

# CHINA GAS INDUSTRY INVESTMENT HOLDINGS CO. LTD.

(Incorporated in the Cayman Islands with members' limited liability)

Stock code: 1940



## 2021 Environmental, Social and Governance Report



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## PURPOSE

The board of directors (the “**Board**”) of China Gas Industry Investment Holdings Co. Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce the Environmental, Social and Governance Report (the “**Report**”) for the year ended 31 December 2021 (“**2021**” or the “**Reporting Period**”), aiming to present the Group’s effectiveness in promoting sustainable development to internal and external stakeholders.

This report is prepared in accordance with the “Environmental, Social and Governance Reporting Guide”, set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**ESG Reporting Guide**”), mainly reporting on the Group’s measures and activities regarding environmental and social aspects for 2021. For information on the corporate governance of the Group, please refer to the 2021 annual report of the Group.

The Group is committed to the long-term sustainability of its business, as well as providing support for environmental protection and the communities in which it operates. The Group manages its business prudently and provides customers with quality products and services under sound decision-making processes. The Group maintains close contact with its stakeholders and seeks to balance the views and interests of the stakeholders through constructive conversation with a purpose to set the course for long-term prosperity. The Board is responsible for evaluating and determining environmental, social and governance (“**ESG**”) risks of the Group, and ensuring that relevant risk management and internal control systems are in place and operate effectively.

## GOVERNANCE STRUCTURE

### Board’s oversight of ESG issues

The Board has a primary role in overseeing the Group’s ESG issues. In 2021, the Board and the management evaluated the impacts of ESG-related risks towards the operation and formulated ESG-related policies in dealing with relevant risks. The oversight of the Board ensures that the management can have all the right tools and resources to oversee the ESG issues.

To demonstrate the Group’s commitment to transparency and accountability, the Group highly values the opinions of each stakeholder which are regarded as the cornerstone for the development of the Group.

The Board and the management are primarily responsible for reviewing and supervising the ESG process and risk management of the Group.

### Board’s ESG management approach and strategy for material ESG-related issues

In order to better understand the opinions and expectations of different stakeholders on the ESG issues, the Group conducts materiality assessment annually. The Group ensures various platforms, and communication channels are used to reach, listen and respond to its key stakeholders. Through general communication with the stakeholders, the Group is able to understand the expectations and concerns from its stakeholders. The feedbacks obtained allow the Group to make more informed decisions, and to better assess and manage the resulting impacts of the business decisions.

The Group has evaluated the materiality in ESG aspects through the following steps: (i) identification of ESG issues by the Group; (ii) prioritisation of key ESG areas with stakeholder engagement; and (iii) validation and determination of material ESG issues based on the results of communication with the stakeholders.

Engaging these steps can enhance the understanding of the importance which the Group’s stakeholders attach to each material ESG issue, and can enable the Group to plan the sustainable development direction more comprehensively in the future.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Board review progress against ESG-related goals and targets

The Group should closely review the progress of implementation and the performance of the goals and targets from time to time. If the progress falls short of expectation or change in business operations occur, it is necessary to make modification and communicate with key stakeholders such as employees, customers and suppliers regarding the goals and targets.

The Group has set strategic goals enabling the Group to develop a realistic roadmap and focusing on how those visions advance. The ESG Working Team may carefully examine the attainability of the targets which should be weighed against the Group's ambitions and goals.

## REPORTING PRINCIPLES

The report is centred on four principles:

**Materiality:** Stakeholder engagement and materiality assessment were conducted regularly to identify material ESG issues, and to ensure that these issues are addressed in the report.

**Quantitative:** Data presented in this report have been collected prudently. Please refer to the environmental and social performance data for standards and methodologies used for calculation of key performance indicators.

**Balance:** Both positive and negative sides of the performance have been presented in a transparent manner.

**Consistency:** Unless otherwise stated, the disclosures, data collection and calculation methods have remained consistent throughout the years to facilitate comparability over time.

## REPORTING BOUNDARIES

In 2021, the Group mainly operates the production of specialty gases through its wholly-owned subsidiary Tangshan Tangsteel Gases Co., Ltd. (唐山唐鋼氣體有限公司) ("TTG").

TTG is the first sino-foreign equity joint venture gas production enterprise in Hebei Province, which was jointly invested and established by Tangshan Steel Company Limited (唐山鋼鐵股份有限公司) and China Gas Industry Investment Holding Co., Ltd. on 28 March 2007. TTG has set up five management departments including the safety division, the production and facility division, the technology and quality division, the financial department and the general division, as well as steelmaking branch, ironmaking branch, stainless steel branch, sales branch, Yutian branch, Laoting branch, Zhongqi Investment plant and other seven branches and eight plants, such as TTG and Luanxian Tangsteel Gases etc. The Group adheres to the market orientation, keeps pace with the times and develops with innovation. The Group insists on quality for its good standing and continuously improves service quality. In particular, the Group has always insisted on the business philosophy of taking quality and customer as the first priority and upholding integrity management to provide users with all-round services and the society with the best quality products, pursued the sustainable development, and always regarded quality, safety, environmental protection and energy saving as the soul of the enterprise to enhance customer satisfaction. In addition, the Group expects TTG to become the first brand in North China and a well-known "GGS TTG" brand both at home and abroad according to the requirements for pursuing the new path of industrialization.

TTG is the Group's key area of focus in the annual report for 2021, also being the Group's main business, it is therefore of high relevance to environmental, social and governance matters. Hence, this report focuses on the disclosure of the policies and performance regarding the four environmental and eight social aspects of TTG for 2021.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



## STAKEHOLDER ENGAGEMENT

Stakeholder engagement plays a core role in the sustainability of the Group. The Group attaches great importance to establishing a communication mechanism with the stakeholders on a regular basis, builds both online and offline communication channels, provides stakeholders with timely reports on strategic planning and performance of the Group, consults the stakeholders on their recommendations and propositions, in order to better understand the needs of stakeholders and meet their reasonable expectations.

The stakeholders of the Group include the shareholders, employees, governments and regulatory bodies, customers, suppliers, communities, potential and existing shareholders/institutions and individual investors, etc. The Group communicates with the stakeholders through the following various channels regarding relevant subjects for their expectations and requirements as below:

Stakeholders	Expectations	Communication and feedback
Shareholders	Financial results	Improving profitability and ensuring continuing operations
	Information transparency	Regular information disclosures
	Sound risk control	Optimising risk management and internal control
Employees	Continuous promotion mechanism	Providing a career development platform
	Salary and benefits	Competitive salary and employee benefits
	Safe working environment	Providing training for employees and strengthening their safety awareness
Governments and regulatory bodies	Compliance with laws and regulations	Compliance operation
	Tax payment in accordance with laws	Tax payment in full and on time
Customers	Maintaining high quality products and services	Ensuring the stability of product delivery
	Customer information security	Customer privacy protection
	Customer rights and interests protection	Marketing compliance
Suppliers	Integrity cooperation	Building a responsible supply chain
	Business ethics and credibility	Performing the contracts according to law
Communities	Environmental protection	Putting into use environmental protection, energy saving and emission reduction equipments
	Employment opportunities	Providing employment
Potential and existing shareholders/institutions and individual investors	Annual general meetings and notices	Establishment of a platform for communication with shareholders
	Regular corporate publications (including financial statements)	Results announcements
	Increase in transparency of corporate development	Issue of circulars and announcements in due course



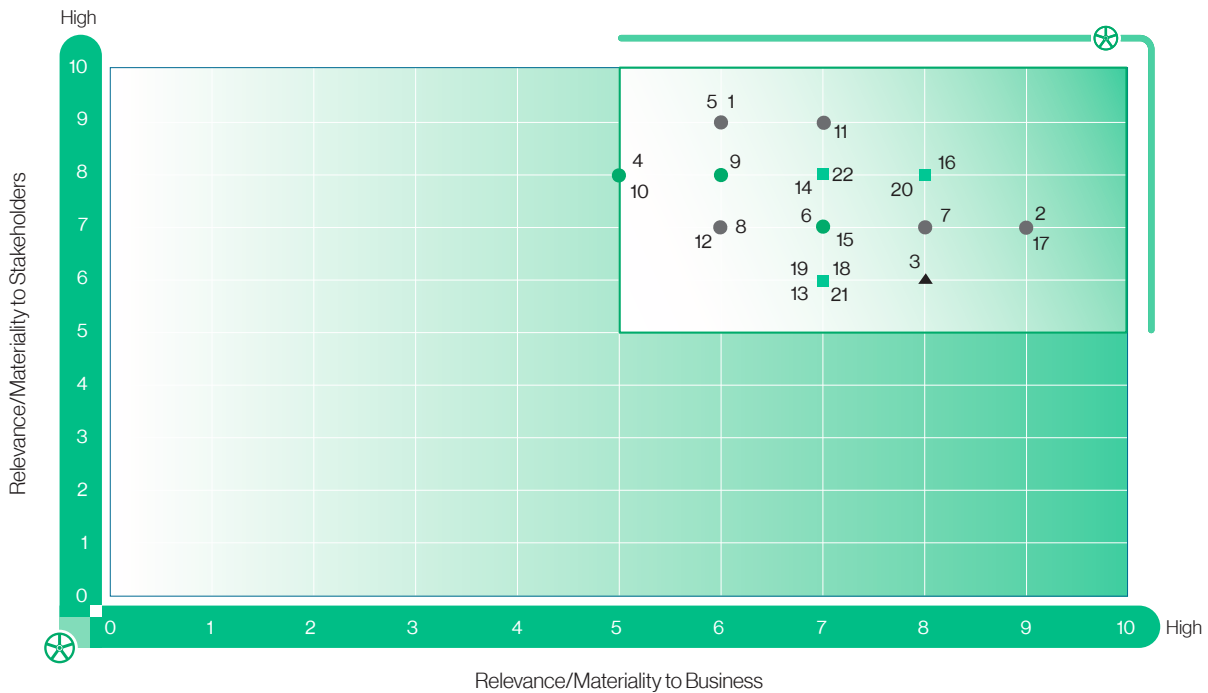
# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## MATERIALITY ASSESSMENT

In 2021, the Group conducted a comprehensive materiality assessment, which involved group discussions, interviews and surveys with internal and external stakeholders, to identify “material issues” and reflect the environmental, social and operational issues which have the most significant impacts on the Group’s business and the relevant issues concerned by stakeholders.

With reference to the scope of disclosure as required under the ESG Reporting Guide, as well as taking into consideration of its business features, the Group had identified and determined 22 issues which cover greenhouse gas (“GHG”) emission, energy consumption, employee welfare, occupational health and safety, training and development, supply chain management, customer privacy, anti-corruption, community investment and other aspects with respect to business operation.

Materiality of ESG Issues



### Environmental Aspect

1. GHG emission
2. Energy consumption
3. Water consumption
4. Waste
5. Environmental impact of business operation
6. Use of natural resources and packaging materials
7. Customer engagement in environmental issues
8. Use of chemicals

### Social Aspect

9. Engagement of local community
10. Community investment
11. Occupational health and safety
12. Labour standards
13. Training and development
14. Employee welfare
15. Inclusion and equal opportunities
16. Talent attraction and retention

### Operational Aspect

17. Economic value generated
18. Corporate governance
19. Anti-corruption
20. Supply chain management
21. Customer satisfaction
22. Customer privacy

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



## A. Environmental Protection

In order to perform the Group's commitment to sustainable development and comply with the relevant laws and regulations on environmental protection, the Group is committed to reducing the impact of its business activities on the environment.

### A1: Emissions

The Group has formulated and implemented the "Solid Waste Management System" (《固體廢棄物管理制度》), which aims to ensure that the wastes produced by the Group will not pollute the environment and will comply with the Group's environmental policy as well as local laws and regulations by separating, collecting and treating production and domestic solid wastes. Hazardous wastes and non-recyclable industrial wastes will be treated by state-recognised and qualified waste disposal organisations which are entrusted by the management department.

The Group requires its subsidiaries to manage and supervise the disposal of solid waste in accordance with the provisions of the General Industrial Solid Waste Storage and Pollution Control Standards for External Sites (《一般工業固體廢物貯存、處置場污染控制標準》) and the Pollution Control Standards for Hazardous Waste Storage (《危險廢物貯存污染控制標準》) and other regulations. Solid waste mainly includes hazardous solid waste, recyclable solid waste, and non-recyclable solid waste such as office and domestic waste. The Group has set up storage facilities for solid waste and hazardous waste, respectively. The production equipment division engages qualified organizations for the disposal of recyclable solid waste, non-recyclable solid waste and hazardous waste. From 8 July 2020 to 31 December 2020, the qualified organization for the disposal of hazardous waste is Chengde BBMG Cement Co., Ltd., the Group carried out qualification verification when such qualified organization was selected, including review of its background information and the certificate of hazardous waste management license in Hebei to ensure compliance with the People's Republic of China ("China") and the safe disposal of hazardous waste regulated by the safety and environmental protection department.

Although the Group's vehicles use gasoline and diesel, the Group has not quantified the relevant waste emissions due to its low consumption.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## GHG emissions from operations

GHG is considered as one of the major contributors to climate change and global warming. During the Group's operation, energy consumption accounts for a major part of GHG emissions. The Group attaches great importance to improving energy efficiency and reducing energy consumption. During the Reporting Period, GHG emission was as follows:

GHG Emissions	Unit	2021	2020
GHG emissions (Scope 1)	tonnes CO <sub>2</sub> e	363,950	(Note 1)
GHG emissions (Scope 2)*(Note 2)	tonnes CO <sub>2</sub> e	469,276	914,477
GHG emissions (Scope 3)	tonnes CO <sub>2</sub> e	1,652	21,874
Total GHG emissions	tonnes CO <sub>2</sub> e	834,878	936,351
Total production	tonnes	4,456,341	4,531,583
GHG intensity (Total emissions/total production)	tonnes CO <sub>2</sub> e/tonnes	0.19	0.21

Note 1: The Group has not quantified the relevant figures due to the suspension of liquefied natural gas production plants in Luan County in 2020 and the low consumption in the TTG headquarters.

\* The emissions related to electricity consumption were calculated on the basis of the emission factor of North China Power Grid for 2019. Such figures have been calculated in accordance with The Stock Exchange of Hong Kong Limited's "How to prepare an ESG Report - Appendix 2: Reporting Guidance on Environmental KPIs".

Note 2: Due to the "winter environmental protection and production restriction" policy implemented by the local government from September to December 2021, the production of the plant of TTG stainless steel branch has been suspended, resulting in a decrease in corresponding power consumption.

Scope 1: mainly represents gas purchased from gas suppliers in China.

Scope 2: mainly represents electricity purchased from electricity suppliers in China.

Scope 3: mainly represents scrap papers and water consumed.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



## Reduction target of GHG emissions

### Environmental Key Performance Indicators (“KPIs”)

Reduction Target	Baseline Year	Status	
GHG emission intensity (Scope 1)	Reduce 5% by 2025	2020	In progress
GHG emission intensity (Scope 2)	Reduce 5% by 2025	2020	In progress
GHG emission intensity (Scope 3)	Reduce 5% by 2025	2020	In progress

## Environmental performance from operations

During the Reporting Period, the total amount of hazardous and non-hazardous waste produced were as follows:

Hazardous and non-hazardous waste produced	Unit	2021	2020
Total amount of hazardous waste	kg	2,050	12,750
Intensity of hazardous waste (Total hazardous waste/total production)	kg/tonne	0.00045	0.0028
Total amount of non-hazardous waste	kg	2,160	1,800
Intensity of non-hazardous waste (Total non-hazardous waste/total production)	kg/tonne	0.0005	0.0004





# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Reduction target of waste

Environmental KPIs	Reduction Target	Baseline Year	Status
Intensity of hazardous waste	Reduce 5% by 2025	2020	In progress
Intensity of non-hazardous waste	Reduce 5% by 2025	2020	In progress

The Group has formulated and implemented the “Energy and Resources Management Measures” (《能源資源管理辦法》) to manage the use of energy in the production and daily operation of the Group, so as to achieve the purpose of improving the utilisation rate of energy and resources, energy conservation and reduce consumption. The Group designated an energy specialist responsible for various tasks of energy management, and conducts statistics and analysis of energy consumption data in order to improve technology and processes and reduce energy consumption.

In 2021, the Group adopted a series of energy conservation and emission reduction measures, of which the particulars and relevant effectiveness assessment were as follows:

Energy conservation and emission reduction measures	Particulars and relevant effectiveness assessment of the measures
Lighting power consumption management and installation of Light Emitting Diodes (LEDs)	Some of the lighting at the facilities, air separation columns, offices and other public areas, where incandescent lamps and mercury lamps had been used, were replaced with LEDs. Lamps are not used when there is enough natural light, in order to reduce power consumption.
Management of water usage and facilities	The production and facility division is responsible for monitoring the normal operation of water equipment to prevent water leakage and other waste, and educate employees to build water conservation awareness, requiring employees to turn off taps after use to avoid waste.
Non-hazardous waste	The general recyclable waste produced by the facility includes scrap iron, scrap steel, scrap copper, aluminum, sludge with high iron content, scrap belts and scrap tires. The production and facility division of the Group engages a qualified unit to deal with recyclable solid waste, so as to minimize the impact on the environment.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



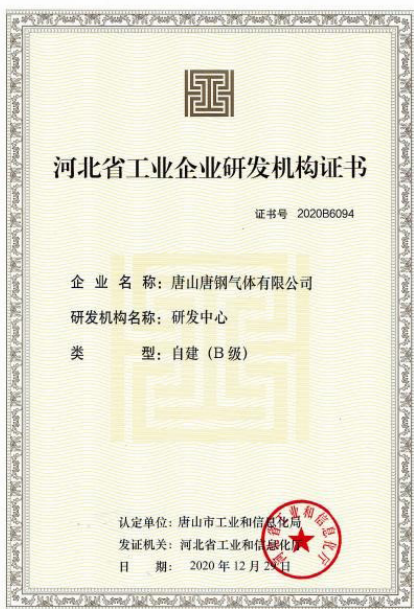
In addition, the Group places emphasis on the technologies required for production to further consolidate its leading position and enhance its competitiveness. The Group has a dedicated research and development (“**R&D**”) team consisting of approximately 20 engineers with extensive industry experience in the design, construction and operation of industrial gas production facilities. The R&D team is responsible for developing engineering solutions to improve production processes.

One of the key research and development achievements of research and development team is a joint research project with Beijing University of Science and Technology on the improvement and innovation of oxygen supply system for iron and steel companies. This research project has developed a number of technical solutions, which are known as “near-zero emission” to reduce the release of unutilised gas in the production process of iron and steel plant and thus minimise the industrial gas consumption for on-site customers. It has been awarded various prizes including the first prize of Tangshan Science and Technology Progress Award (唐山市科技進步一等獎), the third prize of Hebei Province Science and Technology Award (河北省科學技術獎三等獎) and the first prize of Metallurgical Science and Technology Award (冶金科學技術獎一等獎). The Group intends to continue to focus on the development and implementation of more advanced, reliable and lower cost production processes and technologies.

TTG and Luanxian Tangsteel Gases Co., Ltd. (灤縣唐鋼氣體有限公司), subsidiaries of the Group, were approved as High and New Technology Enterprise in the PRC in 2016 and 2018, respectively.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



TTG was awarded Hebei Industrial Enterprise R&D Institution Certificate (《河北省工業企業研發機構證書》) by Industry and Information Technology Department of Hebei Province on 29 December 2020

### *Compliance with relevant laws and regulations*

In 2021, the Group was not aware of any material violation of relevant laws and regulations having significant impacts on the Group in relation to emissions of waste gas and greenhouse gas, discharge into the water and land, as well as generation of hazardous and non-hazardous waste. The Group strictly complies with relevant local laws and regulations related to emissions, including the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), the Law of the People's Republic of China on Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》) and the Law of the People's Republic of China on Prevention and Control of Environment Pollution Caused by Solid Wastes (《中華人民共和國固體廢物環境防治法》). Further, no material fines against or non-monetary sanctions on any violation of relevant laws and regulations were imposed in 2021.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## A2: Use of resources

The Group not only strictly abides by the Energy Conservation Law of the PRC (《中華人民共和國節約能源法》), but also encourages employees to foster resources saving and recycling habits in daily work. To protect natural resources and increase operation efficiency, the Group closely monitors the use of resources to ensure full use of resources and avoid wasting. Each department of the Group has to regularly report on the use of resources to the production and facility division and take corrective actions for issues arisen in a timely manner.

The Group has formulated and implemented the Measures on Energy and Resource Management (《能源資源管理辦法》), which is mainly to control the electricity consumption, water consumption, gas and fuel oil consumption, so as to promote the saving and reasonable use of energy and resources and thus reduce wastage. The finance department is responsible for formulating index plan of energy cost, convening energy management meetings regularly to summarise the initial performance of energy-saving. In such meetings, they will also formulate a new plan index plan of energy cost for the upcoming fixed term and specify a detailed resolution on reducing energy consumption and energy-saving. The human resources department is responsible for formulating plans to save energy for the use of electrical appliances in living areas and offices, as well as implementing resource control, for example, encouraging employees to turn off lights and air-conditioners after work, which can avoid energy consumption due to such appliances standby. With the location adjustment in TTG plants, flexible production has been realised amongst all production plant for further energy conservation and consumption reduction. To such an extent, through the adjustment of production equipment in each production area, auxiliary energy consumption has declined, such as water consumption for production and process steam, respectively, with an decrement of 6.05% and 23% in 2021 relative to 2020.

In 2021, the Group did not encounter any water supply problem.

### Relevant consumptions from operation

During the Reporting Period, operational consumption data of the Group were as follow:

Environmental performance	Unit	2021	2020
Electricity consumption (Note 1)	kWh	659,187,630	1,284,558,248
Fuel consumption (Note 2)	kWh	—	—
Total energy consumption	kWh	659,187,630	1,284,558,248
Energy consumption intensity (Total energy consumption/total production)	kWh/tonnes	147.9	283.5
Total water consumption	M <sup>3</sup>	2,626,772	34,787,259
Water consumption intensity (Total water consumption/total production)	M <sup>3</sup> /tonnes	0.6	7.7
Total packing materials used (Note 3)	Kg	N/A	N/A
Intensity of packing materials used (Total packing materials used/total production)	Kg/tonnes	N/A	N/A

Note 1: Due to the "winter environmental protection and production restriction" policy published by the local government from September to December 2021, the production of the plant of TTG stainless steel branch has been suspended, resulting in a decrease in corresponding power consumption.

Note 2: Although the Group's vehicles use gasoline and diesel, the Group has not quantified the relevant waste emissions due to its low consumption.

Note 3: The Group has not quantified the relevant figures as its industrial gas production did not involve packaging materials.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Reduction target of resources consumption

Environmental KPIs	Reduction Target	Baseline Year	Status
Energy consumption intensity	Reduce 5% by 2025	2020	In progress
Water consumption intensity	Reduce 5% by 2025	2020	In progress

### A3: Environment and natural resources

In strict compliance with laws and regulations including the Environmental Protection Law of the People's Republic of China, the Law of the PRC on the Prevention and Control of Atmospheric Pollution (Amended in 2018) (《中華人民共和國大氣污染防治法(2018修正)》), the Law of the People's Republic of China on Environmental Impact Assessment (Amended in 2018) (《中華人民共和國環境影響評價法(2018修正)》) and related regulations, the Group has formulated its Management Handbook (《管理手冊》) and established its environmental management system which conforms to GB/T 24001—2016 (ISO 14001) standards, thereby effectively reducing pollutant discharge and resource consumption resulting from production and operation. To reduce the impact on the surrounding environment, the Company has set up sound canceling facilities to minimise the impact of inevitable noise in the course of its operation.

### A4: Climate change

Awareness over climate change continues to grow and is one of the most discussed topics among companies. The Group is no exception in raising its awareness over the potential impact from climate change on the Group's business and operation.

In accordance with the reporting framework developed by the Task Force on Climate-related Financial Disclosures, there are two major categories of climate-related risks, physical risks and transition risks, which may impact businesses. Physical risks are risks related to physical impacts of climate change which can be driven by events such as floods and typhoons (acute risks) or longer-term shifts in climate patterns such as sustained high temperatures and sea level rise (chronic risks). Transition risks are risks related to the transition to a lower-carbon economy, which may entail policy, legal, technology, and market changes to address mitigation and adaptation requirements related to climate change.

For physical risks, the Group has developed a contingency plan for extreme weather. For transition risks, regularly reviews global and local government policies, regulatory updates and market trends to identify potential climate-related risks which may have impact on the Group's business operation. The Group will develop a response plan when necessary such as by changing the business strategy and modifying the development plan in order to reduce the negative impacts of such climate-related risks.

The Group will continuously incorporate sustainable practices in its business operations and prepare and maintain sufficient resources for managing identified climate-related risks and studying the potential remediation measures. In 2021, there was no climate-related risk, including physical risks and transitional risks that had a significant impact on the Group.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



## B. Social Responsibility

The Group believes that a good relationship with employees is one of the key factors which leads to success of the enterprise. To maximize employee satisfaction, the Group provide a competitive remunerations and comprehensive training plans for employees so as to show their potential strengths. Team-building activities, such as sport competitions and walking activities, annually organized by the Group, promoting a sense of belonging among employees and building a working environment with harmony.

### B1: Employment

The Group strictly follows recruitment process to select and recruit talents through combination of external introduction and internal training. As of 31 December 2021, the Group had 369 full-time employees. The composition of employees by gender, age group, position and education background (in number of employees (excluding independent non- executive directors)), respectively, were as follow:

Social performance	Unit	2021	2020
<b>By gender</b>			
Male	Person	330 (89%)	328 (89%)
Female	Person	39 (11%)	42 (11%)
<b>Total</b>	Person	<b>369 (100%)</b>	370 (100%)
<b>By age group</b>			
Below 30	Person	7 (2%)	9 (2%)
30 to 50	Person	170 (46%)	195 (53%)
Above 50	Person	192 (52%)	166 (45%)
<b>Total</b>	Person	<b>369 (100%)</b>	370 (100%)
<b>By position category</b>			
Senior management	Person	8 (2%)	6 (2%)
Middle management	Person	19 (5%)	18 (5%)
General staff	Person	342 (93%)	346 (93%)
<b>Total</b>	Person	<b>369 (100%)</b>	370 (100%)
<b>By employment category</b>			
Full-time	Person	369 (100%)	370 (100%)
Part-time	Person	—	—
<b>Total</b>	Person	<b>369 (100%)</b>	370 (100%)
<b>By geographical region</b>			
Hong Kong	Person	2 (1%)	—
Mainland China	Person	367 (99%)	370 (100%)
<b>Total</b>	Person	<b>369 (100%)</b>	370 (100%)

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In the year 2021, the employee turnover rate of the Group was as follow:

Employee turnover rate	2021
<b>By gender (Note 1)</b>	
Male	5%
Female	15%
<b>By age group (Note 1)</b>	
Below 30	22%
30 to 50	13%
Above 50	—
<b>By geographical region (Note 1)</b>	
Hong Kong	—
Mainland China	6%

Note 1: The turnover rate is calculated by dividing the number of departed employees in the specified category in 2021 by the total number of employees in the specified category as at 31 December 2021.

The Group has fully specified the behaviors of all employees of the Group by formulating and implementing its Staff Handbook (《員工手冊》), the Measures for Human Resources Management and Assessment (《人力資源管理考核辦法》), Rules for Standardizing Operation and Implementation of Post Performance Salary Mechanism (《崗位績效薪級工資制規範運行實施細則》) and the Measures on Management of Employees' Insurance and Corporate Annual Pension to modernize the Group (《員工各種保險及企業年金管理規定》). Except abided by the Labour Law of the People's Republic of China (《中華人民共和國勞動法》), the Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》) and the Regulation on Work-Related Injury Insurances (《工傷保險條例》), the Group also stipulated provisions in respect of recruitment, promotion, dismissal, working hours, vacation, remunerations, benefits and retirement. A competitive remuneration and benefit of employees provided by the Group according to the timely adjustment in line with change of labour market on remuneration and welfare can attract, retain and stimulate talents.

To enhance employees' sense of belonging to the Company, commitment and involvement in working, the Group provides better welfares for its staff, such as, a biennial physical examinations for on-the-job employees all in the Group's costs. Physical examinations will be arranged for the employees who in special roles to ensure their health.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group established labour unions according to the requirements of The Trade Union Law of the People's Republic of China (《中華人民共和國工會法》) and the General Principles of The Civil Law of The People's Republic of China (《中華人民共和國民法通則》). The union will enhance the communication with staff and, for them, organize various meaningful and entertaining team-building activities including sports competition, skill competition and leisure activities, etc.



Tug-of-war



Basketball match



Walking activities



Leisure activities





## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Equal employment opportunities will be provided to ensure anti-discrimination of employees, no matter what the difference between age, nationality, ethnic, gender and religion exists among them. We also strive to create an equal, respectful, diversified, friendly corporate culture and working atmosphere. The Group offers day offs and vacations no less than those specified by relevant laws and regulations, meanwhile, protect employees' interests and endeavors to establish harmonious labour relationships.

### *Compliance with relevant laws and regulations*

In 2021, the Group was not aware of any material violation of relevant laws and regulations having significant impacts on the Group in respect of compensation and dismissal, recruitment and promotion, working hours, vacation, equal opportunities, diversity, anti-discrimination as well as other welfares and benefits. The Group strictly complies with relevant local laws and regulations related to employment, including the Labour Law of the People's Republic of China (《中華人民共和國勞動法》) and the Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》). Further, no material fines against or sanction on any violation of relevant laws and regulations were imposed in 2021.

### *B2: Health and safety*

Production safety and occupational health and safety are the key matters of concern of the Group. The Group has taken measures to ensure compliance with applicable laws and regulations in respect of health and safety. The Group complies with various PRC laws and regulations in connection with labour, safety and work-related accidents, such as the Law on the Prevention and Control of Occupational Diseases of the People's Republic of China (《中華人民共和國職業病防治法》), the Fire Control Law of the People's Republic of China (《中華人民共和國消防法》), the Regulations on the Safety Management of Hazardous Chemicals (《危險化學品安全管理條例》), the Production Safety Law of the People's Republic of China (《中華人民共和國安全生產法》), Regulations on Safe Work Permits (《安全工作許可證條例》), Measures for the Administration of Hazardous Chemicals Business Licenses (《危險化學品經營許可證管理辦法》) and Measures for the Administration of Registration of Hazardous Chemicals (《危險化學品登記管理辦法》).

The Group has designated personnels, who are responsible for supervising its labour, hygiene and safety conditions, for its industrial gas production plants. In addition, The Group provides induction and regular safety education programs for its employees through distribution of safety instruction manuals, training seminars and regular safety knowledge and response testing. As the personnels control and monitor the daily operation of the production facilities from computerised operation control rooms, the Group's exposure to health and safety risks is minimal.

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To strengthen the management for and enhance the quality of the prevention and control of occupational diseases, practically secure the labourers' occupational health and safety during their work, meet the target for occupational health and safety set by the Group, and facilitate corporate economic development, the Group has adopted and enforced relevant systems as set out below:

- (i) Management Manuals for Quality, Environmental and Occupational Health and Safety Management System;
- (ii) Management Processes for Performance Assessment and Supervision of Environmental and Occupational Health and Safety;
- (iii) Safety Education and Training System;
- (iv) Hazard Installations and Management System for the Safety of Site, Equipment and Facilities with Higher Risks (《危險源及較大風險場所、設備和設施安全管理制度》);
- (v) Safety Inspection and Correction of Defects System
- (vi) Safety Management Policy for Major Hazard Installations; and
- (vii) Emergency Preparedness and Response Management Procedures.

Given that COVID-19 pandemic globally spreads, the Group has adopted a series of hygiene and precautionary measures to prevent infection and transmission of COVID-19 within its production plants and offices and among its staff, including:

- distribution of disposable masks, gloves, sanitizing products, and if necessary, same uniforms among its employees and requiring its staff to be fully equipped with all preventive clothing and accessories on a daily basis;
- cleaning and disinfection of commonly used areas within its production facilities and offices with increased frequency;
- providing flexible working arrangement for its employees on an as-needed basis;
- encouraging its employees to closely monitor their health and well-being;
- mandatory infrared contactless body temperature measurement for all of its employees each time they enter or leave the workplace;
- requiring its employees to refrain from gathering within the workplace; and
- imposing self-quarantine requirements on employees who had travel history to areas of high risks within 14 days.



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In 2021, lost days due to work injury were as follow:

	2021
Number of work-related fatalities	—
Number of work injury	—
Lost days due to work injury	—

In the year 2019, 2020 and 2021, there were no work-related fatalities among the employees of the Group.

### *Compliance with relevant laws and regulations*

In 2021, the Group was not aware of any material violation of relevant laws and regulations having significant impacts on the Group in respect of providing a safe working environment and protecting staff away from occupational hazards. The Group strictly complies with relevant local laws and regulations related to health and safety, including the Production Safety Law of the People’s Republic of China and the Regulation on Work-Related Injury Insurances of the People’s Republic of China. Further, no material fines against or sanction on any violation of relevant laws and regulations were imposed in 2021.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## B3: Development and training

The Group has formulated, adopted and implemented the Safety Education and Training System according to the Production Safety Law of the People's Republic of China, the Provisions on Safety Training for Production and Operation Entities (State Administration of Work Safety An Jian No. [2006] 3) (國家安全生產監督管理總局安監號[2006]3號《生產經營單位安全培訓規定》) and the Provisional Provisions on the Implementation of the Principal Responsibility of Production and Operation Units for Safety Production (Hebei Yi Zheng No.[2006]69) (河北省冀政[2006]69號《落實生產經營單位安全生產主體責任暫行規定》). With fully implementation of the Group's work safety policy of "Playing it safe, prevention first and then comprehensive governance", it can improve all employees' abilities to deal with safety issues and make sure that each employee understands the basic requirements of work safety, quality, efficiency, cost and environment friendly, etc., and has the ability to practice.

In 2021, percentage of the Group's employees receiving training was as follow:

	2021
<b>Percentage of employees receiving training (Note 1)</b>	<b>107%</b>
<b>Percentage of employees receiving training by gender (Note 2)</b>	
Male	90%
Female	10%
<b>Percentage of employees receiving training by employee category (Note 2)</b>	
Senior management	2%
Middle management	6%
General staff	92%

Note 1: It is calculated by dividing the number of employees receiving training in 2021 (including departed employees) by total number of employees as at 31 December 2021.

Note 2: It is calculated by dividing the number of employees receiving training in the specified category by the total number of employees receiving training.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In 2021, average training hours of the Group's employees by gender and employment category are as follow:

	2021
<b>Average training hours completed per employee (Note 1)</b>	<b>52</b>
<b>Average training hours completed per employee by gender (Note 2)</b>	
Male	53
Female	45
<b>Average training hours completed per employee by employee category (Note 2)</b>	
Senior management	53
Middle management	53
General staff	51

Note 1: It is calculated by dividing the total training hours in 2021 (including training hours of departed employees) by total number of employees as at 31 December 2021.

Note 2: It is calculated by dividing the total training hours of the specified category by the total number of employees in the specified category.

The safety division is responsible to prepare, decide and implement annual safety education training, monitor and manage the overall work on safety education trainings of the Group. It is the responsibility of other departments to organize dangerous and hazardous factors identification training and prepare training materials, to assure special technology training and safety education which are necessary included in relevant training. All departments shall provide assistance to the safety division to implement annual training plan of safety education, and conduct safety education and pre-job training for the new employees. All new employees must receive the safety training with training hours no less than 72 hours per person, and no one can take up his/her job until the safety training test is passed.

Safety training covers 3 aspects including safety, occupational health and fire control. In addition, the safety division is supposed to arrange re-training for the workers annually with not less than 20 hours per employee. The training includes: new laws, regulations, standards and requirements related to safe production of hazardous chemicals; new materials, technology, processes, safety technique requirements of new equipments, discussion on typical accident cases related to hazardous chemicals production.

In 2021, 16 training programmes were offered to 329 employees. The training focuses on basic knowledge and prevention of occupational health, emergency knowledge and analysis of accident cases, common understanding on safe use of electricity, training of fire control and specialized operation safety, etc.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## *B4: Labour Standards*

The Group is profoundly aware that the employment of child and forced labour is a serious breach of universal values and is therefore committed to the prevention of all employment of child labour and forced labour and is in strict compliance with all laws and regulations relating to the prohibition of child and forced labour employment. The Group has adopted and enforced the Recruitment Management System (《招聘管理制度》) and the Staff Handbook (《員工手冊》) and strictly complied with the labour contract system. All new employees will sign a labour contract or employment agreement with the Group when they accept their job offers, and the Group will check the relevant and valid certificate(s) of the employees when they officially commence work.

If misuse of child labour or forced labour are discovered, the labour contract will be terminated immediately, and the responsible person will be held accountable.

### *Compliance with Relevant Laws and Regulations*

The Group was not aware of any material violation of relevant laws and regulations prohibiting the employment of child or forced labour in the Group in 2021. The Group strictly complied with local laws and regulations relating to labour standards, such as the Labour Law of the People's Republic of China (《中華人民共和國勞動法》), the Law on Protection of Minors of the People's Republic of China (《中華人民共和國未成年人保護法》) and the Provisions on Prohibition of Child Labour (《禁止使用童工規定》). In addition, no significant fine or sanction for non-compliance with relevant laws and regulations was imposed on the Group in 2021.

## *B5: Supply Chain Management*

Resources purchased by the Group mainly include materials, equipment spare parts, oil products, hazardous chemicals and labour protection products, etc. As the purchase of hazardous chemicals is concerned, the Group has formulated and implemented the "Procurement Control Procedures", so as to ensure the purchased resources meet the requirements on quality, environmental and occupational health and safety.

In terms of supplier selection, the Group has adopted appropriate evaluation methods accordingly based on the different types of products to be purchased, with the main criteria as follows: (i) whether the product quality can satisfy the Group's requirements; (ii) whether the suppliers can perform the contracts; and (iii) whether the suppliers can meet the Group's environmental, safety and sanitation requirements. For hazardous chemicals suppliers and labour protection products suppliers, the Group requires them to provide the production license, the manufacturing safety license, the operation permit, the transportation permit, the product qualification certificate and others. Related party access assessment will be undertaken by the procuring department of the Group and approved by the director of the procuring department, who will then prepare the list of qualified suppliers. Moreover, the production and facility division of the Group conducts annual assessment on relevant suppliers to ensure they continuously satisfy the Group's procurement requirements on quality, environmental and occupational health and safety.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

As of the end of 2021, The number of major suppliers by geographical region is as follows:

	2021
Mainland China	12

### B6: Product Responsibility

As the Group's productions of industrial gas are conducted on or in close proximity of the production sites of the pipeline industrial gas customers, the Group generally enters into long-term industrial gas supply contracts for a term ranging from 15 to 30 years with its pipeline industrial gas customers. The Group shall, in accordance with the requirements of the supply contracts, provide the gas products which meet the specifications, including but not limited to purity, pressure level, temperature and guaranteed normal quantity of supply. The Group's liquefied industrial gas customers are usually located within a radius of 250km to 300km from its industrial gas production plants, and customers of its liquefied industrial gas include independent third parties which operate in a wide range of industries, including medical, shipping, engineering, photovoltaic, food and automotive. The Group enters into liquefied gas supply contracts with customers that have a stable and regular demand for liquefied gas products to ensure that the liquefied industrial gas products should comply with the national standards prescribed by the Standardisation Administration of the PRC. If the quality of the products does not satisfy the specified national standards, customers shall inform the Group within 12 hours and refuse to accept the goods within 24 hours upon delivery. Upon notice, the Group shall refund its customers if such defect is verified and confirmed by the Group.

To ensure the products can meet customers' requirements, the Group has designated quality control technicians in each of its production plants responsible for monitoring the quality of the products through the quality control systems. In addition, the Group controls the quality of its industrial gas products through the use of technological equipment and advanced online analysis systems which can analyse, detect and report any quality defects, such as purity and pressure level issues, in order to ensure its gas supplies comply with national standards and meet customers' requirements.

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TTG has obtained the production safety license which allows to produce compressed and liquefied gas, such as oxygen, nitrogen, argon and hydrogen, for a term commencing from 3 December 2020 and ending on 2 December 2023

The Group strictly complies with the Law of the People's Republic of China on Product Quality (Amended in 2018) (《中華人民共和國產品質量法(2018修正)》) and is liable for the quality of the products it produces. According to the Implementation of the Drug Administration Law of the PRC (Amended in 2019) (《中華人民共和國藥品管理法實施條例(2019修訂)》), drugs without the certificate may not be manufactured in China. Prior to the issuance of the license, the relevant government departments will inspect the pharmaceutical manufacturer's production facilities and determine whether the sanitary conditions, quality assurance systems, management structures and equipment in the facilities meet the required standards. The valid term of a Drug Manufacturing Certificate is five years.



TTG has obtained the Drug Manufacturing Certificate which allows to manufacture medical-use gas and medical-use liquefied oxygen, for a term commencing from 28 August 2017 and ending on 27 August 2022





## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### *Product return policy*

In 2021, there were no product sold or shipped subject to recalls for safety and health reasons in the Group.

In 2021, there were no cases of complaints received against the quality of the Group's products.

### *Customer feedback and handling*

The Group welcomes comments and suggestions from the customers. The Group provides a variety of communication channels, for instance, social media, membership channel, phone hotline, emails and websites. Regular communication channels and feedback systems are in place to gather information on satisfaction and suggestions for improvement from the customers.

The Group consolidated and comprehensively analysed the customers' feedback and monitor the level of customer satisfaction in its business. Follow-up actions, including internal evaluation and modification of training programs for employees, formulation of improvement plan and refining the existing management procedures will be taken to address the identified issues. Feedback will be provided to the customers in a timely manner.

### *Data privacy*

The Group deals with lots of private and confidential information of its customers. Hence, the Group has set up strict code of conduct requirements for their employees. In addition, the employees are required to maintain all reasonable methods to safeguard the information of the Group and the customers as stated in the Staff Handbook and working practices.

### *Intellectual Property Rights Protection*

The Group is committed to compliance with relevant laws and regulations in relation to intellectual property ("IP") right by valuing and protecting its intellectual properties through renewals of patent and trademark. In order to ensure that the customer's IP rights of products are properly protected during the outsourcing processes to suppliers, a confidentiality agreement regarding IP rights must be signed before engagement. The Group enters into standard employment contracts with its employees which contain provisions on IP rights and confidentiality.

### *Compliance with relevant laws and regulations*

In 2021, the Group was not aware of any material violation of the relevant laws and regulations having a significant impact on the Group in relation to the health and safety, advertising, labeling and privacy of the products provided by the Group and the method of redress. The Group strictly complies with relevant local laws and regulations relating to product liability, such as the Advertising Law of the People's Republic of China (《中華人民共和國廣告法》), the Trademark Law of the People's Republic of China (《中華人民共和國商標法》), the Product Quality Law of the People's Republic of China (《中華人民共和國產品質量法》), the Regulations for the Implementation of the Drug Administration Law of the PRC (Amended in 2019) (《中華人民共和國藥品管理法實施條例(2019修訂)》) and the Patent Law of the People's Republic of China (《中華人民共和國專利法》). Further, no material fines against non-compliance of the relevant laws and regulations were imposed on the Group in 2021.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## B7: Anti-corruption

The Group places great importance to anti-corruption work. The Staff Handbook and Factory Rules and Regulations (《廠紀條例》) set out in detail about the standards of conduct that all employees are required to follow. If any of the employee engages in malpractices for personal gain and infringes the interests of the Company, the Group will take corresponding disciplinary actions in accordance with national laws and regulations.

In order to encourage employees to comply with related regulations, The Group has implemented the reward and punishment system and developed the "Disciplinary Action Policy" (《員工違紀處理細則》). Moreover, an inspection team comprised of the general division, the safety division, the production and facility division and the technology and quality division is established, responsible for supervising and inspecting the compliance of staff discipline by all employees, as well as punishing the employees who violate the regulations.

The Group has provided 3 anti-corruption education and training projects for its directors and staff in 2021 to raise their awareness towards ethical and corruption issues.



## Compliance with relevant laws and regulations

The Group has strictly complied with the Anti-Unfair Competition Law of the People's Republic of China (《中華人民共和國反不正當競爭法》) and other local laws and regulations relating to anti-corruption. In 2021, none of the Group or its employees was involved in any legal proceedings relating to bribery, extortion, fraud or money laundering.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### *B8: Community Investment*

The Group strives to become a positive power in the community where its operations are located. It has always been in close touch and interaction with the community to contribute to community development from time to time.

Being a global responsible corporate citizen, the Group seeks to enhance its social image and sense of social responsibility through community investment, and encourages all of its employees to take the initiatives to help and support local communities and neighborhoods.

On 3 June 2021, the Group had carried out educational aid activities, with the donation of student aid materials and scholarships for Da Guan Tun Primary School (大官屯小學) in Niangniangzhuang Township of Zunhua City amounting to RMB5,000 in aggregate.

