



Beijing Gas Blue Sky Holdings Limited
北京燃氣藍天控股有限公司

(Incorporated in Bermuda with limited liability)

Stock Code: 6828



2022
ENVIRONMENTAL, SOCIAL
AND GOVERNANCE REPORT

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1. ABOUT THIS REPORT

REPORT INTRODUCTION

This Environmental, Social and Governance (“ESG”) Report (this “Report”) summarizes the initiatives, plans, results and performances of Beijing Gas Blue Sky Holdings Limited (the “Company”) and its subsidiaries (together, “Beijing Gas Blue Sky”, the “Group” or “we”) in the ESG aspects.

REPORTING STANDARDS

This Report is prepared in compliance with the Environmental, Social and Governance Reporting Guide (the “Guide”) as set out in Appendix 27 of the Listing Rules issued by The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). This Report is prepared on the basis of four reporting principles of materiality, quantitative, balance and consistency and has complied with the “Comply or Explain” provisions in the Guide.

Materiality: This Report has identified and disclosed the procedures and standards for selecting the significant ESG factors, as well as the process and results of stakeholder engagement.

Quantitative: This Report contains standards, methods, assumptions and/or calculation tools for the emission statistics, and the source of conversion factors, all of which are described in this Report.

Balance: This Report provides an unbiased picture of the Company’s performance and avoids selections, omissions, or presentation formats that may inappropriately influence the reader’s decisions or judgments.

Consistency: Unless otherwise stated, the statistical methods used in this Report are consistent with those of last year. Changes are clearly explained in this Report if any.

SCOPE OF REPORT

This Report focuses on the ESG-related efforts and key performance indicators (the “KPIs”) of the Company for the period from 1 January 2022 to 31 December 2022 (the “Year”). The scope of this Report covers the major operations of business and subsidiaries of the Group.



1. ABOUT THIS REPORT

REPORTING LANGUAGE

This Report is published in Chinese and English. In case of any discrepancy, the Chinese version shall prevail. This Report can be viewed or downloaded from the website indicated below.

Website of the Stock Exchange:

<http://www.hkexnews.hk>



Website of Beijing Gas Blue Sky Holdings Limited:

<http://www.bgbluesky.com>



APPROVAL AND CONFIRMATION

The Board of Directors of the Company (the “Board”) assumes full responsibility for the contents of this Report and has approved and confirmed the contents of this Report.

FEEDBACK

The Group is committed to continuously improving the quality of ESG disclosure, so we value your comments and recommendations on this Report and please feel free to contact us by the following ways.

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2. MESSAGE FROM THE CHAIRMAN

On behalf of the Board, I am pleased to announce the seventh environmental, social and governance report (the “ESG Report”) for the year ended 31 December 2022. For the first time, the Company’s ESG Report is presented to shareholders and investors in a non-printed form and a new online and independent way. It is hoped that investors can learn more about the Company’s performance and goals in various aspects of sustainable development.

Since China’s “carbon peak” and “carbon neutral” goals (collective as “dual carbon” target) were proposed, the concept of green development has gradually penetrated into various industries. The “14th Five-Year Plan” is a critical period for realizing “carbon peak”, and it is also an important window period for various industries to implement low-carbon transformation strategies. As an important business component of Beijing Gas Blue Sky, natural gas is also an advantageous clean energy. Facing future opportunities and challenges, Beijing Gas Blue Sky has complied with the general trend of ecological civilization construction and “dual carbon”, adhered to the mission of making urban life better, and strived to build a new pattern of green development. In June 2022, after seven departments, including the Ministry of Ecology and Environment of the People’s Republic of China, jointly issued the “Implementation Plan for Pollution Reduction and Carbon Reduction Synergistic Efficiency (減污降碳協同增效實施方案)”, various localities have successively launched implementation plans to promote green, low-carbon and high-quality development. The Company will pay close attention to the introduction of new policies and continue to actively implement relevant policies and plans.

The management of the Group understands that a sound governance system is an important cornerstone of corporate development. Beijing Gas Blue Sky formally established a compliance committee on 1 July 2022, responsible for formulating and monitoring the Group’s policies and practices in compliance with applicable laws and regulations and assisting the Board in reviewing the Group’s overall corporate governance function, so as to complete the top-down ESG governance structure. The Board is responsible for supervising ESG works and assuming overall responsibility, while setting up a compliance committee at the Board level, responsible for reviewing the Company’s compliance with the Corporate Governance Code of the Listing Rules and its disclosure, as well as the disclosure of the ESG Report. The ESG working group is set up to promote the specific implementation of the Company’s ESG affairs, establish a more systematic sustainable development management structure, integrate the concept of sustainable development into the daily operation management system, and comprehensively improve the Company’s risk prevention and control capability.

Talent training has always been our most important part. Only by building an excellent talent team can we effectively improve the basic management capabilities of the Company. During the Year, the “Beijing Gas Blue Sky Holdings Limited Organizational Performance Management Measures (Trial)” (《北京燃氣藍天控股有限公司組織績效管理辦法》(試行)) has been released to improve the Company’s salary performance management system; meanwhile, we also enhanced training, established a learning organization, and developed a sound employee training system. At the same time, in combination with the requirements of epidemic prevention and control, a series of occupational training courses such as safety and compliance were carried out in online and offline forms. In addition, during the Year, we also established the “Beijing Gas Blue Sky Employee Difficulty Subsidy and Consolation Management Measures (Trial)” (《北京燃氣藍天職工生活困難補助和慰問管理辦法》(試行)) and other employee care systems to standardize the Company’s care and love for employees, strengthen corporate humane care, and provide employees with a sense of respect, belonging, and security.

2. MESSAGE FROM THE CHAIRMAN

As a responsible company, Beijing Gas Blue Sky always put production safety at the top of the priority list. With the “double prevention” mechanism and the standardization of safety production as the core, we have built a double prevention mechanism for safety risk hierarchical management and hidden risks investigation and governance to improve the risk prevention and resolution mechanism and strengthen security management to ensure production safety. By combining systems such as the “Beijing Gas Blue Sky Holdings Limited Annual Safety Inspection Scoring System (Trial)” (《北京燃氣藍天控股有限公司年度安全巡查評分制度(試行)》) and “Beijing Gas Blue Sky Holdings Limited’s Guidelines for the Establishment of Potential Safety Risk Investigation and Governance Mechanisms (Trial)” (《北京燃氣藍天控股有限公司安全隱患排查治理機制建立指引(試行)》) with the double prevention mechanism, we highlight risk management and hidden risks governance, and integrate the double prevention mechanism into the standardization of safe production. Through the standardized closed-loop system of safe production, the safety management of the enterprise has been enhanced continuously, in order to uphold Beijing Gas Blue Sky’s safety concept of “Focus on details from inception to ensure a high degree of safety”.

Looking forward, facing complex and severe risks and challenges, grasping the opportunities of “carbon peak” and “carbon neutrality” is the only way for the enterprise to achieve higher quality development. Against the background of “carbon neutrality”, Mainland China’s energy structure is moving towards a clean and low-carbon transformation, and it is expected that the demand for natural gas will continue to rise. “Dual carbon” is setting off a new round of low-carbon industrial and technological revolution. Beijing Gas Blue Sky will combine the Company’s development strategy and try its best to achieve the goal of “carbon neutrality” while ensuring investor returns. As a leading natural gas company and a state-owned enterprise listed on the Stock Exchange, Beijing Gas Blue Sky always keeps in mind the corporate mission of “developing clean energy, enhancing customer value, and creating a beautiful blue sky” with a vision to become a world-class one-stop natural gas service provider. In the corporate culture, “Pursue the integration of economic, social and environmental benefits” is proposed as the corporate business philosophy, which is also the Company’s ESG governance philosophy and core value. In the future, we will continue to grasp the opportunities under the “dual carbon” strategic goal, rely on the major shareholders and the Company’s expertise and experience in natural gas, integrate the concept of green development into all aspects of production and operation, and build a clean, efficient and low-carbon development path. The Company will also continue to explore new energy projects, and gradually promote the transformation of various business sectors to a low-carbon development direction that is resource-friendly and environment-friendly!

Beijing Gas Blue Sky Holdings Limited

Zhi Xiaoye

Chairman

3. ABOUT BEIJING GAS BLUE SKY

Beijing Gas Blue Sky Annual Chronicle



February 2022

Completed the acquisition of 100% equity of Zhejiang Bochen Energy Co., Ltd. (浙江博臣能源股份有限公司).

May and July 2022

In May 2022, announced the establishment of the Compliance Committee with effect from 1 July 2022. The Compliance Committee is mainly responsible for formulating and monitoring the Group's policies and practices for compliance with legal and regulatory requirements, and assisting the Board in reviewing the Group's overall corporate governance functions.

July 2022

Fulfilled all resumption guidelines and the trading of Shares on the Stock Exchange resumed on 25 July 2022.

3. ABOUT BEIJING GAS BLUE SKY

September 2022

Announced that it has entered into certain agreements with Beijing Gas Group Co., Ltd. (北京市燃氣集團有限責任公司) ("Beijing Gas Group", the controlling shareholder), and conditionally agreed to propose the capital increase and asset injection plan, involving financial assistance and convertible bond subscriptions, share subscriptions and acquisitions.

October 2022

Completed the formation of a new syndicate and entered into a syndicated facility agreement. Gradually restored the financing capacity in the capital market.

December 2022

Announced the completion of the capital increase and asset injection plan, effectively improved the Company's working capital situation, consolidated the asset base, helped enhance the core competitiveness, and continued to promote the healthy development of the industry and the Company.

3. ABOUT BEIJING GAS BLUE SKY

Business Profile

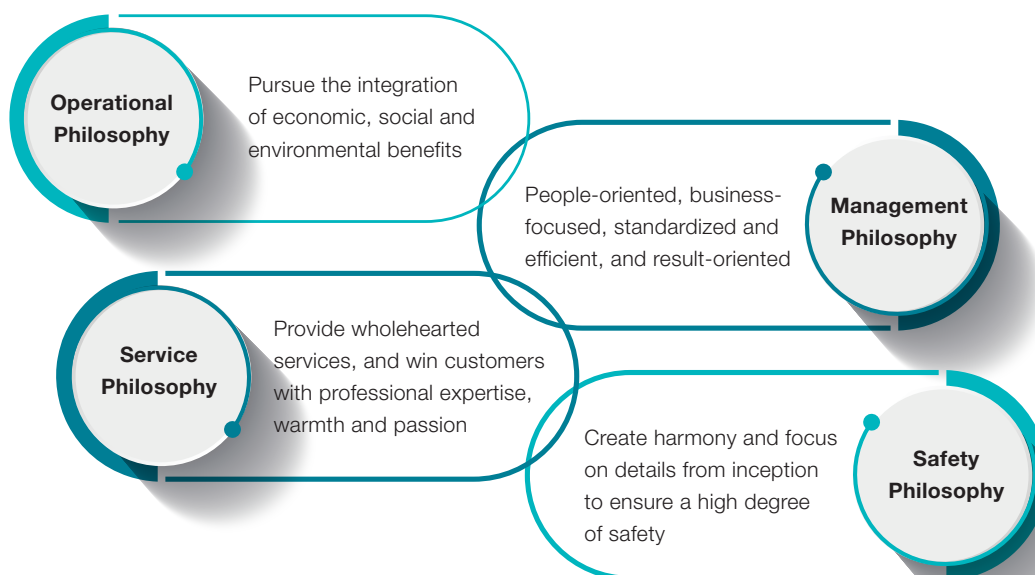
The Group is an integrated natural gas provider and operator focusing on the development of the entire natural gas industry chain. In response to the “Belt and Road” Initiative development strategy advocated by the PRC government, the Group continues to proactively explore investment opportunities in the natural gas industry chain. We are dedicated to providing environment-friendly and efficient clean energy and diversifying our business to expedite our layout in the natural gas industry chain in which city gas projects provide a solid foundation; industrial and commercial gas supply will be our pillars of growth, while trading and distribution of natural gas will be a guaranteed additional source of revenue. We have numerous natural gas projects located in different provinces and cities in the PRC, and other natural gas utilization projects.

Under the dual carbon target, the accelerating transition to a clean, low-carbon and diversified energy system allows structural changes in energy consumption, while the growing demand from downstream markets also drives the stable growth of natural gas consumption in the PRC. In response to the huge market demand and the urgency of low carbon transition, the Group will continue its involvement in the development of the entire natural gas industry chain, while enhancing the value of its premium city gas business and striding towards a new type of gas enterprise. It also actively promotes the development of the industry by participating in industry summits and seminars, as well as providing technical and application support, thereby assisting China in its transition to a low-carbon society.

Corporate Philosophy

Beijing Gas Blue Sky’s prime mission is to build a sustainable environment and a harmonious society. Aspiring to become a “world-class, one-stop natural gas service provider”, we adhere to our corporate mission of “developing clean energy, enhancing customer value, and creating a beautiful blue sky”. While providing the distribution and operation of natural gas throughout the entire industry chain, we continue to explore the end-use market and facilitate the integrated use of clean natural gas energy by leveraging our diversified gas sources and low-cost advantages.

We have upheld the following business philosophies and values in the course of our operations:



3. ABOUT BEIJING GAS BLUE SKY



Prospects

The global demand for clean energy continues to rise. In pursuit of the energy transition, natural gas is an important energy source that is indispensable to reshaping the energy landscape and achieving a clean energy structure, as well as an important alternative to coal to improve the quality of China's environment under the implementation of the coal-to-gas policy.

To improve the environment and promote sustainable economic development, the natural gas industry is growing in countries around the globe, among which China is actively building a resource-efficient and environment-friendly society under the dual carbon target. As one of the key players in the natural gas industry chain, we are committed to promoting the development of the natural gas industry market and providing customers with safe and stable clean energy.

Looking forward, the Group is well aware that green and low-carbon development cannot rely solely on clean energy. We will actively grasp the market opportunities under the dual carbon target and leverage our industry resources and capital advantages as the Group's international investment and financing platform to actively develop potential regional projects for market expansion and create a complete and distinctive industrial chain. We are considering developing an integrated decentralized energy business for a diversified energy structure. We will accelerate the exploration of the business development in renewable energy, such as hydrogen, solar photovoltaic, etc., and clean energy, and gradually tap into the renewable energy sector to build the Group into a future-oriented integrated clean energy service provider primarily engaging in high-quality city gas projects and the LNG industry chain. We will also work extensively with industry peers for leapfrog development and position ourselves for the arrival of the "global gas energy era".



04

**SUSTAINABLE
DEVELOPMENT
GOVERNANCE**

4. SUSTAINABLE DEVELOPMENT GOVERNANCE

4.1 STATEMENT OF THE BOARD

The Group attaches great importance to sustainable development and aims to incorporate relevant concepts into the Group's overall strategies, policies and business plans. The Board is responsible for reviewing, resolving and overseeing the Group's management approaches, strategies, objectives and overall work concerning ESG issues, including the assessment, priorities and management of significant ESG issues, risks and opportunities. The Compliance Committee under the Board is empowered as the management to formulate management policies, strategies, objectives and works related to ESG issues, while the ESG working group promotes and monitors the implementation of ESG-related policies and tasks by all departments to enable ESG strategies, objectives and works to be put in place in the Group's daily operations and business. The Board also regularly reviews and monitors the performance of ESG-related issues and the progress towards target achievement to ensure that the Company's progress is in line with expectations and continues to maintain good performance to promote the sustainable development of the Company.

The Board assumes full responsibility for the Group's ESG strategies, approaches and reporting and approves the content of the ESG report for the Year to ensure the effectiveness of ESG controls and internal control system.

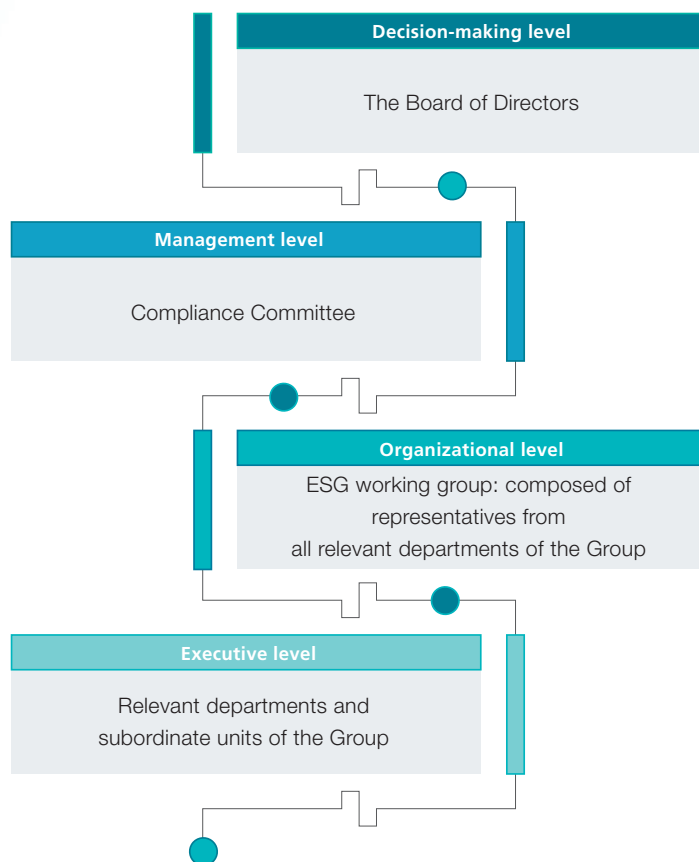


4. SUSTAINABLE DEVELOPMENT GOVERNANCE

4.2 SUSTAINABILITY MANAGEMENT SYSTEM

To integrate ESG concepts into the Group's management approaches, strategies, business plans and policies, we have formulated the "Beijing Gas Blue Sky Holdings Limited Environmental, Social and Governance Reporting Management Measures (Trial)" 《北京燃氣藍天控股有限公司環境、社會及管治報告管理辦法(試行)》, established an ESG governance structure and actively fulfilled our corporate social responsibility. The ESG governance structure covers all levels of the Group, including the decision-making level, management level, organizational level and executive level, and clarifies the responsibilities of each level in the ESG governance structure.

The Group's ESG governance structure and the responsibilities at each level are as follows:



4. SUSTAINABLE DEVELOPMENT GOVERNANCE




Level	Responsibilities
Decision-making level: the Board	<ul style="list-style-type: none"> Resolve and approve the Group's ESG management approaches, strategies, objectives and annual work, including the assessment, priorities and management of significant ESG issues, risks and opportunities; Establish and oversee the ESG risk management and internal control system; and Regularly review and monitor the performance of ESG-related issues and the progress towards target achievement.
Management level: Compliance Committee	<ul style="list-style-type: none"> Identify, assess, review and manage significant ESG-related risks and opportunities; Formulate ESG's management approach, strategy, planning, annual work and objectives for the Board's approval and promote the implementation of such work; and Responsible for reviewing and monitoring the Group's ESG policies and practices to ensure compliance with relevant statutory and regulatory requirements.
Organizational level: ESG Working Group	<ul style="list-style-type: none"> Collect, understand and respond to stakeholders' views on significant ESG issues through appropriate channels; Continuously track and review ESG performance and progress against targets to ensure that all ESG issues are properly managed and implemented; and Convene regular meetings with relevant departments to coordinate and promote the implementation of various ESG-related policies in each department and monitor the ESG-related efforts of each functional department.
Executive level: Relevant departments and subordinate units of the Group	<ul style="list-style-type: none"> Organize, promote and execute various ESG-related work in accordance with the Group's ESG management policy, strategy, planning, annual work and target deployment, requirements and division of labor; and Collect and report ESG internal policies, systems and ESG-related performance indicators.

4. SUSTAINABLE DEVELOPMENT GOVERNANCE

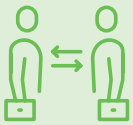



4.3 COMMUNICATION WITH STAKEHOLDERS

The Group's sustainable development relies on the support and trust of our stakeholders. We value their engagement in our operations. Through the establishment of a sound communication mechanism and feedback mechanism, we always listen to their needs and respond in a timely manner.

The Group has identified key stakeholders relevant to its operations, which lays down a solid basis for evaluating and adjusting our ESG decision-making and internal control system and the identification of ESG material issues. The key communication channels are as follows:

Major Stakeholders	Issues of Concern	Communication Channels	Communication Frequency
The Board and senior management 	<ul style="list-style-type: none"> • Operation compliance 	<ul style="list-style-type: none"> • Board meetings • Daily communication and reporting • Various seminars and forums 	<ul style="list-style-type: none"> • Periodic • Periodic • Periodic
Employees 	<ul style="list-style-type: none"> • Protection of employees' rights and interests • Health and safety of employees • Development and training of employees • Compliance management 	<ul style="list-style-type: none"> • Employee performance appraisal • Employee Suggestion Box/Interview • Various seminars and training • Team sharing sessions 	<ul style="list-style-type: none"> • Periodic • Periodic • Periodic • Periodic
Customers 	<ul style="list-style-type: none"> • Protection of customers' rights and interests • Protection of customers' privacy • Provision of high-quality products and services • Responsible marketing • Protection of intellectual property • Compliance operation 	<ul style="list-style-type: none"> • Conducting business return visit • Satisfaction survey • Company website • Customer service hotline • Social media 	<ul style="list-style-type: none"> • Periodic • Periodic • Year-round • Year-round • Year-round

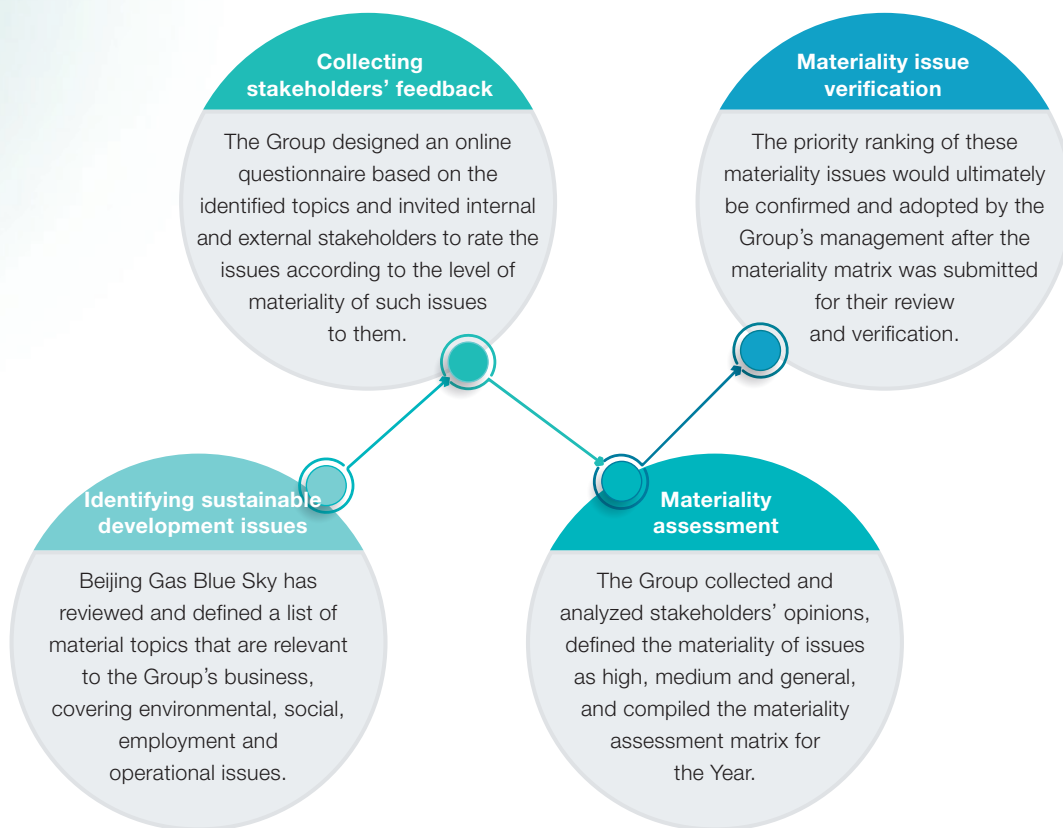
4. SUSTAINABLE DEVELOPMENT GOVERNANCE

Major Stakeholders	Issues of Concern	Communication Channels	Communication Frequency
Suppliers 	<ul style="list-style-type: none"> Fair and public sourcing Sustainable development of the supply chain 	<ul style="list-style-type: none"> On-site visit to suppliers' plants to conduct investigation, on-spot check and evaluation Meetings and activities On-site audit of the management system of suppliers 	Periodic Periodic Periodic
Regulators and government 	<ul style="list-style-type: none"> Compliance management Tax payment 	<ul style="list-style-type: none"> Participating in improvement programs organized by the industry and local government regulators Actively cooperating with the government for spot-check arrangements 	Periodic Year-round
Investors/ Shareholders 	<ul style="list-style-type: none"> Compliance management Governance 	<ul style="list-style-type: none"> General meetings Interim report, annual report and results announcement Corporate communications, such as meeting notices Shareholder written Inquiries Company website/email Information disclosure Investor meetings 	Periodic Periodic Periodic Periodic Periodic Periodic Periodic
Community 	<ul style="list-style-type: none"> Safe and stable gas supply Community relations Community public welfare and poverty alleviation 	<ul style="list-style-type: none"> Charitable activities and community service activities Community investment program Seminars/lectures/workshops 	Periodic Periodic Periodic

4. SUSTAINABLE DEVELOPMENT GOVERNANCE

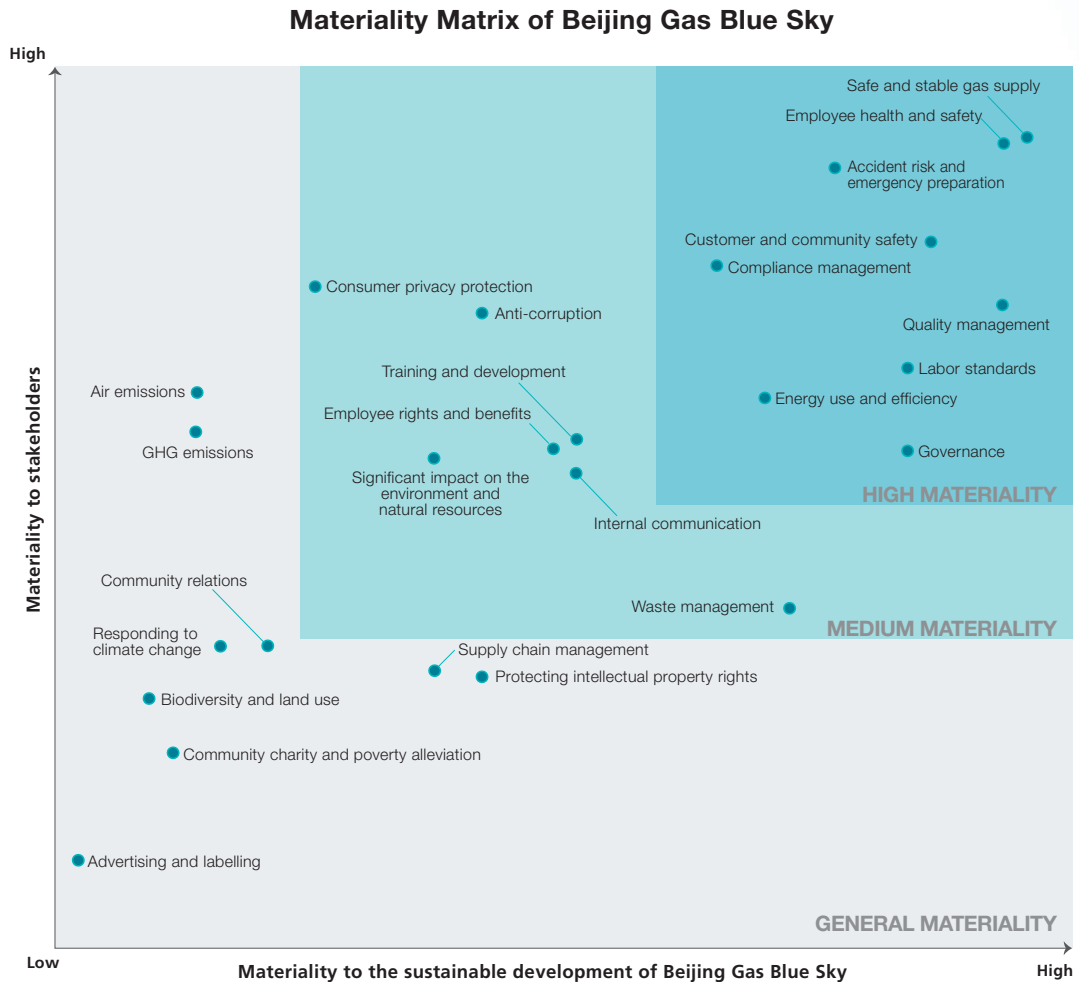
4.4 MATERIALITY ASSESSMENT

To understand the issues of concern to stakeholders and identify the issues that are critical to our business so that we can effectively allocate resources to carry out ESG work, during the Year, the Group made reference to the disclosure obligations covered by the Guide, the Materiality Map of the Sustainability Accounting Standards Board (SASB), etc., together with our operating conditions and benchmarking against best practices in the industry, to sort out the material ESG issues identified. Internal and external stakeholders were invited to participate in an online survey to identify the Group's ESG materiality issues by understanding the expectations of each stakeholder. The key steps of the materiality assessment are as follows.



4. SUSTAINABLE DEVELOPMENT GOVERNANCE

During the Year, we have identified a total of 25 material ESG issues and made prioritization based on the questionnaire feedback from stakeholders, of which 9 issues were of high materiality, 7 issues were of medium materiality, and 9 issues were of general materiality. The results of the materiality assessment for the Year are as follows:



4. SUSTAINABLE DEVELOPMENT GOVERNANCE

We have responded to stakeholders in this Report on issues of high materiality. The corresponding sections of this Report are as follows:

Issues of high materiality	Related sections
Accident risk and emergency preparation	5. Steady and Standardized Operation
Compliance management	5. Steady and Standardized Operation
Governance	5. Steady and Standardized Operation
Employee health and safety	5. Steady and Standardized Operation
Safe and stable gas supply	5. Steady and Standardized Operation 6. Stable and Quality Supply
Customer and community safety	5. Steady and Standardized Operation 6. Stable and Quality Supply
Quality management	6. Stable and Quality Supply
Labor standards	7. Strengthening our Employment System
Energy use and efficiency	8. Achieving Green Development



05

**STEADY AND
STANDARDIZED
OPERATION**

5. STEADY AND STANDARDIZED OPERATION

5.1 RISK MANAGEMENT

Beijing Gas Blue Sky offers a diverse and comprehensive business with an extensive and interlocking business chain that exposes each operating segment to varying degrees of risk. In avoidance of any significant risk threat to our stable business development that may lead to loss of stakeholders' interests, the Group has compiled the Comprehensive Risk Management Provisions (《全面風險管理規定》) to establish a sound and comprehensive risk management system in accordance with the relevant laws and regulations of the PRC taking into account the actual business conditions of Beijing Gas Blue Sky. In our daily production and operation activities, we implement the basic process of risk management and collect, identify and evaluate potential risks in advance to develop and implement risk management strategies and solutions. In addition, we continuously monitor and improve the entire closed-loop risk management process.

Corporate Governance

The Group adheres to good corporate governance with a sound governance structure. The Board provides corporate leadership by setting and reviewing the strategic direction of the Group's business and management performance, establishing a prudent and effective control framework to enable risk assessment and management, as well as formulating and reviewing the Company's corporate governance policies and practices. The Board currently consists of four executive Directors, two non-executive Directors and three independent non-executive Directors, with the Audit Committee, Nomination Committee, Remuneration Committee, Executive Committee and Compliance Committee. Meetings of the Board shall be held at least four times a year and convened as and when required. To enhance the effectiveness of governance, we have established a nomination policy whereby the Nomination Committee reviews the structure and size of the Board annually and considers its composition in terms of, among other things, gender, age, skills, knowledge and experience, and makes recommendations to the Board on the appointment of all Board members. We also value diversity in the members of the Board and consider the composition of the Board from various perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and tenure of service, etc. We always uphold the principle of objective criteria and meritocracy.

Case Study : Beijing Gas Blue Sky Officially Established a Compliance Committee During the Year

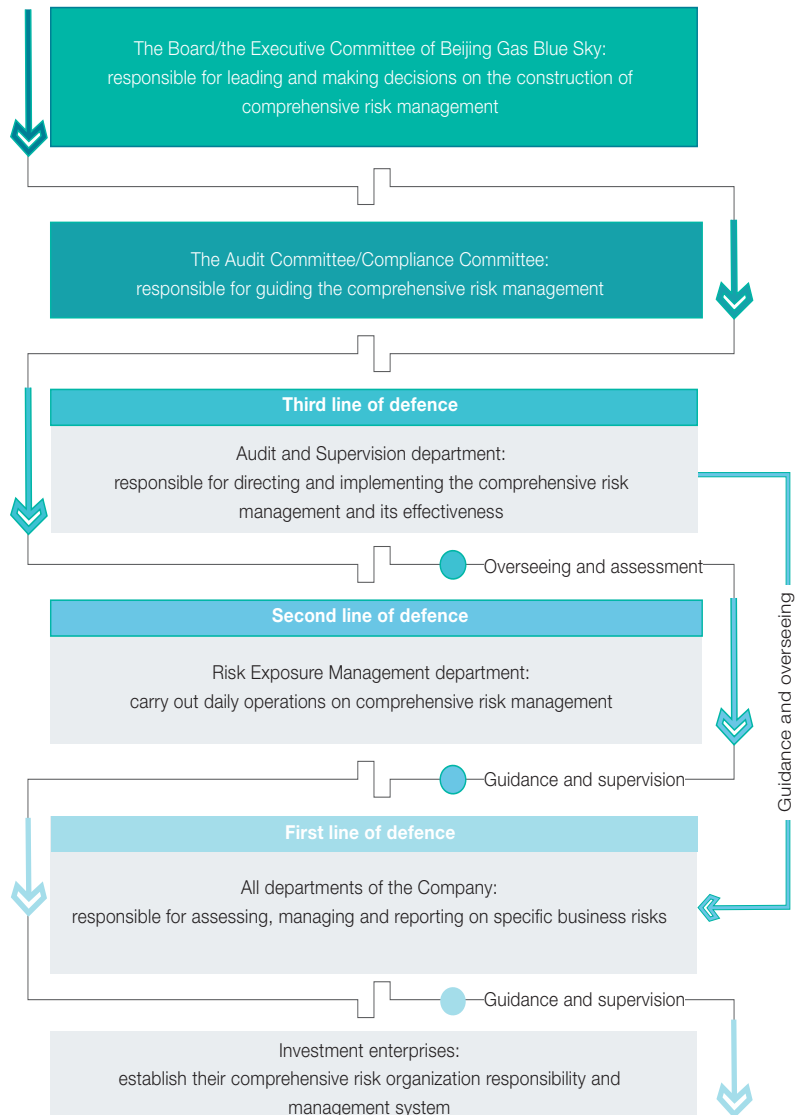
Beijing Gas Blue Sky officially established a compliance committee on 1 July 2022. It is mainly responsible for formulating and monitoring the Group's policies and practices in compliance with laws and regulations, and assisting the Board in reviewing the Group's overall corporate governance functions. The members of the compliance committee will be composed of all independent non-executive Directors and an executive Director responsible for compliance matters, who will be responsible for compliance affairs to formulate, supervise and maintain the Group's compliance with requirements under the Listing Rules and laws.

5. STEADY AND STANDARDIZED OPERATION

Risk Management System

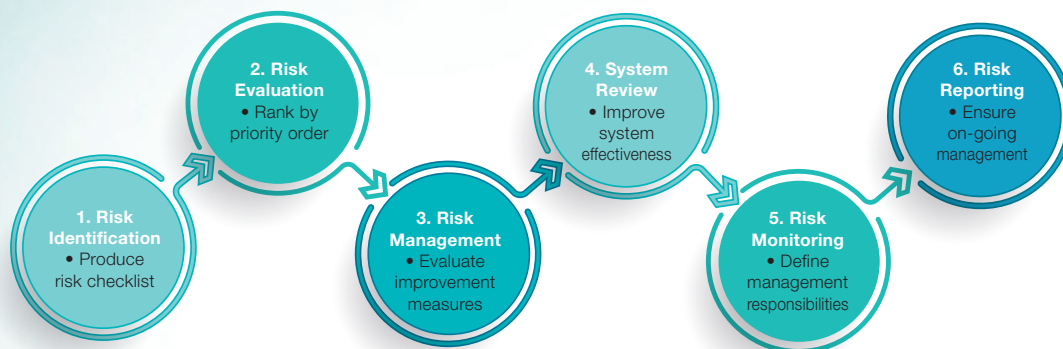
Our goal is to control risks to an appropriate extent that is compatible with Beijing Gas Blue Sky's strategic objectives and operational management goals on the basis of maintaining lawful and compliant business activities. We also aim to improve the efficiency and effectiveness of our production and management and achieve risk control with reliable and timely internal and external information communication by taking no systematic and disruptive risk events as the baseline.

To this end, we have established "Three Lines of Defence in Risk Management" steered by the Board or the Executive Committee of the Board, each with its own responsibilities to ensure effective risk management of Beijing Gas Blue Sky.



5. STEADY AND STANDARDIZED OPERATION

The procedure for risk assessment is as follows:



The Group's well-established risk management mechanism assists the Board in identifying the Group's significant safety risks, including ESG-related risks such as product safety. We have also formulated countermeasures in response to identified risks to promote the sustainable development of the Group. For details, please refer to the "Corporate Governance Report" in the Company's annual report for the Year. The Group has also authorized the Compliance Committee to be responsible for identifying, assessing, reviewing, and managing major ESG-related risks and opportunities. The Board will also establish and supervise the ESG risk management and internal control system, and continue to improve the ESG risk management system in order to identify risks in a timely manner and formulate corresponding measures.

Internal Audit System

In addition, Beijing Gas Blue Sky has formulated the "Management System for Internal Audit Work" (《內部審計工作管理制度》) to establish a sound internal audit system that can improve the quality of internal audit work for enhanced corporate governance and a higher level of internal control in accordance with the relevant laws and regulations including, amongst others, the Audit Law of the People's Republic of China (《中華人民共和國審計法》), the Regulation on the Implementation of the Audit Law of the People's Republic of China (《中華人民共和國審計法實施條例》), the Regulations of the National Audit Office on Internal Auditing (《審計署關於內部審計工作的規定》) and the Rules for Internal Auditing of the People's Republic of China (《中國內部審計準則》).

The Audit Committee of the Board of the Company is responsible for guiding, evaluating and supervising the audit, investigation and assessment improvement work carried out by the audit and supervision department, which shall regularly report the internal audit results to the party organization of Beijing Gas Blue Sky, the Executive Committee, the Audit Committee and the Compliance Committee of the Board. The Compliance Committee was established by a resolution of the Board, mainly responsible for formulating and monitoring the Group's policies and practices in compliance with legal and regulatory requirements. In addition to drafting the medium and long-term planning of the internal audit of Beijing Gas Blue Sky based on the development strategy and planning of Beijing Gas Blue Sky, the audit and supervision department is also responsible for formulating the annual audit plan of Beijing Gas Blue Sky and establishing a sound internal control system and risk and compliance management systems.

5. STEADY AND STANDARDIZED OPERATION

Internal auditors are protected by laws and the Company's systems to exercise their individual rights of audit supervision according to laws and regulations. The scope of supervision includes but is not limited to organizational structure, development strategy, human resources, social responsibility, corporate culture, capital activities, investment and mergers and acquisitions, bidding and procurement, asset management, production and sales, market development, production and operations, etc. An avoidance system shall be adopted for the internal audits. Internal auditors who are involved in the matters being audited or who are related or have other interests with the auditee shall not participate in the audit, and records shall also be filed to assure the fairness and impartiality of the audit work. The audit and supervision department will make recommendations on any problems found during the audit, and the auditee is required to make a timely rectification.

Beijing Gas Blue Sky and its affiliates are also subject to regular external audits by professional auditors and higher-level internal auditors. We strive to enhance our corporate governance and internal controls through both internal and external audits to ensure our operations are in compliance with regulations.

5.2 SAFE AND QUALITY PRODUCTION

By constant insisting on the safety concept of “creating harmony and focusing on details from inception to ensure a high level of safety” and adhering to the safety approach of “safety first, prevention as a priority, and comprehensive governance”, Beijing Gas Blue Sky regards safe and quality production as its top priority in an effort to provide customers with safe and stable gas supply of high quality. We continue to make unremitting efforts to ensure work safety and reduce risks in our operations, striving to achieve the goal of zero accidents and eliminate potential hazards in the supply, use and related services of gas. We also enhance the safety awareness and alertness of our relevant stakeholders such as employees and contractors through education and training.

In order to incorporate our safety concept into our daily operations, we have a series of safety objectives covering areas of safety production, safety training, qualification certification, hazards detection and road safety to protect the safety of our employees, customers and work-related personnel in all aspects. During the reporting period, the Group has successfully achieved safety goals, demonstrating the Group's emphasis and determination on safety management.

Safety indicators for the Group's main controls



5. STEADY AND STANDARDIZED OPERATION

Safety Management Systems

Adhering to the concept of safety management, the Group has formulated and enhanced its internal documents such as the Safety Management Manual (《安全管理手冊》) and the Production Safety Responsibility System (《安全生產責任制》) in strict compliance with the relevant laws and regulations, such as the Work Safety Law of the People's Republic of China (《中華人民共和國安全生產法》), the Fire Control Law of the People's Republic of China (《中華人民共和國消防法》), the Road Traffic Safety Law of the People's Republic of China (《中華人民共和國道路交通安全法》), the Special Equipment Safety Law of the People's Republic of China (《中華人民共和國特種設備安全法》) and the Regulations on the Reporting, Investigation and Disposition of Work Safety Accidents (《生產安全事故報告和調查處理條例》). The safety and technology department has also set up safety management systems for a number of specialties, including special equipment, electrical operations and pipe network operations.

Our employees are required to practice the principles of safe production and are encouraged to actively participate in safety management and assume their respective safety responsibilities. Through a series of systems, we have clarified the general principles of safety management, safety production leadership, production safety responsibility system and the procedural control of safety management for the Group. Clear guidance is provided to the roles and duties of the Production Safety Committee, project companies and functional departments, the chief executive officer, regional heads, project managers and employees in maintaining the safety of refueling and gasification stations. Standardized procedures for the management of hazardous operations, potential accidents investigation and treatment, safety inspection and safety regulation study are also in place.

Safe Work Principles						
One Position with Two Responsibilities	Safety Comes First for Production Management	Everyone is Responsible for Safe Production	One-vote Veto	Three Simultaneities	Four Prohibition	Five Simultaneities
Departmental heads and team leaders shall undertake corresponding responsibilities for safe production within the scope of their duties.	Skilled workers and the production head shall take the initiative to assume responsibility for safe production during the implementation of production technology.	All employees hold responsibility for safe production, which involves every aspect of the gas supply.	All advanced appraisal qualifications will be revoked as long as a major and serious safety responsibility incident occurs.	Labor safety and health facilities must be designed, constructed and put into use in production simultaneously with the main body of the project.	In dealing with accidents, the negligence of the accident causes and the responsible persons shall be prohibited, and the negligence of employee education and preventive measures shall be prohibited.	Safety work must also be taken into account when planning, arranging, inspecting, summarising and evaluating production work.

5. STEADY AND STANDARDIZED OPERATION

Case Study : Annual Safety Meeting of the Company Convened to Promote Continuous Improvement of the Group's Safety Assurance Capability

Beijing Gas Blue Sky cares about safety management and accordingly convened an annual safety work meeting where members of the management team, departmental heads and the responsible person of the affiliated enterprises concluded an analysis of the safety production works throughout 2022 to raise the safety awareness of all employees and look forward to the future. The topic of the work report was “strengthening legal concepts, clarifying main responsibilities, promoting safety culture, and promoting continuous improvement of the Group’s safety assurance capability”, which summarized the achievements of our production safety works in 2022 and the shortcomings involved, followed by an analysis of the opportunities and challenges to be faced in 2023 and the deployment of the Group’s key safety works in 2023.



Beijing Gas Blue Sky has established the Safety Management Committee comprising the Production Safety Committee, Fire Safety Committee and Traffic Safety Committee to realize the integration of the three committees, through which the Company can strengthen the organization and leadership of safety work, coordinate, supervise and guide the safety management of Beijing Gas Blue Sky, and make safety management the core principle of our daily business.

5. STEADY AND STANDARDIZED OPERATION

Safety Accident Management

In strict compliance with the Safety Responsibility System (《安全責任制》), Beijing Gas Blue Sky has improved its contingency plan and formulated a detailed emergency handling process against possible emergencies during its production and operation such as gas leakage, fire, explosion, intoxication and suffocation. A people-first, safety-first approach shall be respected in the event of a safety accident. As stated in a series of accident emergency regulations in the Comprehensive Emergency Plans for Production Safety Accidents (《生產安全事故綜合應急預案》), advanced technology shall be adopted to standardize emergency rescue work according to laws. The safety technology department shall conduct an investigation to identify the cause of accidents and any work-related injuries and rationalize improvement measures to prevent the recurrence of accidents. In addition, the Company has set up the On-site Emergency Command Office to centrally command and coordinate the work against emergencies, and conduct evaluation after records are filed to propose future improvement plans. We take any safety accident seriously and are determined to do our utmost to achieve zero accidents by implementing an accident accountability system so that accidents may hardly occur.



Safety inspection



The Company adheres to the safety management approach of “safety first, prevention as a priority, and comprehensive governance” to thoroughly implement the relevant standards in relation to safety inspection. We have prepared the Safety Inspection Guidelines (《安全檢查指引》), which guide our employees in identifying and promptly detecting potential problems, equipment defects, abnormal wear and tear, employee misconduct, poor work practices and other factors that were not foreseen during the design and operation of gas facilities, to eliminate potential hazards. Safety inspectors are required to develop a detailed inspection plan prior to

inspection; conduct regular inspections such as daily, weekly, and monthly inspections, or irregular inspections such as pre-holiday inspections and special inspections; conduct safety inspections on gas supply facilities, major operations, operating sites and equipment, engineering projects, and customer gas installations; and record and analyze the results of safety inspections. Meanwhile, we have compiled the Guidelines for Establishing Potential Safety Hazard Investigation and Governance Mechanism (《安全隱患排查治理機制建立指引》), which specifies the tasks of weekly, monthly, seasonal and special safety inspections to strengthen the supervision and management of accident hazards, identify potential risks and eliminate potential safety hazards.

We are always concerned about the safety of our customers to ensure that all customers can use our services at ease. In accordance with the Regulation on the Administration of Urban Gas (《城鎮燃氣管理條例》) and local gas management regulations, Beijing Gas Blue Sky conducted regular inspections of users' gas pipelines and facilities and gas-using equipment to ensure the safety of users' gas systems. It has also formulated certain internal documents on safety inspections such as the Guidelines on Regular Safety Inspections for Residents of Beijing Gas Blue Sky (《北京燃氣藍天居民用戶定期安全檢查工作指引》) and the Guidelines on Regular Safety Inspections for Commercial and Industrial Customers of Beijing Gas Blue Sky (《北京燃氣藍天工商用戶定期安全檢查工作指引》), which provide detailed regulations on the scope, workflow and content of safety inspections.

5. STEADY AND STANDARDIZED OPERATION

In addition, in terms of equipment management, we have prepared the “Production and Operation Equipment Management System” (《生產運營設備管理制度》) in accordance with the national standards such as the Safety Technical Specification for Operation, Maintenance and Rush-repair of City Gas Facilities (《城鎮燃氣設施運行、維護和搶修安全技術規程》) and the Regulations on Regular Inspection of Pressure Pipelines (《壓力管道定期檢驗規則》) to clarify the safety management responsibilities of each department. In respect of various special equipment, we have also formulated the Special Equipment Management Guidelines (《特種設備管理指引》) to reinforce the safety of special equipment and prevent special equipment incidents.

To objectively assess the safety management standards of the Group’s project companies and verify whether their safety management facilities and operations are in compliance with the established standards and requirements, we have compiled the “Annual Safety Inspection and Rating System” (《年度安全巡查評分制度》) in accordance with the Work Safety Law of the People’s Republic of China (《中華人民共和國安全生產法》) and the Interim Provisions on the Investigation and Control of Safety Accidents (《安全生產事故隱患排查治理暫行規定》). We conduct annual inspections of the Group’s city gas projects, LNG gasification station projects, gas refueling station projects and LNG transportation projects to evaluate the legality and compliance of project companies’ operations, operational processes and on-site safety. The overall safety performance of the project company will be one of the key elements of the performance evaluation of its management personnel, and safety will be regarded as an important part of our work.

Case Study : Beijing Gas Group’s 100-day Operation on Safety Production Improvement

The 100-day Operation on safety production improvement is the Beijing Gas Group’s special campaign on safety production improvement, surrounding numerous key works such as the Three-year Action Plan for Production Safety, gas safety investigation and improvement, a comprehensive survey of underground pipelines, inspection and treatment of hidden hazards as well as a massive gas safety inspection. This operation aimed to ensure safe and stable gas operation in Beijing by carrying out a series of works such as coordination in development and safety, in-depth inspection and treatment of potential hazards and accelerating the assessment and renewal of aging gas pipelines.

In the 100-day Operation for the Year, with Beijing Gas Blue Sky as a subsidiary of Beijing Gas Group, we carried out a number of key actions such as pipeline renovations, technical transformation and meter replacement with the installation of safety fittings, gas line concealing works and cracking down on gas theft. Beijing Gas values safety, going all out to protect the safe and stable operation of the gas pipeline in Beijing through its pragmatic strategies and practical actions.



5. STEADY AND STANDARDIZED OPERATION

Safety Advocacy and Training

Beijing Gas Blue Sky actively carried out various safety training and activities. We understand the safety awareness of our employees and our internal safety culture are crucial to the safe operation of our gas business. To realize the planning, systematization and standardization of safety training, the Company has formulated the Safety Training Management System (《安全培訓管理制度》), which sets out the Company's safety education including operator training, special operator training, three-level safety education for new recruits, the "Four New" safety education in adopting technologies, techniques, materials and equipment and specialized training on safety management techniques. It also stipulates that operators should receive no less than 20 hours of retraining each year to enhance employees' safety awareness and reduce the occurrence of safety accidents. After training, the employees should complete the training records and undergo an assessment to ensure that they fully grasp the safety technical requirements required by their respective posts. All new employees in production positions shall receive three-level safety education and pass the assessment before they can be certified to work.

Three-level safety education for new employees		
Company-level	Department-level	Team-level
New employees will be briefed on safety education by the Company's safety management department before work.	New employees will further receive safety education from their respective departments after their assignment to the department.	New employees will further receive safety education from their respective teams after their assignment to the team.
<ul style="list-style-type: none"> The Work Safety Law (《安全法》), the Labor Law (《勞動法》) and other laws and regulations related to production safety; Introduction to the Company's business related to safety production; General knowledge of safety technology, etc. 	<ul style="list-style-type: none"> The production overview and process flow of the department; The safety production situation of the department and positive and negative cases; The operation practice of the department and safety concerns. 	<ul style="list-style-type: none"> The safety production status, work nature, scope of duties and safety rules and regulations of the post; The use and management of machinery and equipment and safety protection facilities; Safety operating procedures for posts; Accident review, emergency measures and safe evacuation routes.

5. STEADY AND STANDARDIZED OPERATION

Case Study : “Two Penalties for One Case” — Case Study and Training on Typical Gas Safety Accidents

In June 2022, through the study of seven typical cases involving the enforcement of “two penalties for one case” and other typical gas accidents in 2021 announced by the Ministry of Emergency Management, the Company aspired to promote corporate heads to assume the “first responsibility” for safe production and the relevant management personnel to perform their respective safety responsibilities properly, and in turn achieve the purpose of all management personnel at all levels knowing, complying with, abiding by and applying the law. A total of 156 participants received the training with 234 learning hours recorded in aggregate.

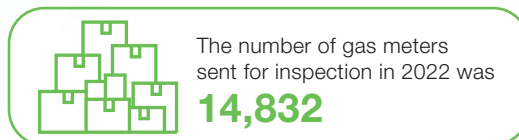
Outstanding Quality

The Company has committed to providing customers with complete, authentic, reliable and high-quality products and services in strict compliance with the Regulation on the Administration of Urban Gas (《城鎮燃氣管理條例》) and the GB17820 national standard Natural Gas to ensure the natural gas we provide is up to standard and of high quality.

We assign dedicated departments to inspect the quality of natural gas, with the safety and technology department being the head office responsible for inspecting the quality of natural gas at corporate level and the production and operations department, a subordinate department, being responsible for inspecting the quality of natural gas in the project companies. Upstream suppliers are required to submit a gas quality report, and a semi-annual inspection report is required for the city gas project, while the LNG procurement project should include a gas quality report as a product annex that should be delivered at the same time. In addition, we hire a third-party institution to inspect the quality of natural gas odorization every year to ensure that any gas leaks are detectable. We are also concerned about the quality of the equipment our customers use by arranging a household inspection at least once a year to check whether the natural gas pressure of gas equipment at the user’s home is qualified. All natural gas measuring instruments are also subject to preliminary inspection or regular inspection according to national standards.

5. STEADY AND STANDARDIZED OPERATION

Key Performances



Moreover, we put emphasis on the quality of gas construction projects. The engineering design, construction and acceptance of natural gas projects, as well as the operation, maintenance and repair of gas facilities, are subject to relevant national standards and industry practices that we should strictly follow.

During the reporting period, Beijing Gas Blue Sky did not have any non-compliance cases regarding product quality that had a significant impact on the Group's operation, nor did it have any products to be recalled due to safety and health reasons.

5.3 OCCUPATIONAL HEALTH Sound System Guarantee

Beijing Gas Blue Sky firmly believes that employees are the valuable assets of the Company. In order to protect the occupational health of employees, and control and eliminate the unfavorable factors affecting occupational health of employees, the Company has formulated relevant internal documents such as the Measures for Special Labor Protection of Female Employees (《女職工特殊勞動保護辦法》), the Labor Protection Equipment Management System (《勞動防護用品管理制度》), the Prevention and Management of Occupational Disease Hazards (《職業病危害預防及管理》) in strict compliance with the Labor Law of the People's Republic of China (《中華人民共和國勞動法》), the Law of the People's Republic of China on Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》), the Occupational Safety and Health Ordinance in Hong Kong and other laws and regulations and various administrative rules on occupational health to continuously improve the occupational health and safety management of employees.

In compliance with the GB/T 45001 occupational health and safety management systems, the Company carried out works on the prevention of occupational diseases through the "Three Simultaneities" in occupational disease-preventative facilities, regular inspection of hazards, occupational health surveillance and distribution of personal protective equipment. In addition to this, we have also formulated the Administrative Measures on Employees Physical Examination of Beijing Gas Blue Sky (《北京燃氣藍天員工體檢管理辦法》) and organized a health examination for all employees during the reporting period to protect the health and safety of our employees at work. During the reporting period, the Company did not experience any non-compliance with health and safety regulations or any work days lost due to work-related injuries. In the past three years, there was one work-related fatality in 2020[®]. That is, the rate of work-related fatalities is 0.1%, and the Group has not had any work-related fatalities in the other two years. The Company attaches great importance to all safety-related accidents, so it has formulated a series of safety guidelines and regulations to try its best to prevent any major safety accidents. Looking forward, the Company will continue to regard safety as one of our top concerns, and will continue to monitor and prevent accidents.

[®] This Report has corrected the data in 2020. In 2020, there was one work-related fatality.

5. STEADY AND STANDARDIZED OPERATION

In order to identify and prevent major accident hazards, including fatalities, and minimize risks, we have formulated the Management System on the Double Prevention Mechanism (《雙重預防機制管理制度》) based on the Classification for Casualty Accidents of Enterprises (《企業傷亡事故分類》) and the Classification and Code for the Hazardous and Harmful Factors in the Production Process (《生產過程危險和有害因素分類與代碼》) to carry out regular risk assessments and hazard identification. We have established hierarchical management and control system for high-risk processes, equipment, articles, premises and posts and set up standards for the classification, investigation and treatment of potential safety production accidents. Safety risks in positions, enterprises and regions are identified and predicted in advance to effectively control various safety risks through the implementation of institutional, technical, engineering and management measures so that we can timely identify and eliminate various accident hazards for fear of accidents.

The preventative measures for occupational diseases of Beijing Gas Blue Sky are as follows:

“Three Simultaneities” in occupational disease-preventative facilities

- Occupational disease-preventative facilities for construction projects must be designed, constructed and put into use in production simultaneously with the main body of the project;
- Priority is given to the adoption of new technologies, processes, equipment and materials conducive to the protection of workers' health.

Regular inspection of hazards

- For workplaces with occupational hazards, regular inspection and status assessment of occupational hazards shall be carried out.

Occupational health surveillance

- Arrange employees to receive pre-employment, on-the-job, post-transfer, post-leaving and other occupational physical examinations, and truthfully inform employees of the results in writing and on file;
- Implement the internal annual plan for occupational health inspections and ensure the special funding required.

Distribution of personal protective equipment

- Provide employees with personal protective articles and appliances appropriate for occupational safety risks in line with national standards or industrial standards, and supervise and guide employees to wear and use personal protective equipment and apparatus properly according to relevant provisions.

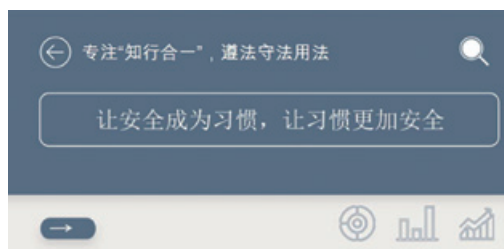
5. STEADY AND STANDARDIZED OPERATION

Occupational Health Training

The Company also actively conducts various occupational health-related training and activities and incorporated the annual occupational health and safety education and training programs of Beijing Gas Blue Sky's headquarters, professional institutions and its subsidiaries into the training programs of Beijing Gas Blue Sky in the hope of enhancing employees' awareness on occupational health and minimizing work-related injuries and health damages to operators. It would also conduct post-training supervision and inspection of the implementation of the education programs.

Case Study : Occupational Health and Safety Management Training

During the reporting period, the Company conducted occupational health and safety management for all employees through micro-classes, during which employees were briefed on GB/T45001-2020 Occupational Health and Safety Management Systems – Requirements with Guidance for Use 《職業健康安全管理體系要求及使用指南》, aiming to enable staff to understand the relationship between occupational health and safety management, master the occupational hazards and harmful factors, and be able to take effective preventive and protective measures to ensure the health and safety of the workplace for fear of accidents. The duration of the training was 1.5 hours with a total of 170 participants.



Epidemic Prevention and Control and Health

During the Year, the Company realized scientific, reasonable and appropriate management of epidemic prevention at work amidst the COVID-19 epidemic. We have formulated the Guidelines on Epidemic Prevention for the Resumption of Work during the Epidemic 《疫情期間返崗復工的防疫工作指引》, the Emergency Plan for Epidemic Prevention and Control 《疫情防控工作應急預案》 and the Service Protection Plan for Epidemic Prevention and Control under Extreme Conditions 《應對極端條件疫情防控服務保障方案》 to strive to protect the health of employees and implement four-party responsibilities. We have set up a leading task force for epidemic prevention and control and a dedicated team for epidemic prevention and control in logistics to protect the health of employees and normalize operations through office hygiene and disinfection management, commuting management, strengthening daily protection management, anti-epidemic supplies management, epidemic-related reporting management and epidemic-related personnel management.

5. STEADY AND STANDARDIZED OPERATION

5.4 BUSINESS ETHICS

Beijing Gas Blue Sky believes that honesty and integrity are important cornerstones of business operations. We abide by the code of business conduct and carry out lawful operations in strict compliance with laws and regulations such as the Anti-Monopoly Law of the People's Republic of China (《中華人民共和國反壟斷法》), 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》), the Supervision Law of the People's Republic of China (《中華人民共和國監察法》), the Anti-Money Laundering Law of the People's Republic of China (《中華人民共和國反洗錢法》), and Hong Kong's Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong), Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, Companies Ordinance, Securities and Futures Ordinance, and Code on Takeovers and Mergers and Share Buy-backs.

Anti-corruption

As our practical efforts on the anti-corruption work, we have formulated the Rules of the General Committee of the Communist Party of China on Issuing the Measures on Integrity Practice of Employees with Business Discretions (《中共總支部委員會關於印發有業務處置權員工廉潔從業若干規定》) and the Implementation Rules of the General Committee of the Communist Party of China on Issuing of the Measures on the Implementation of the Main Responsibility of the Party Organization and the Supervisory Responsibility of the Discipline Inspection Institution for the Implementation of the Party Integrity Construction Responsibility System (《中共總支部委員會關於印發關於落實黨風廉政建設責任制黨組織主體責任和紀檢組織監督責任的實施細則》) in accordance with the Code of Integrity and Self-discipline (《廉潔自律準則》) and the Regulations on Internal Oversight (《黨內監督條例》) to strengthen the integrity inspection against any violation of integrity discipline, the use of power for personal gain, corruption and bribery, corruption and decadence, etc. The discipline inspection institution conducts regular supervision and inspection and reports regularly to the party organization at the same level and to the higher-level discipline inspection institution to ensure that anti-corruption work can be carried out effectively.

Beijing Gas Blue Sky continues to hold anti-corruption seminars through various forms of anti-corruption publicity, education and training to achieve the organic combination of integrity education and professional training for the purpose of promoting the concept of anti-corruption and advocating and cultivating integrity. For example, we launched a quiz for special studies in relation to measures on dispute and litigation management, procurement provisions and laws and regulations training to ensure that employees are law-abiding at work. In 2022, our Directors received a total of 18 hours of anti-corruption training, and our employees received a total of 80 hours of training to thoroughly cultivate integrity and create a good atmosphere of "everyone shall be responsible for integrity building". During the Year, we did not have any corruption proceedings.

5. STEADY AND STANDARDIZED OPERATION

Whistleblowing Mechanism

Beijing Gas Blue Sky is committed to upholding the highest standards of openness, integrity and accountability and has formulated the Whistleblower Policy (《舉報政策》), which provides comprehensive whistleblowing channels and guidelines. Whistleblowers may report by email or by post any employee or third party who is suspected of serious fraud, malpractice, violation or misconduct. The reporting methods are as follows:



E-mail for reports: jjjian@bgbluesky.com

Mailbox for reports: Room 12A5, 12/F, Hanwei Plaza,
7 Guanghai Road, Chaoyang District, Beijing (Postcode:100022)

Beijing Gas Blue Sky Audit and Supervision Department

Whistleblowers make reports and disclose relevant information in confidence. We are committed to protecting whistleblowers from unfair dismissal, harm or unreasonable disciplinary action even if the allegations are not substantiated. The Audit and Supervision Department is responsible for monitoring and implementing the normal operation of the Whistleblower Policy, while the Compliance Committee is responsible for monitoring and reviewing the effectiveness of the Whistleblower Policy and the actions taken as a result of whistleblower investigations.

Training on Regulatory Requirements

Beijing Gas Blue Sky attaches great importance to legal and compliant operations. In order to regulate and reduce the risk of impact on the business of Beijing Gas Blue Sky and its affiliated investment enterprises due to changes in laws and regulations in the course of operation, we actively enhance the legal awareness and consciousness of our employees and have put forward the Administrative Measures for Training, Publicity and Implementation of Laws and Regulations (《法律法規培訓、宣貫和落實管理辦法》), which standardizes the understanding, training, publicity and implementation of Beijing Gas Blue Sky on the changes and updates of laws, regulations, legal standards and relevant policies and implements works on management. The legal affairs department organizes training on basic knowledge of laws and regulations once every six months and assesses or surveys the completion rate of employees' enhanced awareness of laws and regulations and other laws as well as its effectiveness by means of online questionnaires or other relevant forms. Any updates to laws and regulations will be announced and published via emails or in the regulation section of our internal portal.

Case Study : Risk Warning Training on Occupational Crimes

On 5 August 2022, Beijing Gas Blue Sky launched a risk warning training on occupational crimes presented by a specially-invited lawyer from East & Concord Partners with an aim to raise awareness of our middle and senior employees about criminal liabilities, prevent and control the risk of occupational crimes, and strengthen the education of our middle and senior staff on legal liability awareness. The training introduced the concept of occupational crimes, its constitution, types, key charges, typical case analyses, an analysis of the causes of state-owned enterprise personnel's occupational crimes and risk prevention and control.

5. STEADY AND STANDARDIZED OPERATION

Information Security

To protect the information security of Beijing Gas Blue Sky and strengthen and standardize informatization building for improving efficiency and management levels, the Company has formulated relevant internal documents such as the Information Security Management Regulations (《信息化安全管理規定》) and the Operation Guidelines for Data Backup and Disaster Recovery Contingency Plan (《數據備份及災難恢復應急預案作業指引》), which standardize the division of labor and responsibilities of information management, server room management, computer and network equipment management, information system management, network security management, and data security management. Such documents also clarify the management mechanism of unified management, segmented responsibility, joint collaboration and individual accountability for information management.

The confidential data stored in the Company are strictly prohibited from lending, and relevant computer files and data are encrypted to ensure all data including consumer information are properly protected. In addition, we work on the proper storage of historical data and data security and clarify data backup management and the disaster recovery contingency plan. Specialists are assigned for backup management to ensure proper storage of historical data and data security in a bid to prevent data loss due to hardware failure, unexpected power failure, computer viruses, etc., and protect our normal business data and technical data reserves.

Furthermore, infringement of intellectual property rights of third parties is strictly prohibited within the Group. For example, we ensure the legal use of operating systems, databases, tools and software adopted in the development, testing and operation of our information systems.

Case Study : Cybersecurity Platform “e-Safety” – Cybersecurity Online Learning Programs

During the reporting period, the Company organized regular cybersecurity publicity and education activities and arranged for all employees to participate in the cybersecurity online learning programs. Employees would be directed to the cybersecurity online learning platform “e-Safety” by scanning the QR code on which they could enroll in the “Cybersecurity Policies and Regulations” program for learning. Cybersecurity Policies and Regulations (《網絡安全政策法規》) and Common Cybersecurity Knowledge (《日常網絡安全知識》) were the main themes of the training. The person in charge would comply with statistics and collect feedback about the learning situation. The training was designed to strengthen the cybersecurity awareness of all employees and improve the concept of network ethics and the rule of law to lay a solid foundation for the construction of a safe and harmonious office environment.



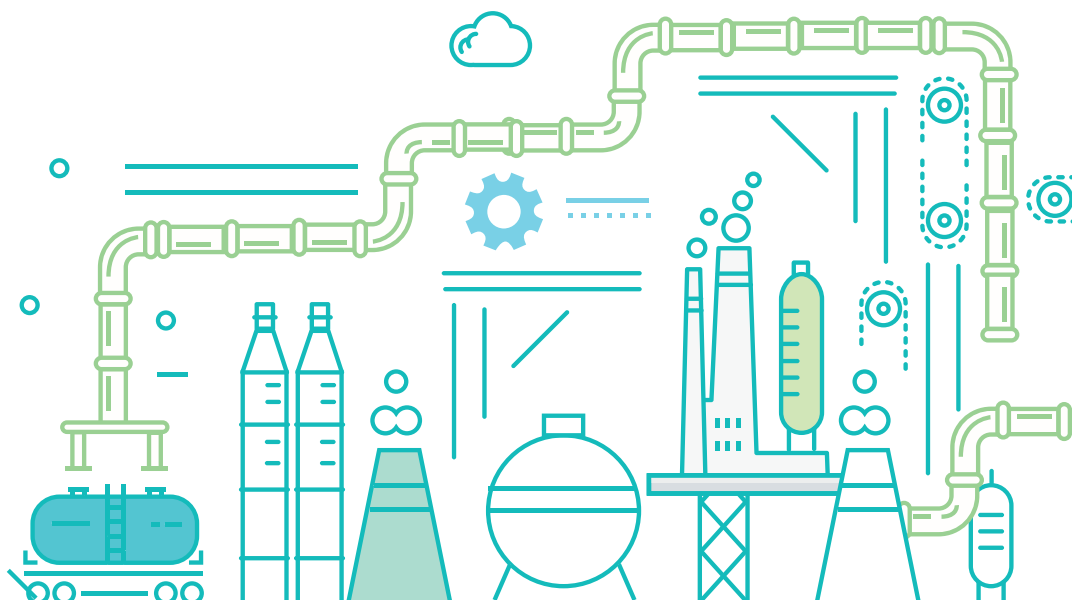
06

**STABLE
AND QUALITY
SUPPLY**

6. STABLE AND QUALITY SUPPLY

6.1 SUPPLY CHAIN MANAGEMENT

The Group gives significant weight to supply chain management and is determined to establish a supplier ecosystem that is compliant, clean, fair, just and open. In accordance with the national laws and regulations such as the Bidding Law of the People's Republic of China (《中華人民共和國招標投標法》) and the Measures on Competitive Biddings for Goods for Engineering Construction Projects (《工程建設項目貨物招標投標辦法》) as well as the relevant provisions of the Group, the Group has established the Material Suppliers Management System (《物資供應商管理制度》) as a comprehensive system that regulates the shortlisting and management procedures of material suppliers. The Group understands that reviewing the social and environmental qualifications of suppliers is an important part of supply chain risk management. We have now included ISO 9001 Quality Management System, ISO 14001 Environmental Management System and OHSAS 18001 Occupational Health and Safety Management System certifications in the qualification review conditions for material suppliers. In the future, we will further consider formulating a system to incorporate relevant risks into the performance evaluation and management of suppliers to monitor their conduct and the quality of goods supplied. To maintain fair competition in the supply chain, we clearly delineate the obligations of materials suppliers and strictly prohibit suppliers from engaging in commercial fraud in any way or using improper means to engage in vicious competition. As an integrated natural gas supplier and operator, the Group attaches great importance to the scale of suppliers and the quality and timeliness of their gas supply in reviewing and selecting the most suitable natural gas suppliers, and selects local suppliers as far as possible to support the development of the local economy.

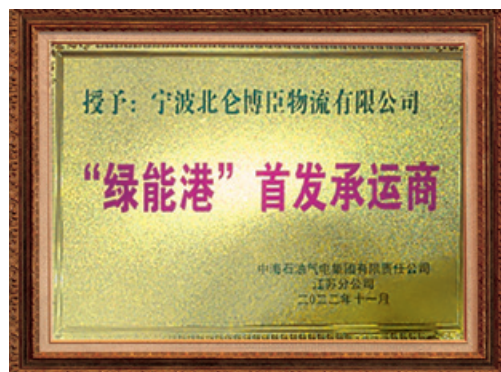
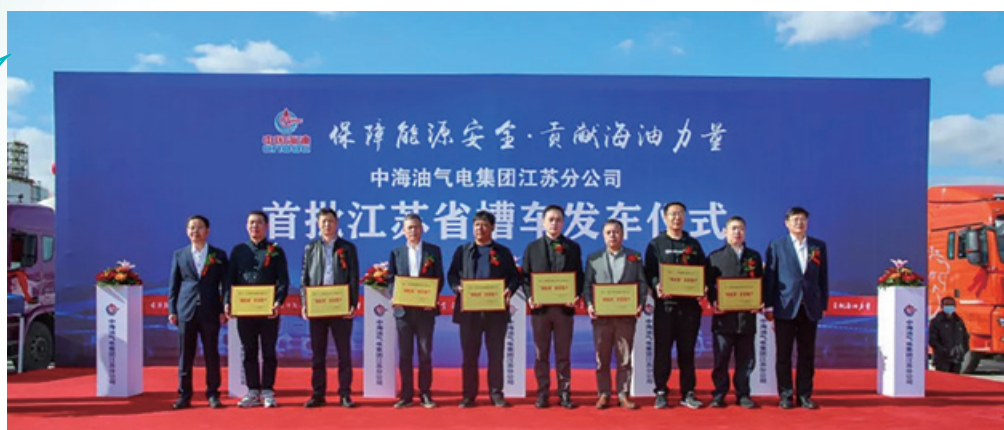


6. STABLE AND QUALITY SUPPLY

Stable Gas Supply

Case Study Diversify Gas Supply and Secure Stable Supply with Concerted Efforts

Beijing Gas Blue Sky is committed to providing customers with an efficient, safe and stable supply of natural gas. In 2022, Zhejiang Bo Xin Energy Limited* (浙江博信能源有限公司) and Ningbo Beilun Bochen Logistics Co., Ltd.* (宁波北仑博臣物流有限公司), the affiliates of Beijing Gas Blue Sky, became the first official customer and the first carrier of CNOOC's Green Energy Port in Yancheng, Jiangsu Province. This cooperation provided Beijing Gas Blue Sky with a diversified channel for natural gas supply, which is of great significance to the natural gas reserves in East China for peak supply. Looking forward, we will continue to actively deploy more supply channels to maintain a safe and stable gas supply at all times and ensure customers in different regions can safely use our natural gas.



6. STABLE AND QUALITY SUPPLY

Sustainable Supplier Management System

The Group has a dedicated management structure for supplier management, comprising the Group's material suppliers management leading team, material suppliers management execution team and material suppliers tender evaluation team. We have formulated the Tender Management System for Projects and Materials (《工程及物資招標管理制度》) and the Material Suppliers Shortlisting Process (《物資供應商入圍流程》) to standardize the entire tendering process in accordance with the Bidding Law of the People's Republic of China (《中華人民共和國招投標法》), the Regulation on the Implementation of the Bidding Law of the People's Republic of China (《中華人民共和國招投標法實施條例》) and the Provisions on Engineering Projects Which Must Be Subject to Bidding (《必須招標的工程項目規定》) and other national laws and regulations related to the tendering of projects and materials.

The bidding process is carried out by the project and materials tender leading team, execution team and tender evaluation committee. The bidding method is divided into open tender and invitation to tender. Suppliers shall be subject to prequalification check to prove that their financial status, sales performance and after-sales service are satisfied in the past three years, and there is no violation of laws and regulations on environmental protection, labor protection and occupational health and hygiene, or record of receiving complaints about employees' human rights and working conditions. The Group has established a comprehensive list of materials suppliers and a series of Evaluation Criteria for Selecting Materials Suppliers (《選擇物資供應商的評審標準》), which set forth all materials suppliers are required to pass qualification examinations and provide production license certificates and environment, quality, safety, and other certifications to prove their qualifications, while some suppliers are also subject to on-site inspection, sampling and testing. We will evaluate and select materials suppliers based on criteria such as quality control systems, control of raw materials or outsourced parts and production site management. In addition, suppliers are also required to sign the Supplier Integrity Commitment (《供應商廉潔承諾書》) to ensure the standardization and integrity of procurement and bidding activities and prevent and contain the occurrence of illegal and disciplinary matters at source. We incorporate environmental factors into our suppliers' considerations and require them to provide environmental management system certifications. Suppliers are encouraged to set up sound environmental management systems to manage the environmental risks involved in their production and develop corresponding management measures. Through qualification reviews in aspects of environment, quality management and occupational health and safety management system, and requiring suppliers to sign the supplier integrity commitment, we are committed to managing and reducing supply chain-related risks.

After passing the qualification examination, the tender evaluation committee, comprising representatives of the bidder or its appointed tender agent familiar with the relevant business, as well as experts in technical and economic aspects, will follow the principles of openness, fairness, impartiality, honesty and credibility to evaluate and compare all tenders, and recuse themselves from the committee with financial interests or relatives of the bidder, and also make every effort to avoid any illegal interference in the tender bidding activities to achieve fair competition.

6. STABLE AND QUALITY SUPPLY

The tender execution team and the project management department are responsible for promoting the tendering management system and training to ensure a clear and transparent set of procedures so that all parties concerned can have a better understanding of our tendering system and its obligations and responsibilities.

In order to encourage suppliers to supply more environmentally friendly products or services, the Group not only requires them to obtain ISO14001 Environmental Management System certification, but is also reviewing our supplier management measures and considering further encouraging suppliers to use environmentally friendly products or services.

The Group has a regular supplier assessment and evaluation mechanism to monitor the quality of supply from our suppliers. In addition to the supplier acceptance evaluation on each delivery, the supplier execution team also organizes an annual assessment and evaluation of materials suppliers as one of the important reference criteria for subsequent cooperation and tender selection. The supplier execution team will also conduct on-site visits to a certain number of shortlisted suppliers on a sampling basis from time to time to assess whether their management standards and technical capabilities can be continuously maintained. Suppliers with unsatisfactory performance will be classified as “suspended”, “confirmed”, “withdrawn”, “disqualified” or “blacklisted” according to the Group’s assessment and sampling results.

During the Year, we engaged a total of 92 suppliers, all in mainland China, with the following geographical distribution:

Region	Number of suppliers	Proportion
East China (including Zhejiang Province)	24	26%
Northeast China (including Jilin Province, Liaoning Province)	68	74%

6.2 CUSTOMER SERVICE

The Group upholds the service concept of “providing wholehearted services and winning customers with professional expertise, warmth and passion”, striving to provide quality services for our customers. The Customer Service Standards of Beijing Gas Blue Sky (《北京燃氣藍天客戶服務規範》) we put forward stipulate in detail the basic service standards of our customer service center and the service responsibilities of each position. We have also compiled the Guidelines on Handling User Complaints of Beijing Gas Blue Sky to provide clear guidelines for the process of responding to customer complaints.

6. STABLE AND QUALITY SUPPLY

Customers who have queries with our products, marketing, services or pricing factors can file complaints by phone or through the Group's website. The relevant employee or department handling complaints should complete the User Complaint Record 《用戶投訴記錄》 and pass such customers' feedback to the complaint management department. The management department will promptly start the investigation for any substantiated complaint and arrange to solve the user's problems and requirements within 3 days after the complaint is substantiated. The staff responsible for handling complaints will conduct investigations by means of personal interviews, data review, on-site inspections, etc., and analyze and obtain a real and objective cause analysis and conclusion, while the responsible unit and person concerned will also propose service improvement directions, which will be included in the performance appraisal of departments and employees to carry out reward and punishment measures. Parties to a complaint who are not satisfied with the outcome of the complaint are entitled to appeal to the Company. During the reporting period, no significant complaints in relation to products and services were received by the reportable business segment.

In order to continuously improve and enhance the quality of customer services and achieve the purposes of customer care, service supervision and evaluation and collection of information on customer needs, the Group has formulated the Repeat Customers Administrative Measures of Beijing Gas Blue Sky 《北京燃氣藍天客戶回訪管理辦法》 to standardize the job tasks of dealing with repeat customers. The return visit management department at each level is also required to devise an annual return visit work plan each year and submit it to the service management committee for approval and documentation. We will collect customers' opinions by telephone or through sampling questionnaires to understand customers' evaluation of our service quality and satisfaction, which will be used as the basis for assessing the service performance of the departments or positions concerned. The Group will continue to promote service improvement, enhance service standards and further explore customer needs.

Responsible Marketing

The Group strictly complies with the laws and regulations in relation to health and safety, advertising, labeling and privacy matters relating to products and services, including but not limited to the Work Safety Law of the People's Republic of China 《中華人民共和國安全生產法》, the Patent Law of the People's Republic of China 《中華人民共和國專利法》, the Advertising Law of the People's Republic of China 《中華人民共和國廣告法》 and the Law of the People's Republic of China on the Protection of Consumer Rights and Interests 《中華人民共和國消費者權益保護法》. For the purpose of further regulating the Group's advertising and marketing practices and fulfilling our responsibilities in advertising and product labeling, we have formulated the Administrative Measures on Advertising, Marketing and Publicity of Beijing Gas Blue Sky 《北京燃氣藍天廣告營銷宣傳管理辦法》 and the corresponding Advertising Application Process for Project Companies of Beijing Gas Blue Sky 《北京燃氣藍天項目公司廣告宣傳申請流程》 to establish various advertising-related affair management systems, tools, rules and methods, and we are responsible for monitoring the implementation of the enterprises. During the reporting period, there were no cases of non-compliance in relation to health and safety, advertising, labeling and privacy matters relating to products and services that had a material impact on the Group's operations.



07

**STRENGTHENING
OUR EMPLOYMENT
SYSTEM**

7. STRENGTHENING OUR EMPLOYMENT SYSTEM

7.1 EMPLOYEE MANAGEMENT

Beijing Gas Blue Sky regards its employees as an important driving force for its long-term development. We aim to create an equal working environment for our employees, providing diversified development opportunities and multi-faceted training to continuously nurture talents.

Fairness and Compliance

Beijing Gas Blue Sky continues to actively protect the legitimate rights and interests of its employees and insists on a fair and compliant employment system. Based on its own operation, the Company has prepared internal documents such as the Staff Manual (《員工手冊》) and the Staff Recruitment Management Provisions (《員工招聘管理規定》), which regulate the relevant contents of recruitment, dismissal, remuneration and benefits, performance management, training and development to ensure that the human resources-related processes such as recruitment and dismissal are in compliance with the Labor Law of the People's Republic of China (《中華人民共和國勞動法》), the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》) and relevant provincial and municipal laws and regulations, and strictly follow Hong Kong's Employment Ordinance, Employees' Compensation Ordinance, Mandatory Provident Fund Schemes Ordinance and other regulations, thus optimizing the human resources management of the Company.

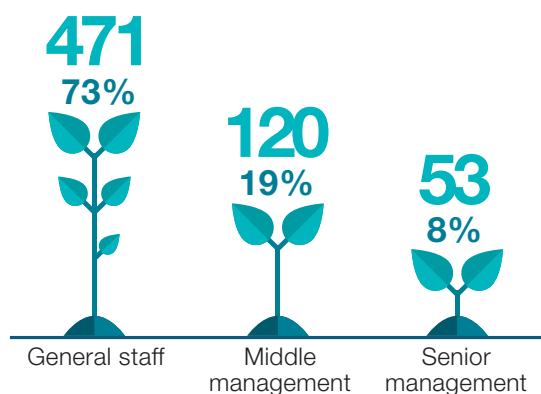
In addition, the Company has formulated the Administrative Provisions on the Prohibition of Using Child Labor and Underage Workers (《禁止使用童工及未成年工管理規定》) and other related provisions. During recruitment, strict identification would be carried out and regular reviews of new employees' personnel records are required; and would not hire any employee found to have any irregularity and resolutely not employ child labor. Moreover, we have set explicit working hours with clear requirements for the attendance, leave and fieldwork of our employees who are required to strictly follow our attendance requirements. We oppose and eliminate forced labor and follow the principles of legality, fairness, honesty and credibility in signing labor contracts. During the reporting period, there were no cases of non-compliance regarding the employment of child labor or forced labor by the Company.

7. STRENGTHENING OUR EMPLOYMENT SYSTEM

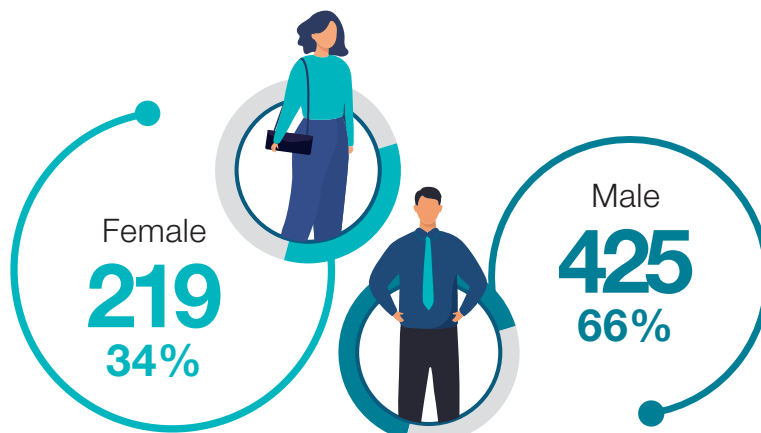
Equal Opportunity

The Company advocates equal opportunities by adhering to its recruitment principle of “fair competition, merit-based employment and dedication to providing fair employment opportunities”. Recruitment and selection are based solely on the candidate’s ability, character, education level, professional qualifications and work experience without any consideration of gender, race, creed, color, disability, age or marital status. We have also formulated relevant internal documents such as the 2022 Recruitment Plan Description of Beijing Gas Blue Sky (《北京燃氣藍天2022年招聘計劃說明》) and the Staff Recruitment Management Provisions of Beijing Gas Blue Sky (《北京燃氣藍天員工招聘管理規定》). As of 31 December 2022, Beijing Gas Blue Sky had a total of 644 employees, including 43 new recruits. Breakdowns of employees by gender, age, region and rank are as follows:

Number of Employees by Employment Category

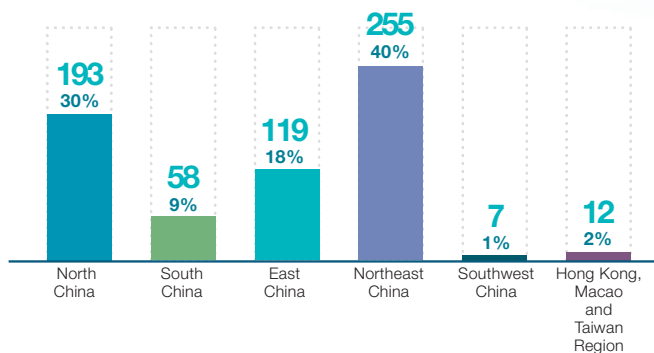


Number of Employees by Gender



7. STRENGTHENING OUR EMPLOYMENT SYSTEM

Number of Employees by Region[^]



Number of Employees by Age Group



Diversity and Inclusion

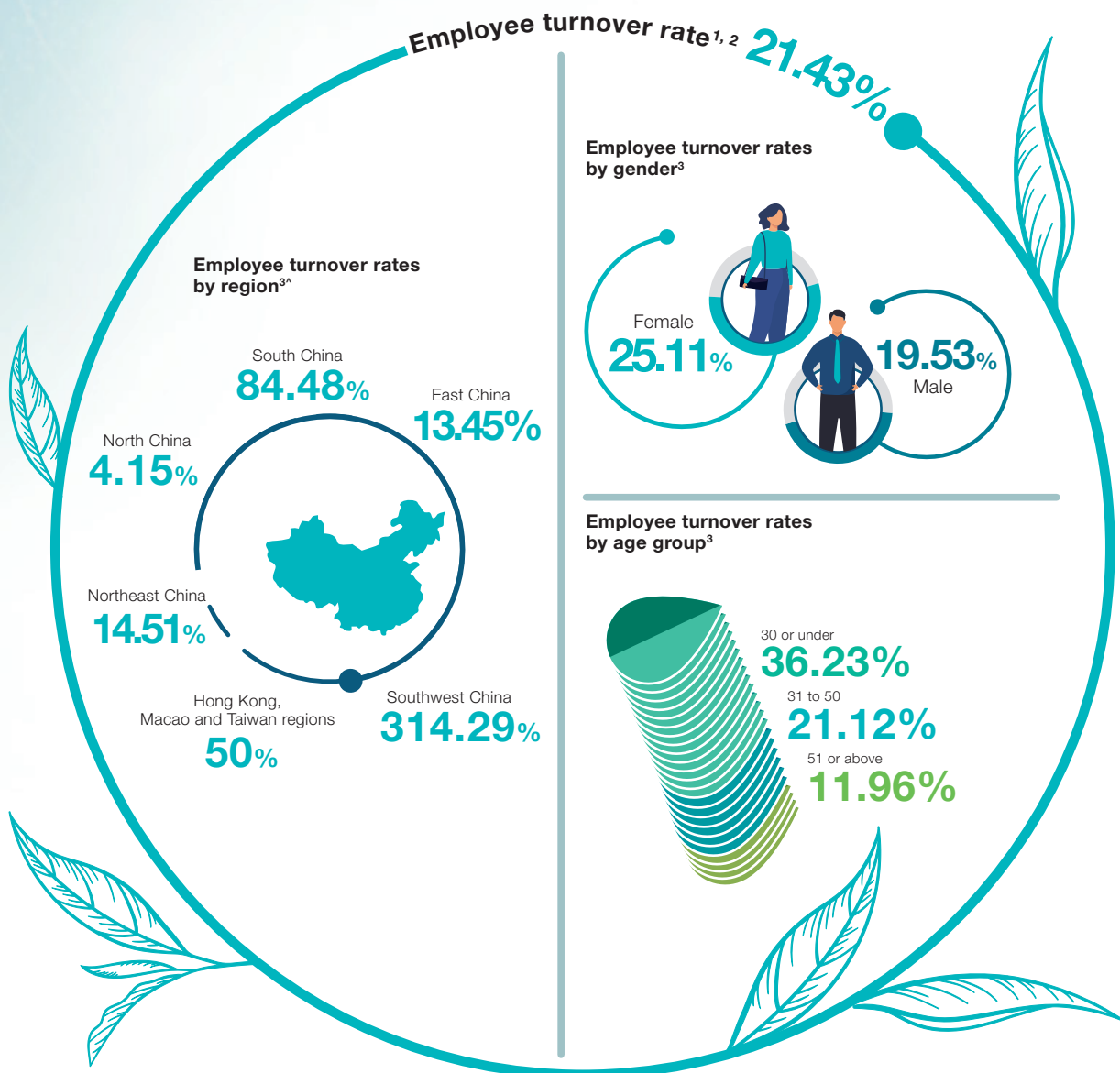
Beijing Gas Blue Sky encourages and respects the diversity of talents, working towards creating an equal and harmonious employment environment with diversity and inclusion. During the recruitment process, we select candidates based on their abilities and characters, without considering factors such as gender, race, belief, skin color, disability, age, and marital status. In addition, the Group endeavors to achieve diversity on the Board. In determining the composition of the Board, the Group will consider the diversity of the Board from various aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and service tenure.

Furthermore, we actively create and maintain an inclusive and collaborative work environment by prohibiting all kinds of harassment or discrimination and clarifying the relevant reporting process. Employees who have been harassed or discriminated against may file a complaint with their department head or, if the complaint is associated with a supervisor or department head, directly with the higher-level superior until the rights of the employee concerned are protected. The Company will strictly keep all appeals and their contents confidential.

[^] Hong Kong, Macau and Taiwan regions: Hong Kong; North China: Beijing, Shanxi Province, Hebei Province; South China: Guangdong Province, Hainan Province, Guangxi Zhuang Autonomous Region; East China: Zhejiang Province, Anhui Province, Shanghai Municipality, Shandong Province, Jiangsu Province; Northeast China: Jilin Province, Liaoning Province; Southwest China: Guizhou Province

7. STRENGTHENING OUR EMPLOYMENT SYSTEM

The Company has been keeping track of the employee turnover rate and continues to identify the causes for improvement. During the Year, the employee turnover rate was approximately 21.43%.



¹ Employee turnover rate = number of employee turnover ÷ number of employees at the end of the Year × 100%

² During the last reporting year, only turnover of 5 subsidiaries were included. During this reporting Year, the scope of statistics has been extended to the entire group.

³ Employee turnover rate by category = number of employee turnover in the specified category ÷ total number of employees in the specified category × 100%

7. STRENGTHENING OUR EMPLOYMENT SYSTEM

7.2 TALENT DEVELOPMENT

Employee Training

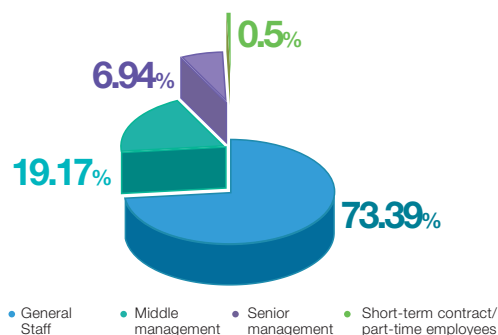
Beijing Gas Blue Sky encourages its employees to develop their personal skills and seeks to provide them with appropriate training to improve their performance and support their personal career development. Therefore, we have formulated the Training Management Regulations of Beijing Gas Blue Sky (《北京燃氣藍天培訓管理規定》), which clearly clarifies the purpose of training, training plans, division of authority and responsibility, management of training results, etc. We provide a variety of training in online and offline formats, including new employee training, all-staff training, internal team training, talent training, departmental training, external learning, etc. We also arrange post-training follow-up actions that are to assess the content of our training upon its completion to regularly evaluate the effectiveness of training.

Internal training	External training	Open courses	On-the-job training
<ul style="list-style-type: none">• Orientation training• Professional skill training	<ul style="list-style-type: none">• Training for industry development and technology• Training for integrated management capabilities• International talent training	<ul style="list-style-type: none">• Professional courses• Corporate culture training	<ul style="list-style-type: none">• Micro Class• Project seminars• Working forums• Rotational learning

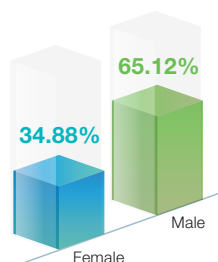
7. STRENGTHENING OUR EMPLOYMENT SYSTEM

In addition, during the Year, we organized and planned various sharing sessions and practical courses and invited professionals to give lectures in relation to numerous aspects such as safe production, occupational crime risks, management, language learning, etc., intending to create a platform for talent training and communication. During the reporting period, the Company held a total of 25 learning exchange sessions at the corporate level with a total of 4,304 participants. The training of the Group during the Year is as follows:

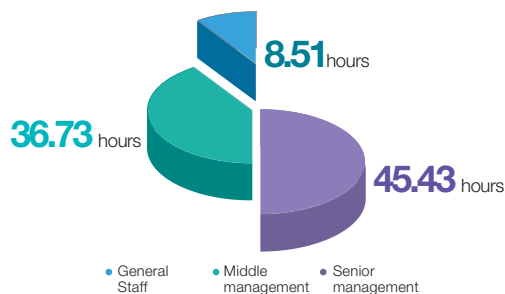
Percentage of trained employees (%)⁴ by employee category



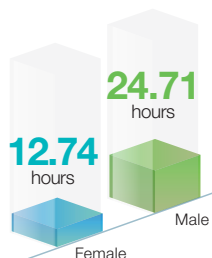
Percentage of trained employees (%)⁴ by gender



Average training hours of trained employees (hour)⁶ by employee category



Average training hours of trained employees (hour)⁵ by gender



⁴ The calculation formula for the percentage of trained employees: trained employees in the specified category ÷ total number of trained employees x 100%

⁵ The calculation formula for the average training hours of trained employees: the total number of training hours of the employees in the specified category ÷ the number of employees in the specified category

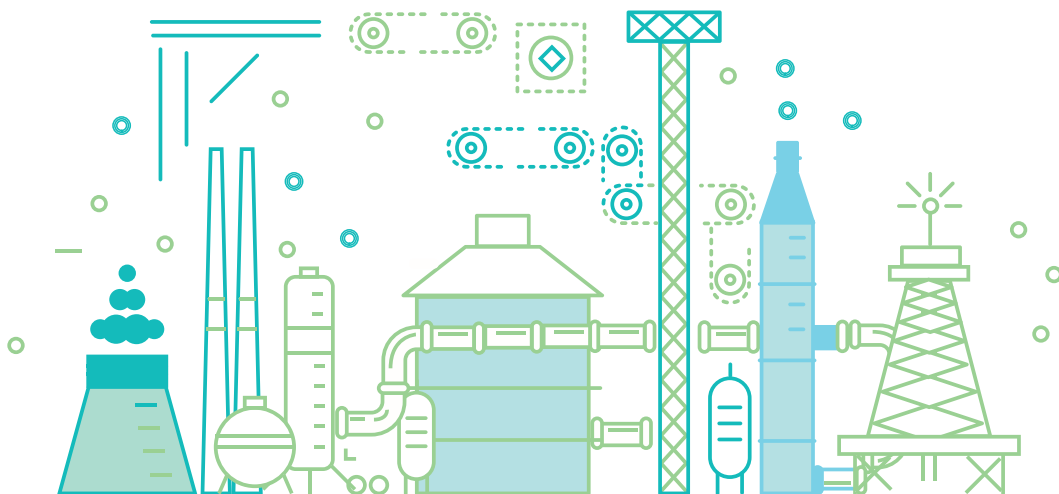
⁶ Since the number of short-term contract/part-time employees at the end of the Year was 0, it was unable to calculate average training hours.

7. STRENGTHENING OUR EMPLOYMENT SYSTEM

Case Study : 2022 Annual Environmental, Social and Governance (ESG) Training Program

With the increasing market concerns over ESG requirements, in order to raise the awareness of our colleagues on ESG requirements under the Listing Rules, the Company held the 2022 ESG program kick-off meeting and training courses on 20 December 2022, both on-site and via video system in Beijing and Hong Kong to align with the ESG reporting exercise for the Year. The training covered the newly revised ESG reporting requirements under the Listing Rules and their respective descriptions, the scope, work and timeline of the ESG reporting for the Year and KPI data collection training.

The training deepened our employees' knowledge and understanding of ESG, enabling them to further understand the compliance requirements of ESG reporting, and strengthened the Company's risk prevention and control capability to provide the Group and the Board with a solid foundation for good compliance while enhancing the Group's ESG in all aspects.



7. STRENGTHENING OUR EMPLOYMENT SYSTEM

Fair Promotion

Beijing Gas Blue Sky is committed to creating a fair, just and open competition mechanism within the Company in the hope of improving our employees' individual quality and ability and fully propelling their spontaneity and enthusiasm. We have formulated the Employee Promotion Administrative Measures of Beijing Gas Blue Sky (《北京燃氣藍天員工晉升管理辦法》) to standardize employee promotion and advancement workflow and specify employee promotion conditions, promotion type, promotion time, reporting management and promotion procedures.

In addition, during the Year, the Company newly implemented semi-annual and annual performance appraisals system that are designed to set annual work targets for employees and measure their performance for subsequent promotion planning. We conduct performance management review with reference to the Employee Compensation and Performance Administrative Measures (Trial) (《員工薪酬績效管理辦法(試行)》) to continuously implement and optimize the performance management system, deepen the idea of performance assessment and management, and establish a "position value-based and performance-oriented" principle for our performance-linked remuneration system. It is expected that employees will focus more on important responsibilities and programs to help them improve and grow. Appraisals are arranged by the employee's supervisor and reviewed and approved by senior management.

Remuneration System

Beijing Gas Blue Sky devotes itself to establishing a strategically oriented and motivating compensation system to ensure every employee's contribution is fully reported. Accordingly, it has formulated the Employee Compensation and Performance Administrative Measures (Trial) (《員工薪酬績效管理辦法(試行)》), which stipulates the principles of fairness, market balance, motivation and legality in determining remuneration. It also specifies that employees are entitled to salary packages for their corresponding rank, which may be determined by factors such as position, experience, ability, knowledge, and management authority and responsibility.

7.3 CARING FOR WELL-BEING

Employee Benefits

Beijing Gas Blue Sky adheres to a people-oriented management philosophy and strives for the benefit of every employee. We strictly comply with national laws and regulations and internal regulations such as the Social Insurance and Housing Provident Fund Management System (Trial) (《社會保險及住房公積金管理制度(試行)》) to make contributions to five social insurance and one housing fund for our employees. The Remuneration Management System (《薪酬管理制度》) sets forth detailed rules for wage management, while leave management is administrated based on the Staff Manual (《員工手冊》). In addition to statutory holidays, employees are entitled to paid leaves such as wedding leave, maternity leave, funeral leave and carer's leave, as well as holiday gifts or holiday allowances during traditional holidays such as Spring Festival and Mid-Autumn Festival. We also take care of the physical and mental health of our employees and provide a number of medical benefits such as free physical examinations.

7. STRENGTHENING OUR EMPLOYMENT SYSTEM

In addition, Beijing Gas Blue Sky spares no efforts in solving practical problems for employees with a view to creating a harmonious and warm office atmosphere. We provide welfare support under the Administrative Measures on Employee Hardship Allowance and Consolation (《職工生活困難補助及慰問管理辦法》) and provide appropriate assistance after learning the needs of employees. The Company also strives to establish a good working environment and conditions for female employees. We protect the legitimate rights and interests of female workers in accordance with the Measures on Special Labor Protection of Female Employees (《女職工特殊勞動保護辦法》), seeking to reduce and solve the special difficulties female workers face at work due to their physiological characteristics. During the reporting period, the Company provided assistance to 4 employees with a total amount of RMB4,000.

Benefits	<ul style="list-style-type: none"> • Five social insurance and one housing fund • Complimentary physical examination • Payroll System • Leave Management 	Helping Those in Need	<ul style="list-style-type: none"> • Employee Hardship Allowance • Consolatory visits to employees
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Listening and Communication

Beijing Gas Blue Sky is willing to listen to and build close ties with every employee, encouraging open communication and promoting harmonious relationships among employees. We provide a variety of channels for communication, grievance and reporting. We constantly convey our messages through a series of communication methods so that employees can have a clear understanding of our goals, important activities, policies and workflow, market trends, personnel changes, recreational activities, etc. Moreover, employees are encouraged to take the initiative to communicate with the Company and provide their suggestions and opinions to introduce more valuable solutions to the Company. We will seriously listen to employees' demands and safeguard their legitimate rights and interests.

Downward Communication	Upward Communication
<ul style="list-style-type: none"> (1) Email (2) OA office platform (3) Intranet (4) Company journals (5) Employee exchange meetings arranged by the Company when appropriate 	<ul style="list-style-type: none"> (1) Dedicated mailbox for employees' suggestions (suggestion@bgbluesky.com) (2) Employee satisfaction surveys (3) Employee communication meetings, training and mentoring (4) Face-to-face meetings, company meetings, training (5) "Beijing Gas Blue Sky" journals

Enriching Employee Life

A work-life balance is conducive to a healthy and happy workforce. The Company exerts its utmost in providing a relaxed and amicable environment for our employees through various recreational activities to enrich their lives. By holding various gathering parties, we bring our employees together to get to know each other better, strengthen the cohesiveness of the Company, and create a happy and enjoyable working atmosphere.



08

ACHIEVING
GREEN
DEVELOPMENT

8. ACHIEVING GREEN DEVELOPMENT

With the rapid development of China's economy, the market demand for energy is increasing. The Chinese government has set a Dual Carbon target and put forward a series of coal-to-gas policies that promote a clean, low-carbon and diversified transformation of the energy system to avoid reliance on conventional energy resources such as coal and oil and reduce carbon emissions. As a clean energy operator, the Group works hard on providing innovative and diversified clean energy solutions in line with the national environmental policy to promote the transformation of China's energy structure from high-carbon to low-carbon. Bearing the ideal of "harmonious coexistence of energy and the environment" in mind, the Group strives to enhance its environmental management capabilities and implement green operation models that save energy and reduce emissions to alleviate the environmental impact of production and operation, as well as mitigate and address climate change.

During the Year, we have set the following environmental targets in our ongoing efforts to improve our sustainability performance:

Emission	Energy	Water	Solid Waste
Strictly manage pollutant sources, aiming to reduce greenhouse gas emissions	Formulate energy-saving work plans, aiming at efficient use of energy and energy saving	Promote and implement the concept of water conservation, aiming to reduce waste of water resources and improve water consumption efficiency	Advocate the purchase of green and environmentally friendly products to replace products that will pollute the environment, aiming to reduce waste generation

In the foreseeable future, we will set quantitative targets in due course, and establish short-term, medium-term and long-term goals in a more detailed manner.

8.1 ENVIRONMENTAL MANAGEMENT

The Group places a strong emphasis on environmental protection in strict compliance with the environmental protection laws and regulations in relation to the disposal of sewage, waste gas, pollution and wastes in various regions, including but not limited to the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》), 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》), the Law of the People's Republic of China on Promoting Clean Production (《中華人民共和國清潔生產促進法》) and the Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢物污染環境防治法》). In addition, the Group paid environmental protection tax in accordance with the Law of the People's Republic of China on Environmental Protection Tax. The Group operates safely under the environmental regulations of the PRC.

All natural gas projects of the Group are carried out under the national standard GB 17820-2018, pursuant to which the sulfur dioxide emission per cubic meter of residential natural gas combustion shall not be more than 920 milligrams, so as to alleviate domestic air pollution.

8. ACHIEVING GREEN DEVELOPMENT

During the Year, the Group did not violate any PRC environmental laws or regulations that had a material impact on the Group's operations, and there were no material fines, non-monetary penalties and litigation in relation to environmental violations. The Group's facilities also comply with the standards relating to environmental protection standards in the PRC.

Environmental Impact Management of Construction Projects

To ensure that the construction projects of Beijing Gas Blue Sky meet the requirements of relevant national laws and regulations on environmental protection, we have formulated the Administrative Measures on the "Three Simultaneous" in Construction Projects (《建設項目「三同時」管理辦法》) in accordance with laws and regulations including, amongst others, the Technical Specification of Dust and Poison Control for City Gas Industry (《城鎮燃氣行業防塵防毒技術規範》), the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》) and the Regulations on Environmental Protection of Construction Projects (《建設項目環境保護管理條例》). In respect of new construction, alteration and expansion projects in relation to gas production and supply as well as technical transformation, introduction and construction projects, significant impacts on the environment and natural resources in the vicinity may occur during construction. Hence, we uphold the "Three Simultaneous" principle, which requires the construction of pollution prevention facilities in the project must be designed, constructed and put into use in production simultaneously with the main body of the project. We also incorporate the construction of environmental protection facilities into construction contracts, prepare environmental protection chapters according to environmental protection design specifications, and implement measures to prevent environmental pollution and ecological damage with an investment budget for environmental protection facilities.

In order to reduce damage to natural ecological resources such as the atmosphere, water and organisms, and protect the human landscape, we commissioned technical units with corresponding qualifications to conduct an environmental impact assessment on construction projects and prepare an environmental impact report and an environmental impact form in accordance with the existing List of Systematic Management on Construction Projects Impact Assessment (《建設項目環境影響評價分類管理名錄》). Environmental assessments and inspections are conducted prior to the construction of urban pipeline networks and refueling stations to investigate the negative impacts of the projects on the operating sites for corresponding mitigation or alternative solutions.

To prevent and mitigate the impact of emergencies on the surrounding environment, including chemical spills, leaks and fires, we have formulated the Comprehensive Emergency Plans for Production Safety Accidents (《生產安全事故綜合應急預案》), which provides guidelines for responding to emergencies. It is required that the emergency state can be lifted only when the impact of the emergency on society, the environment and economic losses are minimized.

8. ACHIEVING GREEN DEVELOPMENT

Promoting Clean Energy

Beijing Gas Blue Sky is convinced that environmental protection can be enhanced with the efforts of every member. The Group arranges environmental protection-related training for its employees to enhance their awareness of environmental protection, develop their working capability, and motivate them to always bear in mind the responsibility of environmental protection in performing their duties, thus improving the overall performance of the Group. To effectively promote environmental protection, we also organize regular environmental activities, including environmental awards, environmental quizzes and environmental education exhibitions, etc., as a means to disseminate environmental information to all employees and encourage employees at all levels to promote environmental protection, raise their awareness of environmental protection and practice environmental habits in their daily lives. In addition, we promote the use of compressed natural gas (CNG) as fuel for our office and vehicles, and the use of gas-fired boilers for production and domestic use, promoting clean energy from daily life.

8.2 GREEN OPERATION

The Group incorporates the concept of environmental protection into its daily operations by adopting a green business model to save energy and reduce emissions and waste disposals properly to minimize negative impacts on the environment.

Energy Use and Efficiency

In strict compliance with the Regulation on Energy Conservation in Civil Buildings (Draft) (《民用建築節能條例(草案)》), the Group constantly seeks ways to save energy and reduce emissions and strives to improve the efficiency of resource use and integrate environmental protection concepts into its operations to achieve the goal of efficient use of resources. In our daily operations, the reportable segments use direct energy including petrol, diesel and LNG, while the indirect energy used is mainly electricity.

In an effort to continuously monitor energy use and changes, and to formulate corresponding measures, we have compiled relevant guidelines and corresponding measures designed to strengthen energy measurement management and statistics, improve energy consumption statistics and energy utilization analysis systems, and establish original energy records and statistical ledgers that help collect energy source information for energy management. In order to manage data properly, we are planning to adopt a cloud-based data management platform to improve the efficiency of data collection, and to compare the data of the same period of the previous year to continuously monitor energy usage. In addition, separate meters for production electricity consumption and household electricity consumption are encouraged to use in stations. Advanced and energy-saving models shall be adopted for equipment with large power consumption, and be well maintained to ensure proper operation and high efficiency. Statistics and comparative analysis are conducted based on past power consumption to continuously monitor power consumption. We currently assign the administration department to conduct office patrol to avoid wasting paper, electricity, water resources, etc.

8. ACHIEVING GREEN DEVELOPMENT

Energy consumption ⁷	Unit	Year 2022
Direct energy	MWh	2,913
Indirect energy	MWh	2,013
Total energy consumption	MWh	4,926
Intensity	MWh/ten thousand HKD revenue ⁸	0.0307

Beijing Gas Blue Sky values the voices of its employees and encourages them to react to the Company's environmental initiatives and adopt various energy saving and energy management measures in our daily operations to minimize the negative impact on the environment. Measures are listed below:

Energy conservation management	Energy conservation for production	Building energy conservation	Transportation energy conservation
<ul style="list-style-type: none"> Conduct regular energy conservation inspections, promptly record and follow up with any problems, and implement energy conservation policies and systems; Carry out energy conservation education and make completion of the relevant training one of the conditions for taking up the position of operating energy-consuming equipment; Establish energy management and energy conservation mechanisms and corresponding incentive and punishment mechanisms, and require all employees to participate; and Conduct heating and energy saving in accordance with relevant national regulations, including setting air conditioning temperatures at reasonable levels and using centralized heating or cooling to reduce unnecessary energy consumption. 	<ul style="list-style-type: none"> Set up log books for major energy-consuming equipment and make a comparison on a monthly or quarterly basis, so as to formulate control measures; Make regular inspection and maintenance of energy-consuming equipment for production to maintain their energy efficiency; and Arrange repair immediately after an unusual condition is discovered. 	<ul style="list-style-type: none"> Promote effective lighting management such as using LED lights to replace traditional incandescent lights; Conduct air conditioning management such as regularly cleansing the air conditioning system to improve usage efficiency; and Try to purchase electric equipment with an energy efficiency of level 2 or above. 	<ul style="list-style-type: none"> Make regular maintenance and repair to maintain an optimum energy efficiency state for vehicles; Develop a good driving habit to avoid any fuel consumption due to abrupt acceleration or deceleration; Encourage car sharing practice; Minimize energy consumption in vehicle use, including reducing unnecessary vehicle use, reducing the number of vehicles, etc.; and Purchase and use vehicles that meet environmental protection requirements.

⁷ All KPIs in the environmental category cover the Group's offices in Beijing, Hong Kong, Shenzhen, and the following subsidiaries: Hainan Xinyuan* (海南鑫元), Anhui Zhengweili* (安徽正威力), Jilin Songyuan* (吉林松原), Zhejiang Boxin* (浙江博信), Shanxi Minsheng* (山西民生), Liaoning Benxi* (遼寧本溪), Guizhou Liupanshui* (貴州六盤水), Guangdong Xinte* (廣東鑫特), Anhui Beiran* (安徽北燃), Hainan Hongdefeng* (海南宏德豐), Ningbo Beilun* (寧波北侖), Zhejiang Huzhou* (浙江湖州), Yongji Minsheng* (永濟民生), Shanghai Wanxing* (上海萬興), Zhejiang Bochen* (浙江博臣), Huainan Bochen* (淮南博臣), Huainan Dingzhong* (淮南鼎中), Bojia Energy* (博迦能源) and Taian Sunco* (泰安順馳).

⁸ During the Year, the revenue of the Group was approximately HKD1,607,151,000, which was also used to calculate other intensity data.

8. ACHIEVING GREEN DEVELOPMENT

Water Management

The Group's water supply is sourced from the municipal water supply system. There was no issue in sourcing water during the Year. Beijing Gas Blue Sky upholds the concept of water conservation. We analyze water consumption and establish water conservation measures taking into account domestic water and production water are measured separately for analysis and measurement.

Water consumption data	Unit	Year 2022
Total water consumption	Cubic meters	13,764
Intensity	Cubic meters/ ten thousand HKD revenue	0.0856

The water-saving measures we adopt include, but are not limited to:

- Adopt water-saving processes and technologies in the construction and operation of our stations to achieve various effects, including water saving at CNG filling stations, water saving at LNG direct supply stations, and water saving in the cleaning of transportation vehicles in strict accordance with the relevant national water conservation regulations;
- Use water-saving taps in the office;
- Educate employees on water conservation;
- Install water limiting switches and automatic switches to save water;
- Encourage employees to report water leakage to the Group;
- Develop monitoring and maintenance plans to ensure that water pipes are in good condition;
- Use environmental-friendly cleaning products.

We also installed related equipment at our facilities to recycle water resources. For example, Jilin Songyuan installed wastewater reuse facilities; and employees at Hainan Xinyuan reused most of the wastewater generated from cleansing activities to flush the toilet.

8. ACHIEVING GREEN DEVELOPMENT

Emissions Management

Beijing Gas Blue Sky channels its energy into alleviating air pollution. It strictly controls the sources of pollutants and removes air pollutants by isolating, diluting and removing exhaust gas from buildings through the ventilation system and adopting filtration methods. In respect of project operation and construction, we use equipment and processes that meet national standards to reduce unnecessary energy consumption and achieve emission reduction in line with the Materials Supplier Management System (《物資供應商管理制度》) and the Engineering and Material Tender Management System (《工程及物資招標管理制度》), etc. In addition, smoking is prohibited in the Group's buildings and premises at all times. An appropriate number of "No Smoking" signs have been posted on all office premises and vehicles to indicate that smoking is not permitted in such locations.

As a clean energy operator, we use natural gas that allows fewer emissions of nitrogen oxides (NO_x), particulate matter (PM) and sulfur oxides (SO_x) compared with traditional fossil fuels such as coal and petroleum. The main sources of emissions involved in operations include emissions from the use of vehicles, generators and fossil fuels-fired boilers.

Type of exhaust gas	Unit	Year 2022
NO _x	kg	3,180.5
SO _x	kg	1.0
PM	kg	100.0

In addition, in avoidance of the environmental damage caused by natural gas leakage, the Group has actively adopted advanced meters in hundreds of thousands of natural gas pipeline users, which not only greatly reduces the risk of natural gas leakage, but also enhances economic efficiency. In addition to the additional emissions from leakage, the Group is also concerned about carbon emissions from transportation. The Group selects transportation vehicles with excellent technical equipment and key qualification documents such as the Road Transport Operation Permit (《道路運營許可證》). Such vehicles operate reasonably with a more economical scale specification to achieve better economic and environmental effects.

8. ACHIEVING GREEN DEVELOPMENT

The Group's greenhouse gas (GHG) emissions (Scope 1) are primarily generated from equipment owned or controlled by the business segments, namely diesel fuel consumed by generators, natural gas consumed by boilers, gasoline, diesel fuel and CNG consumed by vehicles, while GHG emissions (Scope 2) are generated from electricity consumption by the Group.

GHG emissions	Unit	Year 2022
Scope 1	tCO ₂ e	1,246
Scope 2	tCO ₂ e	1,174
Total GHG emissions (Scopes 1 & 2)	tCO ₂ e	2,420
GHG emissions per ten thousand HKD (Scopes 1 & 2)	tCO ₂ e/ten thousand HKD revenue	0.0151

Beijing Gas Blue Sky cares about the environment and seeks to reduce GHG emissions by implementing various initiatives and measures, for example, carrying out a tree planting plan in the vicinity of the factory of Jilin Songyuan.

Waste Management

We recognize the environmental impact of our operations, improve solid waste management, and encourage the integrated use of waste materials. Our wastes mainly come from office wastes and household wastes. We have implemented a paperless office and encourage our staff to use paper on both sides. We also set a monthly photocopying quota for each staff member to control their paper use and thus encourage them to use less paper. We adopted a two-pronged approach to reduce paper consumption by replacing printed documents with emails for internal communication and promoting OA systems. During the Year, hazardous wastes generated from the reportable business segments were computers, waste ink cartridges and waste toner boxes, which were properly disposed of according to law; and the total amount of non-hazardous wastes was approximately 15 tonnes.

8. ACHIEVING GREEN DEVELOPMENT

Non-hazardous waste data	Unit	Year 2022
Total discharge of non-hazardous waste	Tonnes	15
Intensity	Tonnes/ten thousand HKD revenue	0.0000933

Hazardous waste data ⁹	Unit	Year 2022
Computer	Pieces	23
Waste ink cartridges, waste toner cartridges	Pieces	196

Hazardous waste intensity	Unit	Year 2022
Computer	Pieces/ ten thousand HKD revenue	0.000143
Waste ink cartridges, waste toner cartridges	Pieces/ ten thousand HKD revenue	0.00122

Beijing Gas Blue Sky will handle the collected waste properly. We will first sort, collect and temporarily store wastes by category. Materials such as plastic bottles and waste paper will be recycled, while non-recyclable and non-hazardous waste will be handed over to the municipal waste unit for disposal. For utilization, storage, transportation and disposal of solid waste, measures must be taken to prevent waste scattering, run-off or leakage and to prevent environmental pollution. It is forbidden to dump, stack, discard, or leave solid waste without authorization. Hazardous waste from gas stations will be placed in hazardous waste containers with a hazardous waste identification mark and forwarded to qualified recyclers for further disposal.

Wastewater Discharge

The Group's wastewater is mainly generated from domestic wastewater, wastewater from stations and construction sites, etc. During the Year, the total wastewater discharge of the reportable business segments was approximately 5,367 tonnes.

We strictly manage the Group's wastewater discharge and have introduced the Environmental Factors Identification and Evaluation Procedures in the relevant guidelines for environmental management to guide our employees to effectively identify wastewater discharge generated during production and perform supervision in accordance with the relevant regulations. Employees are prohibited from discharging oil, acid, saline or highly toxic waste liquids into water bodies, or clean vehicles and containers that contained oil or toxic pollutants in water bodies. We also make proper wastewater treatment by discharging treated domestic wastewater into the municipal sewerage system in accordance with the requirements of the local environmental protection regulator.

⁹ Hazardous waste data includes only office waste.

8. ACHIEVING GREEN DEVELOPMENT

Future Prospects

In order to monitor the performance and development trend of the Group in terms of sustainable development, we will actively discuss various plans, deeply explore the advantages and disadvantages of the Company in terms of ESG, continue to deepen and improve relevant systems and measures, and explore potential opportunities including green finance under the green and low carbon trend. For example, we are planning to set up a comprehensive ESG cloud data information management platform to regularly collect ESG-related data to track and supervise the sustainable development of the Group. Through data analysis and artificial intelligence technology, we will carry out horizontal and vertical comparisons of ESG performance and further improve the ESG data management system.

8.3 RESPONDING TO CLIMATE CHANGE

As an energy operator, we continue to promote the use of clean energy to reduce carbon emissions and deter climate change. As we recognize that climate change may affect our operation sites, our supply chain and the Group's operations, we factor climate change into our risk management assessment.

The Company closely monitors the impact of climate change on the Company's business and operations. During the Year, the Company has initially identified and assessed climate change risks and plans to develop corresponding measures in the future. The identified risks and feasible countermeasures are listed below:

Risk Level	Risk Description	Potential Consequences	Corresponding countermeasures
Intermediate	Physical climate risk (such as coastal flooding, extreme heat, wildfires and water shortages)	<ul style="list-style-type: none">• Possible temporary closure of operating sites• Potential employee injury or death caused by extreme weather• Sudden office power outage	<ul style="list-style-type: none">• Develop emergency response plans for natural disasters and continuously improve the emergency response mechanism for natural disasters• Identify possible asset damage and purchase the necessary insurance• File the electronic version of relevant documents for backup, and the backup data storage center is located off-site

8. ACHIEVING GREEN DEVELOPMENT

Risk Level	Risk Description	Potential Consequences	Corresponding countermeasures
Intermediate	Policy and regulation risk	<ul style="list-style-type: none"> • Possible penalties for non-compliance • Investment amount limit subject to more stringent ESG standards • Loss of orders and revenue due to inadequate disclosure of carbon-neutral targets and data 	<ul style="list-style-type: none"> • Track the latest laws and regulations related to climate change and integrate them into management strategies • Increase investment in the development of low-carbon emission reduction technologies and projects
Intermediate	Market risk (e.g. market and customer preference for renewable energy)	<ul style="list-style-type: none"> • Increased customer demand for renewable energy 	<ul style="list-style-type: none"> • Keep ourselves updated on the market demand for low-carbon and green energy, and meet the needs of consumers in a timely manner
Intermediate	Reputational risk (e.g. poor performance in addressing climate change and sustainability)	<ul style="list-style-type: none"> • Disruption of existing cooperation arrangements or weakened ability to attract new partners • Loss of competitive edge over competitors with better sustainable performance 	<ul style="list-style-type: none"> • Disclose information on the Company's GHG emissions and efforts in low-carbon operations in our ESG report to safeguard our corporate image • Communicate with stakeholders to explain the sustainability initiatives the Group has implemented



09

**PRACTICING
SOCIAL
RESPONSIBILITY**

9. PRACTICING SOCIAL RESPONSIBILITY

Beijing Gas Blue Sky has long been actively fulfilling its social responsibility by performing its sustainable development strategy to contribute to society while upholding the service philosophy of “winning customers with warmth”. We have formulated the Policy on Community Commitment, Sponsorship and Donation (《社區參與、贊助及捐贈政策》), which will be reviewed every three years to ensure that it can keep abreast with changes in business and the external environment. We continuously work on project investment and construction and indirectly advance local infrastructure construction in a bid to contribute to society and promote the development of public welfare undertakings through various means.

9.1 FIGHT AGAINST COVID-19 TOGETHER

Although the COVID-19 outbreak has caused many inconveniences and challenges to our livelihoods, Beijing Gas Blue Sky continued to demonstrate its social responsibility in its anti-epidemic efforts during the Year. With a strong sense of responsibility and mission, the Group made every endeavor to contribute to society and the community.

Case Study : “Fight the Pandemic Together to Overcome the Difficulties” – Beijing Gas Blue Sky’s Gifts-in-kind donation in Songyuan

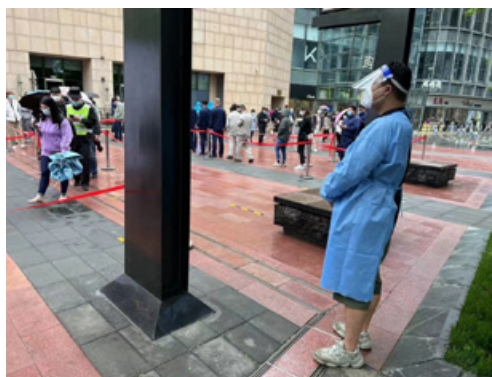
On 12 April 2022, Songyuan Beijing Gas Blue Sky New Energy Co., Ltd. (松原市北京燃氣藍天新能源有限公司) held a gifts-in-kind donation for the anti-epidemic personnel in Songyuan in the afternoon. It gave full play to its outstanding entrepreneurial spirit by undertaking social responsibility to contribute to society with warmth and contribute to corporate power with practical actions. The charity donation received several anti-epidemic materials such as medical masks, protective masks and disposable medical hats worth approximately RMB56,000 in aggregate. Not only did this to safeguard the supply of materials for the anti-epidemic personnel on the front line and build a solid defense against the epidemic, but this also demonstrated our social responsibility and commitment through practical actions to assemble a powerful force to fight the epidemic.



9. PRACTICING SOCIAL RESPONSIBILITY

Case Study : United as One and Support Anti-Epidemic Frontline – Voluntary Nucleic Acid Testing

In response to the call of its neighborhoods and communities, Beijing Gas Blue Sky actively participated in the local prevention and control works against the epidemic and participated in voluntary services for nucleic acid testing in Guomao area to support the anti-epidemic frontline. Also, Mr. Li Weiqi, Executive Director and Chief Executive Officer of Beijing Gas Blue Sky, was awarded the honorary title of “Anti-Epidemic Pioneer” by the Jintong Neighborhood Committee, Hujialou Street, Chaoyang District, Beijing (北京市朝陽區呼家樓街道金桐社區).



9. PRACTICING SOCIAL RESPONSIBILITY

9.2 CARRY OUT SOCIAL RESPONSIBILITY ACTIVITIES

As a socially responsible company, the Group understands the importance of meeting the expectations of different stakeholders.

Case Study : Beijing Gas Blue Sky Mobilized for Environmental Protection

Staff members of Beijing Gas Blue Sky also actively organized and carried out "watching the barrel", "keeping the barrel" and "protecting the barrel" garbage sorting volunteer service activities, using the "red" party building to lead the "green" service. Employees of Beijing Gas Blue Sky fully fulfilled their social responsibilities of a state-owned enterprise, took the initiative to serve as guards at barrel stations in residential communities, enriched volunteers, spared no effort in promoting waste classification, and guided residents to dispose waste reasonably. Through this event, everyone expressed that they should consciously abide by the relevant regulations on garbage classification, develop good habits of garbage sorting, and contribute to building a harmonious and beautiful home.



Looking forward, the Group will carry out more community activities that meet the expectations of different stakeholders and, under the guidance of policies, give full play to its own advantages and invest resources in areas of focus.

Meanwhile, we will continue to improve ESG performance, research and analyze different sustainable development rating standards and various ESG-related awards, strive for the capital market's certification and recognition of the Group's performance and value in all aspects, and announce our plans and developments in sustainable development in due course.

* For identification purposes only

APPENDIX I: LIST OF MAJOR APPLICABLE LAWS AND REGULATIONS

Scope	Source	Name
Compliance operation	Hong Kong, China	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (《香港聯合交易所有限公司證券上市規則》)
		The Companies Ordinance (《公司條例》)
		The Securities and Futures Ordinance (《證券及期貨條例》)
		The Codes on Takeovers and Mergers and Share Buy-back (《公司收購、合併及股份購回守則》)
		The Prevention of Bribery Ordinance (《防止賄賂條例》)
	Mainland China	The Anti-Monopoly Law of the People's Republic of China (《中華人民共和國反壟斷法》)
		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》)
		The Supervision Law of the People's Republic of China (《中華人民共和國監察法》)
		The Anti-Money Laundering Law of the People's Republic of China (《中華人民共和國反洗錢法》)
Employment	Hong Kong, China	The Employment Ordinance (《僱傭條例》)
		The Employees' Compensation Ordinance (《僱員補償條例》)
		The Mandatory Provident Fund Schemes Ordinance (《強制性公積金計劃條例》)
	Mainland China	The Labor Law of the People's Republic of China (《中華人民共和國勞動法》)

APPENDIX I: LIST OF MAJOR APPLICABLE LAWS AND REGULATIONS

Scope	Source	Name
Work environment and occupational health management	Hong Kong, China	The Occupational Safety and Health Ordinance (《職業安全及健康條例》)
	Mainland China	The Law of the People's Republic of China on the Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》)
		The Work Safety Law of the People's Republic of China (《中華人民共和國安全生產法》)
		The Fire Protection Law of the People's Republic of China (《中華人民共和國消防法》)
		The Regulations on the Reporting, Investigation and Disposition of Work Safety Accidents (《生產安全事故報告和調查處理條例》)
		The Measures on Administrative Penalties against Illegal Acts Concerning Work Safety (《安全生產違法行為行政處罰辦法》)
		The Special Equipment Safety Law of the People's Republic of China (《中華人民共和國特種設備安全法》)
		The Regulations on Safety Supervision over Special Equipment (《特種設備安全監察條例》)
		The Administrative Regulations on the Work Safety of Construction Projects (《建設工程安全生產管理條例》)
		The Regulations on the Safety Management of Hazardous Chemicals (《危險化學品安全管理條例》)
		The Road Traffic Safety Law of the People's Republic of China (《中華人民共和國道路交通安全法》)
		The Regulation of the People's Republic of China on Road Transport (《中華人民共和國道路運輸條例》)
Administrative Measures for Business Permits for the Operation of Hazardous Chemicals (《危險化學品經營許可證管理辦法》)		

APPENDIX I: LIST OF MAJOR APPLICABLE LAWS AND REGULATIONS

Scope	Source	Name
Product responsibility	Mainland China	The Oil and Natural Gas Pipeline Protection Law of the People's Republic of China (《中華人民共和國石油天然氣管道保護法》)
		The Urban Gas Management Regulations (《城鎮燃氣管理條例》)
		The Administrative Measures for the Franchise Operation of Municipal Public Utilities (《市政公用事業特許經營管理辦法》)
		The Administrative Measures for Infrastructure and Public Utilities Concession (《基礎設施和公用事業特許經營管理辦法》)
		The Administrative Measures for Verification of Working Measuring Instruments subject to Compulsory Verification (《強制檢定的工作計量器具檢定管理辦法》)
		The Price Law of the People's Republic of China (《中華人民共和國價格法》)
		The Measures for Hearings of Government Price Decisions (《政府價格決策聽證辦法》)
		The Central Pricing Catalogue (《中央定價目錄》)
		The Measures for the Supervision and Examination of Prices and Costs Formulated by the Government (《政府制定價格成本監審辦法》)
		The Measurement Law of the People's Republic of China (《中華人民共和國計量法》)
		The Law of the People's Republic of China on Protection of Consumer Rights and Interests (《中華人民共和國消費者權益保護法》)

APPENDIX I: LIST OF MAJOR APPLICABLE LAWS AND REGULATIONS

Scope	Source	Name
Intellectual Property Protection	Hong Kong, China	The Trade Marks Ordinance (《商標條例》)
		The Prevention of Copyright Piracy Ordinance (《防止盜用版權條例》)
		The Patents Ordinance (《專利條例》)
	Mainland China	The Patent Law of the People's Republic of China (《中華人民共和國專利法》)
Emissions management	Mainland China	The Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》)
		The Environmental Protection Tax Law of the People's Republic of China (《中華人民共和國環境保護稅法》)
		The Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》)
		The Water Pollution Prevention and Control Law of the People's Republic of China (《中華人民共和國水污染防治法》)
		The Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢物污染環境防治法》)
		The Law of the People's Republic of China on Promoting Clean Production (《中華人民共和國清潔生產促進法》)
		The Regulation on Energy Conservation in Civil Buildings (Draft) (《民用建築節能條例(草案)》)
Resource usage	Mainland China	The Regulation on Energy Conservation in Civil Buildings (Draft) (《民用建築節能條例(草案)》)

APPENDIX II: ESG REPORTING GUIDE INDEX

Subject Areas, Aspects, General Disclosures and KPIs			Related Sections
A. Environmental Area			
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 exhaust gas and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	8. Achieving Green Development
	A1.1	Types of emissions and respective emissions data.	8.2 Green Operation
	A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions in total (in tonnes) and intensity (e.g. per unit of production volume, per facility).	8.2 Green Operation
	A1.3	Total hazardous waste produced (in tonnes) and intensity (e.g. per unit of production volume, per facility).	8.2 Green Operation
	A1.4	Total non-hazardous waste produced (in tonnes) and intensity (e.g. per unit of production volume, per facility).	8.2 Green Operation
	A1.5	Description of emissions target(s) set and steps taken to achieve them.	8.2 Green Operation
	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.	8.2 Green Operation

APPENDIX II: ESG REPORTING GUIDE INDEX

Subject Areas, Aspects, General Disclosures and KPIs			Related Sections
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	8.2 Green Operation
	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).	8.2 Green Operation
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	8.2 Green Operation
	A2.3	Description of energy use efficiency target(s) set, and steps taken to achieve them	8.2 Green Operation
	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.	8.2 Green Operation
	A2.5	Total packaging material used for finished products, and with reference to per unit produced.	Due to the nature of our business, no packaging materials have been used.

APPENDIX II: ESG REPORTING GUIDE INDEX

Subject Areas, Aspects, General Disclosures and KPIs			Related Sections
A3: The Environment and Natural Resources	General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	8.1 Environmental Management 8.2 Green Operation
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	8.1 Environmental Management 8.2 Green Operation
A4: Climate Change	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	8.3 Responding to Climate Change
	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.	8.3 Responding to Climate Change

B. Social Area

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.	7. Strengthening our Employment System
	B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	7.1 Employee Management
	B1.2	Employee turnover rate by gender, age group and geographical region.	7.1 Employee Management

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Subject Areas, Aspects, General Disclosures and KPIs			Related Sections
B2: Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	5.3 Occupational Health
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	5.3 Occupational Health
	B2.2	Lost days due to work injury.	5.3 Occupational Health
	B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	5.3 Occupational Health
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	7.2 Talent Development
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	7.2 Talent Development
	B3.2	The average training hours completed per employee by gender and employee category.	7.2 Talent Development
B4: Labor 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 Labor.	7.1 Employee Management
	B4.1	Description of measures to review employment practices to avoid child and forced Labor.	7.1 Employee Management
	B4.2	Description of steps taken to eliminate such practices when discovered.	7.1 Employee Management

APPENDIX II: ESG REPORTING GUIDE INDEX

Subject Areas, Aspects, General Disclosures and KPIs			Related Sections
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	6.1 Supply Chain Management
	B5.1	Number of suppliers by geographical region.	6.1 Supply Chain Management
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	6.1 Supply Chain Management
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	6.1 Supply Chain Management
	B5.4	Description of practices used to promote environmental preferable products and services when selecting suppliers, and how they are implemented and monitored.	6.1 Supply Chain Management
B6: Product Responsibility	General Disclosure	Information on: (a) the policies; and(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress.	5.2 Safe and Quality Production 5.4 Business Ethics 6.2 Customer Service
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	5.2 Safe and Quality Production
	B6.2	Number of products and service related complaints received and how they are dealt with.	6.2 Customer Service
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	5.4 Business Ethics
	B6.4	Description of quality assurance process and recall procedures.	5.2 Safe and Quality Production
	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	5.4 Business Ethics

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Subject Areas, Aspects, General Disclosures and KPIs			Related Sections
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.	5.4 Business Ethics
	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.	5.4 Business Ethics
	B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	5.4 Business Ethics
	B7.3	Description of anti-corruption training provided to directors and staff.	5.4 Business Ethics
B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	9. Practicing Social Responsibility
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, Labor needs, health, culture, sports).	9. Practicing Social Responsibility
	B8.2	Resources contributed (e.g. money or time) to the focus area.	9. Practicing Social Responsibility

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