

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

(Incorporated in Bermuda with limited liability) (於百慕達註冊成立之有限責任公司) (Stock Code 股份代號:681)

2021

Environmental, Social and Governance Repor

(For The Year Ended 31 December 2021)

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About this Report

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I. About this Report

Report Purpose and Duration

The Board of Directors of CHINESE PEOPLE HOLDINGS COMPANY LIMITED (the "**Board**") (the "**Company**") readily present this Environmental, Social and Governance Report of the Company and its subsidiaries (collectively referred to as the "**Group**" or "**We**") ("**this Report**") for 12 months from January 1, 2021 to December 31, 2021 (the "**Reporting Period**"). The purpose of this Report is to summarise the Group's guidelines and measures on environmental management, society and governance, and sustainable development. Besides, key sustainable development opportunities and challenges faced by the Group, and the effective responses and solutions that the Group has formed and is planning to make will be introduced and analysed.

This Report covers the Reporting Period of twelve months, whilst the previous reporting period started from April 1, 2020 and ended in December 31, 2020 only covering nine months in total (the **"Previous Reporting Period"**).

Information Description

All the information data contained in this Report are from relevant data files collected from all subsidiaries of the Group. Data utilised in the Report are the annual statistics that have been verified. This Report has been reviewed by the Board of Directors, and the Group is responsible for the authenticity and validity of its contents. For any possible deviations in the understanding between the two versions of the Report, i.e., the Chinese version and its English counterpart, it is the interpretation and information given in the copy of the Chinese version that should be referred to as the basis for interpretation.

If not specified, RMB yuan is used as the currency unit in this Report.

Scope of this Report

This Report covers the environmental and social performance of the Group's business operations, including (the "**Business Scope of this Report**"), cylinder gas supply business and gas distribution business together with the Group's branch offices in multiple cities. Information disclosed is made in accordance with the "Compliance or Interpretation" provisions of the "Environmental, Social and Governance Reporting Guidelines" (the "**ESG Reporting Guidelines**") explained in Appendix 27 of the Securities Listing Rules of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The Report ends with a complete index of contents for readers to verify the completeness of this Report. This Report does not cover the agricultural produce supply and fast-moving consumer goods supply businesses of the Group as the revenue from these businesses during the Reporting Period only accounts for 3.96% of the total revenue of the Group. Since the scale of this newly developed business is significantly smaller than the gas businesses, its influence on the overall results of the Group's performance is relatively small and can hardly represent the overall situation of the Group.

Reporting Principles of this Report

This Report is prepared in strict accordance with the "Reporting Principles" in the ESG Reporting Guidelines and is organised following the principles of "importance", "quantification", "balance" and "consistency" to report the relevant and fundamental situations for further discussion.

Importance: The Group has actively collected opinions of different stakeholders and has made scientific assessment of these opinions to understand the expectations and requirements of all stakeholders. The Board thereby selected and identified major topics that are of crucial concern of the stakeholders. These selected topics formed the foundation for the identification of the Group's further work on ESG, with more efforts will be allocated to form responding solutions.

Quantification: The "quantitative" principle of this Report is mainly reflected in the "emissions", "resource use" and "employment" part. In order to ensure that readers will understand the Group' performance on environment, society and governance, we use quantitative and specific figures to summarise, evaluate and report the Group's performance in greenhouse gas emissions, resource consumption and the utilization of other types of energy resources.

Balance: The information adopted in this Report is all from the Group's internal management documents, statistics and public disclosure information, without inappropriate modification.

Consistency: Unless otherwise specified, the results disclosed in this report are calculated from the original data collected following our unified information collection process and working flow established by the ESG working group. It is expected that a rigorous, consistent and relatively standard working process will enhance the comparability of the results across various reporting periods.

The Board of Directors is responsible for establishing environmental, social and governance strategies for the Group, and therefore will monitor the implementation of the corresponding strategies and measures. The Board will assess the risks of environmental, social and governance performance, and ensure taking appropriate and effective risk management measures and establishing internal monitoring systems. Details of the Group's environmental, social and governance strategies can be found in different sections of this Report.

II. Stakeholder Participation



II. Stakeholder Participation

Stakeholders Expectations and Communication Channels

Stakeholders	Expectations and Requirements	Communication Channels	Management Response
Government/ Regulator	 Comply with laws and regulations; Integrity management; Ensure supply; Pay taxes according to law; Contribute to economic development. 	 Accept supervision; Special reports; Government-enterprise cooperation. 	 Honest operation, and actively accept inspection; Comply with laws and regulations; Pay taxes according to law; Take multiple measures to ensure a stable supply of resources; Strictly control energy consumption in accordance with annual targets.
Shareholders/ Investors	 Return of investment; Excellent performance; Interest protection; Prevent enterprise risks; Standardise enterprise governance. 	 General meeting of stockholders; Temporary announcement; Periodic report; Company official website. 	 Strengthen information disclosure; Improve the management level of the company and managers; Ensure stable profitability of the company.
Employees	 Remuneration and benefits; Rights and interests of employees; Employee career development; Caring for employees' lives. 	 Employee activities; Various training; Employee performance evaluation; Regular meeting. 	 Employment from multiple parties according to the law; Carry out employee activities; Establish a compliant and competitive compensation system; Pay social insurance for employees; Pay attention to occupational health and safety.
Clients	 Insurance; Stable supply; Maintain client power and rights; Response to client needs; Protect client privacy. 	 24-hour emergency rescue hotline calls; Customer satisfaction survey; Community publicity; Gas Safety Manual; Phone, WeChat and other applications; Sites visits and face-to-face meetings. 	 Provide high-quality products and services; Conduct customer safety inspection; Set sales price reasonably; Solve customer needs in a timely and effective manner; Ensure fulfillment of contractual responsibilities.
Suppliers	 Stable demand; Sufficient bargain; Cooperation and mutual benefits; Corporate reputation; Business ethics. 	 Business visit; Mail, phone calls, and Apps; Strategic cooperation; Supplier satisfaction evaluation; Open bidding. 	 Ensure fulfillment of contractual responsibilities; Open bidding; Develop policies and standardised processes for supply chain management; Maintain long-term cooperative relationships with suppliers; Carefully screen suppliers; Improve management efficiency.
Environment	 Environmental protection; Comprehensive ecological improvement; Response to climate change. 	 Carry out public welfare and environmental protection activities; Disclose green operation information. 	 Implement environmental planning; Strengthen the management of energy conservation and emission reduction; Continue to promote green office work; Actively participate in green environmental protection activities.
Community	 Support public welfare; Comply with laws and regulations; Economic development; Safe operation; Popularisation of clean energy. 	 Company website; Community public welfare activities; Community publicity activities. 	 Focus on climate change and promote green and clean energy; Actively mobilise resources to ensure a balance between supply and demand; Improve the safety level of equipment and employees; Regular safety checks for clients; Engage in community public welfare; Take an active part in volunteer activities.

The Group attaches enormous importance to the communication with stakeholders by timely disclosing development dynamics, business conditions and special changes through various communication channels. Effective communication with stakeholders is crucial to the sustainable development of the Group and sheds light on the social and environmental impact of various business activities. The Group effectively addresses both environmental and social challenges by actively addressing issues raised by stakeholders. In order to motivate the participation of the stakeholders, the Group proactively builds mutual trust through preferred communication channels of stakeholders (as shown in the table above).

Feedback

The preparation of this report relies heavily on the participation and support of all stakeholders, which helps the Group define the latest progress of the sustainability work. Our excellence is reflected in our readers' valuable comments on our performance and reporting methods. Thus, readers wishing to share their insights with the Group are encouraged to contact us via email info@681hk.com.

III. The Determination of the Importance of Issues



III. The Determination of the Importance of Issues

The Group is committed to providing stakeholders with reliable decision-making information through effective communication. The importance of issues is reflected in stakeholders' environmental, social and governance concerns, namely the extent of the Group's impact on decisions and assessments, thereby encouraging the Group to devise plans and implement strategies for effective management. During the Reporting Period, we conducted a comprehensive and systematic stakeholder survey to explore how concerned they are about various aspects of ESG issues.

Identify Issues

The ESG agenda list is formulated based on the Environment, Social and Governance Report Guidelines issued by the Stock Exchange and the industry focus topics. It is based on the external macro environment and the company's development strategy. The identified topics are classified according to different categories of the ESG framework.

Collection of Comments from the Stakeholders

Distribute stakeholder questionnaires, conduct quantitative survey, collect and sort out the weight scores of various topics for discussion.

Sort out the Major Issue Matrix

Assess the importance of each issue to the Group's development and its stakeholders. Draw the importance matrix.

Confirm

The matrix has been reviewed and confirmed by the Board of Directors.

We use the matrix chart to indicate the relative importance of twenty issues identified of significance, among which include occupational health and safety of employee, safe and stable gas supply, customer health and safety, protection of employee's rights and interests, climate change and carbon emission reduction, customer satisfaction, compliance and risk management and renewable energy and clean energy that will be disclosed in this Report to comprehensively and accurately respond to the expectations and requirements of stakeholders.



Figure 1: The Stakeholder Importance Matrix

The Importance to Enterprise Development

Environment-related issues
 Economic-related issues
 Social related issues
 Employee-related issues
 Client-related issues

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IV. Risk Control

IV. Risk Control

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

Anti-Corruption

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

Fair competition	 Strictly abide by the "Anti-Unfair Competition Law of the People's Republic of China"*; and
	 Actively carry out anti-unfair competition investigations.
Commercial intercourse	• Legal compliance;
	 Strictly follow the prescribed procedures for budget application, approval, reimbursement, etc.; and
	• Investigate and punish violations of discipline.
Anti-corruption and anti-bribery	• Identify key risk areas of corruption;
	 Prohibit all bribery; and
	• Strictly abide by relevant laws and regulations.
Cooperative partner	 Regularly conduct compliance due diligence with partners; and
	 Prevent and control compliance risks such as commercial bribery and corruption caused by
	partners.

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

During the Reporting Period, the Group keeps circulating information and materials to develop and refresh employees' knowledge in anti-corruption from time to time. The Group did not hold any courses regarding anti-corruption. We planned to educate all employees through various channels in the future and create a clean working environment.

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





V. Environmental Protection

The Group is committed to protecting the environment and improving its environmental performance through effective strategies. In the face of challenges, such as environmental deterioration and energy shortage, the Group vigorously promotes measures related to sustainable development and makes contributions to environmental protection. As stated in the "Guiding Opinions on Accelerating the Establishment and Improvement of a Green and Low-carbon and Circular Development Economic System"* issued by the State Council, " The establishment of a sound green, low-carbon and circular development economic system and the promotion of the comprehensive green transformation of economic and social development are the reliable solutions to solving China's resource, environmental and ecological problems." In light of the national strategic objectives, the Group has been strictly complying with the national regulations to control emissions and resource consumption.

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

This part mainly discloses the Group's policies and data on emissions, resource use, environmental and natural resources in the Reporting Period. The emission density of Business Scope of this Report is calculated as the total sales volume of natural gas and the liquefied gas per thousand tons.

1. Emission Management

The Group is actively engaged in pipeline gas transmission and distribution, cylinder gas supply and gas distribution businesses. In the Reporting Period, the Group's emissions include exhaust gas and greenhouse gas for the office, stores, gas station, canteen, automobile energy using, and construction waste, noise, office and household solid wastes and waste water from constructing and maintaining gas pipelines. We take different emission reduction and energy conservation measures, in an effort to reduce the environmental impact of emissions (see the "Management of Resource Usage" section below for details).

Solid Waste Disposal and Management

The Group has put forward strict management requirements for solid waste. We have conducted the recycling methods of the disposal of some solid waste through comprehensive utilisation of emissions. Meanwhile, we took minimisation and valorisation measures to recycle the waste generated by production as well as reducing pollution to the environment.

Actions

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

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

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

During the Reporting Period, the Group required employees to reduce household solid waste and contribute to resource protection. We are proud to announce that we have achieved good results in solid waste management. There is an average monthly decrease of 11.46 tons of the Reporting Period compared with the Previous Reporting Period, amounting to 13.67%. During the Reporting Period, the amount of harmless solid waste increased by 114.00 tons compared with that of the Previous Reporting Period, amounting to 15.11%, as the Reporting Period is three months longer than the Previous Reporting Period.

Table 1: Non-hazardous Solid	Nastes Emissions	Information of the	Business Scope of	this Report

	Year ended 31 December 2021 (ton)	Nine months ended 31 December 2020 (ton)
Non-Hazardous Solid Wastes Emissions		
Total ^(Note)	868.59	754.59
Density	1.48	1.54

Note:

Non-hazardous solid waste mainly includes household waste and construction waste generated from cylinder gas supply and gas distribution business. The amount of household waste is estimated from the average annual waste production per employee.

Wastewater Discharge Management

The wastewater produced in the operation mainly includes the domestic sewage of the office, stores and gas stations, oily sewage in the canteen, and waste water produced in the construction and maintenance of gas pipelines.

Actions

We strictly prohibit employees or outsourced construction units from dumping waste oil and hazardous chemicals into the sewer pipeline. The sewage must go through the procedure of oil separation and slag separation, before being discharged to the local sewage pipe network for further treatment by the local sewage treatment plant. We regularly maintain and repair the wastewater transmission pipeline to prevent the occurrence of wastewater leakage and to avoid impairing the surrounding environment. For wastewater generated during engineering construction, we require the associated contractor to set up drainage pipes at the construction site. The wastewater must go through filtration and precipitation procedures, so that the solid waste such as sand and stone in the wastewater can be discharged beforehand to avoid blocking the sewage pipeline. During the Reporting Period, the Group strengthened the publicity of various regulations on wastewater discharge, and has achieved satisfactory results in wastewater discharge. During the Reporting Period, the average monthly wastewater decreased by 635.22 tons, amounting to 10.25%. The total discharge of harmless wastewater increased by 19.67% compared with the Previous Reporting Period, amounting to 10,976.57 tons as the Reporting Period is three months longer than the Previous Reporting Period. The emission density of the non-hazardous wastewater of the Reporting Period did not change significantly compared with that of the Previous Reporting Period.

	Year ended 31 December 2021 (ton)	Nine months ended 31 December 2020 (ton)
Non-Hazardous Wastewater Emissions		
Total ^(Note 1&2)	66,774.37	55,797.80
Density I ^(Note 2)	113.94	113.68

Table 2: Non-hazardous Wastewater Emissions Information of the Business Scope of this Report

Notes:

- 1 Since the Business Scope of this Report does not count the discharge of production and domestic wastewater during business operation, the amount of non-hazardous wastewater discharge in the above table is estimated to be 80% of the total water resources used.
- 2 The Previous Reporting Period's comparative figures are adjusted to conform with the Reporting Period's metrics and presentation.

Compliance

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

Emission Reduction Target

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

Greenhouse Gas Emission

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

Target and Actions

In response to the Global decarbonization agreement and national "30.60 Carbon Goals" ("30.60 Goals" refer to China's announcement of hitting peak carbon emissions by 2030 and achieve carbon neutrality by 2060 so as to reduce the GHG emissions that is represented by carbon dioxide and to respond to climate change.) Over years, the Group has been allocating resources consistently to explore more cleaner and sustainable technologies and ways to power vehicles and operations as its mission. We take different emission reduction and energy conservation measures, in an effort to reduce the environmental impact of emissions (see the "Management of Resource Use" section below for details). The Group aims to achieve a 3% and a 5% reduction in its GHG emissions for Scope 1 and Scope 2 respectively by 31 December 2030 compared to the level in the Reporting Period. At the same time, the Group has been promoting water and electricity saving to further control and decrease its GHG emissions.

We account for GHG emissions in Scope 1 and 2 in the Reporting Period. The monthly average data show that the GHG emission of Scope 1 increased, yet the GHG emission of Scope 2 decreased in the Reporting Period. The increase in the monthly average of 25.18 tons of the GHG emissions in Scope 1 could be attributable to higher diesel use during the Reporting Period. Such higher diesel use is mostly because of the remote distance of the newly developed business area under the cylinder gas supply business in the Reporting Period. As the distribution of diesel vehicles can better adapt to complicated road conditions, the overall use of the diesel vehicles for distribution and recovery of cylinders have increased accordingly. The GHG emissions in Scope 1 and 2 of the Reporting Period increased compared with the Previous Reporting Period which is also due to the reason that the duration of the Reporting Period is three months longer than the Previous Reporting Period. As the proportion of the GHG in Scope 1 of the Reporting Period also experienced increases compared with that of the Previous Reporting Period.

Table 3: GHG Emissions Information of the Business Scope of this Report

	Year ended 31 December 2021 (ton)	Nine months ended 31 December 2020 (ton)
GHG Emissions		
Scope 1 ^(Note 1)	3,600.25	2,473.59
Density	6.14	5.04
Scope 2 ^(Note 2)	2,086.55	1,638.39
Density	3.56	3.34

Notes:

- 1. Scope 1 refers to the greenhouse gas emissions directly generated from the Business Scope of this Report, including burning natural gas, liquefied gas, diesel and gasoline.
- 2. Scope 2 refers to "indirect energy" GHG emissions caused by internal consumption of electricity purchased from the Business Scope of this Report.

Table 4: Waste Gas Emissions Information of the Business Scope of this Report

	Year ended 31 December 2021 (ton)	Nine months ended 31 December 2020 (ton)
Waste Gas Emissions ^(Note)		
Nitrogen Oxides	13.52	12.18
Sulfur Oxides	6.46	5.07
Particulate Matters	1.32	1.08

Note:

Waste gas emissions included only the air pollutants in the exhaust gas from vehicles for transportation.

2. Management of the Resource Usage

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

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

The gasoline and diesel oil used by the Group are mainly for vehicles and backup generators, while liquefied gas and natural gas are mainly used for canteen cooking and heating supply. Since the cylinder gas supply and gas distribution business require a large number of vehicles to transport the products to the gas station and retail stores, the automotive fuel management is a key issue worthy of our extra attention.

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

We have developed management systems and adopted various conservation measures for business and non-business purpose to control the use of fuel, thus reducing GHG emissions. When purchasing a new vehicle, we prioritise budget vehicles with small displacement volume to reduce energy consumption. Under the same conditions, we prefer gasoline cars to diesel ones. We have replaced some of the vehicles that carry cylinder gas with battery cars. Before shipping the product, the delivery personnel must plan the route in advance to ensure safe delivery and a short distance. The driver must report the location regularly during the delivery, to make sure no deviation from the route. We install GPS and surveillance lenses in the car. In addition to preventing dangerous driving behaviours, such as smoking, speeding, fatigue, and drunk, we keep track of the scheduled route and time.

When employees need to use the vehicle for non-business purpose, they must apply for management approval. They are encouraged to use the same vehicle for multiple destinations close to each other to increase the benefits of fuel consumption. The vehicle management department is responsible for recording the mileage and fuel consumption to analyse the oil consumption of each vehicle. In the event of an abnormal situation, they will immediately investigate the cause and make rectification plan regulating the drivers' behaviours to reduce energy consumption generated by engine idling. We also actively advocate the environmental concept of "green travel", encouraging the employees to use public transportation, or bicycles or walking to work.

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

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

During the Reporting Period, the Group increased the economical use of gasoline, diesel, liquefied gas and natural gas, and has achieved some positive results. In the Reporting Period, the use of gasoline, liquefied gas and natural gas was reduced. Hence, the corresponding emission of carbon dioxide was significantly reduced. However, the monthly average use of diesel increased by 19.34 tons, amounting to 35.82%. This is mostly because of the remote distance in the newly developed business areas under the cylinder supply gas business. As the diesel vehicles can better adapt to complicated road conditions, the overall use of diesel vehicles has been increased for the distribution of the cylinders in those remote areas.

We strictly abide by the "Law of the People's Republic of China on Promoting Clean Production"*, the "Renewable Energy Law of the People's Republic of China"*, the "Energy Conservation Law of the People's Republic of China"*, the "Law of the People's Republic of China on Promoting Circular Economy"*, and other relevant laws and regulations; and reduce the carbon emissions generated during our operation. During the Reporting Period, the monthly average carbon dixoide emission from gasoline, liquefied gas, natural gas was decreased. However, the carbon dioxide emission from diesel during the Reporting Period was increased significantly as compared with the Previous Reporting Period due to the reason stated above.

	Year ended 31 December 2021				onths ended cember 2020	
	Usage amount (ton)	Density (ton)	CO ₂ equivalent emissions (ton)	Usage amount (ton)	Density (ton)	CO ₂ equivalent emissions (ton)
Use of Energy						
Gasoline	233.69	0.40	711.01	243.50	0.50	740.86
Diesel oil	880.06	1.50	2,767.90	485.97	0.99	1,528.44
Liquefied gas	4.77	0.01	14.09	25.49	0.05	75.29
Natural gas	58.59	0.10	107.25	46.38	0.09	129.00
Total emissions			3,600.25			2,473.59
Emission density			6.14			5.04

Table 5: Direct Use of Energy Information (Scope 1 of GHGs) of the Business Scope of this Report

Conservation of Electricity

We use electricity in offices, stores, gas stations and dormitories. We pay attention to energy efficiency and our consumption.

Target and Actions

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

- Buy energy-efficient electrical equipment, use clerical appliances with energy saving label;
- Regular repair, maintenance or transformation are performed to extend its life cycle, improve the energy efficiency and reduce the production of solid waste;
- Replace traditional light tubes with LED tubes and using natural sunlight to reduce office lighting consumption; and setting electronic equipment in regular sleep mode;
- Air conditioner shall be used in accordance with changes in seasons and outside temperature, and only be used when the temperature is higher than 25°C or lower than 10°C, it is strictly forbidden to turn on the air conditioner when the doors and windows are open. The air conditioner must be turned off 20 minutes before off work and should be cleaned regularly to reduce electricity consumption; and
- Post energy saving tips on conspicuous positions in the office to remind employees the importance of saving energy and ensure that each of our employees would follow the instructions to save energy, for instance, by reducing the brightness of the monitor, turning off electrical appliances such as lights, desktops, printers, copy machines, scanners, and air conditioners when they are not in use.

During the Reporting Period, the Group advocated for saving electricity, and the employees responded positively. During the Reporting Period, monthly electricity consumption decreased by 11.99 megawatt hours compared with the Previous Reporting Period, amount to 4.48%. During the Reporting Period, the total electricity use increased by 658.32 megawatt hours, which marked an increase of 27.35% as compared with the Previous Reporting Period as the Reporting Period is three months longer. During the Reporting Period, the density of CO₂ emissions increased as compared to the Previous Reporting Veriation businesses of the Group has increased significantly.

	31 De	Year ended 31 December 2021		
	Application amount (megawatt hour)	CO ₂ equivalent emissions (ton)	Application amount (megawatt hour)	CO₂ equivalent emissions (ton)
Use of Energy				
Electricity	3,065.00	2,086.55	2,406.68	1,638.39
Total emissions	3,065.00	2,086.55	2,406.68	1,638.39
Emission density	5.23	3.56	4.90	3.34

Table 6: Indirect Use of Energy Information (Scope 2 of GHGs) of the Business Scope of this Report

Water Saving

The Group mainly uses government-supplied water source, but some subsidiaries are located in remote areas without the coverage of municipal pipelines. Hence, groundwater is used in these areas. We use water in offices, stores, dining halls and employee dormitories, and to cool the gas storage tanks in the gas station during the summer to prevent the explosion from excessive pressure. During the Reporting Period, we have no problem with obtaining suitable water sources. However, we clearly know that water is a valuable and limited resource for sharing.

Target and Actions

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

- Promoting value water resources on the Earth to each employee, therefore, we take various measures to improve their awareness of water conservation and to reduce wastage of water. Punishments will be applied for wasting water resources if any of these behaviours are identified;
- Drinking water cannot be used for other purposes; we control the flow of water while washing hands as small as possible, and close it down immediately after use;
- Checking regular the water supply pipelines to prevent leaking. If the pipes and valves are damaged, the maintenance department shall be notified in time;
- Encouraging the reuse of water resources;
- Shutdown the water supply system in unstaffed areas at night;
- Conducting regular detection of water usages for any abnormal water consumption;
- Conducting regular comparison of water consumption of the current period with the past data, identifying the critical controlling points that influencing water consumption quantity and working on the points that would improve the efficiency of water use; and
- Strengthen the management, some subsidiaries have developed water resources and power management system and policies in light of national and local regulations and have established resource use indicators and records for different departments, and regularly inspect the using conditions.

During the Reporting Period, the Group advocated to save water and improve the efficiency of water resources utilisation through various channels. Compared with the Previous Reporting Period, the average monthly usage of water resources decreased by 794.03 tons, reaching a decrease of 10.25%, the total consumption of water resources increased by 13,720.72 tons, representing an increase of 19.67% as there is three months longer in the Reporting Period as compared to the Previous Reporting Period.

	Year ended 31 December 2021 (ton)	Nine months ended 31 December 2020 (ton)
Water Resources Consumption		
Total ^(Note)	83,467.97	69,747.25
Density ^(Note)	142.42	142.11

Table 7: Water Resources Consumption Information of the Business Scope of this Report

Note:

The Previous Reporting Period's comparative figures are restated to conform with the Reporting Period's metrics and presentation.

Paper Saving

To mitigate the environmental impact of daily operations, the Group actively promotes the delivery of information to customers via different electronic file formats and promotes "paperless office" within the Group by various measures, with the aim to achieve a 5% reduction in its paper consumption by 31 December 2030 compared to the level in the Reporting Period. To achieve this goal, the measures the Group has been taking include but not limited to the followings:

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

During the Reporting Period, we have achieved notable effect in saving paper as the monthly consumption is 0.26 tons, decreased by 22.81% compared with that of the Previous Reporting Period. The total amount of usage of paper reaches 10.58 tons, which is 0.28 tons more than the Previous Reporting Period because of the Reporting Period is three month longer than the Previous Reporting Period.

	Year ended 31 December 2021 (ton)	Nine months ended 31 December 2020 (ton)
Paper Utilisation Information		
Total ^(Note)	10.58	10.30
Density	0.02	0.02

Table 8: Paper Utilisation Information of the Business Scope of this Report

Note:

Paper is used in office, distribution documents and publicity.

Table 9:

Packaging Materials Used for Finished Goods Information of the Business Scope of this Report

	Year ended	Nine months ended
	31 December 2021	31 December 2020 (ton)
	(ton)	
Packaging Materials Used for Finished Goods		
Total ^(Note)	2,101.53	1,856.15
Density	3.59	3.78

Note:

It refers to the cylinder usage under the cylinder supply business. The cylinder is a reusable pressure vessel and has no significant pollution to the environment as it is normally recycled and reused by us within its validity period. We return them to suppliers with circular recycling technology after expiry date; therefore no non-hazardous solid waste would be generated.



3. Environment and Natural Resources

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

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

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

4. Response to Climate Change

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

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

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

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

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

*For identification purpose only.

VI. Ensure Health and Safety



VI. Ensure Health and Safety

Health and safety are fundamental to the operational stability of enterprises. To provide and maintain good working conditions and a safe working environment, the Group's safety and health policies are consistent with national health and safety laws and regulations. We attach great importance to the occupational health of employees.

Occupational Health Management

During the Reporting Period, the Group adopted a series of measures to strengthen occupational health management, including but not limited to the following measures:

- Establish the occupational health records of the employees, and strictly implement the occupational health examination;
- Provide regular occupational health training, and mental health training for employees;
- Equipped with complete labour protection equipment and protective facilities; and
- Strengthen supervision, inspection and optimisation to ensure effective occupational health management of employees.

Since the outbreak of COVID-19 in 2020, the Group has actively responded to the call of national and local governments, effectively implementing preventive policies, and taking but not limited to the following actions:

- Advocate the employees to reduce the frequency and scale of aggregation;
- Strengthen workplace disinfection;
- Provide masks and disinfectant for employees;
- Strictly implement epidemic prevention policies in accordance with the requirements of national and local governments; and
- Supervise the implementation of epidemic prevention and control policies within the Group.

Security Administration

The Group always adheres to the management concept of safe development, strictly abides by the "Work Safety Law of the People's Republic of China"*, the "Law on the Prevention and Control of Occupational Diseases"*, the "Regulations on Occupational Health Supervision and Administration in Industrial Places"*, "Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong)" and other laws and regulations. The Group actively implements the responsibility of production safety, continuously improving the construction of safety system.

The Group provides a safe working environment to prevent occupational hazards. In order to comply with the "Production Safety Law of the People's Republic of China"* and other local rules and regulations concerning safety of working environment, we establish safety production responsibility system and production safety committee management structure. All employees must sign work safety responsibility statement, so that they can clearly recognize their safety responsibilities, and take corresponding safety responsibility and actions. New employees will receive safety education on workflow, department guidance, and standard operation procedures related to their specific positions. We also organise regular safety assessments to ensure that the employees are mentally knowledgeable and technically competent to perform their responsibilities in a safe manner.

In practice, gas leakage is an important hidden danger leading to safety accidents. We have formulated a series of management systems and operating procedures to avoid safety accidents, including risk management manual, daily production safety management, engineering construction safety management, gas station safety management, fire safety management, gas tank handling and safe operating procedures, safe driving procedures, safety inspection system, natural gas user management, user repair service management, and safety accident management etc.. In order to implement the safety production policy of "safety first, prevention first and comprehensive management", we standardise the emergency management work, improve the ability to deal with risks and to prevent accidents, minimise casualties and the negative impact on environment and society. To ensure efficiency in the emergency rescue, the Group formulates the emergency response plan for production safety accidents, establish the structure of handling accidents and clarify responsibilities. We identify the potential hazards, assess the risk, and analyse the possibility of an accident and the severity of the consequences. We then develop specific contingency plans for various major accidents. The person in charge will take accident preventive measures, such as, notification after the accident, emergency evacuation, process and requirements of on-site emergency treatment, publicity and education, drill, reward and punishment system. We provided suitable personal protective equipment to employees such as helmets, safety shoes, anti-freezing gloves and cotton anti-static gloves; moreover, we installed and maintained the fire equipment such as automatic smoke spray system and powder fire extinguishers in the working. We arranged emergency fire drills annually and set safety signs to enhance employees' safety awareness; purchased employment injury insurance for our employees and put common medicine boxes in accessible place.

During the Reporting Period, we organised a number of safety training, covering production safety operation procedures, fire safety knowledge, pre-on-job training for new employees and gas training, pressure vessel operation training, high altitude and high temperature operation, electricity training, LNG knowledge and field training, dangerous goods road transport safety management, inflammable and explosive places, emergency plan training, case analysis and gas facilities maintenance, household safety inspection, rescue, and safety qualification.

Before supplying gas to users, we should install facilities and lay pipelines outdoors in the local area. The delivery of gas through pipelines and cylinder gas matters to the safety of users. To effectively deal with various types of emergencies and to ensure the safety of employees, the Group has formulated an emergency handling work plan. We prioritise personal safety above all else and minimise the potential losses. After the emergency occurs, our employees will immediately arrive at the scene for a preliminary evaluation to understand the event type, time, place, cause, casualties, environmental pollution, and environmental impact. We then determine the severity and take emergency measures to avoid deterioration of the situation.

We require the responsible departments to conduct regular inspection of all user locations and outdoor pipelines to ensure no pipeline leakage. In addition, we educate the users about the safety measures of pipeline gas and cylinder gas. In the presence of an unfavourable situation, users must inform us immediately, and we will quickly send technicians to the site to check and to take appropriate measures. For all safety inspections, the responsible department shall record the details and report to the management. Ensuring gas safety is a shared responsibility for the entire society. To avoid safety accidents, the Group actively cooperates with the government, media, and community to distribute publicity materials (such as gas using safety manual), user consultation, slogans, movies, slides, reports, lectures, bulletin, briefing, exhibition, on-site meetings and so forth. Our safety management department is responsible for organizing safety publicity activities, including the annual national "Safety Production Month", holidays, seasonal publicity, irregular special publicity and "safety production competition". We also set up a 24-hour emergency hotline for users receive instructions from safety commissioner in real time to minimise the risk of accident. If an accident occurs, we can obtain first-hand information promptly and cooperate with the local fire-fighting department as soon as possible to diminish the impact of the accidents. We will identify potential safety problems in each linkage to minimise the risk.

Health and Safety Risk Management

The Group has established an effective safety risk prevention and control system. Safety risk identification, risk determination and risk prevention and control are combined with real business situations and characteristics to continuously improve the relevant systems (such as the "Safety Management System"), to refine the safety management indicators, and to effectively control the safety risks of the company.

In the Reporting Period, the Group formulated the annual safety inspection plan according to "GB/T 33000-2016 Basic Specification for Enterprise Safety Production Standardization"*, "AQ 3013-2008 General Specification for Safety Standardization of Hazardous Chemicals Units"* and "T/CGAS002-2017 Code for Occupational Safety and Health Management System of Urban Gas Supply Enterprises"*. We also formulated the annual safety inspection plan, implemented the safety inspection and strengthened the normal management of safety risks. Meanwhile, we carry out daily safety inspection, requiring the management and the employees to participate in the inspection work. The inspection covers all the operating subjects, and under the circumstances of any identified potential safety risks, the rectification plans must be proposed and implemented to the fullest.

Table 10: Number of Lost Days due to work Inju	ry	
	Year ended	Nine months ended
	31 December 2021	31 December 2020
Lost days due to work injury	67	30

Table 10: Number of Lost Days due to Work Injury

Number and rate of work-related fatalities occurred in the years of 2019, 2020 and the Reporting Period was 1 person (0.06%), 1 person (0.05%) and 0 person (0%), respectively.

Health and Safety Culture Construction

In the Reporting Period, the Group organised health and safety training, in agreement with safety production laws and regulations. The training topics cover safety rules and regulations, safety requirements of positions, safety standards, system norms, operating rules, emergency plans, accident cases, occupational health, fire protection, environmental protection, etc.. Meanwhile, the safety department of the Group and its subsidiaries' safety department abide by the requirements of the "Law of the People's Republic of China on Work Safety"* to organise a 72-hour three-level safety education for each new employee.

*For identification purpose only.

MI. Employment and Labour


VII. Employment and Labour Routine

The Group strictly abides by relevant laws and regulations, such as the "Labor Contract Law of the People's Republic of China"*, and the "Labor Law of the People's Republic of China"*, "Employment Ordinance (Chapter 57 of the Laws of Hong Kong)"; "Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong)" and "Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong)". On this basis, some rules and regulations within the Group (such as the "Comprehensive Management System") have been formulated in order to comprehensively protect the legitimate rights and interests of employees. We pay attention to the work and life, and physical and mental health of our employees. We regularly organise cultural and work activities, and training courses to enrich the lives of their employees, enhance their skills, and strengthen the team. Besides, we also encourage our employees to develop harmonious interpersonal relationships and teamwork, and develop a spirit of solidarity in the Group for years to jointly overcome difficulties in work and life. In addition, we also adjust and formulate human resource policies suitable for local enterprises based on different labour regulations. No labour disputes occurred during the Reporting Period.

As of 31 December 2021, the Group has 1,683 employees of the Business Scope of this Report.

By gender By age >51 233 (14%) Female 578 31-40 (34%) 628 (37%) ≤30 318 (19%)-Male 1.105 (66%) 41-50 504 (30%) By post rank By employment type Senior management Middle 123 Part-time Other (7%) managemen 9 (0%) 210 (1%) (12%)Ordinary staff Full-time 1,350 (80%) 1.666

Number of Employees by Gender, Age Group, Post Rank, Employment Type and Region^(Note)

(99%)

Figure 2:

Number of Employees by Gender, Age Group, Post Rank, Employment Type and Region (Note) (Continued)



Note:

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







Figure 3: Employee Turnover Rate by Gender, Age Group and Region (Note) (Continued)



Note:

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

Recruitment and Promotion

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

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

Labour Guidelines

In terms of illegal employment, such as child labour and forced labour, the Group strictly abides by relevant national laws and regulations to protect the legitimate rights and interests of every employee, and prohibit any child or forced labour employment. During the Reporting Period, there was no incident of child labour or forced labour.

To combat illegal employment on child labour, underage workers and forced labour, and to ensure that applicants are lawfully employable, all employees are required by the Group's Human Resources Department to provide valid identification document including Identity Card, Household Register (if any) and Resume prior to the confirmation of employment. The Human Resources Department is responsible for monitoring and ensuring compliance with the latest and relevant laws and regulations that prohibit child labour and forced labour. The Group has regularly reviewed the human resources policies and the reporting mechanism has been established to monitor and ensure the compliance with all relevant laws and regulations.

Equal Opportunity and Anti-discrimination

The Group has always advocated equal opportunities. Specifically, all training and promotion opportunities, retirement and termination policies within the Group are not based on an employee's race, age, gender, ability or disability, family status, sexual orientation, religious beliefs, marital status or any other factors unrelated to job responsibilities. In other words, the equal opportunity policy does not permit any incidents of discrimination, harm or harassment at work.

Employee Treatment

The Group has established a compliant, fair, reasonable and competitive salary and welfare system, and strives to improve and implement an incentive policy that combines compensation incentive and non-compensation incentive, ensuring a competitive treatment for employees. During the Reporting Period, we actively improved the remuneration system and remuneration performance management mechanism to ensure that employees' efforts can be evaluated and rewarded fairly, justly and reasonably. We maximise the strength and minimise the weakness of the employees which are from the analysis of the performance management mechanism, thereby we may motivate them to make greater contributions to the Group's development. Additionally, employee treatment and benefits vary by region, including salary, overtime pay, and/or discretionary bonuses. Other benefits include, but are not limited to, holiday gifts (such as Spring Festival, Women's Day, Dragon Boat Festival, Mid-Autumn Festival, etc.), birthday gifts, meal expenses, employee physical examinations, commuting allowances, communication allowances, high temperature allowances, and/or heatstroke prevention drugs and beverages.

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

Adhering to the concept of employee welfare as the core, the Group has established relevant employee welfare systems on the basis of national laws and regulations, covering pensions, medical care, unemployment, work injury, maternity insurance and housing fund, etc. The Group attaches great importance to the health and safety of employees. In addition, if an employee is fired for various reasons, we will compensate in accordance with local laws and regulations.

With a people-oriented spirit, the Group works with employees to create a positive, healthy and sustainable working environment, fully balancing their life and work. The Group pays attention to the physical and mental health of employees, such as setting working hours and guaranteeing employees' rights to rest and vacation. Meanwhile, the Group organises various types of activities for employees, including tree planting, sports, basketball games, long-distance running, hiking, Women's Day activities, Spring Festival parties and outdoor barbecue activities. All of these activities can reduce the stress of employees, enhance their cohesion and team spirits, and the sense of belonging.

Employee Communication

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

Development and Training

The Group attaches great importance to talent training and potential development, striving to build an elite team with excellent ability and quality. The Group has taken various measures to strengthen the construction of corporate culture and continuously improve the work skills, quality and team cohesion of employees.

New employees must receive pre-job training to understand corporate culture, business, industry knowledge, organizational structure, rules and regulations, quality awareness, production technology and processes, and safety issues. New employees and transferred employees must participate in the three-level safety education and training, understand the national safety production laws and regulations, learn the safety knowledge of each post, and master the key safety controlling points in the work (See Health and Safety section for more information on working safety.

Our employees taking part in the training sessions are shown in the pictures below:



New employee training	Management personnel training	Technical personnel training
Integrate new employees into the team through job placement and intensive training; Identify their potential.	Improve comprehensive ability in terms of leadership ability, policies and regulations, style construction, corporate culture and post skills.	Improve the innovation ability of technicians in new technologies and new methods, etc., through technical exchanges and special lectures.

During the Reporting Period, the Group formulated the following training programs:

During the Reporting Period, the Group organised a total of 57,696 hours of training for 1,340 participants, with an average training time of 43.06 hours.





Figure 5: Average Training Hours Received by the Employees by Gender and Post Rank (Note)



Note:

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

Compliance

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

*For identification purpose only.



₩.Operation Practice



VIII. Operation Practice

Supply Chain Management

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

As a socially responsible enterprise, maintaining and managing sustainable and reliable supply chains to exert minimal negative impact on the environment and society is of critical importance to us. During the Reporting Period, the Group continued to abide by the Bidding Regulations of the People's Republic of China and the Bidding Law of the People's Republic of China etc.. We cooperate with suppliers and business partners that can fulfill our social responsibilities together in light of the status quo of enterprise development and management. We intend to establish a long-term and stable strategic partnership with reliable suppliers, and to develop the business together to achieve a win-win situation. The Group formulated several procurement management system to fit the local conditions with consideration of the interests of suppliers; we require all suppliers to meet our requirements of environmental protection, employee health and safety expectations. We are cautious in supplier selection, introduction and assessment standards, and we standardise the business ethics in bidding and cooperation. The Group strives to develop a sound supplier bidding process and conduct comprehensive management of suppliers throughout the procedure. The Group actively assumes corporate social responsibility, timely implements procurement policies, and supports local suppliers to drive local economic development. In order to build an efficient supply chain, we maintain long-term strategic and partnership relationships with those with good credit history, sound goodwill, high product or service quality, and good environmental compliance records. We irregularly review the performance of our product or service providers, to ensure the quality of our products and services. Throughout the operation and supervision, we have a strict and clear division of labour to ensure that the product and service suppliers are qualified. We apply professional technology and good internal management system to achieve on-time delivery and legal compliance, and to ensure that the suppliers are competitive and can provide high quality products and services. Some of our subsidiaries have also established conflict of interest management systems and rigorous procedures to allow employees, suppliers, and customers to report any dereliction of duty. During the Reporting Period, the Group did not receive any report of serious violation or misconduct.

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

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

The Group is principally responsible for the sourcing of the LNG and other gas resources from upstream suppliers with good reputation and high productivity (including state-owned enterprises) and distributing the products to customers for industrial, commercial and household uses. The Group has set up Safety Plans and Emergency Plans, and maintained a stable communication with its suppliers.

The Procurement Department of the Group is responsible for the coordination, management and monitoring of supply-side issues. To minimise the underlying environmental and social risks, the Group has applied criteria including quality, price, punctuality as well as environmental requirements including the compliance with relevant environmental regulations in selecting and collaborating with suppliers, which demonstrates the Group's determination and commitment to working with suppliers that respect and preserve the environmental and natural resources.

As of 31 December 2021, the Group has 281 key suppliers (including key auxiliary equipments suppliers).

Supplier Supervision and Evaluation

The Group supervises and evaluates our suppliers from three perspectives: "law, ethics and quality". We attach great importance to the moral behaviour of suppliers. To strengthen the management of suppliers against corruption and bribery, and to maintain transparent, fair and just procurement environment, to avoid unfair competition and illegal behavior, we have established "supplier blacklist" management mechanism for violated suppliers.

Product and Service Responsibilities

The Group adopts a variety of proactive approaches to ensure stability and reliability of products and services through continuous improvement. The Group has complied rules, regulations and standards in terms of health, safety and privacy of products and services, including:

- The "Product Quality Law of the People's Republic of China"*;
- The "Road Traffic Safety Law of the People's Republic of China" **;
- The "Law of the People's Republic of China on the Protection of Consumer Rights and Interests" *; and
- "Regulations on the Safety Administration of Dangerous Chemicals"*.

Safe and Stable Gas Supply

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

Ensure Customer Privacy

The Group pays attention to the privacy security of the customers. We strictly abide by the "United Nations Consumer Protection Guidelines"*, "Consumer-right Protection Law of the People's Republic of China"*, "Network Protection Law"*, "Personal Information Protection Act"*, "Internet Personal Information Protection Guide"*, the "Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong)" and other laws and regulations. Personal data collected will only be used for the purposes as defined, while all employees are required to obey the rules and strictly prohibited from disclosing any confidential information to external parties without customers' authorisation. We signed an agreement about privacy confidentiality to safeguard customers' privacy and sensitive information.

Information Security Management

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

Intellectual Property Rights

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

Given the industry nature, labelling is not a material issue to the Group's business, thereby not being discussed in detail in the Report.

Customer Service

While creating safe and high-quality products, we pay attention to the interests and demands of our customers. By investigating customers' needs, and listening to customers' opinions, we provide tailored service solutions for different customers. We attach great importance to customers' opinions and suggestions, and will continue to improve the complaint handling mechanism for better customer satisfaction.

The Group sets up complaint channels, including 24-hour service hotline, suggestion box. During the Reporting Period, we have a total of 157 customer complaints, and a resounding resolution rate of 100%.

Compliance

The Group values customer interests and understands customer satisfaction through customer satisfaction surveys. During the Reporting Period, the Group did not have significant issues relating to violations nor received any complaints concerning breaches of user privacy and loss of data.

IX. Community Investment

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IX. Community Investment

China's air pollution is increasingly serious, and the development of clean energy is imminent. The Chinese government has launched a number of policies on clean energy, aiming at developing natural gas and other clean energy industries. These efforts are of great significance to optimizing energy structure and protecting the ecological environment. As a gas operation service provider, the Group hopes to help with the alleviation of air pollution and environmental protection by reducing the proportion of other traditional energy sources (such as coal), and by improving supply capacity of natural gas and other clean energy sources.

The Group has always undertaken corporate social responsibility, in line with the public welfare concept of sharing development with the society. We give back to the society with practical actions. We actively participate in community public welfare undertakings, promote the healthy development of the community, help to build a low-carbon ecological environment, and adhere to be a caring and responsible enterprise.

The Group has been working closely with communities and do our best to participate in community activities to maintain close ties between employees and community members. The Group advocates responsibility for ourselves, families, business and society through organizing and participating in various activities. We actively perform social responsibilities, help the poor people find jobs, devote to public welfare undertakings, and contribute to the decisive victory of poverty alleviation. Our Group launched public welfare activities for students: they are our future and hope our contribution is essential to their growth.

In order to strengthen safety awareness and relevant knowledgement of pipeline gas and cylinder gas, the Group regularly organised different publicity activities, such as free household safety inspection, community safety training and publicity, "Gas Safety into Campus" activities, "Safe Production Month", "Safe Production with Thousands Miles Walk" and consultation, as well as "Prevent Carbon Monoxide Poisoning Public Campaign". By organising these activities, we aim to reduce safety risks and avoid safety accidents and negative impacts on the environment and society.

The Group has always paid taxes in accordance with laws, and spared no effort to help with the local employment pressure. We plan our retirement life for our employees, pay five social insurances and one housing fund. Our Hong Kong employees participate in the MPF program. We have been maintaining good production and operation, actively promoting the concept of green environmental protection and creating a good development order. By maintaining social stability and building a harmonious community, we make considerable contributions to the well-being of the society.

During the Reporting Period, 150 people participated in the various activities with a total time of 101.5 hours.

Examples of community activities undertaken by some subsidiaries are as follows:

- Xi'an Civigas voluntary blood donation activities to deliver positive energy (as shown in the picture below);
- Chongqing Civigas organised Commemorative activities at Qiu Shaoyun Memorial Hall (as shown in the picture below);
- Fuping Civigas participated in the "Fuping County to Build a Happy Home Project", and carried out the "Walk with Good, Love transmission" activity, covering education, medical assistance, cultural pension, beautiful rural construction and veterans' care;
- Baise Civigas carried out a "Prevent Carbon Monoxide Poisoning Publicity Campaign" to avoid casualties; and
- Mianzhu Civigas organized donation to households in poverty activities.



Commemorative activities organized by Chongqing Civigas at Qiu Shaoyun Memorial Hall



X. Honour

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

- Chongqing Civigas' Facilities and Equipment Department was awarded the title of "Worker Pioneer" in Tongnan District (see the picture below);
- Chongqing Civigas was awarded the title of Advanced Team under the comprehensive target assessment of Tongnan District (see the picture below); and
- Xi'an Civigas was awarded the title of Gaofeng Gas Supply Advanced Unit.



Chongqing Civigas' Facilities and Equipment Department was awarded the title of "Worker Pioneer" in Tongnan District



Chongqing Civigas was awarded the title of Advanced Team under the comprehensive target assessment in Tongnan District

XI.

Prospective to the Future

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XI. Prospective to the Future

Climate change is becoming an increasingly severe issue, thus making low-carbon and green development model a consensus. Green transformation has been carried out in all walks of life. The application of new energy technology and GHG control technology has become a common trend. Meanwhile, our country has put forward the strategic goals of "carbon peak" and "carbon neutrality". The Group actively responds to various climate risks and challenges, comprehensively helping win the overall victory of the "dual-carbon" work.

The Group being a corporation understands the importance of ecological environment, which is key to sustainable development and human survival in the future. We will work hard and promote the harmonious development of enterprise and society, pay greater attention to talent training, protection of employees' interest, public welfare undertakings which maintain good social relations. Overall, we will continue to give back to the society.

The Group adheres to the increasingly rigorous environmental laws and regulations. In accordance with the requirements of clean production system, we strengthen energy conservation and emissions reduction, reduce energy consumption, make good use of renewable resources, and establish environmental protection and conservation monitoring and assessment system. We expect to reach low-carbon and circular economy as the long-term goal. Therefore, we invest resources to optimise all kinds of emissions and waste facilities. We also provide a safe working environment on the premise of meeting the needs of employee and operational safety. We attract more technical and managerial talent with competitive compensation mechanisms. In terms of user service, we will continue to allocate resources and improve service quality, and will stick to the aspiration of assuming social responsibility. We actively participate in public welfare undertakings, and strive to promote the sustainable development of the community.

The Group will continue to adhere to its mission. We pay attention with the consideration of innovation to energy conservation and emission reduction, advocate low-carbon life, combine enterprise development with the ecological environment, and continuously contribute to the sustainable development of the ecological environment and the society.

Appendix

Appendix: REPORT DISCLOSURE INDEX

Aspects	ESG Indicators	Description	chapter
		A、 Environmental	
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. Note: Air emissions include NOx, SOx, and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride . Hazardous wastes are those defined by national regulations.	V . Environmental Protection (1.Emission Management)
	KPI A1.1	The types of emissions and respective emissions data.	
	KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	
	KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	
	KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	
	KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	
	KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	

Aspects	ESG Indicators	Description	chapter
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials. Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.	V. Environmental Protection (2. Management of the Resource Usage)
	KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	
	KPI A2.3	Description of energy use efticiency target(s) set and steps taken to achieve them.	
	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	
	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	
A3: The Environment and Natural	General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	V. Environmental Protection (3. Environment and Natural Resources)
Resources	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	

Aspects	ESG Indicators	Description	chapter
A4:Aspect Climate Change	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	V.Environmental Protection (4. Response to Climate Change)
	KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	

$B_{\scriptscriptstyle N}$ Social

Employment and La	bour Practices
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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. 	IVII. Employment and Labour Routine
	KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time) ,age group and geographical region.	
	KPI B1.2	Employee turnover rate by gender, age group and geographical region.	7 1 1 1 1 1 1

Aspects	ESG Indicators	Description	chapter
B2: Health	General	Information on:	VI. Ensure Health and Safety
and Safety	Disclosure	(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.	
	KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	
	KPI B2.2	Lost days due to work injury.	
	KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	1 1 1 1 1 1 1 1 1 1
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer.	Doutino
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	4 1 1 1 1 1 1 1 1 1 1 1 1
	KPI B3.2	The average training hours completed per employee by gender and employee category.	

Aspects	ESG Indicators	Description	chapter
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. 	IVII.Employment and Labour Routine
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	
	KPI B4.2	Description of steps taken to eliminate such practices when discovered.	5

Aspects	ESG Indicators	Description	chapter
		Operating Practices	
B5: Supply Chain	General Disclosure	Policies on managing environmental and social risks of the supply chain.	VIII. Operation Practice
Management	KPI B5.1	Number of suppliers by geographical region.	4
	KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	4 1 1 1 1 1 1 1 1 1 1 1
	KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	
	KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	- - - - - - - - - - - - - - - - - - -

Aspects	ESG Indicators	Description	chapter
B6: Product	General	Information on:	VIII. Operation Practice
Responibility	Disclosure	(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.	
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	
	KPI B6.2	Number of products and service related complaints received and how they are dealt with.	
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	
	KPI B6.4	Description of quality assurance process and recall procedures.	
	KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	

Aspects	ESG Indicators	Description	chapter
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. 	IV. Risk Control
	KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	
	KPI B7.3	Description of anti-corruption training provided to directors and staff.	

		Community	
B8:	General	Policies on community engagement to understand the needs of the communities where the	IX. Community Investment
Community	Disclosure	issuer operates and to ensure its activities take into consideration the communities' interests.	
Investment			
	KPI B8.1	Focus areas of contribution (eg. education, environmental concerns, labour needs,	
		health, culture, sport).	
	KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	

Note:

Sourced from the ESG Reporting Guidelines.

中民控股有限公司

CHINESE PEOPLE HOLDINGS COMPANY LIMITED