

JY GAS LIMITED

交运燃气有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code: 1407



2022

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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ABOUT THIS REPORT

ABOUT THIS REPORT

JY GAS LIMITED (the “**Company**”), together with its subsidiaries (the “**Group**”, “**we**”, “**our**” or “**us**”), is pleased to present this Environmental, Social and Governance Report (the “**Report**”) to provide an overview of the Group’s management of significant issues affecting the operation and performance of the Group in terms of environmental and social aspects. This Report is prepared by the Group with the professional assistance of APAC Compliance Consultancy and Internal Control Services Limited.

PREPARATION BASIS AND SCOPE

This Report is prepared in accordance with Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”) —“Environmental, Social and Governance Reporting Guide” (the “**ESG Reporting Guide**”) and has complied with the “comply or explain” provisions set out therein.

This Report summarises the performance of the Group in respect of corporate social responsibility, covering its operating activities which are considered as material by the Group – (i) the sale of natural gas, mainly piped natural gas (“**PNG**”), compressed natural gas and liquefied natural gas in the People’s Republic of China (the “**PRC**”); and (ii) the provision of construction and installation services and the sale of gas-burning appliances in Gaomi City, Shandong Province of the PRC. With the aim to optimise and improve the disclosure requirements in the Report, the Group has taken initiative to formulate policies, record relevant data, implement and monitor measures. This Report shall be published both in Chinese and English on the website of the Stock Exchange. Should there be any discrepancy between the Chinese and the English versions, the English version shall prevail.

REPORTING PERIOD

This Report demonstrates our sustainability initiatives during the reporting period from 1 January 2022 to 31 December 2022 (the “**Reporting Period**”).

CONTACT INFORMATION

The Group welcomes your feedback on this Report for our sustainability initiatives. Enquiries may be put to the board of directors of the Company through the Company’s principal place of business in Hong Kong at 46/F., Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong, or email at sdgmjiaoyun@163.com.



INTRODUCTION

The Group is a natural gas operator with over 16 years of experience in the PRC with a particular focus in Gaomi City, Weifang Municipality of Shandong Province of the PRC. The Group currently has an exclusive right under the concession agreement with Gaomi City Bureau of Municipal Affairs Administration to operate PNG sales and related businesses within the relevant operating area for an effective term of 30 years from 18 August 2009. Our operating area in which we have actively supplied natural gas, and such area is within the granted area under the concession, represents approximately 70% of the total administrative area of Gaomi City. Our PNG suppliers are PetroChina Company Limited and Shandong Shihua Natural Gas Co., Ltd. (which is owned by Sinopec as to 50%). We have entered into master agreements and a series of actual purchase contracts with them for the procurement of PNG. Our PNG customers are primarily retail, consisting of residential, commercial and industrial PNG end-users. Meanwhile, the Group also operates in the sale of CNG and LNG at its CNG and LNG refuelling stations, the provision of construction and installation services and sale of gas-burning appliances.

The Group has a clear strategy for its business development. In order to achieve sustainable development for affordable capital and long-term competitiveness, we recognise the importance of operating in a responsible manner for the environment and community. The Group remains dedicated to the local communities. More effort is put on optimising the business operation process and management of cost control in an environmentally friendly manner. The Group is in strict compliance with the legal requirements in the area we operate. Various policies and procedures have been established based on the compliance of law and business development strategies of the Group. These policies and procedures can help us to manage and monitor the risks related to the environment, employment, operating practices and the community. Details of the management approaches to sustainable development of different areas are illustrated in this Report.

STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

The Group understands the success of the Group's business depends on the support from its key stakeholders, who (a) have invested or will invest in the Group; (b) have the ability to influence the outcomes within the Group; and (c) are interested in or affected by or have the potential to be affected by the impact of the Group's activities, products, services and relationships. It allows the Group to understand risks and opportunities. The Group will continue to ensure effective communication and maintain good relationship with each of its key stakeholders.

Stakeholders are prioritised from time to time in view of the Group's roles and duties, strategic plan and business initiatives. The Group engages with its stakeholders to develop mutually beneficial relationships and to seek their views on its business proposals and initiatives as well as to promote sustainability in the marketplace, workplace, community and environment.

The Group acknowledges the importance of intelligence gained from the stakeholders' insights, inquiries and continuous interest in the Group's business activities. The Group has identified key stakeholders that are important to our business and established various channels for communication. The following table provides an overview of the Group's key stakeholders, and various platforms and methods of communication are used to reach, listen and respond.

Stakeholders	Issues of concern	Engagement channels
Government and regulatory authorities	<ul style="list-style-type: none"> Compliance with the laws and regulations Proper tax payment Promote regional economic development and employment 	<ul style="list-style-type: none"> On-site inspections and checks Research and discussion through work conferences, work reports preparation and submission for approval Annual reports and announcements Company website
Shareholders and Investors	<ul style="list-style-type: none"> Return on the investment Information disclosure and transparency Protection of interests and fair treatment of shareholders 	<ul style="list-style-type: none"> Annual general meeting and other shareholder meetings Annual reports, circulars and announcements Newsletters Meeting with investors and analysts Websites, both of the Company and The Stock Exchange of Hong Kong Limited Company contact information



STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT (CONTINUED)

Stakeholders	Issues of concern	Engagement channels
Employees	<ul style="list-style-type: none"> Safeguard the rights and interests of employees Working environment Career development opportunities Self-actualisation Occupational health and safety Staff remuneration, benefits and well-beings 	<ul style="list-style-type: none"> Meetings and conferences Trainings, seminars and briefing sessions Labour union Entertainment, cultural and sport activities Feedback box
Customers	<ul style="list-style-type: none"> Safe and high-quality products Stable relationship Information transparency Business ethics 	<ul style="list-style-type: none"> Email and customer service hotline Visits and meetings
Suppliers	<ul style="list-style-type: none"> Long-term partnership Honest cooperation Fair and open Risk reduction 	<ul style="list-style-type: none"> Regular meetings Tendering process Strategic cooperation
Peer/Industry associations	<ul style="list-style-type: none"> Experience sharing and cooperation Fair competition 	<ul style="list-style-type: none"> Industry conferences and seminars Site visit
Public and Communities	<ul style="list-style-type: none"> Community involvement Social responsibilities 	<ul style="list-style-type: none"> Volunteering Village visiting Charity and social investments

Through general communication with stakeholders, the Group understands the expectations and concerns from stakeholders. The feedbacks obtained allow the Group to make more informed decisions, and to better assess and manage the resulting impact.

The Group has adopted the principle of materiality in the ESG reporting by understanding the key ESG issues that are important to the business of the Group. All the key ESG issues and key performance indicators (KPIs) are reported in the Report according to recommendations of the ESG Reporting Guide (Appendix 27 of the Listing Rules) and the GRI Guidelines.



STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT (CONTINUED)

The Group has evaluated the materiality and importance in ESG aspects through the following steps:

Step 1: Identification – Industry Benchmarking

- Relevant ESG areas were identified through the review of relevant ESG reports of the local and international industry peers.
- The materiality of each ESG area was determined based on the importance of each ESG area to the Group through internal discussion of the management and the recommendation of ESG Reporting Guide (Appendix 27 of the Listing Rules)

Step 2: Prioritisation – Stakeholder Engagement

- The Group discussed with key stakeholders on key ESG areas identified above to ensure all the key aspects were covered.

Step 3: Validation – Determining Material Issues

- Based on the discussion with key stakeholders and internal discussion among the management, the Group's management ensured that all the key and material ESG areas, which were important to the business development, were reported and in compliance with ESG Reporting Guide.

As a result of this process carried out in 2022, those important ESG areas to the Group were discussed in this Report.



STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT (CONTINUED)

REPORTING PRINCIPLES

This Report is in compliance with the reporting principles determined by the ESG Reporting Guide of the Stock Exchange. The reporting principles are detailed as follows:

MATERIALITY

Based on the principle of materiality, this Report offered an analysis of substantive issues, which were stipulated to the Board for consideration, and ensured the full disclosure of information that has material impact on investors and other stakeholders.

QUANTITATIVE

Based on the quantitative principle, this Report presented statistics on ESG quantitative performance and disclosed current year historical data.

BALANCE

Based on the principle of balance, this Report provided complete and clear disclosure of the Group's ESG practices, thereby avoiding potential improper impacts of choice, omissions or presentation formats on the decisions or judgements of the reader to this Report.

CONSISTENCY

Based on the principle of consistency, this Report employed a consistent and uniform approach for disclosing contents, and provided clear explanations on the calculation formula and statistical caliber of ESG quantitative performance, so that meaningful ESG data comparison can be achieved in the future.



ESG GOVERNANCE

BOARD'S OVERSIGHT OF ESG ISSUES

BOARD'S OVERALL VISION AND STRATEGY IN MANAGING ESG ISSUES

The board of directors of the Company ("**Board**") has a primary role in overseeing the management of the Group's sustainability issues. During the year, the Board and the ESG committee of the Board (the "**ESG Committee**") invested significant time into evaluating the impact of ESG related risks on our operation and formulating relevant policies as to deal with such risks. The oversight of the Board ensures that the management has all the right tools and resources to oversee the ESG issues in the context of strategy and long-term value creation.

ESG COMMITTEE

To demonstrate our commitment to transparency and accountability, our Group has established an ESG Committee. We highly value the opinions of each stakeholder and treat them as the cornerstone for the development of the Group. During the Reporting Period, the ESG Committee consisted of Executive Directors, Chief Financial Officer, HR Manager and project managers.

The ESG Committee is primarily responsible for reviewing and supervising the ESG process, and risk management of the Group. Different ESG issues are reviewed by the ESG Committee at the on-lines and/or physical meeting. During the Reporting Period, the ESG Committee and the management reviewed the ESG governance and different ESG issues.

BOARD'S ESG MANAGEMENT APPROACH AND STRATEGY FOR MATERIAL ESG-RELATED ISSUES

In order to better understand the opinions and expectations of different stakeholders on our ESG issues, materiality assessment is conducted each year. We ensure various platforms and channels of communication are used to reach, listen and respond to our key stakeholders. Through general communication with stakeholders, the Group understands the expectations and concerns from stakeholders. The feedbacks obtained allow the Group to make more informed decisions, and to better assess and manage the resulting impact.

The Group has evaluated the materiality and importance in ESG aspects through the steps: (1) material ESG area identification by industry benchmarking; (2) key ESG area prioritisation with stakeholder engagement; and (3) validation and determining material ESG issues based on results of communication among stakeholders and the management.

Hence, this can enhance understanding of their degree and change of attention to each significant ESG issue, and can enable us to more comprehensively plan our sustainable development work in the future. Those important and material ESG areas identified during our material assessment were discussed in this Report.

BOARD'S REVIEW OF PROGRESS AGAINST ESG-RELATED GOALS AND TARGETS

The progress of target implementation and the performance of the goals and targets should be closely reviewed from time to time. Rectification may be needed if the progress falls short of expectation. Effective communication about the goals and target process with key stakeholders such as employees is essential, as this enables them to be engaged in the implementation process, and to feel they are part of the change that the Company aspires to achieve.

Setting strategic goals for the coming three to five years enables the Group to develop a realistic roadmap and focus on results in achieving the visions.

Setting targets requires the ESG Committee to carefully examine the attainability of the targets which should be weighed against the Company's ambitions and goals. During the year, our Group set targets on an absolute basis.

A. ENVIRONMENTAL ASPECTS

As one of the largest natural gas operators in Gaomi City, the Group recognises that it has an obligation to reduce the impact of our operations on the environment and be accountable for the resources and materials that are used in its daily operations. The Group promotes environmental stewardship throughout our business ecosystem by introducing a number of measures to enhance the environmental protection awareness among its employees, encouraging them to develop environment friendly work habits and to take action in protecting the precious environment. The Group also continues with its effort on exploration, organic expansion and cost control in an environmentally friendly manner in the gold mining segment.

The Group has put in place various measures to mitigate and manage the risks and opportunities from environmental, social and climate-related issues. We make great efforts in mitigating the potential risk from GHG emissions. For example, our Group is committed to using high energy efficient electrical and electronic appliances and switches off unnecessary lighting in offices to avoid energy wastage. Furthermore, our ESG Committee assesses and monitors the electricity consumption on a regular basis. Such practice facilitates our Group to quantitatively monitor our Group's adherence to environmental commitments, thereby establishing a brand image in terms of its transparent disclosure of our Group's performance on ESG-related issues to all stakeholders.

A1. EMISSIONS

Our business operations affect the physical environment, including the land, air, water and other important resources. The Group's objectives on environmental protection are to reduce the emissions of air pollutants, wastes, wastewater and noise. In pursuit of these objectives, the Group has established comprehensive environmental management system and implemented corresponding mitigation measures. The Group monitors the environmental performance of daily operations regularly to ensure the emissions meet the relevant national standards. All operations have emissions control plans in accordance with local laws, regulations and permit requirements.

ESG GOVERNANCE (CONTINUED)

A. ENVIRONMENTAL ASPECTS (CONTINUED)

A1. EMISSIONS (CONTINUED)

During the Reporting Period, we fully complied with all of the relevant environmental laws and regulations where we operated such as the Atmospheric Pollution Prevention and Control Law of the PRC (2015) 《中華人民共和國大氣污染防治法(二零一五年)》, Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste 《中華人民共和國固體廢物污染防治法》 and the Environmental Protection Law of the PRC 《中國人民共和國環境保護法》. In 2022, no concluded case regarding air pollutant emissions was brought against the Group or its employees.

Air pollutant emissions

Air pollutant emissions control is essential for mitigating the impact on the environment and protecting the health of employees. Our air pollutant emissions are generated from the mobile sources including passenger cars and goods vehicles. We take initiative to formulate plans in transportation management for the reduction of air pollutant emissions in our daily business operation. For example, we encourage employees and clients to conduct video conference meetings instead of transportation.

In order to be more environmentally friendly, the Group has implemented environmental management policies, such as choosing to use equipment or machinery which mainly consumes electricity instead of fossil fuel. For use of vehicles, we ensure that the fuels used and air pollutants emitted comply with the national emissions standards. The Group targets to reduce air pollutants generation by 5% by 2030.

Detail of the air pollutant emissions of the Group during the Reporting Period are as follows:

Air pollutant emissions	Unit	2022
Nitrogen oxides (NO _x)	kg	14.65
Sulphur dioxide (SO ₂)	kg	2.12
Particulate matter (PM)	kg	1.68
Carbon monoxide (CO)	tonnes	0.19

Greenhouse gas (“GHG”) emissions

Climate change is gradually concerned by the community as it affects our daily life and poses a risk to its business. Hence the Group is committed to mitigating the effects of climate change and protecting the health of employees. GHG is considered as one of the major contributors of climate change. Regarding GHG emissions of the Group, scope 1 direct emissions and scope 2 indirect emissions mainly result from combustion of fuels in mobile sources and purchased electricity respectively in our daily business operations.

A. ENVIRONMENTAL ASPECTS (CONTINUED)

A1. EMISSIONS (CONTINUED)

Greenhouse gas (“GHG”) emissions (Continued)

Giving the majority of the GHG emissions of the Group come from energy consumption, the Group tackles the GHG emission by lowering the energy consumption in our business operations. Policies and procedures as mentioned in the section “Use of Resources” to encourage energy saving have been incorporated throughout the operations in order to reduce the carbon footprint. For example, we plan to reduce GHG emissions generated from electricity consumption by enhancing our equipment efficiency for our PNG supply infrastructure and equipment by performing regular inspections to ensure they are operated in optimised condition. Furthermore, in order to reduce GHG emissions from vehicle use, we make use of technology such as video conferences or virtual meetings to replace unnecessary business trips. For business trips that cannot be avoided, our Group will choose direct and non-stop flights to the destination to minimise emission from taking multiple flights. We strive to cultivate environmental consciousness among our staff. For instance, they are encouraged to adopt low-carbon lifestyle by taking public transport and using carpooling services. The Group targets to reduce our greenhouse gas emissions by around 5% to 6% by 2030.

Detail of the GHG emissions of the Group during the Reporting Period are as follows:

GHG emissions ¹	Unit	2022
Scope 1 ²	tonnes of CO ₂ -e	66.78
Scope 2 ³	tonnes of CO ₂ -e	100.72
Total GHG emissions	tonnes of CO ₂ -e	167.50
GHG emissions intensity	tonnes of CO ₂ -e/million RMB revenue	0.35

Waste management

Waste management is considered as one of the material topics in environmental protection. The Group recognises the importance of waste reduction. Waste management measures have been introduced and implemented to minimise the amount of waste generated and the impact on the environment. No hazardous waste is discharged during our business operation as we do not have gas extraction, exploration or refining production process. We target to maintain 100% compliance rate in relation to the waste handling PRC laws and guidelines.

During the year, the Group strictly complied with the Law of the PRC the PRC Prevention and Control of Environmental Pollution by Solid Waste (2015 Amendment) 《中華人民共和國固體廢物污染環境防治法(二零一五年修訂)》 and Water Pollution Prevention and Control Law of the PRC 《中華人民共和國水污染防治法》.

¹ The calculation of the GHG emissions is based on the “Corporate Accounting and Reporting Standard” from GHG Protocol.

² Scope 1: direct emissions include the greenhouse gas emissions from the use of vehicles.

³ Scope 2: energy indirect emissions include the greenhouse gas emissions from usage of purchased electricity.

ESG GOVERNANCE (CONTINUED)

A. ENVIRONMENTAL ASPECTS (CONTINUED)

A1. EMISSIONS (CONTINUED)

Waste management (Continued)

Our wastes mainly consist of card board waste and domestic waste. Daily office and gas station operation is the major source of domestic waste while card board waste is generated from sales of gas and gas-burning appliances. In order to improve waste management, the Group has a classification system for different types of wastes. Each type of waste has specific storage location and collection procedures. We encourage our staff to perform waste sorting at our workplace across all departments. Furthermore, Our Group has engaged suppliers to collect and reuse materials to reduce waste being disposed. During our office operation, employees are encouraged to sort wastes for recycling and use doublesided printing to reduce paper waste. The Group will seek other possible measures to manage and reduce the waste generation in the future.

We comprehensively promote paperless office by reducing printing requirements, prioritising online electronic forms for official documents communication, work reporting and other affairs and reducing offline communication of printed documents in order to minimise paper waste. Our Group also encourages employees to reuse envelopes, files and other reusable stationaries, such as refillable pens, reusable toners and cartridges to reduce waste generation at workplace.

In addition, we strengthen equipment maintenance, reduce tap dripping and leakage and prolong the service life of equipment. We also increase the use of degradable and recyclable packaging to reduce packaging waste for gas and gas-burning appliances. We will also continue to properly manage and minimise both hazardous and non-hazardous waste produced during our operations. Furthermore, the Group targets to reduce the amounts of non-hazardous wastes generated by 5% by 2030.

Details of the non-hazardous waste generated by the Group during the Reporting Period are as follows:

Non-hazardous wastes generated	Unit	2022
Cardboard waste	tonnes	24
Total non-hazardous waste	tonnes	24
Non-hazardous waste generated intensity	tonnes/million RMB revenue	0.05

A. ENVIRONMENTAL ASPECTS (CONTINUED)

A1. EMISSIONS (CONTINUED)

Wastewater

During the year, the Group strictly complied with Water Pollution Prevention and Control Law of the PRC 《中華人民共和國水污染防治法》 and followed the national guidelines and policies on the prevention and control of water pollution and the pollutant discharge permit management system. The office, warehouse and gas station areas are equipped with drainage systems to collect wastewater. Impermeable layers are applied to all pipes and treatment facilities to avoid leakage of wastewater. Rainwater and wastewater are separated by two systems to prevent pollution to groundwater. The two drainage systems require regular maintenance to ensure it operates efficiently.

Apart from the drainage systems, the wastewater discharged is pumped to the processing plant for a series of treatment processes. The Group also strives to reduce wastewater discharged through minimising the water consumption.

A2. USE OF RESOURCES

The Group considers environmental protection as an essential component of a sustainable and responsible business. The Group has an in-depth understanding of the importance of safeguarding sustainable development of the environment and this to attach importance to efficient utilization of resources by introducing various measures in daily business operations. It understands that staff participation is the key to achieving such goals. The Group strives to build up a working environment that emphasises the “green office” and “low carbon” policy such as a set of guidelines to improve the efficient use of resources for the long-term sustainability. The Group has also adopted energy and water efficiency initiatives and policies to improve the efficient use of energy, water and other materials.

Energy

The Group considers environmental protection as an essential component of a sustainable and responsible business. With aims of resource saving and implementation of energy saving measures, the Group actively promotes the concept of energy saving and emission reduction into the entire process of its business development and operation and implements different energy saving measures.

The energy consumption is generally associated with our office and gas station operations. The Group’s energy consumption mainly consists of (i) purchased electricity for office and equipment use in gas stations; and (ii) petrol consumed by vehicles. Our administration department reviews consumption of water, electricity and paper on a monthly basis, with reference to costs of public utility services and office expenses. The administration department is required to give a notice to alert all member of our Group once there is any unreasonable level of resource consumption.

ESG GOVERNANCE (CONTINUED)

A. ENVIRONMENTAL ASPECTS (CONTINUED)

A2. USE OF RESOURCES (CONTINUED)

Energy (Continued)

To reduce overall energy consumption, we use energy-saving light bulbs. We also ensure that lighting and electronic appliances such as air-conditioners, computers and printers are switched off when standing idle. Internal security staff also patrol the offices after the employees finish duty to ensure there is no wastage of power. We strive to enhance our equipment efficiency for our PNG supply infrastructure and equipment by performing regular inspections to ensure they operate in optimal conditions. Besides, the Group motivates all its employees to participate in resource conservation activities and encourages them to turn off the idle machinery and equipment in our gas stations. Energy conservation reminders are placed in our office and gas stations to increase employees' awareness of energy saving.

On the other hand, we promote green meeting, such as telephone and video meetings, to minimise vehicle use for face-to-face meeting with our customers, suppliers and business partners. Furthermore, the Group targets to reduce energy consumption by around 5% to 6% by 2030.

Details of the energy consumption of the Group during the Reporting Period are as follows:

Energy consumption	Unit	2022
Purchased electricity	MWh	165.09
Petrol	MWh	219.62
Total energy consumption	MWh	384.71
Energy consumption intensity	MWh/million RMB revenue	0.81

Water

Our Group acknowledges the fact that natural resources are limited and are depleting rapidly, and it has become an essential matter for us to manage resource usage as efficiently as possible. Our Group aims to operate the business with maximum resource efficiency by minimising the water consumption throughout the business process. The usage of water is closely monitored to prevent resource wastage and make timely improvement when appropriate.

To reduce the daily water use, most toilets are half flushing. Water pipes and taps are checked regularly by the Group to detect leakage. Regarding water consumption for the office, the Group actively seeks ways to mitigate water consumption by raising employees' awareness of water saving through green office policies such as recording water usage for each employee, requiring employees to pay for water themselves, reminding employees to turn faucet off tightly, conducting regular inspection and maintenance of water facilities. Furthermore, the Group targets to reduce water consumption by around 3% to 5% by 2030. During the Reporting Period, the Group did not have any issue sourcing water which is fit for purpose.

A. ENVIRONMENTAL ASPECTS (CONTINUED)

A2. USE OF RESOURCES (CONTINUED)

Water (Continued)

Details of the water consumption of the Group during the Reporting Period are as follows:

Water consumption	Unit	2022
Water consumption	m ³	782
Water consumption intensity	m ³ /million RMB revenue	1.64

Packaging materials

The major packaging material used is cardboard. The Group targets to reduce packaging materials consumption intensity by 5% by 2030. The consumption of this material by the Group is summarised below:

Packaging material consumption	Unit	2022
Cardboard	tonnes	9.5
Total	tonnes	9.5
Packaging materials consumption intensity	tonnes/million RMB revenue	0.02

A3. THE ENVIRONMENT AND NATURAL RESOURCES

Our Group, as a responsible gas operator, has attached great importance to green policies. To minimise the impact on the environment, the Group strives to prevent any possible incident that will cause pollution to the environment, the Group has clarified the management responsibilities of each facility. Once there is an incident, an emergency plan will be formulated immediately and the incident will be reported to the environmental department to protect the ecological environment.

The Group understands that implementing environmental protection can reduce operational risks and increase business opportunities. Regarding the business nature, we are not aware of any significant impact of our business activities on the environment and natural resources. Despite this, we endeavour to consistently improve our environmental performance by implementing aforementioned waste reduction measures and resource saving initiatives.

We will continue to seek opportunities to further reduce emission and resource consumption with the aim to reduce the impacts on environment and natural resources to minimal. We will review our environmental policy from time to time and consider implementing further eco-friendly measures and practices in order to enhance environmental sustainability in the future.



ESG GOVERNANCE (CONTINUED)

A. ENVIRONMENTAL ASPECTS (CONTINUED)

A4. CLIMATE CHANGE

Governance

Our Group addresses climate-related risks based on the nature of the risk to our operations. The physical impacts of climate change, including extreme weather events, or damage to facilities have immediate operational impacts and are treated as operational risks. Long-term challenges, such as emerging ESG issues and climate-related risks and opportunities, may be discussed by the Group's ESG Committee. Our ESG Committee provides effective governance for integrating and addressing ESG issues, including climate change, within our business.

Supported by our ESG Committee, our Board oversees climate-related issues and risks regularly during board meetings and ensures that they are incorporated into our strategy.

To ensure our Board to keep up with the latest trend of climate-related issues, climate competence training will be provided to ensure it has the necessary expertise and skills to oversee the management of climate-related issues. Our Board also seeks professional advice from external experts when necessary to better support the decision-making process.

The ESG Committee is responsible for approving operational emission targets for the Group and commissioning an ESG benchmarking, as well as gap analysis exercises to identify gaps in both disclosure and policy relative to best practice standards. Moreover, the ESG Committee works closely with the Group's different operation departments, with an aim to develop consistent and enhanced approaches on addressing ESG risk issues and report to the management.

Strategy

Climate change risk forms part of our overall risk profile through its role in increasing the frequency and intensity of certain diseases, and the health and mortality impacts resulting from natural disasters. We assess the overall level of risk by taking into consideration a range of diverse risk factors across the many categories in our product or services range.

This diversity of risk is combined with our business strategy and broad geographic footprint helps us distribute risk and provide protection against the impacts of short-term climate change effects. Our products and services continue to provide protection for people in our communities against weather and heat-related diseases. Besides, we continue to explore opportunities to engage our business partners and encourage them to develop climate resilience and reduce their operational carbon footprint by taking into consideration of different climate-related scenarios, including a "2°C or lower scenario" through the following steps:



A. ENVIRONMENTAL ASPECTS (CONTINUED)

A4. CLIMATE CHANGE (CONTINUED)

Strategy (Continued)

Step 1: Set Future Images Assuming Climate Change Effects

As climate change measures proceed, there is a possibility that the industry will be exposed to substantial changes, such as stricter policies including the introduction of and increases in carbon pricing, as well as advances in technology and changes in customer awareness. In light of these climate change effects, based on the International Energy Agency (“IEA”) scenarios and others, we developed multiple future images as the external environment that will surround our Group.

With regard to the IEA scenarios, we put focus on the 2°C scenario (2DS) and pictured future images in cases where climate change measures do not progress and where such measures progress further “Beyond 2°C scenario”.

Step 2: Consider the Impacts

We considered the impacts on our Group for each of the future images developed in Step 1. We believe that it will be possible to expedite carbon dioxide reduction effects in our society.

With regard to the effects on raw material procurement, introduction of and increases in carbon pricing is anticipated in accordance with the global advance of climate change measures, leading to the possibility of higher raw material procurement and operation costs.

On the other hand, in the case where climate change measures are not adequate throughout society, production interruptions and supply chain disruptions are likely to increase as a result of higher frequency and intensification of natural disasters such as flooding.

Step 3: Respond to the Strategies

Our Group will begin promoting the reduction of non-renewable energy in our daily operation. This strategy will allow for flexible and strategic responses to each demand for the regions where the emission factors of purchased electricity consumptions are high. By promoting real carbon emissions reductions throughout the world through these types of initiatives, we are working to achieve zero carbon emission in our business.

We minimise carbon emissions through comprehensive energy-saving and introduction of renewable energy. With respect to renewable energy in particular, we have set a new target to achieve a reduction rate for purchased electricity in coming few years.

With regard to the ongoing confirmation of the suitability and progress of the Group’s strategies, we believe that we will have opportunities for stable funding and sustainable increase in corporate value through appropriate information disclosure, dialogue with institutional investors and other stakeholders.



ESG GOVERNANCE (CONTINUED)

A. ENVIRONMENTAL ASPECTS (CONTINUED)

A4. CLIMATE CHANGE (CONTINUED)

Risk management

Our Group identifies the climate change related risks or to test the existing risk management strategies under climate change with the aid of risk assessment. Hence, the areas where new strategies are needed can be identified.

The risk assessment takes a standard risk-based approach using national data, local information and expert knowledge, which can identify how climate change may compound existing risks or create new ones.

The risk assessment is conducted through the following steps:

Step 1: Establish the context

- Objective/goal
- Scale
- Time frame
- Climate change scenario for most climate variables and sea level

Step 2: Identify existing risk (past and current)

- Identify the record of occurrence of climatic hazard in the past in the area
- Risk management strategies in place to tackle future occurrence of the hazard

Step 3: Identify future risk and opportunities

- Explore climate change projections for the selected time frame(s) and emission scenario(s)
- Identify potential hazards
- Investigate whether any existing risk from Step 2 may get worse under future projected changes
- Identify new risks that can emerge under future projected changes

Step 4: Analyze and evaluate risk

Identify a set of decision areas or systems (i.e., geographical areas, business operation, assets, ecosystems, etc.) that has the potential to be at risk in future

As outlined within the ESG Governance section above, the Group has robust risk management and business planning processes that are overseen by the board of directors in order to identify, assess and manage climate-related risks. The Group engages with government and other appropriate organisations in order to keep abreast of expected and potential regulatory and/or fiscal changes.



A. ENVIRONMENTAL ASPECTS (CONTINUED)

A4. CLIMATE CHANGE (CONTINUED)

Risk management (Continued)

Step 4: Analyze and evaluate risk (Continued)

We continue to raise awareness of climate change in regard to monitoring of carbon and energy footprint in our daily operation. However, there remain gaps in understanding how such climate risks and opportunities may impact our operations, assets and profits. Our Group assesses how the business addresses climate change risks and opportunities and takes the initiative to monitor and reduce their environmental footprint.

Significant climate-related issues

During the Reporting Period, the significant climate-related physical risks and transition risks, which have impacted and/or may impact our Group’s business and strategy in (i) operations, products and services, (ii) supply chain and value chain, (iii) adaptation and mitigation activities, (iv) investment in research and development, and (v) financial planning, as well as the steps taken to manage these risks, are as follows:

Climate-related risks description	Financial impact	Steps taken to manage the risks
Physical Risk		
Acute physical risks		
<ul style="list-style-type: none"> Increased severity and frequency of extreme weather events such as cyclones and floods, strong wind. Hence, staff may be easily injured. In addition, under the extreme weather events, the costs of product transportation, communications and living increase, which may lead to financial loss to our Group. Increased likelihood and severity of wildfire, which may hinder the operations of gas stations, gas supply infrastructure and equipment. Financial loss occurs due to the interruption of supply chain, logistics and transportation in our business operation. 	<ul style="list-style-type: none"> Operating cost and repairing expenses increase Capital cost increases due to the damage of facilities 	<ul style="list-style-type: none"> Planned to establish a natural disasters emergency plan. Planned to devise an action plan to articulate the goals and targets of the reductions in GHG emission and energy consumption. Outlined the plan to achieving those targets and defined responsibilities.

ESG GOVERNANCE (CONTINUED)

A. ENVIRONMENTAL ASPECTS (CONTINUED)

A4. CLIMATE CHANGE (CONTINUED)

Significant climate-related issues (Continued)

Climate-related risks description	Financial impact	Steps taken to manage the risks
Physical Risk		
Chronic physical risks		
<ul style="list-style-type: none"> Changes in precipitation patterns and extreme variability in weather patterns. Frequent extreme weather events and rise in sea levels are likely to pose disruptions to communities across the region over the long term, affecting economic output and business productivity. Governments that have been pushing for new regulation to reduce GHG emissions will pose a threat to financial performance of a business and increase regulatory risk. 	<ul style="list-style-type: none"> Revenue reduces Operating cost increases 	<ul style="list-style-type: none"> Planned improvements, retrofits, relocations, or other changes to facilities that may reduce their vulnerability to climate impacts, and increases climate resilience in long term. Record the energy consumption to identify peaks in usage, thus significant savings could be determined. Engaged with local or national governments and local stakeholders on local resilience.
Transitional Risk		
Policy risk		
<ul style="list-style-type: none"> As a result of energy efficiency requirements, carbon-pricing mechanisms increase the price of fossil fuels, or policies to encourage sustainable land use, hindering the area of expansion, which increase the operation cost. Mandates on and regulation of existing products and services as of the tightened environmental and safety laws and standards. We have to spend more compliance cost to update or maintain our gas supply infrastructure and equipment to fulfil the new regulations. 	<ul style="list-style-type: none"> Operating cost increases due to increased insurance premiums for the factories Risk of trade increases 	<ul style="list-style-type: none"> Planned to conduct a carbon footprint survey, in order to work out the company's footprint, to prioritise energy and waste reductions. Monitor the updates of the relevant environmental laws and regulations against existing products and services, to avoid the unnecessary increase in cost and expenditure due to non-compliance.



A. ENVIRONMENTAL ASPECTS (CONTINUED)

A4. CLIMATE CHANGE (CONTINUED)

Significant climate-related issues (Continued)

Climate-related risks description	Financial impact	Steps taken to manage the risks
Transitional Risk		
Legal risk		
<ul style="list-style-type: none"> Exposure to litigation risk. We have to adapt the tightened law and regulations imposed by the government due to climate change, as well as bear the risk of potential litigation once we fail to obligate the new regulations. Enhanced air pollutant emissions reporting obligations for local government, and we may have to spend more time on fulfilling the ESG reporting standards to comply with the Hong Kong Listing Rules. 	<ul style="list-style-type: none"> Operating cost increases 	<ul style="list-style-type: none"> Monitored the updates of environmental laws and regulations and implemented GHG emissions calculations in advance. Continued monitoring of the ESG reporting standards of the Hong Kong Listing Rules.
Technology risk		
<ul style="list-style-type: none"> Developing the low carbon energy saving technologies, the capital investment and Research and Development (R&D) expense increase consequently. More green building strategies with low-carbon, energy-saving technologies are adopted by industry peers. Lagging behind may weaken our competitive edges. 	<ul style="list-style-type: none"> Capital investment increases Research and Development (R&D) expense increases 	<ul style="list-style-type: none"> Planned to invest in the innovations of energy saving technologies. Examined the feasibility and benefits of applying the latest low-carbon and energy-saving technologies into our operation.
Market risk		
<ul style="list-style-type: none"> More customers are concerned about climate-related risks and opportunities, which may lead to changes in customer preference. Inability to attract co-financiers and/or investors due to uncertain risks related to the climate. 	<ul style="list-style-type: none"> Revenue decreases Operating cost increases 	<ul style="list-style-type: none"> Fulfilled the climate-related regulations by the government. Prioritise the climate change as a high concern in the market decisions to show to the clients that the company is concerned about the problem of climate change.

ESG GOVERNANCE (CONTINUED)

A. ENVIRONMENTAL ASPECTS (CONTINUED)

A4. CLIMATE CHANGE (CONTINUED)

Significant climate-related issues (Continued)

Climate-related risks description	Financial impact	Steps taken to manage the risks
Transitional Risk		
Reputational risk		
<ul style="list-style-type: none"> Unable to fulfil the expectations of the customers, damage the Group's reputation and image. Stigmatisation of our business sector, such as more stakeholder concern or negative stakeholder feedback on the product designed in a less environmentally-friendly way. 	<ul style="list-style-type: none"> Revenue decreases from decreased demand for goods and services and the decrease in operational capacity Operating costs increases from negative impacts on workforce management and planning 	<ul style="list-style-type: none"> Supported the green operations. Fulfilled the social responsibility by organising more activities or executing actions to demonstrate how we place importance on climate change.

During the Reporting Period, the primary climate-related opportunities and the corresponding financial impacts were as follows:

Detailed description of climate-related opportunities	Financial impact
Resource efficiency	
<ul style="list-style-type: none"> Use of more efficient modes of transport Use of more efficient production and distribution processes Use of recycling Reduce water consumption 	<ul style="list-style-type: none"> Operating cost reduces through efficiency gains and cost reductions



A. ENVIRONMENTAL ASPECTS (CONTINUED)

A4. CLIMATE CHANGE (CONTINUED)

Significant climate-related issues (Continued)

Detailed description of climate-related opportunities	Financial impact
Energy source	
<ul style="list-style-type: none"> • Use of lower-emission sources of energy • Use of supportive policy incentives • Use of new technologies • Shift towards decentralized energy generation 	<ul style="list-style-type: none"> • Operating cost reduces through use of lowest cost abatement • Returns on investment in low- emission technology increases
Products and services	
<ul style="list-style-type: none"> • Development of climate adaptation and insurance risk solutions • Ability to diversify business activities • Development of new products or services through R&D and innovation 	<ul style="list-style-type: none"> • Revenue increases through new solutions to adaptation needs, such as insurance risk transfer of products and services
Markets	
<ul style="list-style-type: none"> • Access to new markets 	<ul style="list-style-type: none"> • Revenue increases through access to new and emerging markets
Resilience	
<ul style="list-style-type: none"> • Participation in renewable energy programs and adoption of energy-efficiency measures • Resource substitution or diversification 	<ul style="list-style-type: none"> • Market valuation increases through resilience planning, such as planning of the research in the use of electric vehicles • Reliability of supply chain and ability to operate under various condition increases • Revenue increases through new products and services related to ensuring resiliency



ESG GOVERNANCE (CONTINUED)

A. ENVIRONMENTAL ASPECTS (CONTINUED)

A4. CLIMATE CHANGE (CONTINUED)

Metrics and targets

Our Group adopts the key metrics to assess and manage climate-related risks and opportunities. The energy consumption and greenhouse gas (GHG) emissions indicators are the key metrics used to assess and manage relevant climate-related risks where we consider such information is material and crucial for evaluating the impact of our operation on global climate change during the year. Our Group regularly tracks our energy consumption and GHG emissions indicators to assess the effectiveness of emission reduction initiatives, as well as set targets to contribute our effort to have minimal impact on global warming.

The details are described in the sections A1: “Emissions” and A2: “Use of Resources” of this Report. Our Group has adopted absolute target to manage climate-related risks and opportunities and performance.

B. SOCIAL ASPECTS

The Group recognises that maintenance of strong, healthy and friendly business relations with employees, supply chains, and a business is connected or expected to have a connection, whether internal or external, is the foundation for the Group's success and development. The Group highly considers employees as important assets and is committed to earning respect from employees, maintaining work-life balance, and making them grow together with us. With supporting business sustainable development, the Group works closely with suppliers to manage social risks. Also, with a goal of understanding the needs and interests of communities where the issuer operates, the Group takes its own initiatives to actively contribute to the society in various ways.

B1. EMPLOYMENT

The Group believes that people are important assets and are crucial to the business success of the Group. We are committed to providing a favourable working environment where our employees can thrive. We have a set of human resources management policies and procedures in place with the aim to provide a good working environment to employees where they can have a safe and healthy workplace to engage and perform to the satisfaction of the Group. These policies and procedures do not only ensure the Group's compliance of the relevant labour laws and regulations in the PRC, but also set out the Group's standard of staff recruitment, promotion guidelines, remuneration scale, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare as well as termination of employment and compensation matters.

The Group strictly complies with applicable local regulations, including but not limited to the Labour Law of the PRC 《中華人民共和國勞動法》 and the Labour Contract Law of the PRC 《中華人民共和國勞動合同法》. During the Reporting Period, there was no case of non-compliance related to labour and employment practices or complaints in relation to discrimination within the Group.

The Group recruits and promotes people based on their capabilities regardless of their nationality, age, religion, marital status and other factors. All employees are remunerated according to their performance, experience and prevailing industry practices. They are defined contribution retirement benefit schemes organised by relevant local government authorities in the PRC.

The Group recognises that a proper balance between work and rest can help employees to realise their full potential. The Group strictly complies with the working hours and statutory holidays under Social Insurance Law of the PRC 《中華人民共和國社會保險法》, Labour Contract Law of the PRC 《中華人民共和國勞動合同法》 and regulations at places where the businesses operate. Personal leave, sick leave, marriage leave, maternity leave, work injury leave, etc. are provided to employees in order to balance their work and life.

ESG GOVERNANCE (CONTINUED)

B. SOCIAL ASPECTS (CONTINUED)

B1. EMPLOYMENT (CONTINUED)

As at 31 December 2022, the employee compositions (in percentage) by gender, age group, geographical region, employee category and mode, and are as follows:

Employee compositions	2022
By gender	
• Male	76%
• Female	24%
By age group	
• Age 30 or below	18%
• Age 31-40	41%
• Age 41-50	20%
• Age 51 or above	21%
By geographical region	
• The PRC	100%
By employment category	
• Senior management	6%
• Middle management	- %
• General	94%
• Contract/short term	- %
By employment mode	
• Full-time	100%
• Contract/short term	- %

During the Reporting Period, the Group did not have employee turnover.



B. SOCIAL ASPECTS (CONTINUED)

B2. HEALTH AND SAFETY

The Group regards occupational health and safety as its most important aspect of corporate risk management. The Group strictly complies with the Law of the PRC on Prevention and Control of Occupational Diseases 《中國職業病防治法》 and Industrial Safety and Health Act 《勞動安全衛生法》. In this year there was no case of non-compliance in relation to health and safety or work-related injury within the Group.

The Group not only strictly complies with Social Insurance Law of the PRC 《中華人民共和國社會保險法》, Law of the PRC on the Prevention and Treatment of Occupational Diseases 《中華人民共和國職業病防治法》, Law of the PRC on Prevention and Treatment of Infectious Diseases 《中華人民共和國傳染病防治法》, Frontier Health and Quarantine Law of the PRC 《中華人民共和國衛生檢疫法》, Fire Control Law of the PRC 《中華人民共和國消防法》, relevant laws and regulations but also proactively formulates internal policies and standards related to specific business departments of the Group. The Group attaches great importance to occupational health and safety as the key focus for our operation is to ensure the safety and wellbeing of the employees. Therefore, a comprehensive occupational health and safety management system has been established for the Group.

Safety training is arranged for every employee according to the job position to raise their awareness of emergency responses and enhance their skills for safety operation. We have set up a dedicated safety and environment enhancement mechanism which helps monitor the occupational health and safety of our operations. The mechanism provides guidance to employees on carrying out regular on-site safety inspection. Every employee is provided with safety equipment and clothing which is checked regularly to ensure proper usage and functioning. They are also provided with medical check annually. First aid equipment and real-time visual monitoring system including emergency shower and eyewash facilities, etc. are equipped in the workplace for prompt responses to any injuries and incidents which may happen.



ESG GOVERNANCE (CONTINUED)

B. SOCIAL ASPECTS (CONTINUED)

B2. HEALTH AND SAFETY (CONTINUED)

In addition, the Group has obtained production safety permits for our daily operations of gas filling stations. We strictly comply with the Special Equipment Safety Law of the PRC 《中華人民共和國特種設備安全法》 by ensuring special equipment which pose great risk to personal and property safety, as well as other special equipment as stipulated in this regulation, are operated carefully in a safe manner during the year. Furthermore, we require our suppliers and contractors to possess production licences and relevant qualifications for the work they contract from us and to undertake appropriate safety measures in order to ensure that the PRC Production Safety Law 《中華人民共和國安全生產法》 is properly complied with.

The Group has established an internal policy on safety management and has assigned different safety compliance duties to different teams in order to reduce potential risk with clear division of labour. We also strive to eliminate the use of equipment and materials which cause serious occupational health and safety consequences. We always raise the employees' awareness of self-care and health-related issues and provide them with occupational health and body checks so as to take practical action to care for their physical and mental health.

During the Reporting Period, the Group was not aware of any non-compliance with relevant laws and regulations. There was no injury case and no lost days due to minor injuries during business operations. There was no work-related fatality case during the Reporting Period. Employees were given paid sick leave for their recovery.

B. SOCIAL ASPECTS (CONTINUED)

B3. DEVELOPMENT AND TRAINING

The Group is committed to providing continuous training and learning opportunities to employees to develop their talents and to expand the Group’s business. The Group has provided numerous development opportunities throughout the year to employees at all levels to continuously strengthen employee’s skill in order to enhance the Group’s competitiveness for sustainable business growth.

The Group has established relevant development and training systems with the aim to promote a learning culture for improvement. Employees are encouraged and have equal opportunities to participate in different training programmes. Subsidies and supports are given to employees to participate in the relevant training courses. Training is particularly focused on safety training, which is our primary concern in gas station business, to ensure all employees acquire proper skills and knowledge before performing the assigned tasks. With continuous safety training, not only the employees’ safety knowledge and awareness can be increased, but also the occurrence of work-related accidents can be reduced.

Apart from safety training in enhancing the safety performance, orientation training is provided for new employees to familiarise with the corporate culture and the background of the Group. Training offered to employees depends on the job position of employees and the development of the Group. Regular assessment is conducted to keep track on the performance of the employees for the purpose of formulating further training plans, job promotions and salary adjustments. The Group will enhance the training system in order to improve the personal development of employees.

A detailed breakdown of the percentage of employees trained by gender and employee category during the year is as follows:

Percentage of employee trained (%)	2022
By gender	
• Male	100%
• Female	100%
By employment category	
• Senior management	100%
• Middle management	- %
• General staff	100%
• Contract/short term	- %
Overall	100%

ESG GOVERNANCE (CONTINUED)

B. SOCIAL ASPECTS (CONTINUED)

B3. DEVELOPMENT AND TRAINING (CONTINUED)

During the Reporting Period, the composition of employees received training by gender and employment category was as follows:

Compositions of employees received training		2022
By gender		
• Male		76%
• Female		24%
By employment category		
• Senior management		6%
• Middle management		- %
• General staff		94%
• Contract/short term		- %

The average training hours completed per employee by gender and employee category during the Reporting Period is as follows:

Average training hours for employees		2022
By gender		
• Male		5.0
• Female		5.1
By employment category		
• Senior management		5.0
• Middle management		—
• General staff		5.1
• Contract/short term		—
Overall		5.1

B. SOCIAL ASPECTS (CONTINUED)

B4. LABOUR STANDARDS

The Group is committed to protecting human rights in workplace and has zero tolerance to the use of child or forced labour during our operation. The Group understands that child labour and forced labour violate fundamental human rights and international labour conventions and may constitute threat to the social and economic sustainability. Therefore, the Group has implemented policies to strictly prohibit the recruitment of child labour and the use of forced labour. If there is any confirmed case, the Group must report to the related authorities immediately. Our commitment to human rights extends to supply chain. Suppliers are expected to follow the same standard of labour practices when working with us.

During the Reporting Period, the Group was in full compliance with all the applicable labour laws and regulations including Labour Contract Law of the PRC 《中華人民共和國勞動合同法》 and Law of the PRC on the Protection of Minors 《中華人民共和國未成年人保護法》. The Group did not have any cases related to child labour or forced labour practice in this year.

B5. SUPPLY CHAIN MANAGEMENT

As a gas selling company, the Group recognises suppliers, vendors and contractors as valuable stakeholders within the supply chain as their responsible business behaviours are important in contributing to quality excellence, operational efficiency and good reputation of the Group. We strive to cooperate with local suppliers whenever possible to promote local economy and strengthen the control of environmental risks related to supply chain management. The Group had 39 suppliers in the PRC during the year.

The Group formulates suppliers environmental and social responsibilities control procedure to monitor a wide range of aspects for its suppliers, from product and service quality to business ethical standards. We have high expectations in the sustainability performance of our supply chain partners with the aim of achieving sustainability throughout the supply chain.

Qualified suppliers which adopt high environmental and social standards are maintained in an approved supplier list and reviewed in an ongoing manner by our management. Suppliers are required to sign an environmental and social responsibility agreement to promise its compliance with all local laws and regulations before working with us. Regular review and on-site inspection are carried out to ensure compliance. If any cases of non-compliance are discovered, we will terminate our cooperation promptly. Long-term stable relationship with our supply chain partners is maintained based on the result of supplier assessment.

Furthermore, for the suppliers that may generate negative environmental or social impacts, the Group will follow up with them on proposing more advanced and environmentally-friendly operations. Therefore, promoting environmentally preferable products and services when selecting suppliers are considered and monitored throughout our supplier evaluation process.



ESG GOVERNANCE (CONTINUED)

B. SOCIAL ASPECTS (CONTINUED)

B6. PRODUCT AND SERVICE RESPONSIBILITY

The Group attaches great importance to product and service quality and responsibility. The Group has implemented related policies and procedures to manage the quality and safety of its products and services. During the Reporting Period, the Group has complied with all the applicable laws and regulations regarding product responsibility issues, including the Product Quality Law of the PRC 《中國產品質量法》 and the Consumer Protection Law of the PRC 《中國消費者權益保護法》. During the year, no products and service-related complaint was received, and no products sold or shipped were subjected to recalls for safety and health reasons.

Complaints handling

The Group upholds the feedback from the customers. The Group has implemented the internal policy such as customers complaint and services management procedures and established a comprehensive customer complaint handling system to handle the complaints from the customers. Prompt response will be taken and the problem will be identified to prevent similar complaints from happening. The Group will respond to the complaint cases immediately and explain to the clients.

Quality control

In order to strengthen quality control and stabilise product quality, the Group has established quality management procedure to ensure the quality of products sold meets the standard of our customers. All products sold to customers by the Group are subject to measurement and quality inspection. Regular survey and testing are conducted to ensure the product quality meets the relevant standard. All these measures ensure our compliance with the applicable laws and regulations, including Product Quality Law of the PRC 《中國產品質量法》.

Customer information protection

The Group takes privacy issues very seriously and protects the privacy of its customers, business partners and employees to the utmost. Customer confidentiality policy of the Group is in place in accordance with the Staff Handbook to ensure compliance with relevant laws and regulations, including the Consumer Protection Law of the PRC 《中國消費者權益保護法》. Employees are prohibited from disclosing commercial information, such as the data of customers and business partners, to third parties. Documents containing confidential information are required to be stored securely or shredded.

B. SOCIAL ASPECTS (CONTINUED)**B7. ANTI-CORRUPTION**

The Group is committed to operating with a high standard of integrity and accountability. We forbid any form of corruption, extortion, bribery, fraud, money laundering and embezzlement. Our commitment to preventing any forms of corruption is stipulated in our anti-fraud, anti-corruption and anti-money laundering policies. The principle of anti-corruption is well conveyed to our employees, suppliers and customers through daily communication and training. Employees are required to declare any conflicts of interest. The Group has engaged internal and external stakeholders to monitor and evaluate the effectiveness of the systems to prevent corruption. All potential frauds and corruption will be fully investigated by our management. These investigations will be handled confidentially. Management will take immediate corrective actions to resolve substantiated frauds and corruption. Violations of the laws and the Group's anti-corruption systems will be reported to regulators.

We encourage our employees to understand explicitly on several areas, which include the provisions of anti-bribery and corruption. We invited our solicitor to provide structured training to our directors and senior management on the topic of anti-corruption during the year.

There was no anti-corruption training organised during the Reporting Period due to the COVID-19 epidemic situation. Nevertheless, the Group will try to manage anti-corruption training for our staff to raise their awareness of integrity and anti-corruption in the future.

In addition, the Group has set up a policy for employees to raise their concerns about anti-corruption, possible improprieties in financial reporting, internal control or other matters within the Group to come forward and voice their issues in order to commit the highest possible standards of openness, probity and accountability. The Group definitely has zero tolerance on bribery and corruption behaviour.

The Group has formulated a whistle-blowing control procedure to allow its employees to report suspected cases of corruption. All reported cases are carefully classified, analysed and investigated while the information is kept confidential in order to protect the individual's privacy. The internal monitoring department of the Group monitors the whistleblowing channels through communication with the employees and on-site inspections and checks to ensure the channels are properly functioned.

During the Reporting Period, the Group strictly complied with all the relevant laws and regulations, including Criminal Law of the PRC 《中國刑法》. No non-compliance regarding corruption practices was brought against the Group or its employees during the year.



ESG GOVERNANCE (CONTINUED)

B. SOCIAL ASPECTS (CONTINUED)

B8. COMMUNITY INVESTMENT

The Group believes that our success comes from the support of the society. The Group is committed to supporting and contributing to the society. In order to understand the needs of the community, we implement related policies and measures to make its own efforts in the development of the community. The Group understands that contribution of the community in the region of operation is crucial to the sustainable development. Thus, we focus on four areas including living standard of the community, culture, education and development, and labour cooperation for contributions. We will continue to contribute to the sustainable development of the community by building a healthy and dynamic community.

We believe that the development of an enterprise is inseparable from the support of all sectors of our society so that love sharing and care for the need are very important. As a socially responsible enterprise, the Group will be constantly aware of the needs of community and strive to bring a positive impact on community development. The Group will continue to encourage its employees to dedicate their time and skills to supporting local communities with the aim to create a harmonious society and cultural development.

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B. Social			
Operating Practices			
B6: Product and Service Responsibility			
General Disclosure		"Product and Service Responsibility"	32
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	No products were sold or shipped during the Reporting Period	32
KPI B6.2	Number of products and service related complaints received and how they are dealt with	No complaints were received during the Reporting Period	32
KPI B6.3	Description and practices relating to observing and protecting intellectual property rights	Not applicable to the Group's business	N/A
KPI B6.4	Description of quality assurance process and recall procedures	"Product and Service Responsibility - Quality control"	32
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	"Product and Service Responsibility - Customer information protection"	32
B7: Anti-corruption			
General Disclosure		"Anti-corruption"	33
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the case	No concluded legal cases were brought.	N/A
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	"Anti-corruption"	33
KPI B7.3	Description of anti-corruption training provided to directors and staff	"Anti-corruption"	33
Community			
B8: Community Investment			
General Disclosure		"Community Investment"	34
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	"Community Investment"	34
KPI B8.2	Resources contributed (e.g. money or time) to the focus area	No resources were contributed during the Report Period	N/A