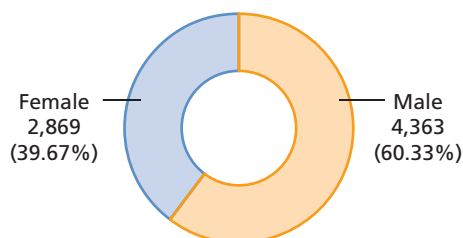
4.2 TALENT ACQUISITION AND RETENTION

The Group follows the three principles of openness, fairness and righteousness stated in the *Human Resources Management Manual* and *Recruitment Management System*, and has established an outstanding team of employees based on job-matching. We understand that talent management is an indispensable part of our business, therefore we actively expand our recruitment channels, including campus recruitment, social recruitment, the Group's website recruitment platform, WeChat public account recruitment and other channels to attract talents from different fields, and actively cultivates an efficient and encouraging working environment for our employees. The Group offers a comprehensive and competitive remuneration package to our employees, including sound benefits and protection, diversified training and career development opportunities, as well as employee referral and incentive schemes. We have also established a sound promotion mechanism, giving priority to internal promotion in accordance with the *Management Method for Cadre Allocation*, then considering external employees to provide sufficient room for internal career development. In terms of working atmosphere, we promote work-life balance and create a healthy and positive working environment for employees to enhance their sense of belonging.

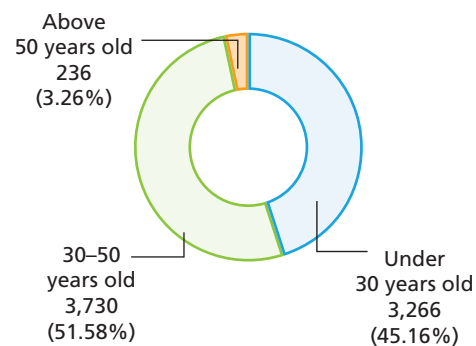
In FY2020/21, the total number of new employees was 7,232.

New employees' statistics by gender, age and ethnicity

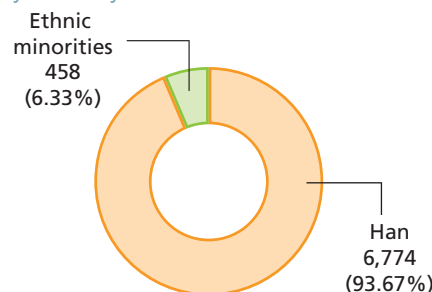
By gender



By age



By ethnicity

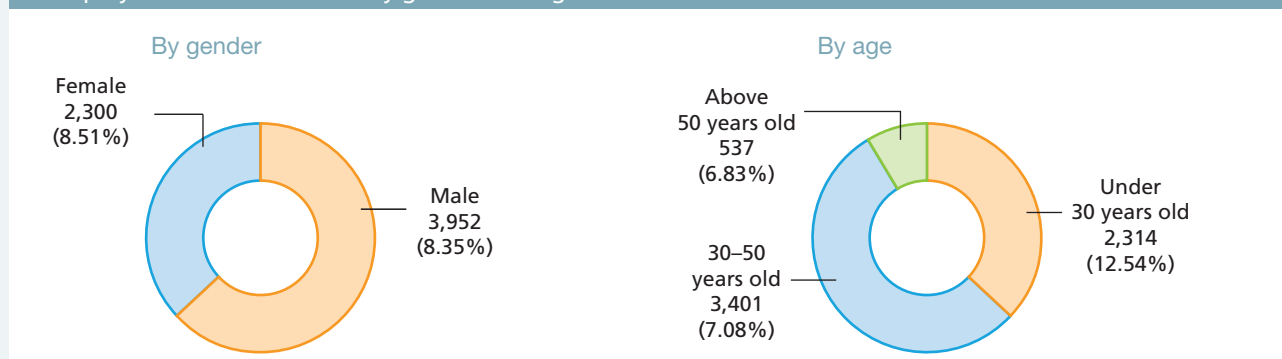


4. CARING FOR EMPLOYEES

4.2 TALENT ACQUISITION AND RETENTION (Continued)

In FY2020/21, the total number of employee turnover was 6,252, and the employee turnover rate was 8.41%.

Employee turnover statistics by gender and age

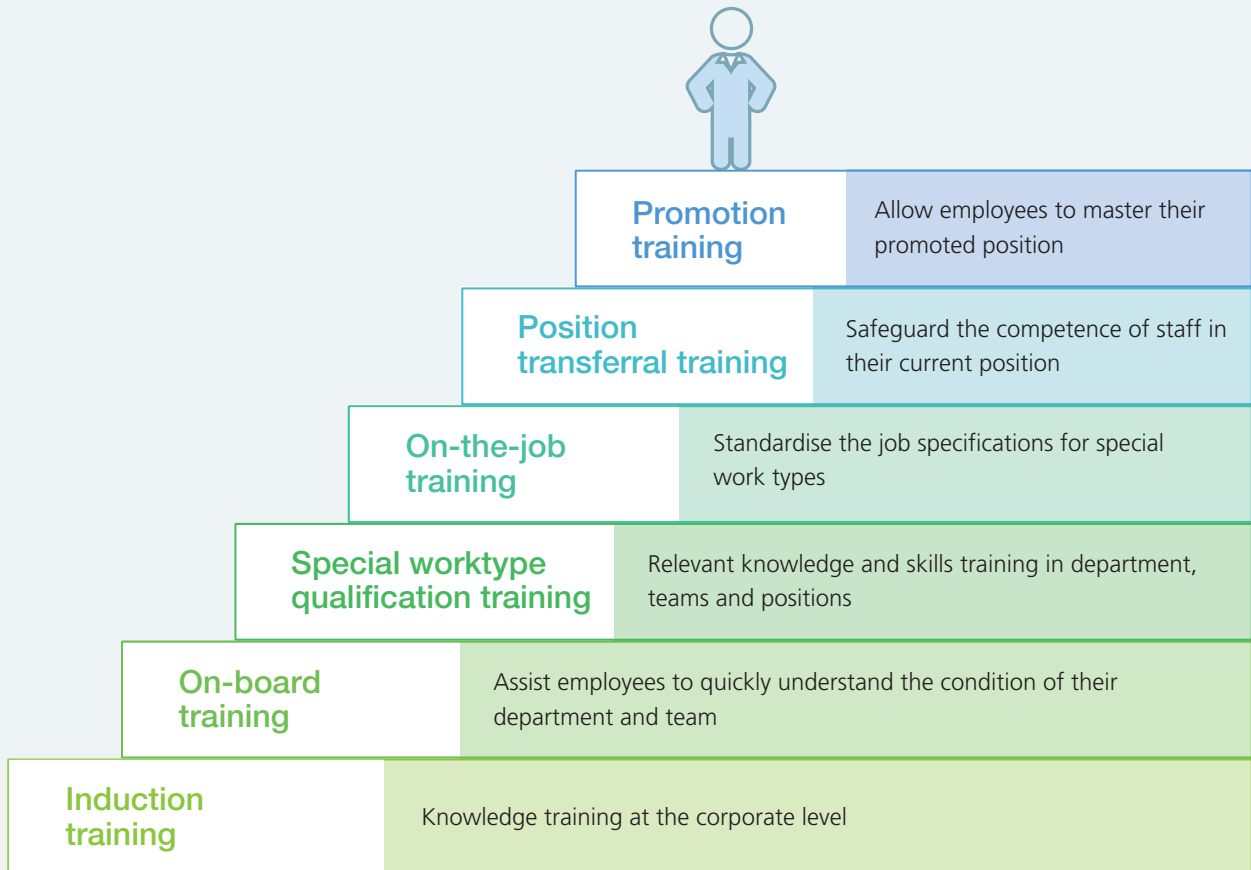


4.3 TRAINING AND DEVELOPMENT

In order to facilitate the Group's business development and cope with future operational challenges, we arrange relevant training to employees based on their position, ranking and interest. We hope that our employees can grow together and share success with China Gas. The Group's *Training and Management System* is made up of a three-tier management system, including the Group's headquarters, regional operational and management centres and project companies. The system clearly outlines the operational guidelines for employee training, covering training organisation and distribution of duties, training classification and content, planning and budget, performance assessment and remedial action plans, etc. There are three types of training. The first one is training for new employees. The Group provides each new employee with a training course according to his or her position in order to develop our talents. For example, the Group provides training to help newly graduated employees to adapt to their new environment and roles. The second one is training for senior management. The Group provides senior management with trainings on organisational strategies and formulation of strategies to strengthen their ability to lead and hire talents. The third one is training on value-added skills. The Group actively provides targeted and practical training. The training content varies according to the actual needs of different departments and functions. For employees to keep up with the latest trends and add value to themselves, China Gas provides technical training sessions, which include but are not limited to logical training, communication skill improvement, performance management and corporate culture. Due to the pandemic, in addition to offline training, the Group also actively conducts online training in consideration of the health and safety of employees. During the year, we held a total of 150 staff training sessions to cultivate outstanding talents, hoping that our employees can grow and succeed together with China Gas.

4.3 TRAINING AND DEVELOPMENT (Continued)

Training Category: By the Career Growth Stage of Employees



4. CARING FOR EMPLOYEES

4.3 TRAINING AND DEVELOPMENT (Continued)

Total number of employees trained and training hours:



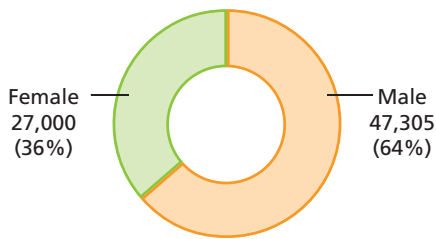
Total number of employees trained
74,305



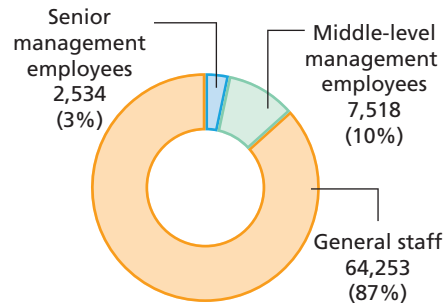
Total training hours
3,156,622 hours

Total number of trained employees by gender and ranking

By gender

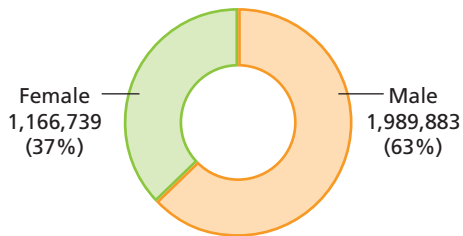


By ranking

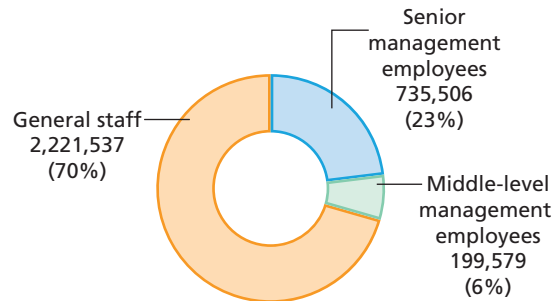


Total training hours by gender and ranking (hours)

By gender

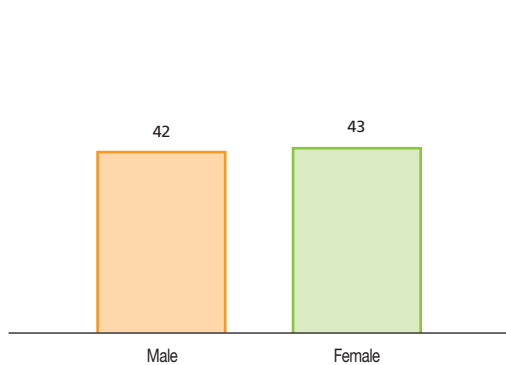


By ranking

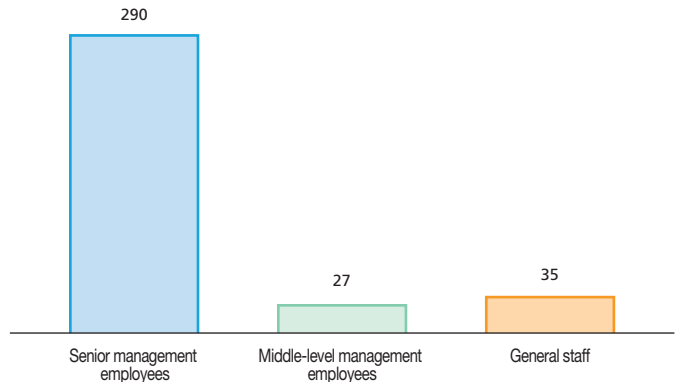


Average training hours by gender and ranking (hours)

By gender



By ranking



4.3 TRAINING AND DEVELOPMENT (Continued)

Career Development for Employees

Each year, we employ an external management company to formulate and execute training programmes that align with our theme and work priorities at our headquarters and regional operational and management centres, providing employees with flexible and systematic learning opportunities. Through an efficient employee training system, the Group strives to equip every employee with the knowledge, skills, attitudes and experience required for work in order to continuously improve the overall quality of employees. In addition, to ensure sustainable development of the Group and our employees, the Group provides interdisciplinary and lifelong training such as workshops on problem solving skills and innovative thinking, as well as lifelong career planning to our employees.

Case Study 1: Promote integrated management by working hard through your own role



The three-day Central China Regional Management Training aims to increase employees' awareness of management positions, leading employees to familiarise themselves with the work requirements and practices as well as arranging key tasks. 78 participants grasped this opportunity in facilitating regional integrated management. The leaders in charge of the integrated management work encouraged participants to formulate business model innovation together after the training, leading the team to a better future.



Employee training

4. CARING FOR EMPLOYEES

4.3 TRAINING AND DEVELOPMENT (Continued)

Career Development for Employees (Continued)

Case Study 2: Quality development training



Yiyang Zhongran held quality development training

Yiyang Zhongran City Gas Development Co., Ltd.* (“Yiyang Zhongran”) held this training for department managers, supervisors and grid leaders of the company during the year. The training included educating employees about insurance and water purifier sales skills, as well as reviewing the Group’s corporate culture to help further improve performance. The training also included a brainstorming session to encourage participants to have in-depth discussions on development issues of the gas industry and to provide valuable opinions on the future business direction of the Group.

Cooperation with Universities

During the Reporting Period, the Group cooperated with the Business School, Renmin University of China (“RMBS”) to design quality courses and provide a practical learning platform for invited outstanding enterprises to participate in. During this period, a series of exchange activities were conducted, including discussion and exchange on topics such as the Group’s business model and supply chain innovative finance. The Group was also awarded the “Excellent School-Enterprise Partner” by the RMBS, in recognition of the Group’s contribution in promoting project cooperation. We also expect to strengthen school-enterprise cooperation through cooperating with RMBS, and at the same time, make use of abundant teaching resources to help the Group cultivate outstanding business talents.

Employee Assessment and Evaluation

In order to appraise outperforming employees and further improve the allocation efficiency of human resources, China Gas conducts staff suitability assessments and comprehensive evaluations of all employees annually, including the Group’s management through performance appraisal. In terms of cadre management, we continue to implement dynamic management, with region-oriented recruitment, management and use of reserved cadres, while also strengthening the organisation and discipline in cadre deployment to form a stronger team.

4. CARING FOR EMPLOYEES

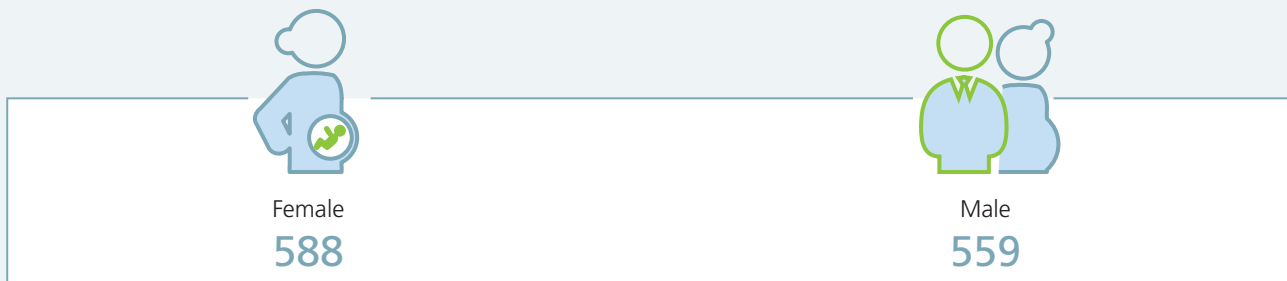
4.4 WELL-BEING OF EMPLOYEES

China Gas cares for the physical and mental health of our employees and is committed to creating a working environment that values the well-being of our employees. Our Staff Care Committee regularly organises a variety of leisure activities and provides all-rounded welfare to our staff, aiming to create a harmonious working atmosphere.

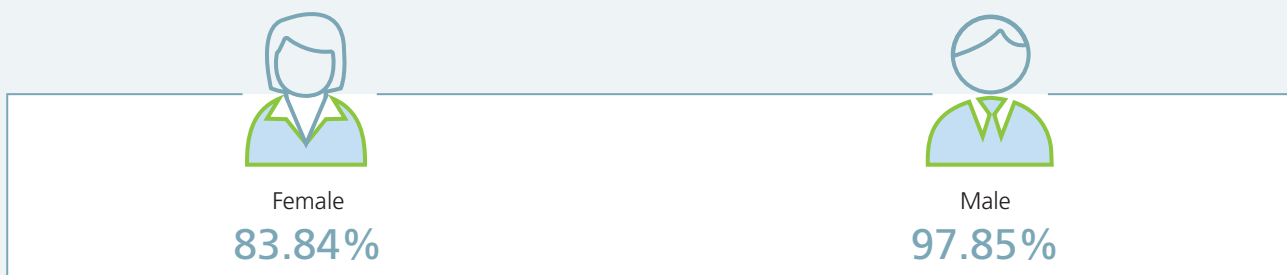
Welfare and Protection

We attach great importance to the well-being of our employees and have established a competitive welfare system to maintain employees' satisfaction. For example, the Group offers employee benefits, including distributing welfare packs to employee, as well as providing subsidies and packages that correspond with local circumstances and standards of the country and company.

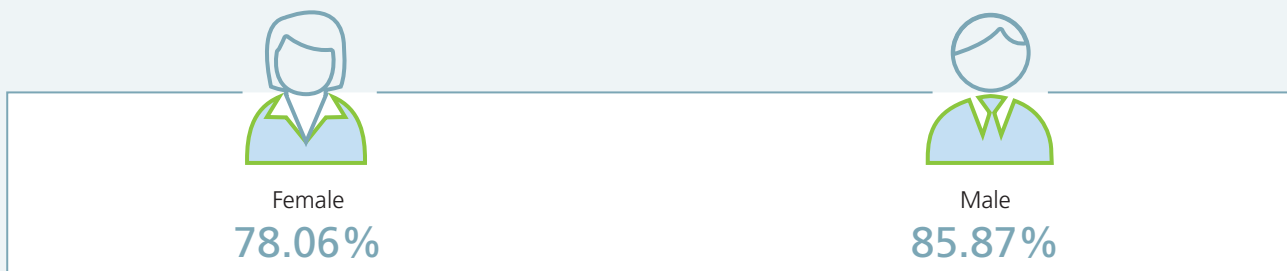
Employee maternity/paternity leave statistics in FY2020/21



Percentage of employees who returned to work after maternity/paternity leave ended in FY2020/21



Percentage of employees who returned to work after maternity/paternity leave ended in FY2019/20 and remained employed by the end of FY2020/21



4. CARING FOR EMPLOYEES

4.4 WELL-BEING OF EMPLOYEES (Continued)

Welfare and Protection (Continued)

Welfare and Subsidies

We provide a variety of welfare and subsidies, including service subsidy, festival allowance, physical examination allowance, supplementary commercial insurance premium, medical insurance, meal allowance, etc. Eligible employees will receive discretionary bonuses, rewards and stock options based on the Group's financial performance and their individual performance.

Family-friendly Employment

The Group respects the family responsibilities of employees, therefore has implemented local policies for staff and cadres to improve team stability and resource complementarity, and to create a family-friendly working environment for employees.

Protection of Rights and Interests of Female Employees

In terms of the protection of rights of female employees, we strictly comply with laws and regulations such as the *Law on the Protection of Women's Rights and Interests* and *Special Rules on the Labour Protection of Female Employees*, aiming to achieve equal pay for male and female employees. Apart from providing female employees with a good working environment and working conditions, China Gas also provides female employees with equal opportunities for career development and ensures that they are fully protected by the maternity and lactation leave regulations. China Gas reserves positions for employees on parental leave, and encourages them to re-join the Company, by ensuring that their career development and remuneration are unaffected.

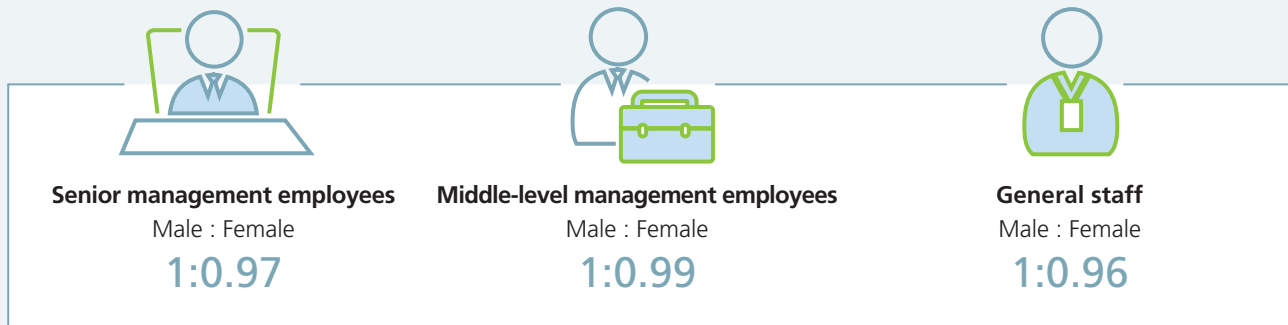
We value the career development of female employees and have been implementing different measures to show the care and respect the Group has for them. Supported by ADB and relying on a research project conducted by a project company "Research Project on the Impact of COVID-19 on Different Genders in Wuhan", during the period from December 2020 to January 2021, China Gas conducted research on the impacts of the pandemic on working conditions of employees from a gender perspective and outlined the impacts on female employees guided by the fundamental national policy of gender equality. Through this study, recommendations were proposed in response to similar public health emergencies in the future from multiple perspectives including the gender perspective.

China Gas adheres to the principle of gender equality in staff promotion and development, ensuring that some management roles are served by female employees. Meanwhile, regular leisure activities were held by Wuhan Zhongran City Gas Development Co., Ltd.* for female employees before the outbreak of the pandemic, including sports games, dance classes and female forum and lectures, to help enhance their cohesion and sense of belonging to the Group. These policies were consistently implemented during the pandemic.

4.4 WELL-BEING OF EMPLOYEES (Continued)

Welfare and Protection (Continued)

Ratio of remuneration of male to female by ranking in FY2020/21



Staff Caring

The Group attaches great importance to the physical and mental health of employees and is committed to helping employees and their families who are facing difficulties. The Group also encourages employees to convey love and care to those in need. In order to understand and attend to the actual needs of employees, we have formulated the *Interim Provisions on Employee's Wedding, Burial, Work-related Injuries and Visits to Major Diseases*, *Headquarters Staff Care Program* and *Staff Care Committee Assistance Application Guide*, to provide corresponding assistance to employees. We also provide assistance to sick employees and employees from low-income families in accordance with the *Measures for Caring Work of the China Gas Staff Care Committee* to support employees and overcome difficulties in life together.

Maintaining Two-way Communication

China Gas maintains close communication with our employees through establishing a sound communication mechanism to understand the needs of our employees better. The Group has established a column for suggestions on the office automation (OA) platform, allowing our employees to express their suggestions and opinions on corporate management and sustainable development. A forum for an exchange of ideas and advice has also been established, allowing employees to express their confusion or difficulties faced at work and in their daily lives. The Group's professional departments will answer and reply accordingly. Through the Group's internal media such as their WeChat account "CG Home" and broadcasted programme "New Vision with a Blue Flame", we release the latest news on operations and management, strategies and targets.

The Group has also established a platform for complaints and whistleblowing. According to the Group's system on internal audit, the Internal Audit Department would investigate each case and report to management and the complainant. This has allowed protection of rights and has ensured cases are dealt with in a transparent, fair and impartial manner. In valuing the opinions of our employees, China Gas has a "Letter Box to the President" and WeChat groups where they can voice out their opinions. China Gas also strives to improve communications between management and our employees.

In addition, the annual "Elite Billboard" event appraises outstanding employees of China Gas to reward excellent employees and elite managers. Besides encouraging and rewarding employees, it strengthens team cohesion and employees' devotion towards the Group.

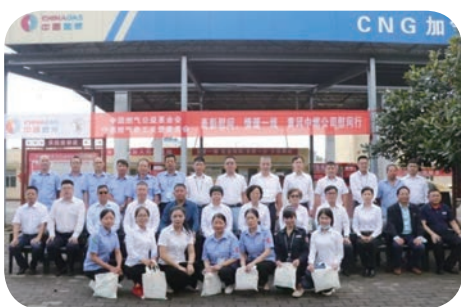
4. CARING FOR EMPLOYEES

4.4 WELL-BEING OF EMPLOYEES (Continued)

Staff Caring (Continued)

Maintaining Two-way Communication (Continued)

Case Study: Visits to frontline employees by the Foundation



The caring team visited Huanggang City and expressed gratitude to frontline employees for pandemic prevention and controlling stable gas supply

The Foundation continued to visit several places during the pandemic and launched a series of activities for frontline employees. The Group's caring team hopes to support employees during these difficult times by learning about their work and difficulties through communication, and hope to express the Group's most sincere gratitude to them. The two groups discussed different issues and expressed their own views, which helped to enhance employees' sense of identity and belonging.

Promoting Employee Well-being

In addition to providing assistance to employees in times of difficulties, the Group also attaches great importance to raising employees' awareness of self-care and health-related issues. Our Staff Care Committee regularly invites experts to provide employees with various lectures and activities on health and safety awareness related issues, as well as providing free body checks and insurance to employees in need. We are committed to taking care of employees and supporting the physical and mental health of employees and their families through continuous actions.

Case Study 1: Visits to frontline employees



Giving out heatstroke prevention gifts to front-line service staff

Shanwei Zhongran City Gas Development Co., Ltd.* caring team visited construction, monitoring and maintenance sites. The team sent heatstroke prevention products to the operation, customer service, engineering and construction staff to support their joint efforts and hard work. During the period, the engineering director also emphasised the importance of safety management and the adoption of safety measures under high temperature to front-line employees, hoping to strengthen safety education for all front-line service personnel.

4.4 WELL-BEING OF EMPLOYEES (Continued)

Staff Caring (Continued)

Maintaining Two-way Communication (Continued)

Case Study 2: “Walk Together for a Healthy China Gas”



“Walk Together for a Healthy China Gas” activity

In order to promote a healthy lifestyle and help employees effectively relieve pressure, the Hohhot Zhongran City Gas Development Co., Ltd.* Labour Union organised a five-kilometre walking activity this year. We hope that employees can become healthier and find happiness from sports, enabling them to work energetically afterwards. The labour union hopes to improve the physical fitness and sports awareness of employees during the pandemic, as well as to enrich the Group’s cultural activities.

Enriching Employees’ Life

We hope that the Group is not only a workplace to employees but also a place where they can enjoy life. Therefore, we actively organise and support various employee activities to enhance the sense of belonging of our employees. Our Staff Care Committee regularly organises a variety of leisure activities, such as summer camps, fun sports day, jogging competitions, outdoor development activities, drawing activities and public welfare classes, with an aim to promote employees’ physical and mental health, while also enabling them to work energetically afterwards.

4. CARING FOR EMPLOYEES

4.4 WELL-BEING OF EMPLOYEES (Continued)

Staff Caring (Continued)

Enriching Employees' Life (Continued)

Case Study: Team building activities



In order to enhance team cohesion, work efficiency as well as commitment of employees, Qidong Zhongran City Gas Development Co., Ltd.* (“Qidong Zhongran”) arranged a team building activity during the Reporting Period. In the process, employees challenged themselves, strengthening mutual understanding, cooperation and improving team cohesion.



A team building activity was held by Qidong Zhongran

5. SUSTAINABILITY OVERVIEW

ECONOMIC PERFORMANCE

Unit: HK\$'000

	For the year ended 31 March		
	FY2020/21	FY2019/20	FY2018/19
Direct economic value generated			
Revenue	69,975,381	59,539,681	59,386,062
Other income	923,333	639,656	786,459
Share of results of associates	892,995	405,184	519,575
Share of results of joint ventures	715,006	570,798	1,132,056
Economic value distributed			
Staff costs	3,424,801	3,181,042	2,790,217
Other costs ⁽¹⁾	51,416,802	42,539,467	45,169,176
Finance costs	1,418,781	1,387,920	1,284,304
Dividends	2,608,662	2,400,637	1,776,864
Taxation ⁽²⁾	2,602,007	2,283,092	2,168,241
Profit attributable to non-controlling interests	1,193,600	1,072,192	760,185
Charitable donations	2,343	57,476	8,490
Economic value retained			
Retained for China Gas sustainable operation and development	9,839,719	8,233,493	7,866,675

Notes:

1. Represents other costs and other gains and losses but excludes depreciation and amortisation for the year.
2. Represents current income tax but excludes deferred tax for the year.

5. SUSTAINABILITY OVERVIEW

OPERATIONAL PERFORMANCE

	Unit	FY2020/21	FY2019/20	FY2018/19
Number of piped gas projects	No.	642	604	542
Total number of long distance natural gas transmission pipelines	No.	32	17	17
Total length of natural gas pipelines	km	480,159	402,381	296,797
Number of CNG/LNG refilling stations for vehicles and vessels	No.	557	556	575
Number of LPG distribution projects	No.	113	113	100
Total natural gas sales volume	m ³	31,210,700,000	25,372,400,000	24,656,400,000
Total LPG sales volume	tonne	4,248,000	3,826,764	3,993,377
Number of hybrid integrated energy supply projects	No.	364	102	68

SUPPLIER OVERVIEW

	Unit	FY2020/21	FY2019/20	FY2018/19
Cumulative number of city gas project suppliers that have completed registration on China Gas Bidding and Procurement Platform	No.	242	252	226

ENVIRONMENTAL PERFORMANCE

	Unit	FY2020/21	FY2019/20	FY2018/19
Greenhouse gas (GHG) emissions⁽¹⁾				
Scope 1 (direct emissions) — Internal use	tCO ₂ e	72,176.26		
Scope 1 (direct emissions) — Integrated energy business	tCO ₂ e	140,628.47	118,000.50	111,833.15
Scope 2 (energy related indirect emissions)	tCO ₂ e	75,513.15	91,166.40	77,776.57
Scope 3 (other indirect emissions)	tCO ₂ e	535.54	394.22	44.44
Total GHG emissions	tCO ₂ e	288,853.42	209,561.13	189,654.16
Total GHG emissions (excluding integrated energy business)	tCO ₂ e	148,224.95	Data not available	Data not available
GHG intensity	kgCO ₂ e/GJ of energy sold	0.22	0.21	0.19
GHG intensity (excluding integrated energy business)	kgCO ₂ e/GJ of energy sold	0.11	Data not available	Data not available
Direct gas emissions				
PM	tonne	8.60	13.18	Data not available
SO ₂	tonne	11.84	27.15	Data not available
NO _x	tonne	96.98	79.08	Data not available
Energy consumption				
Petrol	tonne	5,232.87	2,682.60	2,000.99
Natural gas — Internal use ⁽²⁾	m ³	15,066,913.84	11,443,533.71	
Natural gas — Integrated energy business ⁽²⁾	m ³	69,526,500.00	25,618,727.00	8,862,017.50
LPG	tonne	90.44	69.40	5,407.00
Diesel	tonne	3,857.03	3,605.80	9,757.56
Heavy oil	tonne	1,614.39	2,575.16	2,929.70
Fuel oil	tonne	0	0	3,223.34
Kerosene	tonne	5.59	0.43	0
Electricity (non-renewable energy)	kWh	123,771,764.33	149,428,626.06	117,670,446.86
Electricity (renewable energy)	kWh	274,408.80	253,056.20	246,709.58
Total energy consumption	GJ	3,458,811.26	2,117,414.67	1,667,892.44
Total energy consumption (excluding integrated energy business) ⁽³⁾	GJ	983,076.89	946,341.51	Data not available
Energy intensity	GJ/GJ of energy sold	0.003	0.002	0.002
Energy intensity (excluding integrated energy business)	GJ/GJ of energy sold	0.001	0.001	Data not available

5. SUSTAINABILITY OVERVIEW

ENVIRONMENTAL PERFORMANCE (Continued)

	Unit	FY2020/21	FY2019/20	FY2018/19
Material use				
LPG cylinder	No.	331,185	402,180	422,453
Antifreeze oil	barrel	0	256	0
Lubricant	tonne	35.40	95.25	123.13
Paper product/cardboard	tonne	2,135.91	1,978.98	1,769.48
Plastic	tonne	537.77	552.27 ⁽⁴⁾	610.04
Wood board	tonne	6.20	5.58	7.20
Styrofoam	tonne	393.13	296.56	Data not available
Odourant	No.	103.67	96.60	85.00
Water consumption				
Total water consumption	tonne	2,195,885.18	1,684,559.06	1,664,768.80
Water consumption intensity	kg/GJ of energy sold	1.66	1.67	2.09
Wastewater and waste				
Total wastewater discharged	tonne	1,333,797.35	1,071,995.76	832,383.90
Non-hazardous waste produced	tonne	21,555.99 ⁽⁵⁾	17,323.06	14,580.61
Non-hazardous waste production intensity	tonne/employee	0.29	0.29	0.29
Hazardous waste produced	tonne	74.33 ⁽⁵⁾	69.79	Data not available
Hazardous waste production intensity	tonne/employee	0.001	0.001	Data not available
Environmental compliance				
Environmental regulatory non-compliances	No.	0	0	0

Notes:

- In FY2020/21, the Group updated the calculation basis of GHG emissions. The data of this year was calculated according to the *Environmental, Social and Governance Reporting Guide* of the HKEX and other international reference. The calculation basis of previous years' data can be referred to the internationally-recognized Clean Development Mechanism (CDM) in the *United Nations Framework Convention on Climate Change*.
- Starting from FY2020/21, the natural gas consumption is separated into internal use and integrated energy business as a result of the development of the natural gas business. Relevant amendments have been made on the GHG scope 1 emission, energy consumption and intensities for the two.
- Energy consumption is calculated based on the conversion factors provided in *China Energy Statistical Yearbook 2019*.
- To enhance the comparability of data, the Group restated the data of plastic and styrofoam for FY2019/20.
- The non-hazardous and hazardous waste production data were obtained through estimation.

EMPLOYMENT

For the year ended March 31				
	Unit	FY2020/21	FY2019/20	FY2018/19
Total number of employees	people	74,331	59,462	51,074
By employment type				
Full-time	people	74,331	59,462	Data not available
Part-time	people	0	0	Data not available
By gender				
Male	people	47,319	38,243	31,864
Female	people	27,012	21,219	19,210
By age				
Under 30 years old	people	18,446	16,412	16,744
30–50 years old	people	48,023	36,997	26,872
Above 50 years old	people	7,862	6,053	7,458
By ranking				
Senior management	people	2,541	2,028	1,547
Middle-level management	people	7,526	6,039	5,158
General staff	people	64,264	51,395	44,369
By ethnicity				
Han	people	69,567	55,299	46,736
Ethnic minorities	people	4,764	4,163	4,338
Male to female ratios by ranking				
Senior management				
Male	%	86	80	Data not available
Female	%	14	20	Data not available
Middle-level management				
Male	%	69	68	Data not available
Female	%	31	32	Data not available
General staff				
Male	%	62	63	Data not available
Female	%	38	37	Data not available

5. SUSTAINABILITY OVERVIEW

HEALTH AND SAFETY, TRAINING AND DEVELOPMENT, AND LABOUR PRACTICES

	Unit	FY2020/21	FY2019/20	FY2018/19
Health and safety				
Number of work-related injuries ⁽¹⁾	No.	17	126	137
High-consequence work-related injuries (excluding fatalities) ⁽²⁾	No.	1	1	0
Number of work-related fatalities	No.	2	1	4
Number of occupational disease cases	No.	0	0	1
Number of disability injuries	No.	9	0	16
Rate of work-related injuries ⁽³⁾	/	0.02	0.21	0.27
Rate of high-consequence work-related injuries (excluding fatalities) ⁽⁴⁾	/	0.001	0.002	0
Rate of work-related fatalities ⁽⁵⁾	/	0.004	0.002	0.01
Lost working days due to work-related injury	day	605	621	6,308
Total working hours	hour	146,869,920	118,448,304	101,330,816
Training and development				
Employee training rate	%	100	100	100
Total training hours	hour	3,156,622	2,598,104	2,478,392
Average training hours per employee	hour	42.48	43.71	48.55
Labour practices				
Number of violation cases related to employment or labour regulations	No.	0	0	0
Number of violation cases related to child labour or forced labour	No.	0	0	0
Number of discrimination cases related to gender, ethnicity, age and health during recruitment	No.	0	0	0

Notes:

1. Work-related injuries include work-related fatalities and high-consequence work-related injuries.
2. High-consequence work-related injuries (excluding fatalities) refer to those work-related injuries which caused the workers to fail or have difficulty recovering to their pre-injury state within six months.
3. Rate of work-related injuries = (total number of work-related injuries/total working hours) x 200,000.
4. Rate of high-consequence work-related injuries (excluding fatalities) = (total number of high-consequence work-related injuries (excluding fatalities)/total working hours) x 200,000.
5. Rate of work-related fatalities = (total number of fatalities as a result of work-related injury/total working hours) x 200,000.

COMMUNITY INVESTMENT

	Unit	FY2020/21	FY2019/20 ⁽¹⁾	FY2018/19
Participated volunteers	people	2,052	3,392,583	269
Hours of voluntary service	hour	320	1,682,647	644.5
Number of beneficiaries	people	Data not available ⁽²⁾	424,390	701
Charitable donations	HK\$	2,343,000	57,476,000	8,490,000

Notes:

1. The community investment in FY2019/20 was mainly from the charity action of "Battle the Pandemic, Safeguard People's Livelihood".
2. In FY2020/21, the major charitable donations were donated to relevant government departments, thus the number of beneficiaries cannot be counted.

6. CONTENT INDEXES

HKEX ESG REPORTING GUIDE CONTENT INDEX

Subject Areas, Aspects, General Disclosures and KPIs	Description	Relevant Chapter(s) or Other References/Explanation	Page Number
A. ENVIRONMENT			
Aspect 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.	Environmental Management Approach Environmental Management System; The Group follows the requirements of the <i>China's Policies and Actions for Addressing Climate Change (2019)</i> published by the Ministry of Ecology and Environment of the PRC. China Gas strives to implement energysaving measures and increase its energy efficiency during operations, continue to monitor and manage its greenhouse gas emissions, in order to minimise the carbon footprints of its projects.	59–78
KPI A1.1	The types of emissions and respective emissions data.	Environmental Management System; SUSTAINABILITY OVERVIEW	59–78, 109–110
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Management System; SUSTAINABILITY OVERVIEW	67,109
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Management System; SUSTAINABILITY OVERVIEW	71–73,110
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Management System; SUSTAINABILITY OVERVIEW	71–73,110
KPI A1.5	Description of measures to mitigate emissions and results achieved.	Environmental Management System We will continue to conduct detailed recording on emissions, in order to carry out meaningful comparisons in the future. We also strive to improve our environmental performance continuously.	62–71,109
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Environmental Management System We will continue to conduct detailed recording on hazardous and non-hazardous waste, in order to carry out meaningful comparisons in the future. We also strive to improve our environmental performance continuously.	71–73,110

Subject Areas, Aspects, General Disclosures and KPIs	Description	Relevant Chapter(s) or Other References/Explanation	Page Number
Aspect A2: Use of Resources			
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Environmental Management Approach; Environmental Management System; SUSTAINABILITY OVERVIEW	59, 71–76, 109–110
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).	Environmental Management System; SUSTAINABILITY OVERVIEW	75–76, 109–110
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environmental Management System; SUSTAINABILITY OVERVIEW	74, 110
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Environmental Management System We will continue to conduct detailed recording on energy use, in order to carry out meaningful comparisons in the future. We also strive to improve our environmental performance continuously.	75–76, 109–110
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Environmental Management System All water used by the Group were obtained with respective permits. There were no issues related to sourcing water that was fit for purpose. We will continue to conduct detailed recording on water resources consumption, in order to carry out meaningful comparisons in the future. We also strive to improve our environmental performance continuously.	74–75, 110
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	The Group's main product does not involve packaging material usage.	—
Aspect A3: The Environment and Natural Resources			
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	Environmental Management System; Environmental Management Approach	59–78
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Management System	76–78

6. CONTENT INDEXES

Subject Areas, Aspects, General Disclosures and KPIs	Description	Relevant Chapter(s) or Other References/Explanation	Page Number
B. SOCIAL			
Employment and Labour Practices			
Aspect 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	Employee Management Policy; Talent Acquisition and Retention	93–96
KPI B1.1	Total workforce by gender, employment type, age group and geographical region	Employee Management Policy; SUSTAINABILITY OVERVIEW	93–94, 111
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employee Management Policy; SUSTAINABILITY OVERVIEW	96, 111
Aspect 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.	Ensuring Operation Safety	46–53
KPI B2.1	Number and rate of work-related fatalities.	Ensuring Operation Safety; SUSTAINABILITY OVERVIEW	50, 112
KPI B2.2	Lost days due to work injury.	Ensuring Operation Safety; SUSTAINABILITY OVERVIEW	50, 112
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Ensuring Operation Safety	46–53

Subject Areas, Aspects, General Disclosures and KPIs	Description	Relevant Chapter(s) or Other References/Explanation	Page Number
Aspect B3: Development and Training			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Training and Development	96–100
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Training and Development; SUSTAINABILITY OVERVIEW	98, 112
KPI B3.2	The average training hours completed per employee by gender and employee category.	Training and Development; SUSTAINABILITY OVERVIEW	98, 112
Aspect 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.	Employee Management Policy	94
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Employee Management Policy The Group regularly reviews its employment practice to ensure compliance with applicable laws and regulations in preventing child and forced labour.	94
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Employee Management Policy The Group has zero tolerance towards such practice. Violations are subject to internal disciplinary actions or handled by relevant authorities.	94

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Subject Areas, Aspects, General Disclosures and KPIs	Description	Relevant Chapter(s) or Other References/Explanation	Page Number
Operating Practices			
Aspect B5: Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Business Standards and Supply Chain Management	37–38
KPI B5.1	Number of suppliers by geographical region.	Business Standards and Supply Chain Management; SUSTAINABILITY OVERVIEW	38, 108
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Business Standards and Supply Chain Management	35–38
Aspect 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.	Customer Care The Group has not identified material concerns in its operations regarding advertising and labelling matters, thus dedicated policies are not in place. There are no laws and regulations that have a significant impact on the Group regarding health and safety, advertising, labelling and privacy matters relating to products and services provided by the Group.	80–82
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Customer Care The percentage of total GASBO products sold or shipped subject to recalls for safety and health reasons in FY2020/21 was 0.04%.	56
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Customer Care	80–82
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Corporate Code of Conduct	40–42
KPI B6.4	Description of quality assurance process and recall procedures.	Customer care; Product Quality Inspection	55–56, 80–82
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Customer Care; Customer Privacy and Information Security	39–40, 80–82

Subject Areas, Aspects, General Disclosures and KPIs	Description	Relevant Chapter(s) or Other References/Explanation	Page Number
Aspect 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.	Business Standards and Supply Chain Management	35–36
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	Business Standards and Supply Chain Management	36
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Business Standards and Supply Chain Management	35–36
Community			
Aspect 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.	Social Responsibility	86–91
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Social Responsibility	86–91
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Social Responsibility; SUSTAINABILITY OVERVIEW	86–91, 113

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GRI STANDARDS & CASS-CSR4.0

Disclosure Number	Description	Relevant Chapter(s) or Other References/Explanation	CASS-CSR4.0	Page Number
GRI 101: FOUNDATION 2016				
GRI 101 does not include any disclosures				
GRI 102: GENERAL DISCLOSURES 2016				
Organizational Profile				
102-1	Name of organization	ABOUT THIS REPORT	P4.1	02
102-2	Activities, brands, products, and services	ABOUT CHINA GAS	P4.2	10–20
102-3	Location of headquarters	ABOUT THIS REPORT The Group's headquarters are located in Hong Kong and Shenzhen.	P4.1	02
102-4	Location of operations	ABOUT CHINA GAS	P4.4	10–20
102-5	Ownership and legal form	ABOUT THIS REPORT	P4.1	02
102-6	Markets served	ABOUT CHINA GAS; Annual Report 2020/21	P4.4	10–20
102-7	Scale of the organization	ABOUT CHINA GAS; SUSTAINABILITY OVERVIEW; Annual Report 2020/21	P4.3	10–20, 107–108
102-8	Information on employees and other workers	CARING FOR EMPLOYEES; SUSTAINABILITY OVERVIEW	S2.1	93–106, 111–112
102-9	Supply chain	Business Standards and Supply Chain Management Products provided by the Group's suppliers include equipment for CNG/LNG gas station, gas-fired boiler, steel pipelines, photovoltaic components and other equipment.	M3.1, M3.10	37–38
102-10	Significant changes to the organization and its supply chain	ABOUT CHINA GAS; Business Standards and Supply Chain Management; Annual Report 2020/21	P4.4	10–20, 37–38
102-11	Precautionary Principle or approach	Corporate Risk Management; Ensuring Operation Safety	G2.2, G2.3	34, 46
102-12	External initiatives	Sustainable Development Goals	G6.3	27–30
102-13	Membership of associations	The Group is a member of China Gas Association.	G6.3	—

Disclosure Number	Description	Relevant Chapter(s) or Other References/Explanation	CASS-CSR4. 0	Page Number
Strategy				
102-14	Statement from senior decisionmaker	MESSAGE FROM THE CHAIRMAN	P2.2, P3.1	04-05
102-15	Key impacts, risks, and opportunities	MESSAGE FROM THE CHAIRMAN; Annual Report 2020/21	P2.1, P3.2	04-05
Ethics and Integrity				
102-16	Values, principles, standards, and norms of behavior	ABOUT CHINA GAS; Business Standards and Supply Chain Management	G1.1, G1.2	10, 35-36
102-17	Mechanisms for advice and concerns on ethics	Business Standards and Supply Chain Management	M1.1	35-36
Governance				
102-18	Governance structure	Sustainable Corporate Governance	G3.1, G3.2	30-34
102-19	Delegating authority	Sustainable Corporate Governance	G3.3	30-34
102-20	Executive-level responsibility for economic, environmental, and social topics	Sustainable Corporate Governance; Business Standards and Supply Chain Management	G3.1, G3.2	30-34, 35-36
102-21	Consulting stakeholders on economic, environmental, and social topics	Stakeholder Engagement	G6.2	22-23
102-22	Composition of the highest governance body and its committees	Annual Report 2020/21	P4.1	—
102-23	Chair of the highest governance body	Annual Report 2020/21	P4.1	—
102-24	Nominating and selecting the highest governance body	Annual Report 2020/21	M1.2	—
102-25	Conflicts of interest	Annual Report 2020/21	M1.1, M3.1	—
102-26	Role of highest governance body in setting purpose, values, and strategy	Business Standards and Supply Chain Management; Annual Report 2020/21	G3.1, G3.2	35-36
102-27	Collective knowledge of highest governance body	Annual Report 2020/21		—
102-28	Evaluating the highest governance body's performance	Annual Report 2020/21		—
102-29	Identifying and managing economic, environmental and social impacts	Stakeholder Engagement; Business Standards and Supply Chain Management	G2.1	22-23, 35-36

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Disclosure Number	Description	Relevant Chapter(s) or Other References/Explanation	CASS-CSR4.0	Page Number
102-30	Effectiveness of risk management processes	Corporate Risk Management; Business Standards and Supply Chain Management	G4.1	34–36
102-31	Review of economic, environmental and social topics	Stakeholder Engagement; Materiality Assessment	G2.1	22–26
102-32	Highest governance body's role in sustainability reporting	Sustainable Corporate Governance	G3.1	30–34
102-33	Communicating critical concerns	Stakeholder Engagement; Business Standards and Supply Chain Management	G6.1, G6.2	22–23, 35
102-34	Nature and total number of critical concerns	Annual Report 2020/21	G6.1	—
102-35	Remuneration policies	Annual Report 2020/21	S2.10	—
102-36	Process for determining remuneration	Annual Report 2020/21	S2.10	—
102-37	Stakeholders' involvement in remuneration	Annual Report 2020/21	G6.1, G6.2	—
102-38	Annual total compensation ratio	Ratio of the total remuneration of the highest-paid individual to the median total remuneration of all employees (excluding the highest-paid individual): 30.72: 1	—	—
102-39	Percentage increase in annual total compensation ratio	Ratio of the annual percentage increase in total remuneration of the highest-paid individual to the median percentage increase in annual total remuneration of all employees (excluding the highest-paid individual): 0%: 2.41%	—	—

Stakeholder Engagement

102-40	List of stakeholder groups	Stakeholder Engagement	G5.1	22–23
102-41	Collective bargaining agreements	None of the Group's employees are covered by collective bargaining agreements.	—	—
102-42	Identifying and selecting stakeholders	Stakeholder Engagement	G6.1	22–23
102-43	Approach to stakeholder engagement	Stakeholder Engagement	G6.2	22–23
102-44	Key topics and concerns raised	Stakeholder Engagement	G2.1	22–23

Disclosure Number	Description	Relevant Chapter(s) or Other References/Explanation	CASS-CSR4. 0	Page Number
Reporting Practice				
102-45	Entities included in the consolidated financial statements	Annual Report 2020/21	P1.2	—
102-46	Defining report content and topic boundaries	ABOUT THIS REPORT	P1.2	02
102-47	List of material topics	Materiality Assessment	P2.1	25–26
102-48	Restatement of information	SUSTAINABILITY OVERVIEW The restated data are marked in the Notes	P1.2	107–112
102-49	Changes in reporting	ABOUT THIS REPORT; Stakeholder Engagement	P1.2	02, 22–23
102-50	Reporting period	ABOUT THIS REPORT	P1.2	02
102-51	Date of most recent report	The report in last year was published through online disclosure on 3 September 2020.	P1.2	—
102-52	Reporting cycle	ABOUT THIS REPORT	P1.2	02
102-53	Contact point for questions regarding the report	ABOUT THIS REPORT	P1.2	02
102-54	Claims reported in accordance with the GRI Standards	ABOUT THIS REPORT	P1.3	02
102-55	GRI content index	CONTENT INDEXES	P1.3	114–131
102-56	External assurance	We will explore the possibility of seeking external assurance in our future reports.	P1.1	—

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TOPIC-SPECIFIC DISCLOSURE

Disclosure Number	Description	Relevant Chapter(s) or Other References/Explanation	CASS-CSR4.0	Page Number
GRI 200: ECONOMIC				
Economic Performance				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its boundary	Materiality Assessment; Annual Report 2020/21	G2.1	22–26
103-2	The management approach and its components	New Green Opportunities; Annual Report 2020/21	G2.1, M1.5	58
103-3	Evaluation of the management approach	New Green Opportunities; Annual Report 2020/21	G2.1, M1.5	58
GRI 201: Economic Performance 2016				
201-1	Direct economic value generated and distributed	New Green Opportunities; SUSTAINABILITY OVERVIEW; Annual Report 2020/21	M1.5, M1.6, M1.7, S1.3	58, 107
201-2	Financial implications and other risks and opportunities due to climate change	New Green Opportunities	E1.9	58
201-3	Defined benefit plan obligations and other retirement plans	Employee Management Policy Annual Report 2020/21	S2.10	94
201-4	Financial assistance received from government	Annual Report 2020/21	—	—

Disclosure Number	Description	Relevant Chapter(s) or Other References/Explanation	CASS-CSR4.0	Page Number
GRI 300: ENVIRONMENT				
Energy				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its boundary	Materiality Assessment	G2.1	22–26
103-2	The management approach and its components	Environmental Management Approach	G2.1, E1.1, E2.3, E3.1	59
103-3	Evaluation of the management approach	Environmental Management Approach	G2.1, E1.1, E2.3	59
GRI 302: Energy 2016				
302-1	Energy consumption within the organization	<p>Environmental Management System</p> <p>The net energy consumption of the Group = non-renewable fuel consumed + renewable fuel consumed + electricity, heating, cooling, and steam purchased for consumption + self-generated electricity, heating, cooling, and steam, which are not consumed – electricity, heating, cooling, steam sold.</p> <p>During the Reporting Period, the net energy consumption of the Group was 1,424,671 GJ.</p>	E2.5	75–76, 108
302-2	Energy consumption outside the organization	<p>Environmental Management System</p> <p>The energy products sold by China Gas includes natural gas and LPG, which is the most significant indirect energy consumption of the Group.</p> <p>During the Reporting Period, the total sales of energy was 2,475,734 GJ.</p>	E2.5	75–76, 108
302-3	Energy intensity	<p>SUSTAINABILITY OVERVIEW</p> <p>All energy intensities calculated reflect energy consumption within organisation only.</p>	E2.5	109–110

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Disclosure Number	Description	Relevant Chapter(s) or Other References/Explanation	CASS-CSR4.0	Page Number
302-4	Reduction of energy consumption	Environmental Management System; SUSTAINABILITY OVERVIEW	E2.5	75–76, 109–110
302-5	Reductions in energy requirements of products and services	We will continue to explore solutions on upgrading our energy efficiency.	E2.3, E2.4	—

Oil and Gas Sector Disclosures

OG2	Total amount invested in renewable energy	In FY2020/21, the Group's total investment in renewable energy was approximately RMB43,356,654.	E1.8	—
OG3	Total amount of renewable energy generated by source	In FY2020/21, the Group's photovoltaic power generation projects generated a total of 7,057,300 kWh of electricity.	E1.7, E2.8	—

Environmental Compliance

GRI 103: Management Approach 2016

103-1	Explanation of the material topic and its boundary	Materiality Assessment	G2.1, E1.1	22–26
103-2	The management approach and its components	Environmental Management Approach	G2.1, E1.1	59
103-3	Evaluation of the management approach	Environmental Management Approach	G2.1, E1.1	59

GRI 307: Environmental Compliance 2016

307-1	Non-compliance with environmental regulations	Environmental Management Approach	M1.4	59
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GRI 400: SOCIAL Employment

GRI 103: Management Approach 2016

103-1	Explanation of the material topic and its boundary	Materiality Assessment	G2.1, S2.2	22–26
103-2	The management approach and its components	Employee Management Policy	G2.1, S2.2, S2.12	93–94
103-3	Evaluation of the management approach	Employee Management Policy	G2.1, S2.2, S2.12	93–94

Disclosure Number	Description	Relevant Chapter(s) or Other References/Explanation	CASS-CSR4.0	Page Number
GRI 401: Employment 2016				
401-1	New employee hires and employee turnover	Employee Management Policy	S2.1, S2.20	93
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Well-being of Employees	S2.10	101–103
401-3	Parental leave	Employee Management Policy; Well-being of Employees		94, 101
Occupational Health and Safety				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its boundary	Materiality Assessment	G2.1	22–26
103-2	The management approach and its components	Ensuring Operation Safety	G2.1, S3.1, S3.2	46–47
103-3	Evaluation of the management approach	Ensuring Operation Safety	G2.1, S3.1, S3.2	46–49
GRI 403: Occupational Health and Safety 2018				
403-1	Occupational health and safety management system	Ensuring Operation Safety	S3.1, S2.11	48–49
403-2	Hazard identification, risk assessment, and incident investigation	Ensuring Operation Safety	S2.11, S3.1, S3.2	49–50
403-3	Occupational health services	Ensuring Operation Safety	S2.11, S3.1, S3.2	46–49
403-4	Worker participation, consultation, and communication on occupational health and safety	Ensuring Operation Safety	S2.11, S3.1, S3.2	51–52
403-5	Worker training on occupational health and safety	Ensuring Operation Safety	S3.3	52
403-6	Promotion of worker health	Ensuring Operation Safety; Well-being of Employees	S2.11, S3.1, S3.2	46–49, 102
403-7	Prevention and mitigation of occupational health and safety impacts directly related to business relationship	Ensuring Operation Safety	S2.11, S2.17	46–49

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Disclosure Number	Description	Relevant Chapter(s) or Other References/Explanation	CASS-CSR4.0	Page Number
403-8	Workers covered by the occupational health and safety management system	Ensuring Operation Safety The Group's occupational health and safety management system cover 100% of employees and all contracted third-party workers onsite.	S3.1	46
403-9	Work-related injuries	Ensuring Operation Safety; SUSTAINABILITY OVERVIEW We will discuss the possibility of disclosing the occupational health and safety data of the contractors in the report in future.	S3, 6, S3.7	50, 112
403-10	Work-related ill health	SUSTAINABILITY OVERVIEW We will discuss the possibility of disclosing the occupational health and safety data of the contractors in the report in future.	S2.11	112

Training and Education

GRI 103: Management Approach 2016

103-1	Explanation of the material topic and its boundary	Materiality Assessment	G2.1	22–26
103-2	The management approach and its components	Training and Development	G2.1, S2.14, S2.16	93–106
103-3	Evaluation of the management approach	Training and Development	G2.1, S2.14, S2.16	93–106

GRI 404: Training and Education 2016

404-1	Average hours of training per year per employee	SUSTAINABILITY OVERVIEW	S2.15	112
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Disclosure Number	Description	Relevant Chapter(s) or Other References/Explanation	CASS-CSR4.0	Page Number
404-2	Programs for upgrading employee skills and transition assistance programs	Training and Development The Group provides supportive services such as advisory and counselling supports regarding career prospect to its employees.	S2.16	96–100
404-3	Percentage of employees receiving regular performance and career development reviews	Training and Development During the Reporting Period, all of the employees gained constructive feedbacks and suggestion on their career planning through performance appraisal.	S2.15, S2.16	100
Local Communities				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its boundary	Materiality Assessment	G2.1	22–26
103-2	The management approach and its components	Social Responsibility	G2.1, S4.1, S4.5, S4.6, S4.10	83–91
103-3	Evaluation of the management approach	Social Responsibility	G2.1, S4.1, S4.5, S4.6, S4.10	83–91
GRI 413: Local Communities 2016				
413-1	Operations with local community engagement, impact assessments, and development programs	Social Responsibility; Resettlement of Indigenous Peoples	S4.1, S4.5	83–91
413-2	Operations with significant actual and potential negative impacts on local communities	There were no significant environmental and social impacts to the local community identified or considered at risk during the Reporting Period.	—	—

6. CONTENT INDEXES

Disclosure Number	Description	Relevant Chapter(s) or Other References/Explanation	CASS-CSR4.0	Page Number
Oil and Gas Sector Disclosures				
OG10	Number and description of significant disputes with local communities and indigenous peoples	No such incident occurred in FY2020/21.	S4.1, S4.5	—
OG11	Number of sites that have been decommissioned and sites that are in process of being decommissioned	During the Reporting Period, there were no sites being decommissioned and sites that were in process of being decommissioned.	—	—
Marketing and Labeling				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its boundary	Materiality Assessment	G2.1	22–26
103-2	The management approach and its components	Customer Care	G2.1, M2.8	80–82
103-3	Evaluation of the management approach	Customer Care	G2.1, M2.8	80–82
GRI 417: Marketing and Labeling 2016				
417-1	Requirements for product and service information and labeling	Products' information such as product specifications, parameters, sources of raw materials, guide on installation, and guide on safety use and disposal of products etc. are available in all of the Group's products under the brand of "Gasbo".	M2.8	—
417-2	Incidents of non-compliance concerning product and service information and labeling	No such incident occurred in FY2020/21.	M1.4, M2.8	—
417-3	Incidents of non-compliance concerning marketing communications	No such incident occurred in FY2020/21.	M1.4, M2.8	—

Disclosure Number	Description	Relevant Chapter(s) or Other References/Explanation	CASS-CSR4.0	Page Number
Socioeconomic Compliance				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its boundary	Materiality Assessment	G2.1	22–26
103-2	The management approach and its components	Social Responsibility	G2.1, M3.1	86–91
103-3	Evaluation of the management approach	Social Responsibility	G2.1, M3.1	86–91
GRI 419: Socioeconomic Compliance 2016				
419-1	Non-compliance with laws and regulations in social and economic areas	No such incident occurred in FY2020/21.	M1.4	—
Disaster/Emergency Planning and Response				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its boundary	Ensuring Operation Safety; Materiality Assessment	G2.1	22–26, 46
103-2	The management approach and its components	Ensuring Operation Safety	S3.1, S3.2	46–54
103-3	Evaluation of the management approach	Ensuring Operation Safety	S3.1, S3.2	46–51



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