



# 湖州燃气股份有限公司 HUZHOU GAS CO., LTD.\*

*(a joint stock company incorporated in the People's Republic of China with limited liability)*

Stock Code : 6661

## 2022

### ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



\* For identification purposes only

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## INSTRUCTIONS ON REPORT PREPARATION

This is the first environmental, social and governance report (“the ESG Report”) issued by Huzhou Gas Co., Ltd. and its subsidiaries (“Huzhou Gas”, “the Group” or “we”), which outlines the principles and sustainable development concepts upheld by the Group in fulfilling its corporate social responsibility, and summarizes the relationship between the Group and the major stakeholders (“stakeholders”), with a view of letting stakeholders understand the environmental, social and governance policies, initiatives and performance of Huzhou Gas in addition to financial performance and business operations, and share our visions and commitments to social responsibility.

## PREPARATION BASIS

This report has been prepared in accordance with the four reporting principles (i.e. materiality, quantitative, balance and consistency) as required in the Appendix 27 “Environmental, Social and Governance Reporting Guide” (the “Guide”) to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Reporting Principles	Definition
<b>Materiality</b>	The reporting will be focused on the environmental, social and governance issues which have material effects on the Group and various stakeholders.
<b>Quantitative</b>	The key performance data should be measurable and comparable as appropriate.
<b>Balance</b>	An issuer shall report on its performance in environment, social and governance during the year in an objective and truthful manner.
<b>Consistency</b>	The disclosures in this report should use consistent disclosure methodologies to allow for comparison of key performance indicators in relation to environment, social and governance to facilitate understanding of corporate performance.

## REPORTING TIME AND SCOPE

This report embraces the overall performance of practicing sustainable development and fulfilling corporate social responsibility from 1 January 2022 to 31 December 2022 (“the Reporting Period”). The selection of the reporting scope follows the financial threshold principle in the standards, and the headquarters of Huzhou Gas and its branch located at Nanxun are selected to comprehensively evaluate the environmental, social and governance performance of the Group during the year in combination with multi-dimensional data indicators.

## REPORTING LANGUAGE

This report is released in both traditional Chinese and English versions. In case of any ambiguity, the traditional Chinese version shall prevail.

# 1. ABOUT HUZHOU GAS

## 1.1. GROUP PROFILE

As the largest distributor of pipeline natural gas in Huzhou, a major prefecture-level city in Zhejiang Province, China, Huzhou Gas Co., Ltd. has the primary business including (1) selling gas while holding a franchise, mainly pipeline natural gas; (2) providing in-building installation services, such as construction and installation of end-user network and gas facilities for real estate developers, residential and non-residential property owners, households and other customers; and (3) conducting other business, including selling household gas appliances.

## 1.2. COMPANY HONORS

Award Level	Award Name	Awarding Authority
<b>Municipal level</b>	Huzhou Gas was awarded the “Smart Cloud” Platform Construction: the Best Reform Practice Case.	Huzhou SASAC
<b>Municipal level</b>	Huzhou Gas employees were awarded the “Striver” for the First Down-to-earth Competition.	Huzhou Municipal Committee of CPC Huzhou Municipal People’s Government
<b>Municipal level</b>	Huzhou Gas employees were awarded the Certificate of Volunteer Service for Epidemic Prevention and Control at Huzhou Expressway Checkpoint.	Huzhou Civilization Office Huzhou Volunteers Federation
<b>Municipal level</b>	Huzhou Gas employees undertook the task of centralized quarantine and medical observation for people from Ningbo who came to Huzhou during the epidemic in the control point of Huzhou Dragon Dream, and were awarded the certificate of honor.	Huzhou COVID-19 Epidemic Prevention and Control Work Leading Group
<b>Municipal level</b>	Huzhou Gas employees undertook the task of ensuring and controlling the centralized quarantine and medical observation service for the people from Shanghai who came to Huzhou during the epidemic in the control point of Huzhou Dragon Dream Yashi Hotel, and were awarded the certificate of honor.	Huzhou COVID-19 Epidemic Prevention and Control Work Leading Group
<b>Municipal level</b>	Huzhou Gas employees undertook the task of quarantine and medical observation for the people from Shanghai who came to Huzhou during the epidemic in the centralized quarantine control point of Huzhou Dragon Dream Animal World Hotel, and were awarded the certificate of honor.	Huzhou COVID-19 Epidemic Prevention and Control Work Leading Group

# 2. ESG MANAGEMENT AND STRATEGY

## 2.1. ENVIRONMENTAL, SOCIAL AND GOVERNANCE STRATEGY AND MANAGEMENT

Huzhou Gas catches on the importance of environment, social and governance to the sustainable business development of the Group. As at the end of the Reporting Period, in 2022, we released the Notice on Establishing ESG (Environmental, Social and Governance) Working Group of Huzhou Gas Co., Ltd., established the Environmental, Social and Governance Leading Group and the Environmental, Social and Governance Executive Group, and defined their relevant responsibilities. The Environmental, Social and Governance Committee is appointed by the Board of Directors and consists of the senior management shouldering different functions, mainly being responsible for overseeing the policies, plans and performance on ESG matters. The Board of Directors participates in the discussion about environmental, social and governance management policies and strategies, including importance assessment and prioritization, takes responsibility for the process of managing important environmental, social and governance related matters (including risks in the issuer’s business), and reviews the progress of the Group in the year according to relevant objectives.

ESG governance system of the Group:



The following is an overview of the composition and responsibilities of the ESG governance structure:

Regulatory Functions	Regulatory Contents
<b>Board of Directors</b>	<ul style="list-style-type: none"> <li>• Takes full responsibility for assessing the key ESG risks faced by the Group (such as supplier management, understanding sustainable needs of the society and other major ESG issues related to the Group);</li> <li>• Takes full responsibility for assessing and determining the nature and extent of risks, including ESG risks, that the Group is willing to accept in achieving its strategic objectives, and establishes and maintains appropriate and effective risk management and internal control systems.</li> </ul>

## 2. ESG MANAGEMENT AND STRATEGY (continued)

Regulatory Functions	Regulatory Contents
<b>ESG Leading Group: Sustainable Development Committee</b>	<ul style="list-style-type: none"> <li>• Determines the objectives and strategies of ESG work of the Group;</li> <li>• Takes responsibility for the overall leadership of ESG work of the Group, supervises and guides the working group to fully implement the environmental, social and governance strategies and related actions of the Group;</li> <li>• Monitors and regularly checks the adequacy and effectiveness of the risk management and internal control systems of the Group.</li> </ul>
<b>External Professional Consultants</b>	<ul style="list-style-type: none"> <li>• Conducts annual independent reviews of risk management and internal monitoring systems;</li> <li>• Ensures that the procedures used to identify, assess and manage significant risks properly identify key features of the risk management and internal control systems.</li> </ul>
<b>ESG Executive Group: Heads of Business Units</b>	<ul style="list-style-type: none"> <li>• Takes responsibility for developing and assessing the Group’s strategic visions, objectives and strategies for environment, social and governance, and ensures their compliance with the Group’s needs, applicable laws, regulations and regulatory requirements as well as international standards;</li> <li>• Takes responsibility for formulating or improving policies and procedures to address significant risks (including ESG risks in the course of operation);</li> <li>• Takes responsibility for developing the Group’s risk management and internal control systems, and for identifying risks that may have potential impact on the Group’s business and other aspects, including ESG risks in the course of operation and lack in internal control;</li> <li>• Takes responsibility for reporting any identified risks to the leading group;</li> <li>• Takes responsibility for preparing annual environmental, social and governance reports of the Group, and has all involved departments submit ESG report-related materials;</li> <li>• Takes responsibility for other matters authorized by the ESG Leading Group.</li> </ul>

### 2.2. STAKEHOLDER COMMUNICATION AND IMPORTANCE ASSESSMENT

Huzhou Gas strives to receive opinions from stakeholders (including shareholders, investors, customers, employees, suppliers, regulatory agencies and the public) through constructive communication, and actively follows opinions to protect each other’s rights and interests, so as to determine long-term development direction of the Group and maintain a close relationship with stakeholders. We arrange the management and employees from various departments of the Group to review the operation of the Group on the basis of their functions, identify ESG-related issues, and assess the importance and relevance of such issues to our business.

## 2. ESG MANAGEMENT AND STRATEGY (continued)

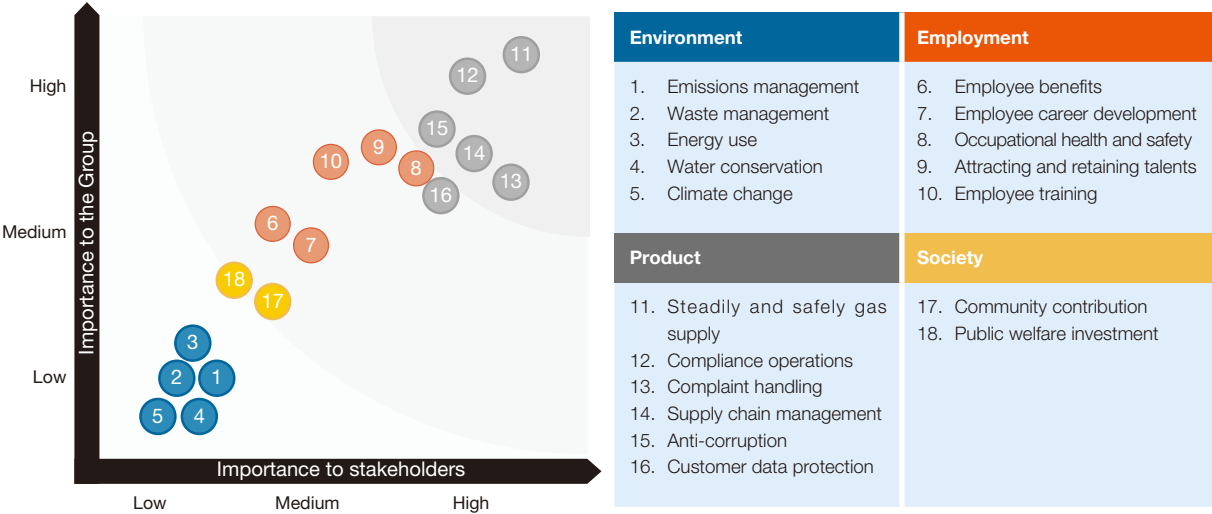
The expectations and typical channels of communication with the Group of Key Stakeholders are as follows:

Key Stakeholders	Expectations and Requirements	Main Communication Channels
<b>Shareholders and investors</b>	<ul style="list-style-type: none"> <li>Return on investment</li> <li>Protecting shareholders' rights and interests</li> <li>Accuracy and timeliness of information disclosure</li> <li>Combating corruption and promoting honesty</li> </ul>	<ul style="list-style-type: none"> <li>General meeting of shareholders</li> <li>Public information such as enterprise annual reports and announcements</li> <li>Telephone/email and the investor relations column on official website</li> <li>Investor meeting</li> <li>Information disclosure by listed companies</li> </ul>
<b>Customer</b>	<ul style="list-style-type: none"> <li>Ensuring product quality and safety</li> <li>Quality and efficient services</li> <li>Protecting customer privacy</li> </ul>	<ul style="list-style-type: none"> <li>Hotline</li> <li>Customer service center</li> <li>Customer satisfaction survey and opinion form</li> <li>Online service platform</li> </ul>
<b>Employee</b>	<ul style="list-style-type: none"> <li>Compensation and benefits</li> <li>Career development and opportunities</li> <li>Safe working environment</li> <li>Vocational training</li> <li>Humanistic care</li> </ul>	<ul style="list-style-type: none"> <li>Job evaluation</li> <li>Employee activities</li> <li>Training and seminars</li> <li>Employee survey</li> </ul>
<b>Supplier</b>	<ul style="list-style-type: none"> <li>Integrity and reciprocity</li> <li>Supply chain management</li> <li>Sustainable cooperation</li> </ul>	<ul style="list-style-type: none"> <li>Supplier evaluation system</li> <li>Field visit</li> <li>Supplier meeting</li> </ul>
<b>Regulatory agencies</b>	<ul style="list-style-type: none"> <li>Compliance Operations</li> <li>Ensuring product quality and safety</li> <li>Promoting economic development</li> <li>Promoting the development of gas industry</li> </ul>	<ul style="list-style-type: none"> <li>Compliance report</li> <li>Written response to consultation</li> <li>Participating in community activities</li> </ul>
<b>The public</b>	<ul style="list-style-type: none"> <li>Employment opportunities</li> <li>Efficient use of resources</li> <li>Support for social development</li> <li>Reducing pollutant emissions</li> <li>Ecological environment</li> </ul>	<ul style="list-style-type: none"> <li>Carrying out public welfare activities</li> <li>Attending seminars/lectures/working sessions</li> <li>Environmental protection activities</li> </ul>



## 2. ESG MANAGEMENT AND STRATEGY (continued)

We communicate with different types of stakeholders through different channels to understand their views of and expectations to the Group, and build a long-term and mutual trust relationship, thus determining the scope to be covered in this report. At the same time, Huzhou Gas understands opinions and requests of stakeholders through communication with stakeholders. We arrange the management and employees from various departments of the Group to review our operations within their functions, and identify ESG-related issues, and then after careful analysis by the Board of Directors and the management, the importance and relevance of such ESG issues is evaluated, and the following importance assessment results are reached.



Based on such results, the Group continues to improve its ESG performance to meet the expectations of stakeholders and address the risks faced by the Group. The work details and key performance indicators defined in the Guide of the ESG Report and considered to be relevant and significant to the operations of the Group are divided into five major categories, “Steadily and Safely Gas Supply”, “Strengthening Compliance and Win-win”, “Contributing to Humanistic Care”, “Co-creating Green Development” and “Public Welfare and Harmonious Community”, which are combined with our business development to achieve sustainable development and operation.



## 3. STEADILY AND SAFELY GAS SUPPLY

The Group strictly abides by all laws and regulations in the place where it operates and prudently conducts its business. Through lean management and standardized corporate governance, the Group strengthens internal control, devotes itself to offering quality gas services to its customers, and safeguards legitimate rights and interests of the Group and its customers.

### 3.1. STRENGTHENING QUALITY MANAGEMENT

Huzhou Gas commits itself to pursuing stable, continuous and safe gas supply while implementing the management policy of “Safety First, Prevention Foremost, Full Participation and Continuous Improvement”, aiming at extending customers with safe and quality gas supply services and demonstrating the social responsibility of gas enterprises. The Group strictly abides by the Product Quality Law of the People’s Republic of China in its operating activities and strictly conducts quality control in all aspects.

Huzhou Gas has developed the Engineering Quality Management Policy for supervising the design, procurement, engineering and overall management of various projects, with a view to ensuring the safety and reliability of the product quality. The monitoring methods implemented by the Group embrace monthly quality supervision, annual internal audit, management review, external supervision and inspection, flight inspection as well as inspection procedure review.

Huzhou Gas places great emphasis on the quality control of raw materials and services, the proper maintenance and operation of facilities, and the persistence of gas use safety. The engineering, safety and quality control department of the Group is responsible for the quality control and safety maintenance of different operation processes. Most of the personnel have relevant professional qualifications and natural gas industry experience. The responsibilities of the department mainly include: (1) holding regular meetings on safety maintenance of facilities; (2) formulating policies to promote safe and standardized operation processes; (3) identifying, evaluating and managing possible risks; (4) providing safety and technical training and education to employees; (5) keeping engineering records properly, and inspecting, checking and maintaining the quality of the facilities.

The Group has developed strict quality control standards on various aspects such as raw material supply, pipeline construction, facility repair and maintenance to ensure the safety of gas and the stable supply of natural gas, and has formed procedural manuals and policies on operating facility maintenance. Subject to government regulations, the Group takes charge of the safety of all its employees, conducts strict training for all employees in terms of relevant rules and regulations, formulates corresponding emergency recovery plans and performs regular drills, aiming at enhancing the safety responsibility awareness and crisis handling ability of all employees and preventing hidden dangers before they take place.

### 3. STEADILY AND SAFELY GAS SUPPLY (continued)

#### 3.2. VALUING CUSTOMER OPINIONS

Huzhou Gas is committed to building a complete customer service system, attaches importance to customer opinions, sets up a customer service center and extends professional and timely feedback to its customers throughout the country. In terms of improving the customer service system, the Group has formulated the Standardization Processes for Front-line Posts in the Customer Service Department of Huzhou Gas, which specifies in detail the handling attitudes and processes and the key points for attention in on-site handling in respect of customer complaints; and has formulated the Assessment Methods for Service Management of Huzhou Gas, which optimizes the service management systems of the Group, implements external service commitments, ensures the promptness of handling various letters and visits, enhances customer satisfaction and improves the service management level of the Group.

In response to customer complaints, the Group has also formulated the Customer Complaint Management System, with an eye to effectively preventing the risks in corporate operations and services, strengthening the management of customer complaints, standardizing the handling routines, ensuring timely, fair and reasonable resolution of external customer complaints, as well as advancing the continuous improvement and upgrading of operations and services. In the Customer Complaint Management System, it first clarifies the scope and risk level classification of major complaints, and then regulates different disposal measures adopted under different complaint cases. In addition, the Group organizes training for the Customer Service Department to form a relatively complete and standardized working mechanism for resolving complaints. During the year, we received a total of 295 complaints, and all of them have been handled promptly and properly.

The Group has formed a sound customer complaint handling mechanism, and opened a service hotline and a WeChat official account to receive customer complaints in a timely manner. Furthermore, customers may contact the sales personnel directly to transmit their complaint information in time. Upon receipt of the customer complaint, the Group may work with the responsible departments to analyze the root cause of the problem through internal methods such as online conference call and on-site training, as well as devise solutions and implement them in time. In the annual satisfaction evaluation, the promptness of the Group in solving problems has been 100% affirmed by the customers.

The Group regularly reviews, classifies and analyzes customer complaints, focuses on analyzing key issues, upgrades and reforms common problems, as well as solves individual problems by corresponding methods. For the complaint information, it is necessary to promptly understand and resolve it, communicate in a timely manner, identify the key links causing the problem and the directly responsible person, and propose solutions to ensure rapid resolution. After that, the involved departments summarize and sort out such problems timely, announce them in time within the Group, and hold regular online meetings to summarize and discuss the same encountered, so as to prompt other departments. The Customer Service Department actively provides feedback to the information, and answers questions from customers, so as to dispel their concerns in time. Relevant technical departments regularly arrange the training by industry experts and professional institutions. The Group actively collects market thoughts and customer feedbacks, updates marketing strategies in time, communicates with partners in the first instance according to complaint contents to promote project improvement and upgrading.

### 3. STEADILY AND SAFELY GAS SUPPLY (continued)

#### 3.3. PROTECTING CUSTOMER PRIVACY

Huzhou Gas lays emphasis on information security, and performs strict privacy protection for users via strict security management systems and advanced hardware and software technologies. Strictly abiding by the laws and regulations related to information security including the Secrecy Law of the People's Republic of China and the Implementation Measures for Secrecy Law of the People's Republic of China, the Group governs the collection, use and preservation of various types of data, regulates information security management, ensures the availability, integrity and confidentiality of information, as well as fully guarantees customer privacy.

The Group performs strict management against information security risks, and recognizes information security risks of the Group by identifying information assets and assessing risk levels, choosing appropriate control objectives and control methods to control the information security risks at an acceptable level on the premise of taking risks into account, and maintaining the sustainable business development of the Group, so as to meet the requirements of the information security management policies of the Group. Such regulation assigns key identification to hardware and software facilities that carry security information, and takes it as a basis for risk assessment to develop risk management strategies. Through systematic and comprehensive management, information security risks can be controlled at an acceptable level.

In connection with its employees, the Group formulates the Occupational Discipline Management Measures of Huzhou Gas and the Management Systems for Corporate Confidentiality, both of which state that the management principles for the Group's information and customer privacy information must be observed during all business operations of the Group, and strictly require employees not to disclose customer information in their private contacts, not to talk about customer information in public places and not to reveal customer information in ordinary telephones and private communications. Corresponding management initiatives have also been developed at various nodes. When customer information is entered, the entry process is initiated in the specified module, and then the approval is carried out step by step in each department to ensure information safety. In subsequent management, customer information will also be reviewed regularly. Not only will various functional departments get involved in the information flow process, but also the IT department will also play a key role in the maintenance of customer information. Besides, employees are required to actively take part in the information security awareness or information security skills training organized by the Group so as to improve their information security awareness.

### 3. STEADILY AND SAFELY GAS SUPPLY (continued)

#### 3.4. STANDARDIZING PROCUREMENT MANAGEMENT

The Group has developed strict quality control standards on various aspects such as raw material supply, pipeline construction, facility repair and maintenance to ensure the safety of gas and the stable supply of natural gas. The Group strictly obeys government regulations and formulates procedural manuals and policies on supplier management.

Huzhou Gas strictly controls its suppliers through annual evaluation of their quality, and makes a choice among suppliers based on the evaluation results. When choosing suppliers, we comprehensively consider such factors as their enterprise qualifications, quotations and service capabilities, and actively conduct supplier investigation and evaluation to enhance the sense of responsibility of such suppliers. Should we be aware of any material defects in suppliers (such as entities that provide false data, violate laws or are marked as having serious problems in product quality), we will not procure materials from such suppliers according to our internal policy.

According to the Notice of the Municipal State-owned Assets Supervision and Administration Commission on Further Regulating the Procurement Behaviors of State-owned Enterprises in Huzhou (HGZW [2022] No. 34) issued by Municipal State-owned Assets Supervision and Administration Commission and the transaction rules for the green procurement service platform, the Group carries out the bidding and procurement process and adopts the method of public bidding. During bid opening, it is supervised by the representative of the bidding unit and the representative of discipline inspection on the spot, experts are selected by the supervision unit to comprehensively score the technical and commercial bids, and the one getting the highest score is the final winner.

In addition, we require employees to conduct quality inspections on the procured materials to ensure that such materials satisfy relevant industry standards. If any raw material is found defective, our quality control personnel will screen the defective raw materials as required by policy, and we will usually return such raw material to the supplier. For special equipment and certain pipeline components, we require suppliers to provide quality certificates and inspection certificates as issued by eligible organizations.

During the year, there are a total of 28 major suppliers involved in the business of the Group, with the following regional distribution by product and service category:

Region	Zhejiang	Jiangsu	Shanghai	Shandong	Sichuan	Henan	Hebei	Anhui
Quantity	14	5	1	2	1	1	2	2

## 4. STRENGTHENING COMPLIANCE AND WIN-WIN

### 4.1. RIGHTEOUS MANAGEMENT

Huzhou Gas integrates the concept of sustainable development management into its business operations, builds a sustainable development management system, sticks to the principle of ethical and compliant operation, continuously enhances exchange among stakeholders, ensures the corporate sustainable development and gives back to customers and the society.

The Group abides by the principle of fair market competition, consciously upholds market order, maintains an open and transparent price system, as well as conducts business activities according to laws and regulations. The Group, by means of releasing compliance management reports and conducting compliance publicity and training, enhances compliance awareness of its employees and pushes forward its own compliant and sustainable development.

The Group advocates corresponding contract management systems and penetrates the integrity principle into our business processes, including investigation before contract signing, contract execution management, contract signing process specification, contract performance and contract archiving. We standardize business conducts from the contract process, strengthen contract performance supervision and prevent default risks. In 2022, we did not have any case about breach of contract resulting from violation of the terms.

### 4.2. CONDUCTING ANTI-CORRUPTION CONSTRUCTION

Huzhou Gas abides by a series of laws and regulations as designed to prevent corruption, bribery and other unethical business practices, including the Criminal Law of the People's Republic of China, the Company Law of the People's Republic of China, the Anti-Unfair Competition Law of the People's Republic of China and the Anti-Money Laundering Law of the People's Republic of China. And all branches of the Group comply with the laws and regulations of their each place of operation and actively promote anti-corruption and integrity.

Huzhou Gas is committed to satisfying the highest ethical standards during its business dealings and abiding by the gist and spirit of all relevant laws, regulations and provisions. Pursuant to relevant national laws, regulations and standards, Huzhou Gas formulates the Occupational Discipline Management Measures of Huzhou Gas for all employees of the Group, combines with the actual situations of the Group and defines employee behavior norms in detail, thus giving a guidance on how to maintain normal operation and management order of the Group. With a view to preventing frauds and irregularities within the Group, establishing a reporting channel for possible frauds and irregularities, dealing with them in an endless cycle, ensuring legal and compliant operations of the Group as well as protecting legitimate rights and interests of shareholders and employees of the Group and of the country, the Group has also formulated the Corporate Anti-Fraud Management System.

#### 4. STRENGTHENING COMPLIANCE AND WIN-WIN (continued)

In particular, the Group requires its directors, supervisors and other senior executives to shoulder the responsibility of honesty and diligence to the Group. When performing their duties, they must not only abide by laws, administrative regulations, articles of association and resolutions passed by the general meetings of shareholders, but also abide by the Integrity Principle and not put themselves in a situation with which their own duties and interests may conflict. The Integrity Principle requires all employees not to take bribes or other illegal income by taking advantage of their authority, and not to misappropriate collective funds or encroach on collective assets in any form, including (but not limited to) these opportunities beneficial to the Group. For key employees of the Group, the Group also implements the Measures for the Supervision and Management of Cadres and Workers of Huzhou Gas “Beyond Eight Hours” to strictly regulate and restrict daily behaviors of its cadres and workers, formulates the Key Points for the Party Conduct, Clean Government and Anti-corruption Work of Huzhou Gas in 2022 to persistently explore and strengthen the supervision function, conducts practical and detailed daily supervision, carries out practical and good supervision, earnestly strengthens and improves the work style of cadres and workers, as well as further promotes the formation of honest and upright state-owned enterprises.

For the purpose of maintaining the integrity and dedication of all employees of Huzhou Gas, protecting interests of the Group and the individuals from infringement, and ensuring healthy development of the Group, the Group establishes a reasonable organizational structure, conducts correct guidance from the value level and advocates an honest corporate culture. During the Reporting Period, the Group held training on anti-corruption, bribery and environmental violations, mainly popularizing anti-corruption and bribery regulations in relevant laws and regulations such as the Criminal Law of the People’s Republic of China, the Anti-Unfair Competition Law and the Interim Provisions on Prohibiting Commercial Bribery to all employees. The purpose of such training is to expound anti-corruption and bribery to employees, present relevant prevention programs, promote integrity management in the Group, and improve integrity awareness and ethics of employees. During the Reporting Period, we did not have any case of corruption.

## 5. CONTRIBUTING TO HUMANISTIC CARE

Huzhou Gas attaches great importance to the development of talents, since employees are the most important assets in our operations. To this end, the Group has formulated a number of human resources management systems including the Corporate Recruitment Management Measures and the Employee Handbook for employees, which have made detailed and clear regulations on recruitment and employment, labor services, attendance management, performance management, training and development and other procedures, strengthened human resources management, effectively guaranteed legitimate rights and interests of the employees, as well as continuously improved employee benefits and enhanced their sense of belonging. As of 31 December 2022, the total number of employees of the Group was 435.

### 5.1. EQUAL EMPLOYMENT SYSTEM

In strict compliance with labor and employment related laws and regulations including the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, the Labor Dispute Mediation and Arbitration Law of the People's Republic of China, the Labor and Employment Promotion Law of the People's Republic of China, the Employment Service and Employment Management Regulations and the Prohibition of Child Labor, Huzhou Gas offers employees a harmonious, inclusive, equal and non-discriminatory working environment. The Group formulates the Corporate Recruitment Management Measures, introduces the systems for recruitment management, labor service management, attendance management, salary and welfare management, performance appraisal management, and training and development management, etc., and employs talents based on the principles of open recruitment, impartial evaluation, fair competition and merit selection.

The Group strictly abides by the requirements under Article 94 of the Labor Law of the People's Republic of China: "Where an employer illegally recruits juveniles under the age of 16, the labor administrative department shall order it to make corrections and impose a fine. While if the circumstances are serious, the administrative department for industry and commerce shall revoke its business license." To avoid child labor, we will first require applicants to produce their identification documents for verification during the recruitment to ensure that they meet the minimum working age requirements. When a new employee enters the workforce, the Human Resources Department will conclude a labor contract with him and require him to present documents such as ID card, education certificate, certificate of terminating labor relationship with the previous employer and personal photos when going through the formal employment procedures, so as to ensure true and effective identity and prevent illegal employment. If the Group discovers the existence of child labors, it will immediately cancel their candidacy and employment qualifications, and contact their legal guardian to arrange for the child labors to be returned to their original places of residence and handed over to their parents or guardians as soon as possible. The Group strictly implements relevant national laws and regulations during the work process of its employees, respects the right of all employees to be hired voluntarily and to resign freely. If forced labors are found, the Group will handle them strictly and promptly dismiss relevant responsible persons.

In addition, the Group implements a standard working hour system, a comprehensive working hour system and an irregular working hour system for different types of employees, all of which do not exceed the statutory standards, and also stipulates that employees enjoy legal holidays according to law, thus ensuring that employees have sufficient rest time while avoiding forced labor.

During the Reporting Period, the Group did not violate any relevant laws and regulations relating to remuneration and dismissal, recruitment and promotion, hours of work, equal opportunities, diversity, anti-discrimination, and prevention of child labor or forced labor, nor did the Group have any cases of child labor or forced labor.



## 5. CONTRIBUTING TO HUMANISTIC CARE (continued)

### 5.2. EMPLOYEE COMPENSATION AND BENEFITS

The Group extends competitive compensation and benefits to its employees, and gives full play to the value of talents in the enterprise based on individual competencies and guided by performance management. Through a comprehensive employee performance appraisal system, we improve the quality and performance of our employees, while achieving the overall development strategy of the Group.

The Group establishes a complete salary and welfare system for its employees, whose salaries include fixed salary, performance pay, overtime pay, various subsidies and year-end bonuses; and also contributes social insurance and procures housing provident fund for its employees as regulated such as basic endowment insurance, basic medical insurance, work-related injury insurance, unemployment insurance and maternity insurance. In terms of welfare, the Group not only follows the statutory holidays, but also offers paid annual leave and various conforming vacations to protect legitimate rights and interests of its employees.

In addition, the Group presents various kinds of care for employees in terms of welfare. On every meaningful holiday, the Group organizes corresponding activities for its employees, such as Women's Day activities on 8 March, model worker certificate awarding activities on 1 May, etc., for joint celebration. At other times, a series of employee activities including basketball matches and sports meetings will be organized, which are beneficial to the physical improvement of employees. Cakes and blessings will also be given to employees on their birthdays. The Group purchases holiday presents for all employees on the Dragon Boat Festival, the Mid-Autumn Festival, the Spring Festival, etc., and gifts for those members having children on the Children's Day on 1 June; and as well procures mutual insurance for members and allows secondary reimbursement for sick and hospitalized employees.

Meanwhile, the Group maintains an open communication attitude, receives feedbacks and suggestions from employees through its open and formal communication platforms and channels, and gives solutions to the problems. In order to build convenient and effective communication channels and improve communication timeliness and feedback efficiency, the Group sets up a variety of online and offline communication channels, so that employees can reflect their opinions to the management and enhance their sense of belonging.



Illustration: Women's Day Activities on 8 March



Illustration: Model Worker Certificate Awarding Activities on 1 May

## 5. CONTRIBUTING TO HUMANISTIC CARE (continued)

### 5.3. VALUING TALENT DEVELOPMENT

#### Training system

The Group devotes itself to providing training and development opportunities for employees to help them maximize their business potentials and management talents, and meanwhile advocates and establishes a learning and sharing mechanism to gather organizational intelligence. Employees may apply for targeted training resources through the Group's online learning platform and various offline training courses, while in combination with their own work and personal growth needs.

With a view to building an efficient and cohesive team, the Group formulates the Corporate Training Management Systems, the Skills and Professional Title Management Regulations and the Vocational Skill Level Certification and Management Systems of Huzhou Gas, and establishes a complete employee development and training system to standardize the training implementation and management of personnel at all levels and continuously improve the talent cultivation mechanism. The employee training programs of the Group are scientifically and reasonably designed to meet the training needs of various talents.

At the beginning of February every year, each department proposes a company-level training plan and a department-level training plan according to the annual business plan of the Group and the work needs of each department, and submits them to the General Affairs Office after being confirmed and signed by the department head and the leader in charge. In the middle of February every year, the General Affairs Office prepares an annual training plan of the Group (including a branch-level training plan and a department-level training plan, while specifying training time and responsible department) based on the training plan submitted by each department, and completes corporate approval before the end of February. Each department shall conduct its own training work according to the annual training plan of the Group, organize, implement and summarize such training, and finally submit the report to the General Affairs Office (within 7 days after the training). And the General Affairs Office shall do a good job in supervision and service as scheduled.

At the end of February every year, the HSE Office is responsible for formulating an annual safety production training plan of the Group and completing the approval by the Group. Subject to the annual safety production training plan of the Group, each department shall formulate a corresponding safety training plan. The annual safety production training plan should be targeted and effective to give priority to the principles, policies and norms of safety production and the rules and regulations of enterprises; the safety training of departments and teams should give priority to safety operation procedures, labor disciplines, job responsibilities, accident case analysis, etc.; and the safety training of special operators should give priority to the operation procedures of special equipment and the safety knowledge of such special operators. And these new employees and transferred personnel must go through the "three-level" safety education and training before taking up their posts.

5. CONTRIBUTING TO HUMANISTIC CARE (continued)



Illustration: Video Conference on Gas Safety Scheduling and Training Course on Gas Safety Management by Urban Construction Division under Ministry of Housing and Urban-Rural Development in the HSE Office



Illustration: Study on Professional Basic Knowledge of Gas Engineering Technology and Case of Accident in Anyang, Henan Province by the Engineering Department



Illustration: Enterprise Tax-related Risk Analysis and Value Enhancement Training of Financial Personnel

## 5. CONTRIBUTING TO HUMANISTIC CARE (continued)

### Training dynamics

During the year, a total of approximately 100% <sup>(Note 1)</sup> employees received training, with an average of 13.56 training hours per employee <sup>(Note 2)</sup>; and the training classification by employee gender and rank is as follows:

	Number of Trained Employees	Percentage of Trained Employees <small>(Note 3)</small>	Total Training Hours (in Hour)	Average Training Hours Completed by Each Employee (in Hour) <sup>(Note 4)</sup>
Classification by employee gender				
– Male	328	75.6%	4,449.5	13.52
– Female	106	24.4%	1,448.0	13.66
Classification by employee rank				
– Chief executive	2	0.5%	22.5	11.25
– Senior executive	7	1.6%	158.5	22.64
– Middle executive	35	8.1%	775.5	22.16
– General employee	390	90.0%	4,941.0	12.64

Note 1: Total number of trained employees divided by number of employees at the end of the year.

Note 2: Total training hours of employees divided by number of employees at the end of the year.

Note 3: Number of trained employees in this category divided by number of trained employees.

Note 4: Training hours of employees in this category divided by number of employees in this category at the end of the year.

## 5. CONTRIBUTING TO HUMANISTIC CARE (continued)

### 5.4. EMPLOYEE HEALTH AND SAFETY

Huzhou Gas takes ensuring health and safety of employees as its priority, builds a safety management system in strict compliance with laws and regulations such as the Law of the People's Republic of China on Prevention and Control of Occupational Diseases, the Regulations on Labor Protection of Female Employees and the Regulations on Supervision and Administration of Occupational Health in Workplaces, aiming at creating a safe and healthy working environment and providing comprehensive safety education to employees. In the face of the ongoing impact of COVID-19 epidemic, the Group has been taking reliable protective measures to ensure health and safety of its employees.

#### Workplace safety

The Group is committed to offering a safe and healthy working environment for its employees, and has implemented specific measures in this regard, including but not limited to: (1) adopting internal operational guidelines related to various processes of our business, like operating natural gas stations, unloading and storing liquefied natural gas, and inspecting and conducting leak detection of pipelines; (2) allocating separate safety management systems for specific equipment, such as access rights for eligible employees only, periodic inspection and maintenance, and proper records of the purchase, replacement, use and maintenance of relevant equipment; (3) establishing a comprehensive contingency plan for emergencies related to our business operations; (4) appointing members from our engineering, safety and quality control departments to monitor the implementation of safety measures; and (5) carrying out regular training and assessment, and assisting relevant employees in understanding technical knowledge, regulations and industry standards on safety.

To ensure compliance with and abidance by the relevant legal standards on health and safety when conducting business activities, we have implemented internal policies in accordance with various industry standards promulgated by the country.

During the year, there were no fatalities occurred during the operation and project construction of the Group, and no employees involved in major accidents during the same. The Group has followed applicable national and local laws and regulations on health and safety in all major aspects. Relevant Chinese authorities have not imposed any significant sanction, penalty, fine or punishment on the Group for any violation of the laws or regulations on health and safety of China; and the Group has not been involved in any material claims relating to personal injury, property loss or compensation payable to employees.

#### Physical and mental health of employees

The Group arranges annual physical examinations for its employees, organizes various types of employee activities, etc., with a view to creating a safe, healthy and friendly workplace environment for such employees, balancing their work and life and enhancing their sense of well-being.

Out of ensuring that employees have a strong physique and a good mental state, the Group holds employee sports meetings, organizes various interesting campaigns, small competitions, etc. to bring diversified experiences, aiming at advocating employees to keep their enthusiasm for physical exercise and experience the joy of healthy sports.

## 5. CONTRIBUTING TO HUMANISTIC CARE (continued)

### Fight against the epidemic with all efforts

In view of the global outbreak of COVID-19 epidemic, we have taken intensified health prevention measures since February 2020 so as to ensure ongoing business operations of the Group. To this end, our employees should take all practical measures to ensure health and safety of the workplaces, including the following:

- Encouraging employees to be vaccinated against novel coronavirus as soon as possible according to the policies promulgated by government departments;
- Requiring employees to report any special health conditions of themselves and their close family members to the Human Resources Department;
- Requiring employees returning from high-risk areas to isolate themselves for 14 days;
- Regularly cleaning and disinfecting our owned and leased land properties (including offices and reception desks) and our operating facilities;
- Giving concerns to the physical condition of our employees and subcontractors, and checking their body temperature every day;
- Requiring our employees to wear masks at all times during work and report to us in time in case of any non-comfort;
- Promoting a contactless work environment by means of applying online platforms, using mobile applications whenever possible, reducing paper use and limiting physical meetings; and
- Advocating personal hygiene among our employees.

In light of the recently emerged novel coronavirus variants (including Omicron), we have taken additional precautions such as (1) suspending group activities beyond Zhejiang Province; (2) restricting our employees from traveling to medium or high-risk areas unless necessary; and (3) strengthening our reporting systems to better track the health status of our employees. We believe that relevant measures will enable us to better cope with any unexpected changes in the COVID-19 epidemic in China.



## 5. CONTRIBUTING TO HUMANISTIC CARE (continued)

### 5.5. SUMMARY OF INFORMATION IN SOCIAL CATEGORY

Social Category	Unit	Year of 2022
<b>Number of male and female employees</b>		
Male	Number of people	329
Female	Number of people	106
<b>Number of employees of different types</b>		
Chief executive	Number of people	2
Senior executive	Number of people	7
Middle executive	Number of people	35
Others	Number of people	391
<b>Number of employees in different age groups</b>		
Under 30 years old	Number of people	105
30 to 40 years old	Number of people	216
41 to 50 years old	Number of people	81
Over 50 years old	Number of people	33
<b>Number of employees in different regions</b>		
Mainland China	Number of people	435
Others	Number of people	0
<b>Number and rate of employee turnover (total rate and by gender)</b>		
Total employee turnover rate <small>(Note 1)</small>	%	3%
Male turnover employee and rate <small>(Note 2)</small>	%	10 (3%)
Female turnover employee and rate <small>(Note 2)</small>	%	1 (1%)
<b>Number and rate of employee turnover (by age group) <small>(Note 2)</small></b>		
Under 30 years old	%	3 (3%)
30 to 40 years old	%	6 (3%)
41 to 50 years old	%	2 (2%)
Over 50 years old	%	0 (0%)
<b>Number and rate of employee turnover (by region) <small>(Note 2)</small></b>		
Mainland China	%	11 (3%)
Others	%	0 (0%)



## 5. CONTRIBUTING TO HUMANISTIC CARE (continued)

Social Category	Unit	Year of 2022
<b>Occupational health and safety</b>		
Number of work-related injuries	Number of people	2
Number of lost working days due to work-related injuries	Number of days	9
Number of work-related deaths (in the recent three years)	Number of people	0

Note 1: Number of separated employees divided by number of employees at the end of the year.

Note 2: Number of separated employees in this category divided by number of employees in this category at the end of the year.

## 6. CO-CREATING GREEN DEVELOPMENT

While insisting on quality growth, Huzhou Gas also adheres to the concept of caring for the earth and protecting the environment, and is committed to establishing sound environmental management systems and measures to ensure a green ecological system with its employees and customers. Facing the increasingly severe global environmental risks, we must act to establish the ecological civilization concept of respecting and protecting nature, and follow the road of sustainable development. During the Reporting Period, there was no violation of environmental laws and regulations by the Group.

### 6.1. ADDRESSING CLIMATE CHANGE

Climate change is a global challenge at present that affects everyone's life. In 2015, nearly all countries in the world adopted a landmark international agreement, i.e. the Paris Agreement, agreeing to drastically reduce global greenhouse gas emissions, with a view to limiting global warming within 1.5 degrees Celsius this century. This Agreement underscores the urgency of climate-related situations.

At the United Nations General Assembly in 2020, China clearly stated that carbon dioxide emissions should strive to reach carbon peak by 2030 and work towards achieving carbon neutrality by 2060.

In recent years, Huzhou Gas has actively taken part in carbon emission reduction programs, complied with the global trend of green and low-carbon development, and laid out a carbon neutral pattern. During the year, the Group has also developed the Environmental, Social and Governance Policies specifically for climate change, covering assessing major climate-related issues and corresponding countermeasures.

The greenhouse gas emissions generated during our operations mainly originate from the fuel consumed by the vehicles for business travel, the natural gas consumed by our stoves and the use of outsourced power. In this regard, the Group has formulated a series of measures for greenhouse gas emissions, which will be elaborated on in the "Practicing Green Operations" section.

A summary of the greenhouse gas emissions of the Group during the year is as follows:

Greenhouse Gas Emission Category	Unit	Emission Volume
Greenhouse gas emission volume		
Scope 1 Direct greenhouse gas emissions	Carbon dioxide equivalent (in metric ton)	1,166.18
Scope 2 Indirect greenhouse gas emissions from energy use	Carbon dioxide equivalent (in metric ton)	639.91
Total greenhouse gas emission volume	Carbon dioxide equivalent (in metric ton)	1,806.08
Greenhouse gas emission intensity		
Every employee (Category 1)	Carbon dioxide equivalent (in metric ton)/ Number of employees	2.68
Every employee (Category 2)	Carbon dioxide equivalent (in metric ton)/ Number of employees	1.47

## 6. CO-CREATING GREEN DEVELOPMENT (continued)

Based on the greenhouse gas emission performance of the Group during the year, we set a target for greenhouse gas emission by taking 2022 as the base year and assuming no significant changes in the business of the Group, and the target is to maintain the greenhouse gas emission density at 2.68 (for Scope 1, CO<sub>2</sub> equivalent in metric ton/Number of employees) or 1.47 (for Scope 2, CO<sub>2</sub> equivalent in metric ton/Number of employees) in the next three years.

### 6.2 PRACTICING GREEN OPERATIONS

Huzhou Gas has been committed to combining characteristics of the gas industry to reduce the impact of its own operations on the natural environment, while promoting and practicing green operations, and incorporating green concepts into its daily operations. The impact on the environment from the Group mainly comes from office power consumption and domestic water consumption, hazardous and harmless waste management, useful water and wastewater treatment, fuel consumed by in-use vehicles, as well as natural gas consumed by stoves. The Group has made efforts in practicing green operations. To contribute to building a harmonious ecosystem, the Group has taken a series of measures in terms of energy use, water resource management and reduction in air emissions and noise.

#### Waste management

Since hazardous wastes such as selenium drums, fluorescent tubes and toner cartridges will be generated during the office operations of the Group, we have partnered with an eligible processing company for hazardous wastes to recycle such hazardous wastes. Beyond the office, vehicle oil, gear oil, brake oil, refrigeration oil, storage battery and other wastes will also be produced during the operations of the Group, which will be disposed of by designated repair shops. The harmless solid waste generated by the Group is mainly the domestic waste, which will be transported away by eligible sanitation companies to ensure proper waste separation and treatment. The oil-water mixture produced in the canteen is separated by an oil-water separation tank, after which the wastewater flows into the municipal sewage pipe network and the waste oil is recycled by a government-designated unit.

During its daily operations, the Group consciously reduces the loss in resources through daily recycling and reusing. We encourage employees to reuse printing paper and other stationery supplies to reduce waste emissions. In terms of environmental protection and emission reduction in the staff canteen, the canteen refuses to provide disposable tableware but uses reusable tableware instead, and advocates the Clean Your Plate Campaign to avoid wasting food and reduce kitchen waste.

In addition, the Group has set up the Leading Group for Fine Management (Domestic Waste Classification) to ensure smooth implementation. The Leading Group for Fine Management (Domestic Waste Classification) consists of a leading group, an executive group and an inspection group to ensure accurate classification of domestic waste.

## 6. CO-CREATING GREEN DEVELOPMENT (continued)

### Energy use

The Group insists on minimizing the consumption of resources (including energy, water, etc.) as much as possible while operating efficiently, supports the use and promotion of clean energy, and improves the comprehensive utilization rate of resources. The Group controls the use of energy such as water, power, natural gas and fuel, focuses on the management of major energy-consuming equipment, counts the monthly consumption and regulates the operation process of equipment so as to make full and effective use of energy. We investigate any abnormal or excessive consumption, and then identify the causes and search corrective measures. To achieve sustainable development, the Group regularly circulates environmental protection-related messages to its employees and makes practical suggestions on eco-friendly lifestyles. Looking ahead, we will proceed to actively seek feasible opportunities to reduce consumption in our operations.

During the year, the Group carried forward the following regulatory measures regarding energy use, energy conservation and emission reduction:

1. The Group is equipped with an online monitoring device for cooking fume, which mainly monitors whether the cooking fume emission in the canteen meets the standard and is connected to Wuxing District Comprehensive Administrative Law Enforcement Bureau of Huzhou. The system automatically uploads the data on cooking fume emission to the above-mentioned Bureau. Up to now with the help of the device, it has been detected that the cooking fume emission in the canteen is qualified.



Illustration: Online monitoring device for cooking fume in canteen

2. The key energy-consuming equipment of the Group is the central air-conditioning unit for the building, which was not inspected due to excessive consumption in 2022.

## 6. CO-CREATING GREEN DEVELOPMENT (continued)

In order to achieve the above emission reduction goals during the year, the Group has taken the following measures:

1. Promoting paperless office work and advocating double-sided printing.
2. Carrying out publicity on energy conservation and emission reduction, and erecting slogans such as turning off the lights when leaving.
3. Replacing automatic induction switches for passageways and corridors to save electricity.
4. Conducting various types of publicity, erecting striking slogans and advocating water conservation.

Following the Group's efforts to implement efficiency enhancement and to promote energy conservation to its employees, the energy consumption and its intensity of the Group during the year are as follows:

	Unit	Year of 2022
Power consumption	KWh	909,602.11
Total power consumption intensity	KWh/Number of employees	2,091.04
Natural gas consumption	m <sup>3</sup>	48,582.00
Natural gas consumption density	m <sup>3</sup> /Number of employees	111.68
Gasoline consumption	L	70,690.28
Gasoline consumption density	L/Number of employees	162.51
Diesel consumption	L	8,230.26
Diesel consumption density	L/Number of employees	18.92

The energy consumption is uniformly converted into MWh measurement with the following results:

Type	Consumption in 2022
Direct energy (MWh) <sup>1</sup>	1,281.29
Indirect Energy (MWh)	909.60
Total energy consumption (MWh)	2,190.90
Energy density (calculated by the number of employees, i.e. "MWh/Employee")	5.04

According to the energy consumption performance of the Group during the year, we set a target for energy consumption by taking 2022 as the base year and assuming no significant changes in the business of the Group, and the target is to maintain the energy consumption density at 5.04 MWh/Employee in the next three years.

<sup>1</sup> The kWh units under energy conversion are calculated with reference to the Energy Statistics Manual released by the International Energy Agency.

## 6. CO-CREATING GREEN DEVELOPMENT (continued)

### Water resources management

The Group mainly consumes water for office work, domestic use and equipment cleaning. The water source comes from the city's unified water supply system connected to the office premises, and there is no issue in sourcing water. Our sewage treatment is supervised by external regulatory agencies, the sewage test is conducted and the test reports are issued annually by third-party testing agencies with relevant qualifications, and spot checks are conducted by the local Center for Disease Control and Prevention in Huzhou. Concerning water for office work and basic sanitation, they are discharged into the municipal sewage network after being pretreated; and the collected sewage meets the tertiary discharge standard in the Comprehensive Sewage Discharge Standard of China.

Attaching importance to the impact of water resource consumption on the environment, Huzhou Gas has formulated a series of water-saving measures, erected water-saving warning signs in various water-using areas, enhanced employees' awareness of water saving and adopted non-contact induction faucets to achieve the specific purpose.

As of 31 December 2022, the water consumption and its density of the Group are as follows:

	Unit	Year of 2022
Water consumption	Metric ton	38,179.00
Total water consumption density	Metric ton/Number of employees	87.77

According to the water consumption performance of the Group during the year, we set a target for water consumption by taking 2022 as the base year and assuming no significant changes in the business of the Group, and the target is to reduce the water consumption density to 87.00MWh/Employee in the next three years.

### Reduction in air emissions

Air emissions can cause global climate warming and have a significant impact on the environment. The Group is deeply aware that reducing air emissions is beneficial for delaying global warming and integrating environmental protection concepts into actual operations. The air emissions of the Group mainly come from the exhaust gas generated by the combustion of gasoline and diesel in its vehicles and by the combustion of natural gas in its stoves. We have taken effective emission reduction measures to reduce air pollution. The specific measures include: we control the amount of vehicles used and register the mileage of driving vehicles on a monthly basis to avoid invalid and arbitrary usage of vehicles. Moreover, we have gradually phased out the old-fashioned large-displacement vehicles and planned to switch to pure electric vehicles to reduce the air emissions generated by fuel.

During the year, the types of and data about air emissions generated by vehicles of the Group are as follows:

Emission Type	Unit	Year of 2022
Nitrogen oxide (NO <sub>x</sub> )	Kg	327.09
Sulfur oxide (SO <sub>x</sub> )	Kg	27.89
Particulate matter (PM)	Kg	13.21

## 6. CO-CREATING GREEN DEVELOPMENT (continued)

### 6.3. PRACTICING LOW CARBON AND ENVIRONMENTAL PROTECTION

On 27 September 2020, the Ministry of Ecology and Environment held a policy briefing on “actively responding to climate change” to implement the objective of addressing climate change, intensify economic transformation, uphold new development concepts, develop high-tech industries such as digital economy, promote low-carbon culture with digitalization, etc. In the meantime, it is necessary to strengthen energy substitution and build a near-zero emission energy system with new and renewable energy as the priority by 2050, thereby laying a foundation for carbon neutrality by 2060.

The Group conducts a comprehensive check of greenhouse gas emissions, and we refer to the recommendations from the Task Force on Climate-Related Financial Disclosures (TCFD) to transparently disclose and compare greenhouse gas emissions and energy consumption in the report, while striving to reduce carbon footprint during operations of the Group and pursuing a low-carbon culture.



## 7. PUBLIC WELFARE AND HARMONIOUS COMMUNITY

Huzhou Gas actively undertakes its social responsibility, and serves as a member of society to fulfill its obligations of supporting social development and showing concerns to social changes. Huzhou Gas has always been enthusiastic about public welfare and has held various charitable activities over the years, contributing to the care for the elderly and the young, protecting the environment and cultivating talents, as well as actively fulfilling its corporate social responsibility. During the year, we took “culture” and “health” as the main areas of support, and focused on “taking into account the rights and interests of vulnerable and minority groups” to give back to the society. During the year, the Group organized a total of eight public welfare activities, mainly to express condolences to the needy people and the elderly residing in Anding Academy Community, Baiyutan Community, Yihe Jiayuan Community and Jishan No.2 Community; and meanwhile supported the epidemic prevention and control in Nanxun District and Lianshi Town, by contributing RMB314,898 in total.

On 28 January 2022, the Group launched the new year condolence activity themed “Celebrating the Year of Tiger and Sending Warmth in Winter”, sending new year blessings and donating articles worth RMB12,600 to the needy; on 1 July 2022, the Group carried out activities to express condolences to the Party members in difficulty by sending “offerings” to these residing in the twinning communities, overhauling gas facilities for them free of charge and donating articles worth RMB297.9; and on 30 September 2022, the Group carried out the activity themed “Celebrating the Double Ninth Festival in a Healthy State” together with the twinning communities, spending the Festival joyfully with the elderly and donating articles worth RMB2,000.

The Group drives the full coverage of clean energy in rural areas and lowers coal combustion pollution by carrying out the “Gas to the Countryside” shuttle bus activity. Through activities such as carrying out the “Three Entries” safety propaganda and free replacement of metal corrugated pipes, the Group has continuously upgraded its basic livelihood services.

# OVERVIEW OF KEY PERFORMANCE INDICATORS

## ENVIRONMENTAL PERFORMANCE

	Category	Emissions During the Year
Exhaust gas	Nitrogen oxide (kg)	327.09
	Sulfur oxide (kg)	27.89
	Inhalable suspended particles (kg)	13.21

	Scope	Emissions During the Year
Greenhouse gas emissions	Scope 1 Direct greenhouse gas emissions (carbon dioxide equivalent in metric ton)	
	Fossil fuel combustion – stationary sources	105.15
	Fossil fuel combustion – mobile sources	188.44
	Refrigerant	872.59
	Scope 2 Indirect greenhouse gas emissions from energy (carbon dioxide equivalent in metric ton)	
	Outsourced power	639.91
	Total greenhouse gas emissions (carbon dioxide equivalent in metric ton)	1,806.08
	Greenhouse gas density (Carbon dioxide equivalent in metric ton/Employee)	4.15

	Category	Amount Generated During the Year
Waste	Hazardous waste	
	Hazardous waste in office buildings (in metric ton)	1.04
	Density of hazardous waste in office buildings (Calculated by the number of employees, i.e. "Metric Ton/Employee")	0.00
	Hazardous oil products in workshops (in liter)	238.00
	Density of hazardous oil products in workshops (Calculated by the number of employees, i.e. "Liter/Employee")	0.55
	Discarded battery (in piece)	7.00
	Density of discarded battery (Calculated by the number of employees, i.e. "Piece/Employee")	0.02
	Non-hazardous waste (in metric ton)	5.07
	Domestic waste	0.01
	Density of non-hazardous waste (Calculated by the number of employees, i.e. "Metric Ton/Employee")	

## OVERVIEW OF KEY PERFORMANCE INDICATORS (continued)

Category		Consumption During the Year
Energy use	Direct energy (MWh)	
	Gasoline	685.09
	Diesel	88.09
	Natural gas	508.12
	Indirect Energy (MWh)	
	Power	909.60
	Total energy consumption	2,190.90
	Energy density (Calculated by the number of employees, i.e. "MWh/Employee")	5.04

		Consumption During the Year
Water use	Total water consumption (in m <sup>3</sup> )	38,179.00
	Water consumption density (Calculated by the number of employees, i.e. "m <sup>3</sup> /Employee")	87.77

## SOCIAL PERFORMANCE

Employee Distribution		Number of Employees in the Year
Gender	Male	329
	Female	106
Employment category	Chief executive	2
	Senior executive	7
	Middle executive	35
	General employee	391
Employment type	Full-time	435
	Part-time	0
Age	Under 30 years old	105
	30 to 40 years old	216
	41 to 50 years old	81
	Over 50 years old	33
Region	Mainland China	435
	Others	0
Proportion by gender (male: female)		3.1:1
Total		435

## OVERVIEW OF KEY PERFORMANCE INDICATORS (continued)

Employee Distribution		Distribution and Proportion of Separated Employees in the Year <sup>2</sup>
Gender	Male	10 (3%)
	Female	1 (1%)
Age	Under 30 years old	3 (3%)
	30 to 40 years old	6 (3%)
	41 to 50 years old	2 (2%)
	Over 50 years old	0 (0%)
Region	Mainland China	11 (3%)
	Others	0 (0%)
Total and proportion <sup>3</sup>		11 (3%)

Occupational Safety and Health Performance	Indicators for the Year
Number and proportion of work-related deaths	0
Number and proportion of work-related injuries	2, 0.46%
Number of lost working days due to work-related injuries	9

Training	Category	Distribution and Proportion of Trainees <sup>4</sup>
Gender	Male	328 (75.6%)
	Female	106 (24.4%)
Employment category	Chief executive	2 (0.5%)
	Senior executive	7 (1.6%)
	Middle executive	35 (8.1%)
	General employee	390 (90.0%)
Total number of trained employees		434 (100%)

<sup>2</sup> Number of separated employees in this category divided by number of employees in this category at the end of the year.

<sup>3</sup> Number of separated employees divided by number of employees at the end of the year.

<sup>4</sup> Number of trained employees in this category divided by number of trained employees.