



# 大众公用

DaZhong Public Utilities

Stock Code: 1635

上海大众公用事业（集团）股份有限公司

SHANGHAI DAZHONG PUBLIC UTILITIES (GROUP) CO.,LTD.

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

## 2023

Environmental, Social and  
Governance Report



# About This Report

## REPORT PROFILE

This Report is the 7th environmental, social and governance report of Shanghai Dazhong Public Utilities (Group) Co., Ltd (“This Report”), intended to disclose and exhibit the Company’s performance in environmental, social and governance fields to its stakeholders. This Report has been reviewed by the Company’s Board of Directors, which will be responsible for the authenticity and validity of information contained herein.

## TIME RANGE

The reporting period is from January 1, 2023 to December 31, 2023. All data contained in this Report is data within this period, unless otherwise specifically indicated.

## SCOPE OF REPORT

This Report encompasses primarily Shanghai Dazhong Public Utilities (Group) Co., Ltd and covers the Company’s headquarters and subsidiaries, with the scope of data disclosure being consistent with the scope of consolidated financial statements of the Company for the corresponding period. If some of affiliates of the Company are involved, they will be so specified in the Report.

## DATA SOURCE

Data sources for any and all information contained herein include data published by government departments, official documents of the Company and publicly disclosed documents. Financial data referenced herein is subject to annual reports, while other data comes from statistics inside the Company.

## BASIS OF PREPARATION

This Report has been prepared according to the Shanghai Stock Exchange Guide for Self-Regulation of Listed Companies No. 1—Normative Operation (2022) issued by the Shanghai Stock Exchange, and the Environmental, Social and Governance Reporting Guide issued by the Stock Exchange of Hong Kong Ltd and by reference to internationally and domestically prevalent ESG, sustainability and social responsibility-related frameworks including international standards such as the Global Reporting Initiative (GRI) Sustainability Reporting Standards and International Standardization Organization ISO 26000:2010 “Guidance on Social Responsibility”.

## STATEMENT OF INFORMATION

The monetary amounts involved in this Report are all denominated in RMB, unless otherwise specifically indicated.

# About This Report

## ABBREVIATIONS

In this Report, for easy expression and reading, the abbreviations used herein shall refer to the following companies respectively.

Company Name	Abbreviation
Shanghai Dazhong Public Utilities (Group) Co., Ltd	Dazhong Public Utilities, Group, Company and We
Shanghai Dazhong Jiading Sewage Treatment Co., Ltd	Dazhong Jiading
Jiangsu Dazhong Water Group Co., Ltd	Jiangsu Dazhong
Dazhong Transportation (Group) Co., Ltd <sup>1</sup>	Dazhong Transportation
Dazhong Automobile Leasing Co., Ltd <sup>2</sup>	Dazhong Automobile Leasing
Shanghai Dazhong Run Logistics Shares Co., Ltd	Dazhong Logistics
Shanghai Dazhong Gas Co., Ltd	Shanghai Dazhong Gas
Nantong Dazhong Gas Co., Ltd	Nantong Dazhong Gas
Shanghai Dazhong Financial Leasing Co., Ltd.	Dazhong Financial Leasing
Shanghai Dazhong Transportation Commerce Co., Ltd	Dazhong Commerce
Shenzhen Capital Group Co., Ltd <sup>3</sup>	Shenzhen Capital Group
Shanghai Seari Intelligent System Co., Ltd <sup>4</sup>	SEISYS

<sup>1</sup> Dazhong Transportation (Group) Co., Ltd is an important associate of Dazhong Public Utilities.

<sup>2</sup> Dazhong Automobile Leasing Co., Ltd is a wholly-owned subsidiary of Dazhong Transportation (Group) Co., Ltd.

<sup>3</sup> Shenzhen Capital Group Co., Ltd is an important associate of Dazhong Public Utilities.

<sup>4</sup> Shanghai Seari Intelligent System Co., Ltd is an important associate of Dazhong Public Utilities.

# About This Report

## PRINCIPLES OF PREPARATION

This Report responds to the four principles laid out in the Environmental, Social and Governance Reporting Guide issued by the Stock Exchange of Hong Kong Ltd.

**Materiality:** the material issues are analyzed to determine the degree of detail of the contents disclosed in this Report and content of each issue.

**Quantification:** the Report discloses quantitative data in both environmental and social domains to show indicator performance.

**Balance:** All contents of the Company's report come from the Company's internal management documents, statistics and publicly disclosed information, as well as public media reports, without any improper modifications.

**Consistency:** unless otherwise specifically indicated, data disclosed in this Report are all subjected to statistics according to the unified information collection process and work mechanism established by the Company in order to ensure data can be compared from year to year.

## REPORT RELEASE

This Report is released in the form of electronic version and can be obtained from official websites of the Shanghai Stock Exchange and the Stock Exchange of Hong Kong Ltd and the official website of the Company (<https://www.dzug.cn/>).

## READER RESPONSE

In order to continuously raise the level of the Company's ESG management, enhance the quality of ESG information disclosure and drive the Company to effectively practice the ESG development ideas, input is specifically solicited from readers for this report (as detailed in Annex II "Reader Feedback Form"). Readers are welcome to contact the Company in the following manners to give suggestions on this Report.

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# Message from the Chairman

The year 2023 is the starting year for full-scale implementation of the spirit of the 20th National Congress of CPC, also a critical year for successive implementation of the “14th five-year” plan of Dazhong Public Utilities. Faced with complicated and daunting market environments, with the joint efforts of all employees, the Company’s main business continued growing robustly and its investment business bounced back remarkably. The Company once again was included on Shanghai list of top 100 private companies, with its credit rating remaining Class AAA for six successive years; remarkable achievements were made in management structure and digital transformation; at the critical moment of public needs, Dazhong people answered to the call of duty, demonstrating their commitments to corporate social responsibility.

## **PURSUED ESG GOVERNANCE AND GAINED EXTENSIVE SOCIAL RECOGNITION**

Dazhong Public Utilities effectively advanced its ESG management practice by integrating ESG ideas into the whole process of corporate governance, disclosing the Environmental, Social and Governance (ESG) Report to the general public for seven consecutive years and systematically exhibiting its ESG practice and results. In 2023, the Company was named “2023 Best ESG Practice Cases of Listed Companies” by China Association for Public Companies and selected as “the 1st China Reform Cup • ESG Golden Bull Awards Top 50 Carbon Neutral Companies”, an indication of its ESG governance being widely recognized by stakeholders.

## **NORMALIZED GOVERNANCE SYSTEM AND PROMOTED ROBUST BUSINESS DEVELOPMENT**

Guided by the “14th five-year” strategic plan, Dazhong Public Utilities continuously improved its modern corporate governance architecture, constantly strengthened legal compliance management, endeavored to build up corporate integrity, reduced potential risk exposures, worked hard on digital transformation, raised its level of IT management, maintained high-quality information disclosure, actively safeguarded investor interests and shared fruits of business development with its shareholders, with nearly RMB4.0 billion dividend payout in cumulative terms since its IPO.

## **CARRIED OUT THE LOW-CARBON IDEA AND FURTHERED OUR EFFORTS TO GO GREEN**

The Company actively responded to climate change risks, seized the opportunities brought by climate change, and continuously pursued its go-green drive by continuously optimizing energy use structure, improving resource utilization efficiency, deepening emission management and pushing forward coordinated development between the business and ecological environment on the top of establishing and improving its environmental management system.

## **BASED ON PRIMARY RESPONSIBILITY AND MAIN BUSINESS AND FULFILLED CORPORATE SOCIAL RESPONSIBILITY**

Since its inception, Dazhong Public Utilities has always been upholding its corporate philosophy of “helping those in need”, whereby Dazhong people always shoulder their social responsibility of their own accord in the face of severe calamities. Meanwhile, the Company focuses on its primary responsibility and main business, always puts safety first, continuously beefs up operational management, fulfills its responsibility as a corporate citizen, raises its level of intelligent management, addresses its weaknesses and deficiencies in business portfolio, extends its supply chain, and relies on its superior managerial, technical and service ideas to achieve great benefits both socially and economically.

As the New Year begins, everything is renewed. Dazhong Public Utilities will keep holding fast to the sustainable, high-quality development as its corporate vision, solidify high-quality, robust and efficient pillar lines of business, further improve and optimize its total risk prevention and control system, continuously build up its core competitiveness, actively fulfill its corporate social responsibility, forge ahead with fortitude and join hands with stakeholders to contribute to the sustainable development of the whole society.

Chairman of Shanghai Dazhong Public Utilities (Group) Co., Ltd.

Yang Guoping

# Table of Contents

About Dazhong Public Utilities	
Company Profile	6
Business Segments	6–8
Major Events and Awards of the Year	9
Responsibility Management	
Statement of Board of Directors	10
Communication with Stakeholders	10–11
Analysis of Substantive Issue	12
1 Normalized Governance and Innovated with Integrity for Future Growth	
1.1 Strategic Planning	13–14
1.2 Governance Mechanism	14–16
1.3 Compliance Risk Control	16–20
1.4 Integrity Management	21–23
1.5 Investor Relations	23–24
1.6 IT Management	24–25
2 Based on its Main Business to Go Green	
2.1 Response to Climate Change	26–29
2.2 Environmental Management System	30–31
2.3 Resource Use	31–36
2.4 Emission Management	36–40
2.5 Green Action and Practice	41–45
3 Acted Responsibly to Maintain Quality and Stability for Operational Vitality	
3.1 Quality Operations and Customer Service	46–52
3.2 Operational Safety	52–57
3.3 Supplier Responsibility	57–58
4 Put People First and Worked as a Team to Give Back to the Wider Society	
4.1 Employee Entitlements and Benefits	59–65
4.2 Public Service	65–67
Performance Presentation	68–72
Annex 1: Index Table of Indicators	73–76
Annex 2: Reader Feedback Form	77

# About Dazhong Public Utilities

## COMPANY PROFILE

Shanghai Dazhong Public Utilities (Group) Co., Ltd, established on December 24, 1991 and formerly known as Shanghai Pudong Dazhong Taxi Co., Ltd., is the first joint-stock company in China's taxi industry, and also the first listed company after the establishment of Pudong New Area. The Company's stock was officially listed on the Shanghai Stock Exchange on March 4, 1993 (stock code: 600635). The Company's overseas listed foreign shares (H shares) were listed and commenced trading on the Main Board of the Stock Exchange of Hong Kong Ltd on December 5, 2016 (stock code: 1635.HK).

Over the three decades of business development, the Group evolved simultaneously with the development and opening-up of Shanghai's Pudong New Area, from the first listed transportation company to an investment holding company focusing on public utilities and financial investment. As of December 31, 2023, the Group's total assets stood at RMB22.8 billion, and its net assets reached RMB8.3 billion, with a total market capitalization of RMB9.0 billion.

## BUSINESS SEGMENTS

The Group is driven by two pillar business lines of “public utilities and financial investment”. Public utilities consist of four business segments, i.e., city gas, sewage treatment, urban transportation and logistics transportation; the financial investment comprises non-banking financial services and VC business.

### Public Utilities

#### City gas

The Company mainly engages in city gas business on the downstream demand side of natural gas, including residential and commercial gas use, with its main business scope including gas sales and pipeline construction and its business model consisting of purchasing gas sources from upstream suppliers before selling gas to end customers and providing related transmission and distribution services through its own pipeline network system. Shanghai Dazhong Gas Co., Ltd and Nantong Dazhong Gas Co., Ltd, both being subsidiaries of the Company, are the only pipelined gas supplier in south of Puxi District, Shanghai and urban areas of Nantong, Jiangsu respectively, highly influential in Shanghai and Yangtze River Delta region. Shanghai Dazhong Gas owns more than 7,000 km-long natural gas pipeline network with over 2 million gas users; Nantong Dazhong Gas owns more than 3,000 km-long natural gas pipeline network, with over 0.64 million gas users.



## About Dazhong Public Utilities

### Public Utilities

#### Sewage treatment

Sewage treatment is one of primary business lines of the Company, which mainly engages in investment, construction and operation of urban domestic sewage and industrial wastewater treatment plants. The Company has 9 sewage treatment plants, run by two subsidiaries, i.e., Shanghai Dazhong Jiading Sewage Treatment Co., Ltd and Jiangsu Dazhong Water Group Co., Ltd.

Through the Concession Agreement signed with the local government, the sewage treatment business of the Company has unit price appraised and fixed by the price department of the local government and is paid for through appropriation as per the actual volume treated. The Company runs 9 sewage treatment plants in Shanghai and Jiangsu in total, with a combined treatment capacity of 0.44 million t/d. Of them, subsidiary Dazhong Jiading has a daily treatment capacity of 175,000 tons, with the standard of discharged water reaching Class 1 A+, the highest effluent discharge standard set in Shanghai; subsidiary Jiangsu Dazhong's business mainly involves four districts and counties of Yunlong District, Jiawang District and Pei County of Xuzhou and Pizhou City, Jiangsu, which, coupled with Donghai County, Lianyungang and Donghai phase II, amount to a total treatment capacity of 265,000 t/d.

#### Urban transportation

The urban transportation service business of the Company is centered on integrated transportation and run by an affiliate Dazhong Transportation. It develops mainly encompassing market segments such as taxi operation and car rental, providing integrated supporting transportation services such as taxi and car rental, road passenger transportation and tourist vehicle chartering. As of the end of 2023, Dazhong Transportation owned 6,793 taxis and 3,434 leased vehicles in Shanghai, operating to create intelligent transportation through its "Dazhong Travel" platform. The car rental business of Dazhong Transportation mainly consists of long-term chartering and sporadic rental, operated in such way that the company purchases vehicles and license plates to provide car rental services to the outside in a unified manner.

#### Logistics transportation

Shanghai Dazhong Run Logistics Co., Ltd, a subsidiary of the Company, conducts logistics transportation business. Dazhong Logistics' main business includes freight car rental, moving, supply chain and LPG delivery, equipped with multiple management systems such as vehicle management system, intelligent dispatch system, operation management system and TMS system, and dedicated to improving the vehicle transport service management efficiencies and saving operating costs. The freight car rental and supply chain rely primarily on car rental business and secondarily on urban delivery business to push business expansion forward. Dazhong Logistics has Class II, III and IX licenses to transport dangerous goods in Shanghai and operates as the largest third-party logistics company specialized in LPG delivery in Shanghai, with its LPG transport fleet covering 15 administrative districts of Shanghai.



# About Dazhong Public Utilities

## Financial Investment

Non-banking financial services

Financial services business of the Company is run by its controlled subsidiaries Dazhong Financial Leasing and Dazhong Commerce, with main business including financial leasing and prepaid card business, etc.

The subsidiary Dazhong Financial Leasing derives its profits primarily from charging net interest margin on financial leasing business and derives its revenue primarily from interest revenue and service fee and commission revenue, expanding its business surrounding “consumer finance and platform-based finance”, with a focus on resident consumption upgrading business in “mobile phone, automobile and 3C”.

The subsidiary Dazhong Commerce’s “Dazhong e-Card” prepaid card business is dedicated to optimizing merchant structure, enriching the application scenarios for “Dazhong e-Payment”, improving user experience and making the company’s overall business and products more autonomous, controllable and competitive on markets.

VC business

The Company’s VC business mainly involves investment in multiple fields through direct investment, participation in special funds and PE funds and other channels, covering multiple phases of investment targets such as PE, M&As and secondary market private placement. There are mainly four VC platforms in which the Company participates, i.e., Shenzhen Capital Group Co., Ltd, Shanghai Huacan Equity Investment Fund Partnership (L.P.), Shanghai Xingye Venture Capital Investment Ltd and Dacheng Huicai (Shenzhen) Industrial Partnership (L.P.).

# About Dazhong Public Utilities

## MAJOR EVENTS AND AWARDS OF THE YEAR

Date	Event
March 2023	Dazhong Public Utilities received “Ge-1 level”, the highest credit rating given by CCXI for green enterprise, again
March 2023	Dazhong Public Utilities’ corporate bonds 2023 (phase I) were successfully issued
April 2023	Dazhong Public Utilities received AAA credit ratings from CCXI as a business entity again
June 2023	Dazhong Public Utilities was selected as one of the 2022 Classic Cases of Financial Markets
September 2023	Dazhong Public Utilities was included on Shanghai list of top 100 companies 2023 and rated as one of top 100 private companies in Shanghai, ranked the 72nd; one of top 100 service sector companies in Shanghai, ranked the 73rd; and one of top 100 private service sector companies in Shanghai, ranked the 42nd.
September 2023	Dazhong Public Utilities received ESG “A+” ratings for 2022
November 2023	Dazhong Public Utilities received the “Best BoD Practice Award” from China Association for Public Companies
November 2023	Dazhong Public Utilities was named “2023 Best ESG Practice Cases of Listed Companies” by CAPC.
November 2023	Dazhong Public Utilities was selected as “the 1st China Reform Cup • ESG Golden Bull Award Top 50 Carbon Neutral Companies”
December 2023	Dazhong Public Utilities was named “2023 Best Practice Cases of Board Office of Listed Companies”
December 2023	Dazhong Public Utilities received “Global investment Carnival”—“Annual Information Disclosure Award”

# Responsibility Management

## STATEMENT OF BOARD OF DIRECTORS

- **Board Responsibility for ESG Supervision**

The Board of Directors has the duty to supervise, guide and review ESG-related matters of Dazhong Public Utilities.

- **ESG Risk Management**

To effectively prevent ESG-related risks to the Group and its subsidiaries, the Board of Directors strictly supervises formulation of policies related to risk management in the course of day-to-day operations, and includes ESG-related risks into the ESG risk identification, assessment and management process.

- **Targets, Indicators and Progress Review**

Dazhong Public Utilities and its subsidiaries set ESG-related targets for new energy vehicle launch, resource conservation and safety management, and review the completion status of targets on a regular basis.

## COMMUNICATION WITH STAKEHOLDERS

Dazhong Public Utilities sets up channels of communication with its stakeholders based on industry characteristics and business features, establishes and maintains ongoing and efficient lines of communication with six types of stakeholders, i.e., governmental and regulatory authorities, employees, investors, customers and consumers, suppliers and partners, media and local communities, so as to identify stakeholder expectations, actively respond to stakeholder concerns and raise the Group's ESG performance.

- **Channels and Contents of Communication between Dazhong Public Utilities and its Stakeholders**

Stakeholder	Concerns and expectations	Response measures
Investors	<ul style="list-style-type: none"> <li>• Effective corporate governance mechanism</li> <li>• Normative information disclosure</li> <li>• Obstacle-free channel of communication</li> <li>• Impeccable risk management</li> <li>• Intensified investment and financing management</li> </ul>	<ul style="list-style-type: none"> <li>• Holds shareholder meetings to discuss matters of concern to investors</li> <li>• Release reports and announcements on a regular basis</li> <li>• Set up platforms for interaction with investors</li> <li>• Conduct investor communication and exchange events and activities</li> </ul>
Governmental and regulatory authorities	<ul style="list-style-type: none"> <li>• Legal and regulatory compliance and risk control management</li> <li>• Response to climate change</li> <li>• Reduction in GHG emissions</li> </ul>	<ul style="list-style-type: none"> <li>• Act in compliance with discipline and law, perfect the corporate governance structure and various compliance management policies</li> <li>• Establish and perfect a rigorous, normative, comprehensive and effective internal control system</li> <li>• Actively respond to the “dual carbon” objectives and drive the business to go green</li> </ul>

# Responsibility Management

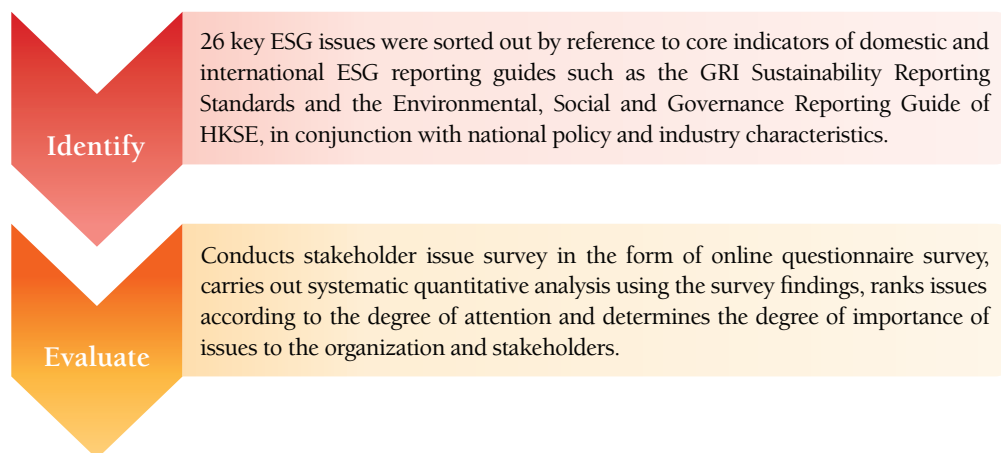
Stakeholder	Concerns and expectations	Response measures
Employees	<ul style="list-style-type: none"> <li>• Safeguarding employee rights and interests</li> <li>• Employee training and career path</li> <li>• Safe and healthy working environment</li> </ul>	<ul style="list-style-type: none"> <li>• Perfect the employee compensation and benefits system, conduct a variety of employee activities and intensify employee care initiatives</li> <li>• Provide employees with training and learning opportunities and motivate employees to achieve job objectives</li> <li>• Conduct regular safety inspection and hazard identification and management</li> </ul>
Customers and consumers	<ul style="list-style-type: none"> <li>• Protecting customer rights and interests</li> <li>• Convenient and efficient service experience</li> <li>• Customer privacy protection</li> </ul>	<ul style="list-style-type: none"> <li>• Conduct customer satisfaction survey and timely feed back and handle complaints</li> <li>• Regulate water rates, periodically conduct equipment troubleshooting and improve customer service experience</li> <li>• Perfect the customer privacy protection policy</li> </ul>
Suppliers and partners	<ul style="list-style-type: none"> <li>• Supply chain/supplier management</li> <li>• Stable partnership</li> </ul>	<ul style="list-style-type: none"> <li>• Normalize the procurement process, and formulate normative bidding and supplier management policies</li> <li>• Conduct periodical exchange and cooperate in good faith with partners</li> </ul>
Media and community public	<ul style="list-style-type: none"> <li>• Construction of healthy and harmonious communities</li> <li>• Participation in public service activities</li> </ul>	<ul style="list-style-type: none"> <li>• Participate in various community service activities and help those in need</li> <li>• Organize various volunteer and publicity activities and guide healthy social development</li> <li>• Set up multichannel paths of information transmission</li> </ul>

# Responsibility Management

## ANALYSIS OF SUBSTANTIVE ISSUE

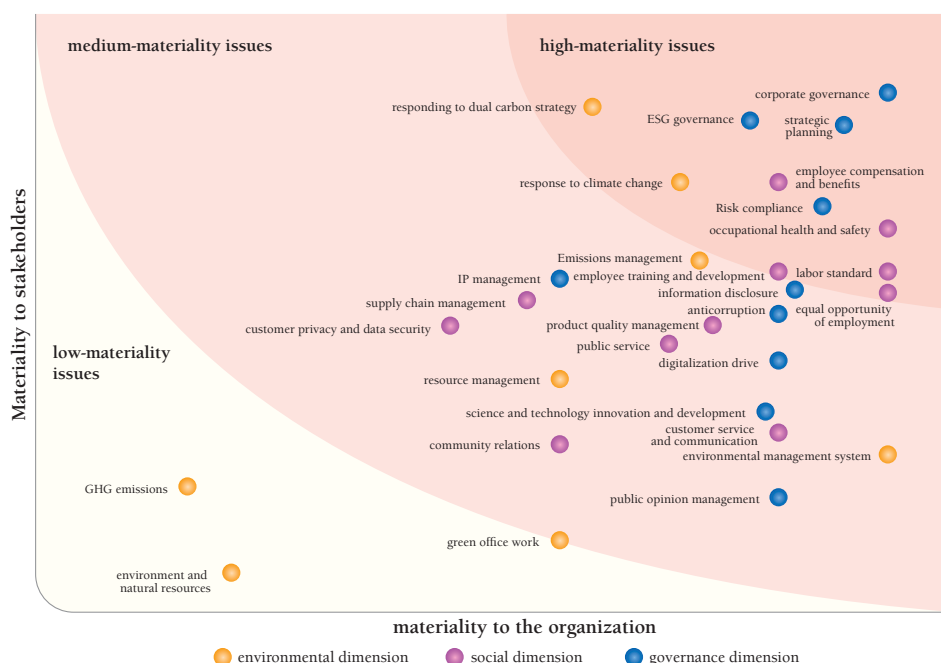
Dazhong Public Utilities fully understands views and expectations of various stakeholders and evaluates and ranks issues pursuant to two dimensions of “materiality to stakeholders” and “materiality to the Company” by issuing electronic questionnaires to the Company’s management and external stakeholders.

- **Material Issue Determination Process**



- **Material Issue Matrix**

Dazhong Public Utilities formed an issue materiality matrix based on the results of material issue determination. This Report will determine the degree of detail of contents of each issue disclosed herein based on the derived degree of issue materiality.



# 1 Normalized Governance and Innovated with Integrity for Future Growth

Dazhong Public Utilities furthers its “14th five-year” overall development strategy, pursues strategic objectives for various business segments, continuously deepens modern corporate governance mechanism, advances legal compliance and total risk management efforts, sets up an integrity management system, safeguards investor rights and interests, intensifies IT management activities, and continuously explores and enables the Group to march towards a new stage of high-quality economic development.

## 1.1 STRATEGIC PLANNING

With “working hard in Shanghai, reaching out to Yangtze River Delta and making main business stronger” as its guiding philosophy, Dazhong Public Utilities bases itself on “Dazhong” branded services to create a leading urban public utilities service conglomerate in Yangtze River Delta region, further define its strategic directions, objectives, tasks and initiatives of development, and lay a solid foundation for the new round of rapid development of the Group.

Table. Dazhong Public Utilities’ “14th Five-Year” Business Development Strategy

Development Strategies for Various Business Segments	
City gas segment	Aiming at assuring safe city gas supply as the core mission, provide the society with more stable gas supply and security assurance; provide users with higher-quality services; meanwhile, leverage the abundant pipeline network assets in Yangtze River Delta region to pursue stereoscopic development across the upstream and downstream gas industry chains and regions that cannot be fully covered by pipelined gas.
Environmental and municipal segment	Work hard on water utilities investment and operation and sewage treatment business based in Shanghai and oriented towards Yangtze River Delta region by keeping abreast of the national strategy for green development, Yangtze River Delta region integration strategy and holistic conservation of Yangtze River
Urban transportation segment	Solidify its leadership position in traditional vertical industry segments such as moving and freight car rental, improve the brand awareness and expand the corporate influence by keeping abreast of the Group’s strategic plan and adapting to market environments; ensure workplace safety and develop green cargo transport.
Financial investment segment	With a user-centric approach, focus on inclusive finance, enable innovation with technology, forge ahead with determination and pursue innovative development; keep persisting in the development strategy of “focusing on both public utilities and financial investment”, and retain only what’s operationally essential to improve the utilization efficiencies of the Group’s capital investment and create a balanced return on investment with robustness and safety as the cornerstone; scientifically manage the real estate assets, and revitalize land assets to achieve asset preservation, appreciation and maximum return.

# 1 Normalized Governance and Innovated with Integrity for Future Growth

## Actively explores new directions of industry

Based on its multiyear experience with public utilities and financial investment business, and in conjunction with the social development trends and the national planning for public utilities, energy and other industries, actively explore new industrial directions suitable for the Company, and focus on hydrogen energy, carbon neutral, IDC (data center) and distributed energy.

### 1.2 GOVERNANCE MECHANISM

- Governance Architecture

Dazhong Public Utilities continuously establishes and improves its modern corporate governance architecture and makes the management and governance of the Company more normative and procedure-based in strict compliance with the Company Law of the People’s Republic of China, the Securities Law of the People’s Republic of China, relevant laws and regulations of CSRC, Shanghai Stock Exchange and HKSE such as the Code of Corporate Governance for Listed Companies as well as its Articles of Association.

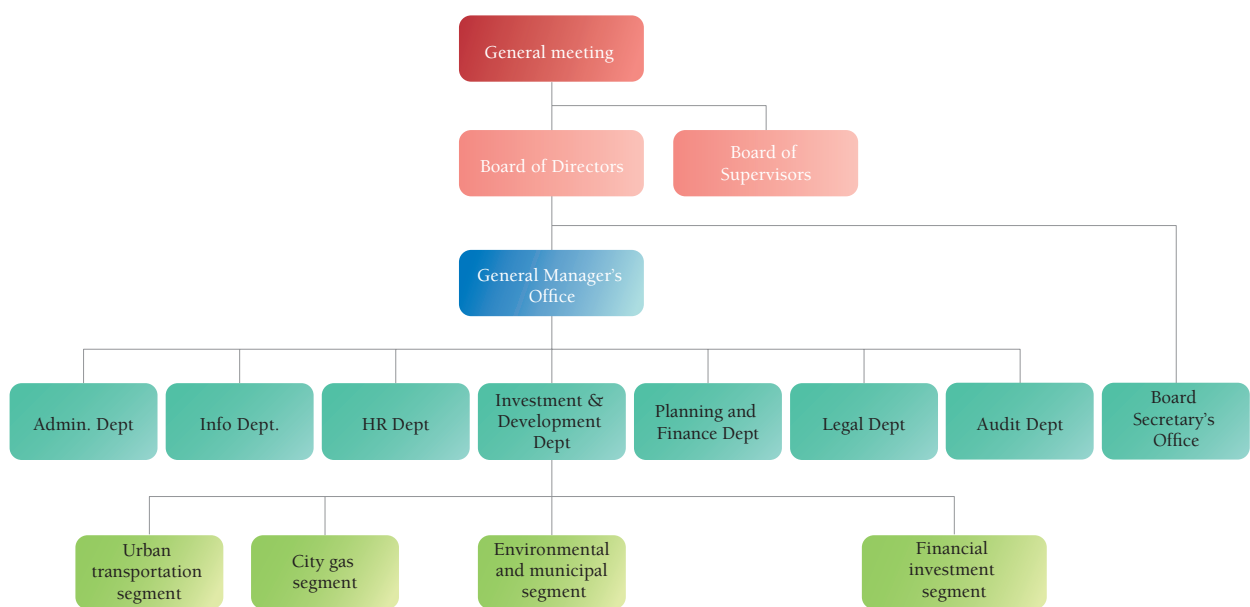


Figure. Organizational Structure of Dazhong Public Utilities



# 1 Normalized Governance and Innovated with Integrity for Future Growth

- **General Meeting**

General meeting, as the highest governing body of the Group, is set and operates in strict compliance with the Articles of Association to ensure all shareholders especially minority shareholders enjoy the equal footing and effectively exercise their rights to information, participation, inquiry and voting. In 2023, the Company held one annual general meeting in total, where 15 important matters such as the 2022 Annual Board of Directors Work Report and the 2022 Annual Board of Supervisors Work Report were reviewed.

Table. Dazhong Public Utilities' Performance in Governance of General Meeting 2023

Indicator	Unit	2023
Sessions of general meeting held	Session	1
Directors expected to attend general meeting	Person-time	9
Directors who actually attended general meeting	Person-time	9

- **Governance of Board of Directors**

The Group's Board of Directors persisted in the sustainability strategy and acted in strict accordance with various laws and regulations of CSRC and stock exchanges, assuring the normative operation and scientific decision making of the Board of Directors. In 2023, the Company's BoD comprised 9 members, of which independent directors accounted for 44.44%, who provided strong support for the Company's science-based decision making in compliance with applicable regulations.

In 2023, the Company held 7 board meetings, 1 Nomination Committee meeting, 1 Remuneration and Appraisal Committee meeting and 1 Strategic Development Committee meeting in total.

Table. Dazhong Public Utilities' Performance in Governance of Board of Directors 2023

Indicator	Unit	2023
Sessions of board meeting held	Session	7
Directors expected to attend board meeting	Person-time	63
Directors who actually attended board meeting	Person-time	63

# 1 Normalized Governance and Innovated with Integrity for Future Growth

- **Governance of Board of Supervisors**

The Group's Board of Supervisors comprises 3 supervisors, including one employee supervisor, who is elected by the Company's workers' congress. Members of the Board of Supervisors faithfully performed their duties, preserved interests of all shareholders and supervised the financial condition of the Company and the lawfulness and compliance of duty performance of directors and senior executives of the Company. In 2023, the Company held 6 meetings of Board of Supervisors in total, whereby 20 matters were voted on.

Table. Dazhong Public Utilities' Performance in Governance of Board of Supervisors 2023

Indicator	Unit	2023
Sessions of BoS meeting held	Session	6
Supervisors expected to attend BoS meeting	Person-time	18
Supervisors who actually attended BoS meeting	Person-time	18

## 1.3 COMPLIANCE RISK CONTROL

- **Legal Compliance Management**

The Group kept building up a law-abiding, fair and just internal environment, and defined the duties and authorities, conditions of appointment, rules of procedure and work procedures of the Board of Directors, Board of Supervisors and the management according to relevant national laws and regulations and the articles of association, ensuring decision-making, execution and supervision are separated from each other to form effective check and balance.

Meanwhile, the Group continuously established and improved its internal control management system by issuing internal control management and supervision policies such as the Basic Policy on Internal Control and the Administrative Provisions for Internal Control Evaluation, continuously tracked corrections of internal control defects, and held relevant entities or individuals responsible accountable for major defects found in internal supervision.

# 1 Normalized Governance and Innovated with Integrity for Future Growth

In 2023, the Company conducted 2 legal compliance training sessions in total, laying a solid foundation for the robust operation of the Company.

Table. Dazhong Public Utilities' Performance in Legal Compliance Training 2023

Indicator	Unit	2023
Sessions of legal compliance training	Session	2
Participants in legal compliance training	Person-time	40-45
Hours of legal compliance training	Hour	4

## Case: In-house legal compliance training conducted

In October 2023, the Company conducted an in-house legal compliance training session entitled “warning education against crimes”, involving the senior management, middle management and part of executives. This training session explained the criminal legal risk data about companies and relevant circumstances at present, and further reminded participants of compliance risks involved in business operations such as bidding and procurement management starting with relevant laws and regulations and real-world cases, laying a good foundation for the Company to avoid compliance-related criminal issues with relevant business processes.



The scene of legal compliance training

# 1 Normalized Governance and Innovated with Integrity for Future Growth

Dazhong Commerce, a subsidiary of the Group, has anti-money laundering management policies and mechanisms in place, such as “Anti-money Laundering and Anti-terrorist Financing Management Policy” and “Anti-money Laundering Work Mechanism”. In 2023, Dazhong Commerce actively conducted AML training and integrated AML into the code of professional ethics of its employees.

## Case: AML Training

In July 2023, Dazhong Commerce conducted a training session on “AML Internal Control System” to raise employee awareness and capabilities of AML and implement the AML internal control system into the payment business activities by explaining the Company’s internal control rules related to AML, how to identify large-sum, suspicious transactions and protection of personal information.



The scene of AML training

# 1 Normalized Governance and Innovated with Integrity for Future Growth

- **Total Risk Management**

The Group issued “Total Risk Management Policy” following the principles of comprehensiveness, check and balance, specificity and adaptability, continuously established and improved a four-level vertical risk management organization managed under the leadership of the Company’s Board of Directors and Audit Committee, staffed with chief risk officer and functioning to timely identify, assess, monitor and respond to various risks such as liquidity risk, market risk, credit risk, operational risk and IT risk involved in the Company’s operations, in a bid to drive the Company’s business operations to grow continuously and soundly.

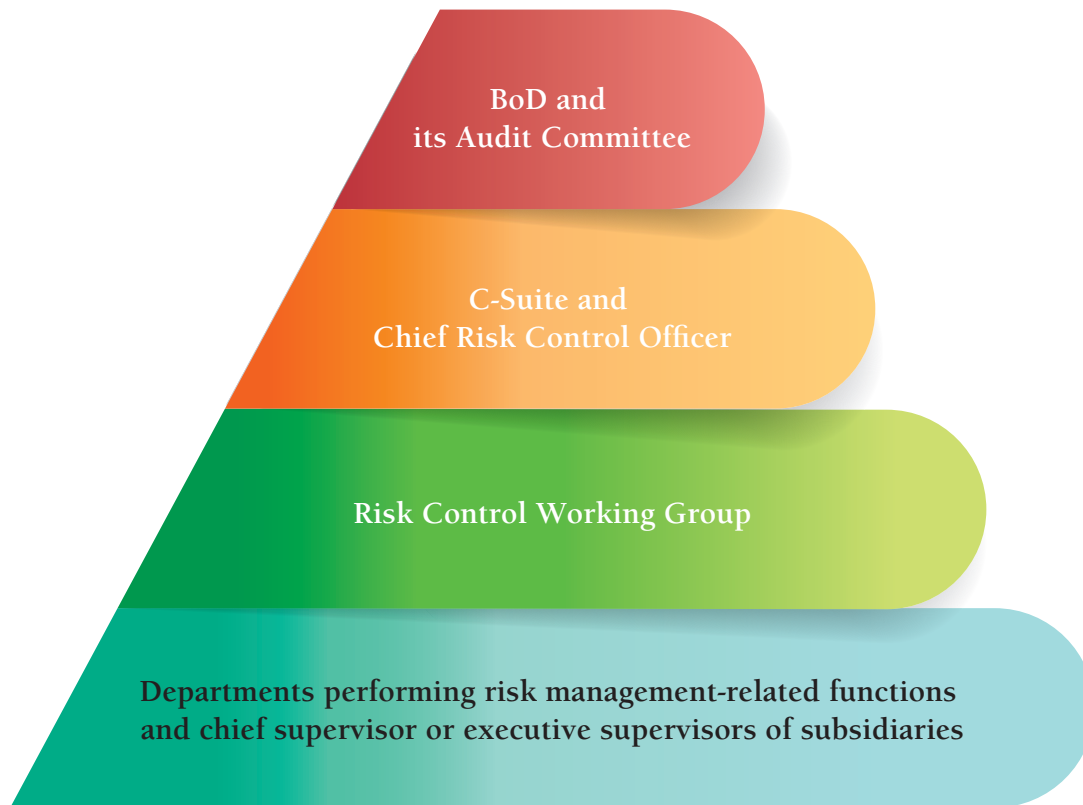


Figure. Risk Management Organization of Dazhong Public Utilities

The Group established a complete set of risk control mechanisms covering risk identification and assessment, risk monitoring and response, risk information communication, risk reporting and disposition and risk management training, further implementing and strengthening its risk management practice.

# 1 Normalized Governance and Innovated with Integrity for Future Growth

Table. Dazhong Public Utilities' Performance in Risk Management Training 2023

Indicator	Unit	2023
Sessions of risk management training	Session	1
Participants in risk management training	Person-time	35
Hours of risk management training	Hour	2



Figure. Scene of Risk Management Training at Dazhong Public Utilities

# 1 Normalized Governance and Innovated with Integrity for Future Growth

## 1.4 INTEGRITY MANAGEMENT

- **System construction**

Dazhong Public Utilities values integrity management by establishing and improving a management system against corruption and fraud and issuing “Management Policy against Corruption and Fraud”, defining the attribution of responsibility for anticorruption and antifraud efforts and providing that the Company’s management is responsible for occurrence of corrupt and fraudulent acts, the Audit Committee acts as the guiding organization for anticorruption and antifraud management, the Audit Department acts as a standing organization for anticorruption and antifraud efforts, and that all operating departments are responsible for respective anticorruption and antifraud activities.

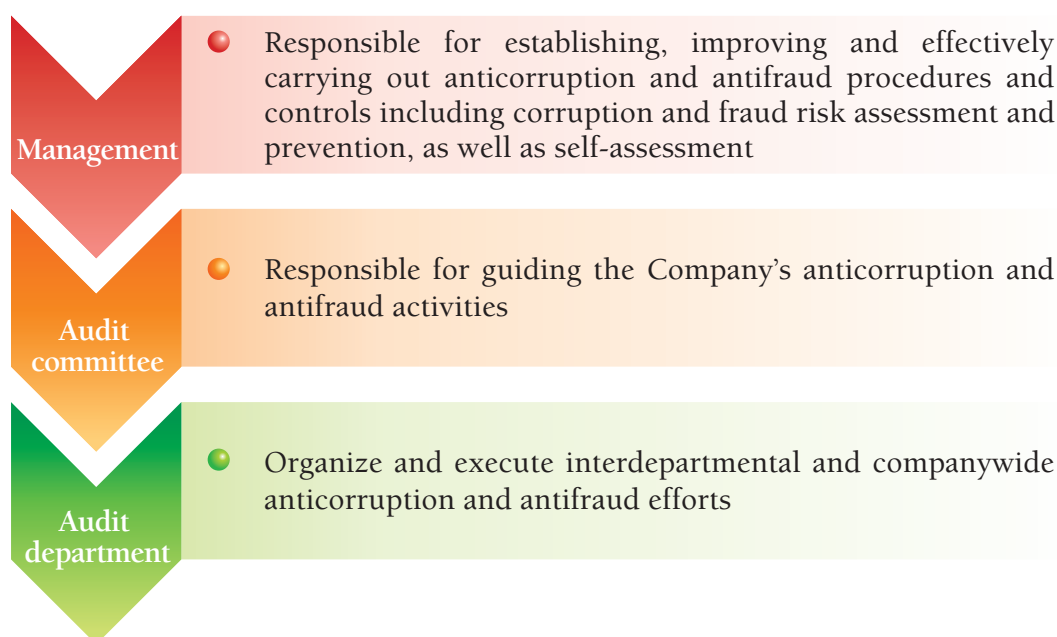


Figure. Anticorruption and Antifraud Organization at Dazhong Public Utilities



# 1 Normalized Governance and Innovated with Integrity for Future Growth

- **Management Measures**

Dazhong Public Utilities continuously pursued its efforts against corruption and fraud, took multiple measures to establish effective anticorruption management process and receive corruption tip-off via email and telephone, and accept the handling of, verify and deal with corruption matters according to relevant policies, while paying close attention to protecting informants' rights and interests and taking strict confidential measures for tip-off and informer information.

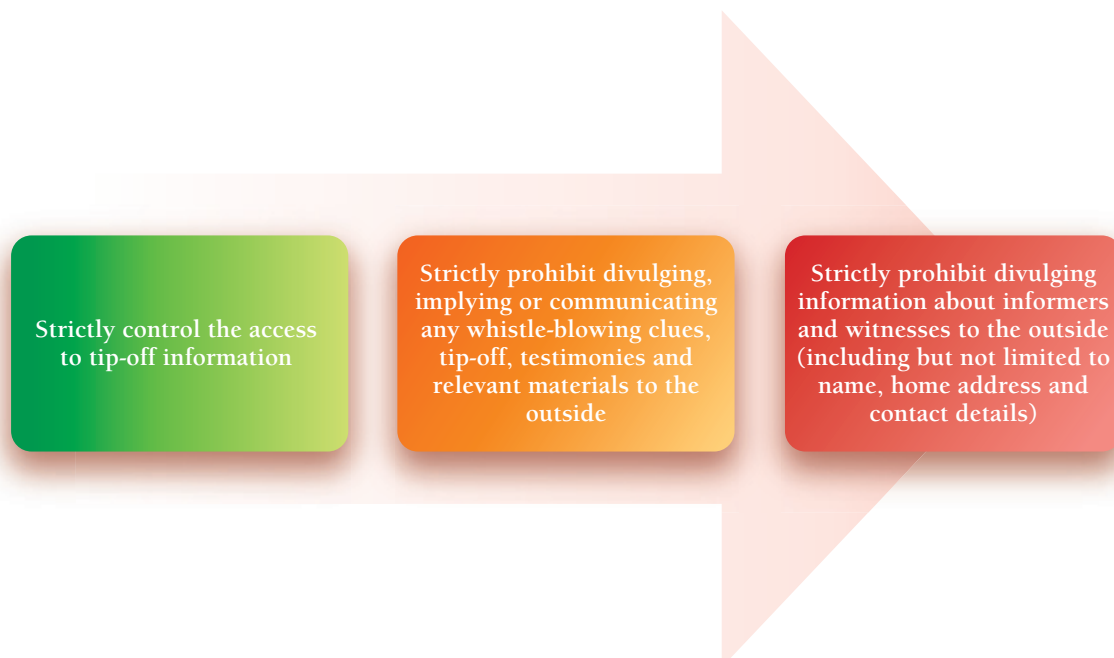


Figure. Informer Protection Measures taken at Dazhong Public Utilities

- **Cultural Construction**

Dazhong Public Utilities actively creates a good corporate climate of integrity, dedication and diligence, advocates a corporate culture of good faith and honesty, emphasizes the construction of an anticorruption and antifraud corporate culture, and endeavors to prevent corruption and fraud incidents from occurring at source. In 2023, the Group actively conducted anticorruption training covering executives and employees, as part of its efforts to create a cultural atmosphere for doing business with integrity.

Table. Dazhong Public Utilities' Performance in Anticorruption Training 2023

Indicator	Unit	2023
Sessions of anticorruption training for executives	Session	1-2
Participants in anticorruption training for executives	Person-time	40-45
Hours of anticorruption training for executives	Hour	2-4
Sessions of anticorruption training for employees	Session	1-2
Participants in anticorruption training for employees	Person-time	40-45
Hours of anticorruption training for employees	Hour	2-4

# 1 Normalized Governance and Innovated with Integrity for Future Growth

## Case: Training related to Integrity Education

In October 2023, the Company held a warning education session on integrity, involving the Company's senior management, middle management and part of executives. This training session updated the new forms of manifestation of related crimes and deeply revealed and illustrated integrity crimes that company staff might find themselves involved in, in a way that helped trainees identify and avoid relevant risks, starting with relevant laws and regulations and real-world cases.



The scene of integrity education and training

## 1.5 INVESTOR RELATIONS

### • Investor Communication

Dazhong Public Utilities formulated and followed “Administrative Measures for Investor Relations”, continuously made channels of communication with investors obstacle-free, laid down contact telephone number, fax address and email address in public channels, and maintained day-to-day communication with its investors via the “SSE E-Interaction” platform maintained by the Shanghai Stock Exchange. In 2023, the Group responded to 65 investor questions in total via the aforesaid platform.

### • Investor Responsibility

The Group continuously created value for its shareholders and allowed its shareholders to share the business results of the Company. By the end of 2023, the Group realized a total dividend amount of nearly RMB4 billion. Meanwhile, the Company values creditor protection and honored any and all bonds issued by it, as a result of which the Company received a Class AAA credit rating as a business entity from China Chengxin International Credit Rating Co., Ltd (“CCXI”), with a rating outlook as stable.

# 1 Normalized Governance and Innovated with Integrity for Future Growth

- **Information Disclosure**

The Group issued in-house information disclosure policies such as “Administrative Measures for Information Disclosure” and “Insider Information Holder Management Policy” according to the “Administrative Measures for Information Disclosure of Listed Companies”, disclosed information related to the Company’s operations in designated information disclosure channels, continuously reinforced its insider information holder management mechanism and carried out registration, filing and sanction measures regarding insider information holders.

## 1.6 IT MANAGEMENT

- **Management System established and improved**

Dazhong Public Utilities lost no time to formulate and update its strategic plan for IT, formulated and carried out “Administrative Provisions for Cybersecurity and IT Work” in line with the national IT development strategy, IT-related laws and regulations and its development strategy for core business, as well as set up a cybersecurity and IT leading group headed by the Group’s President to arrange, organize, guide and supervise the Group’s cybersecurity and IT work.

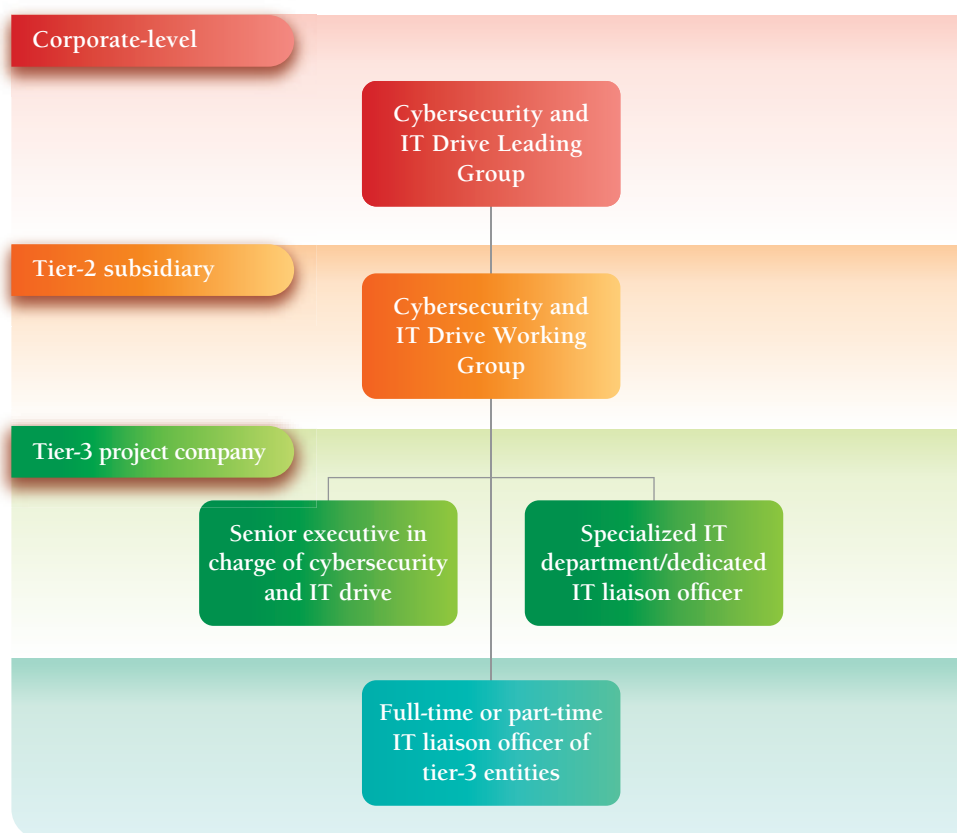


Figure. IT Management Organization at Dazhong Public Utilities

# 1 Normalized Governance and Innovated with Integrity for Future Growth

The Group continuously optimized information system implementation, infrastructure construction and information resource buildup, and built, operated and maintains a Group-level cloud management platform to provide the whole Group with unified IT infrastructure services. Meanwhile, the Group continuously normalized its data resource management practice, and built up its big data analysis platform as the basic platform and data service middle office for data analysis and mining.

- **Information Security Management Measures**

The Group's cybersecurity and information security work adopts unified leadership and hierarchical management approach, whereby the corporate, departmental and individual responsibility for online information security is implemented level by level following the principle of "whoever in charge, runs and uses is responsible" so as to pursue cybersecurity and information security efforts, thereby earning the Group the level-3 information system security level protection certification for its data acquisition and analysis basic platform.



Figure. Level-3 information system security level protection certification earned by Dazhong Public Utilities

## 2 Based on its Main Business to Go Green

By firmly seizing the new development stage and adhering to its new development ideas of “innovation, coordination, green, openness and sharing”, Dazhong Public Utilities serves the new development paradigm, works hard on its primary responsibility and main business, seeks new opportunities of green and sustainable development, actively responds to climate change risks, continuously improves its environmental governance efforts, optimizes resource utilization efficiencies, deeply integrates the green, sustainable development ideas with its business, practices the idea of green business operations and carries out the “dual carbon” objectives on the ground in an orderly manner.

### 2.1 RESPONSE TO CLIMATE CHANGE

Dazhong Public Utilities adheres to its idea of green development, continuously improves governance, strategy, risk management, indicator and target management in terms of climate change according to the disclosure framework and management recommendations of the Task Force on Climate-Related Financial Disclosure (TCFD), actively responds to and prevents climate change risks and increases its adaptability to climate change risks.

- **Climate Risk and Response Measures**

Dazhong Public Utilities identifies and assesses risks related to climate change by analyzing the national policies related to “dual carbon” and climate change and types of natural disasters and in light of its own business, formulates response measures, and formulates response measures so as to increase its business resilience in the face of climate change-related risks and mitigate the negative effects of climate change on the Company’s operations.

The Group actively communicated with various stakeholders to understand risk types of concern to them and assure the comprehensiveness of climate change-related risk identification.

- **Climate-related Risks, Opportunities and Financial Impact**

Table. Climate Transition Risk Identification at Dazhong Public Utilities

Risk type		Risk factor	Risk description	Response measures
Transformation risk (transition risk)	Policy and legal risk	Climate policy	<ul style="list-style-type: none"> <li>• Climate policy drives low-carbon transformation and might result in decreased demands for natural gas</li> <li>• Strict environmental protection requirements result in increased operating costs for natural gas transport</li> </ul>	<ul style="list-style-type: none"> <li>• Diversify its business, explore new energy markets and actively pursue low-carbon transformation</li> <li>• Strengthen environmental protection efforts and increase energy utilization efficiencies</li> </ul>
		Dual carbon policy	<ul style="list-style-type: none"> <li>• More demanding requirements have been raised for carbon emission management in the context of “dual carbon” objectives</li> </ul>	<ul style="list-style-type: none"> <li>• Proactively phase out outdated high-carbon-emission equipment, adopt energy saving and consumption reduction measures, intensify energy management efforts and respond to the “dual carbon” objectives</li> </ul>
	Pollutant discharge compliance risk	<ul style="list-style-type: none"> <li>• The increasingly strict environmental supervision and emission standards will increase compliance cost for business operations</li> </ul>	<ul style="list-style-type: none"> <li>• Keep informed of laws related to climate change and adjust the operation plans</li> </ul>	

## 2 Based on its Main Business to Go Green

Risk type	Risk factor	Risk description	Response measures
Technical risk	Low-carbon technology cost	<ul style="list-style-type: none"> <li>Gradually shift to new energy business to mitigate climate change, such as by purchasing new energy vehicles, considering the utilization of electricity-turned gas (hydrogen energy redevelopment technology), although the hydrogen energy storage and transport costs are major stress factors</li> <li>The pursuit of carbon emission reduction objectives would require low-carbon upgrading and transformation of production equipment, resulting in increased R&amp;D costs and investment cost</li> </ul>	<ul style="list-style-type: none"> <li>Intensify R&amp;D and investment in low-carbon technology and build and improve new operational ecosystems and approaches</li> <li>Actively keep informed of the latest developments of low-carbon technology, and invest more in R&amp;D or introduction of equipment for energy saving and emission reduction</li> </ul>
Market risk	Market demand change	<ul style="list-style-type: none"> <li>Customers prefer more to cooperate with companies operating with low-carbon profile, leading to increased demands for clean energy and reduced gas sales volume</li> <li>Market demand changes so fast that natural gas business might embrace new market opportunities, thereby resulting in gas supply price fluctuations</li> </ul>	<ul style="list-style-type: none"> <li>Diversify the business portfolio, actively shift to cleaner energy and gas supply services and prolong the industry chain</li> <li>Become more market-sensitive, flexibly adjust the price strategy, increase the risk resistance capabilities, conduct short, medium and long-term forecast for natural gas business, and plan for business development before it's too late</li> </ul>
Reputational risk	Stakeholder concern	<ul style="list-style-type: none"> <li>Stakeholders become more concerned about the climate change effects caused by operating activities of the Group and its subsidiaries, possibly resulting in a situation where the Company fails to meet stakeholder expectations in respect of carbon emission reduction and environmental protection</li> </ul>	<ul style="list-style-type: none"> <li>The Group and its subsidiaries timely analyse, assess and properly deal with public opinion detected through monitoring, and actively communicate with stakeholders</li> </ul>

## 2 Based on its Main Business to Go Green

Table. Climate Physical Risk Identification at Dazhong Public Utilities

Risk type	Risk factor	Risk description	Response measures
Physical risk (substantive risk)	Acute risk	Extreme weathers such as extreme hot and extreme cold	<ul style="list-style-type: none"> <li>Increasing frequencies and severity of extreme weathers result in interruption of operating activities</li> </ul>
		Natural disasters such as extreme rainfall	<ul style="list-style-type: none"> <li>Natural disasters cause equipment loss and increased safety risk to customers, employees and general public</li> </ul>
	Chronic risk	Global warming, rising sea levels	<ul style="list-style-type: none"> <li>Rising average air temperatures render employees unable to work as scheduled and require additional use of cooling, thermal insulation, ventilation and other equipment</li> </ul>



## 2 Based on its Main Business to Go Green

- **Climate Opportunities**

While actively responding to the aforesaid risks brought by climate change, the Group fully identifies climate opportunities, endeavors to promote clean technology innovation and low-carbon energy transition, and joins hands with upstream and downstream supply chain partners to embrace opportunities brought by climate change and pursue green and low-carbon transformation.

Table. List of Climate Change Opportunities Identified by Dazhong Public Utilities

Opportunity type	Opportunity description
Resource efficiency	<ul style="list-style-type: none"> <li>• Increase resource and energy utilization efficiencies and reduce operating costs in production, distribution, buildings, installation and equipment and transportation, etc.</li> </ul>
Energy source	<ul style="list-style-type: none"> <li>• The increased supply of and demand for natural gas as the cleanest fossil fuel might bring business growth</li> <li>• Include renewable energy transition into the future development</li> </ul>
Products and services	<ul style="list-style-type: none"> <li>• Develop and product cleaner products and services to meet customer needs for low-carbon development or lifestyle and make products and services more competitive</li> </ul>
Markets	<ul style="list-style-type: none"> <li>• Actively expand into new business fields to better adapt and meet customer and market demands and facilitate business transformation</li> <li>• As the green finance system is improved step by step, industries related to energy conservation, environmental protection and clean production will embrace more financial support, and the Company can leverage green financial instruments such as green bond to make its funding chain more adaptable</li> </ul>
Adaptability	<ul style="list-style-type: none"> <li>• We expect to avoid or reduce risks and the losses brought by them through climate-related risk management</li> </ul>

## 2 Based on its Main Business to Go Green

### 2.2 ENVIRONMENTAL MANAGEMENT SYSTEM

Dazhong Public Utilities continuously establishes and improves its environmental management system in strict accordance with national laws and regulations, solidly builds its environmental management policies, perfects environmental management organization building, and reinforces the environmental management responsibility of all subsidiaries, all geared towards laying a solid foundation for the Company’s sustainable development.

- **Environmental Management Organization Building**

An environmental management organization with clearly-defined powers and duties is the cornerstone for good environmental management performance. The Group and its subsidiaries continuously establish and improve environmental management system, build environmental management organization, hold entities responsible and accountable for environmental management, and continuously carry out environmental management actions based on the PDCA process with internal governance and external supervision as engines. In 2023, the Company had no major incidents in which litigations or corresponding sanctions resulted from violation of regulations due to environmental issues.

In full response to the Group’s call, Jiangsu Dazhong fulfilled the sustainability idea that “lucid waters and lush mountains are invaluable assets”, carried out regular environmental governance and management activities in compliance with laws and regulations, set up Jiangsu Dazhong Environmental Governance Committee and a working group to take multiple measures of environmental management and spare no efforts to pursue harmonious unification between economic benefits and social and environmental ones.

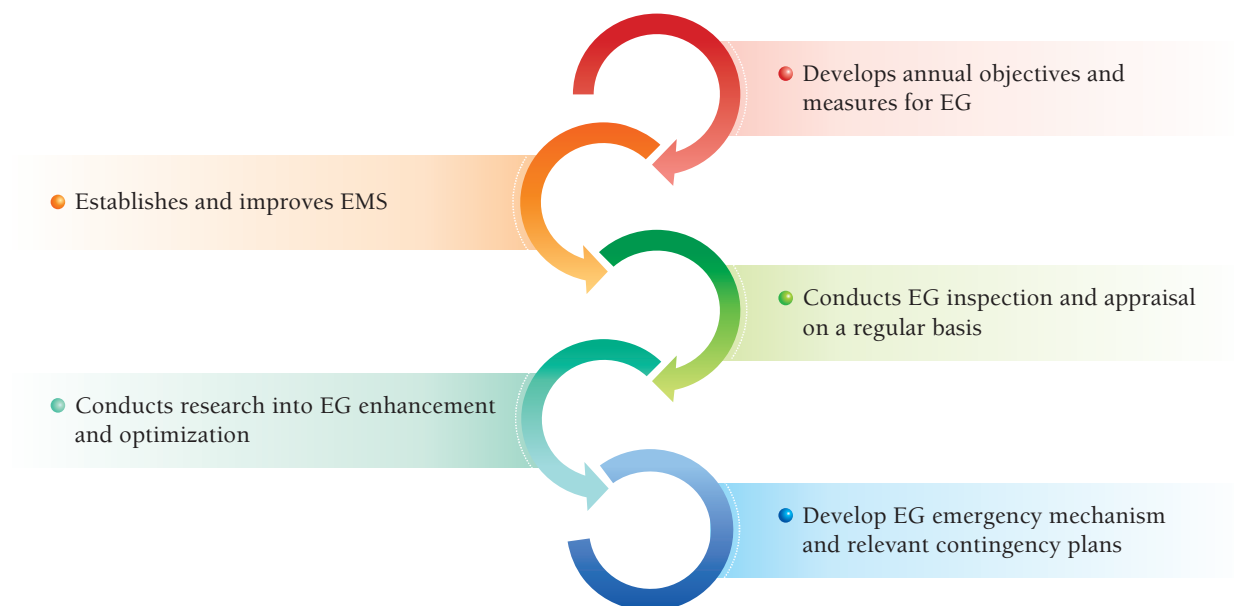


Figure. Environmental Management Measures taken by Jiangsu Dazhong

Nantong Dazhong Gas continuously improves its ability to respond to environmental incidents by constructing a company-level environmental emergency rescue organization, formulating Nantong Dazhong Gas Integrated Contingency Plan for Environmental Emergencies, setting forth a hierarchical command and emergency coordination mechanism and emergency response procedure for environmental incidents, for increased capabilities and performance of response to environmental emergencies, and minimizing damages caused by environmental emergencies to ecological environment.

## 2 Based on its Main Business to Go Green

- **Environmental Management System Certification**

The Group continuously builds up its environmental management system to increase its environmental management performance and assure continuous, effective operation of its environmental management system. In 2023, Jiangsu Dazhong received ISO 14001:2015 Environmental Management System Certification.



Figure. Environmental Management System Certification issued to Jiangsu Dazhong

### 2.3 RESOURCE USE

Dazhong Public Utilities values reasonable, efficient and cyclic utilization of resources, and conducts energy management, water resource management and office resource management, committed to achieving harmonious and organic unification between environmental sustainability and business operation and management.

## 2 Based on its Main Business to Go Green

- **Energy Management**

Dazhong Public Utilities continuously intensifies energy management efforts, conducts energy conservation and emission reduction activities, and constantly increases energy utilization and conversion efficiencies and reduces energy consumption. The Group laid down code of conduct for environmental awareness in the Employee Handbook, constantly normalizes the use of energy resources by employees, and advocates and supervises employees to economize electricity. In 2023, the Company's integrated total energy consumption was 14,596.37 tons of standard coal equivalent.

Table. Dazhong Public Utilities' Performance in Energy Management

Indicator	Unit	2021	2022	2023
<b>Total integrated energy consumption</b>	tce	2,089,803.89	13,936.49	14,596.37
<i>Natural gas</i>	Standard cubic meter	1,022,900	1,028,290	1,029,326
<i>Gasoline</i>	Metric ton	44,953,200	211,926.84	270,028.91
<i>Diesel</i>	Metric ton	6,748,700	53,031.54	9,130.20
<i>Purchased electricity</i>	KWh	—	61,336,336.50	59,421,554

\* Note: Due to different statistical coverage of data, certain difference exists among three-year energy consumption data. The statistical coverage of data about integrated total energy consumption and purchased electricity in 2023 includes the Group HQ, Shanghai Dazhong Gas, Nantong Dazhong Gas, Dazhong Jiading and Jiangsu Dazhong; the statistical coverage of natural gas data includes Nantong Dazhong Gas and Dazhong Jiading; the statistical coverage of gasoline data includes Shanghai Dazhong Gas, Dazhong Jiading and Jiangsu Dazhong; the statistical coverage of diesel data includes Dazhong Jiading Sewage and Jiangsu Dazhong.

The Group and its subsidiaries actively build up their energy management system following the principles of “practicing rigid economy and unifying efficiency with effectiveness”, by formulating internal management policies such as “Energy Conservation and Emission Reduction Management Policy”, “Energy Management Policy” and “Management Requirements for Energy Conservation and Consumption Reduction”, setting forth control and management requirements for use of lighting, air conditioning, computer and other equipment with respect to electricity use and fuel management, etc.

Nantong Dazhong Gas established a three-level energy conservation management network to implement the responsibility system for energy conservation, holds routine meetings to analyze energy consumption situation, takes effective measures to reduce energy consumption and constantly beef up energy conservation training and education, actively applies new energy-saving technologies, adopts new products and materials for energy conservation, and effectively ensures energy-saving renovation and replacement of energy-intensive equipment.

## 2 Based on its Main Business to Go Green

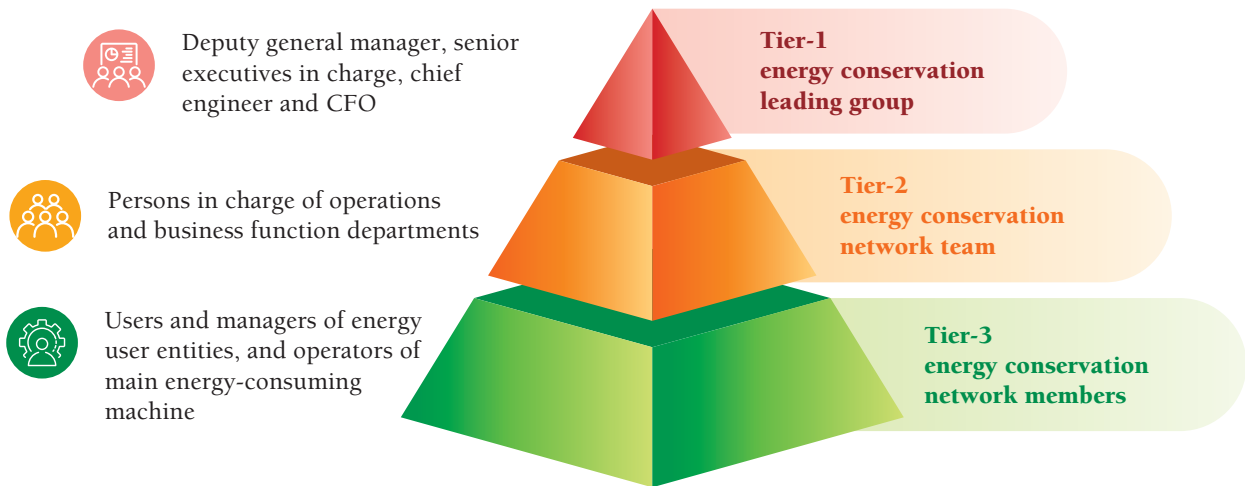


Figure. 3-level Energy Conservation Management Network at Nantong Dazhong Gas

Table. Energy Conservation Management Requirements of Dazhong Public Utilities and its Subsidiaries

Company	Measures
Nantong Dazhong Gas	<ul style="list-style-type: none"> <li>Reasonably set the A/C temperatures, strictly carry out the national standards for indoor temperature control, ensure A/Cs are off while nobody is present indoors, no windows are opened when A/Cs are on and A/Cs are regularly cleaned to increase the energy performance of A/Cs;</li> <li>Office equipment must be turned off while not in use; cut off power supply after work and strictly prohibit use of high-power products such as electric stove and electric kettle.</li> </ul>
Shanghai Dazhong Gas	<ul style="list-style-type: none"> <li>Persist in the principle of electricity and water conservation; be sure to turn off lights and water taps when leaving and strictly prohibit the phenomenon of ever-running water and ever-burning lamps, and ensure normal electricity use for office purposes in office buildings;</li> <li>A/Cs may not be used when indoor temperatures is more than 25°C in summer or no less than 20°C in winter; when necessary, adopt regulating measures in office according to electrical load and stop use of some high-power appliances. Windows may not be opened while A/Cs are on.</li> </ul>

## 2 Based on its Main Business to Go Green

Company	Measures
Dazhong Jiading	<ul style="list-style-type: none"><li data-bbox="560 338 1426 599">• Beef up electricity use management, reasonably set A/C temperatures, refrain from using A/Cs during off hours and holiday, and advocate cutting back A/C use by one hour each day, and clean A/C system devices on a regular basis for increased A/C performance; turn on PC, printers, fax machine and photocopier only when necessary or set them into the automatic energy-saving state, and be conscious to turn off power supply to various appliances when clocking out;</li><li data-bbox="560 627 1426 735">• Intensify the gas-fired boiler operation management and boiler inspection, and maintain and service boilers as scheduled to ensure boiler burners are kept in good working order and increase gas combustion efficiencies;</li><li data-bbox="560 763 1426 983">• Intensify fuel management, control additions of motor vehicles, perfect the management policy on use of vehicles for office purposes, increase the vehicle utilization efficiencies, eliminate unnecessary use of vehicles for business purposes, and increase utilization efficiencies; reasonably determine the service lives of vehicles, scrap or phase out vehicles with high fuel consumption or environmentally substandard in a timely manner;</li><li data-bbox="560 1011 1426 1315">• Intensify the efforts to adopt energy-saving products and technologies, actively apply new energy-saving technologies, preferentially purchase energy-saving products and materials, eliminate energy-intensive equipment and products the use of which is expressly prohibited by the national regulations, rigorously control the purchase of energy-intensive products, actively promote the adoption of energy-saving water valves, energy-saving lights and new materials, and properly carry out energy-saving renovation and replacement of energy-intensive equipment.</li></ul>

## 2 Based on its Main Business to Go Green

- **Water Resource Management**

Dazhong Public Utilities highly values management of water resources, strengthens the conservation protection and scientific utilization of water resources, abides by national laws and regulations related to water resource management, continuously establishes and improves water conservation management policy, raise the employee awareness of water conservation, and actively adopts sustainable water resource utilization practices such as water-saving technology and reuse of reclaimed water to increase water resource utilization efficiencies. Meanwhile, the Company advocates and facilitates employees to develop good habits of economical water use, reduce the use of bottled water, avoid the phenomenon of ever-running water, and effectively reduces consumption of water resources while meeting the basic needs.



Figure. Reuse of reclaimed water at Dazhong Jiading

Persisting in putting water conservation first, the Group sets water conservation targets and facilitates the effective implementation of water resource conservation actions. Nantong Dazhong Gas strictly controls the phenomena of “leakage, seepage and dripping” when utilizing water resources by timely identifying and repairing leakage loss through horizontal comparative analysis using meter readings taken by specially designated personnel on a regular basis. Dazhong Automobile Leasing included economical water and electricity use into its three systems for management, formulated and timely communicated management rules for energy and water conservation all the way down to the shop floor, and set a water conservation target of “keeping annual water bills unchanged as the basic target and hopefully achieving 1%–2% reduction”.

Table. Dazhong Public Utilities’ Performance in Water Resource Management

Indicator	Unit	2021	2022	2023
Total water resource consumption	Megaliter	6,825	806.32	1,632.146

\* Note: Due to the different statistical coverage of data, certain difference exists among 3-year total water resource consumption data. The statistical coverage of the 2023 data includes the Group HQ, Nantong Dazhong Gas, Dazhong Jiading and Jiangsu Dazhong.

## 2 Based on its Main Business to Go Green

- **Office Operation Management**

Green building implements the ideas of low carbon, health and comfort through the entire lifecycle, and is an important enabler for full-scale pursuit of green development. Dazhong Public Utilities included the green and environmental protection ideas into selection of office premises and fulfills its responsibility for sustainable development with concrete actions, as manifested by the fact that Zhongteng Building office building received LEED US Green Building Certification.



Figure. LEED US Green Building Certification received for Zhongteng Building

The Group and its subsidiaries, in active response to the national “dual carbon” strategy, carry out the ideas of green development, energy conservation and emission reduction, exploit the potential of low-carbon, green office work in light of their operational realities, and jointly build a low-carbon, energy-saving green office ecosystem, in which paperless office and double-sided page printing are advocated, the copies of documents printed and distributed are strictly checked and ratified, and employees are guided to make full use of automated office system and network transmission such as OA system established in place for information communication, thus reducing the volume of paper documents printed and distributed and frequencies of fax use.

### 2.4 EMISSION MANAGEMENT

Dazhong Public Utilities specifies its management policy, improves management process and adopts emission reduction measures in strict compliance with relevant laws and regulations regarding emission management and with respect to priorities such as GHG emission, waste gas emission, wastewater discharge, waste discharge and noise emission, in a bid to ensure stable operation of pollutant treatment facilities, standard-compliant emission of various pollutants and proper treatment of various wastes.



## 2 Based on its Main Business to Go Green

### • GHG Management

The Group pays close attention and tracks GHG emissions from its own operations and business process, actively takes measures to reduce GHG emissions, and continuously drives its subsidiaries to conduct carbon inventorying. Dazhong Jiading conducted GHG emission accounting for three consecutive years, further solidifying the foundation for GHG emission reduction efforts. In 2023, Dazhong Public Utilities will reduce GHG emissions by 4,858.76 tons of carbon dioxide equivalent.

Table. Dazhong Public Utilities' Performance in GHG Management

Indicator	Unit	2021	2022	2023
Total GHG emissions	tCO <sub>2</sub> e	435,065.00	30,461.39	25,602.63
Direct GHG emissions (scope 1)	tCO <sub>2</sub> e	205,597.97	2,915.00	2,218.77
Indirect GHG emissions (scope 2)	tCO <sub>2</sub> e	229,467.03	27,546.39	23,383.86

\* Note: Due to different statistical coverage of data, certain difference exists among data about 3-year total GHG emissions, scope 1 and scope 2. The statistical coverage of the 2023 data includes the Group HQ, Nantong Dazhong Gas, Dazhong Jiading and Shanghai Dazhong Gas.

### • Waste Gas Management

Dazhong Public Utilities formulated the “Notice on Strengthening Fugitive Dust Control at Construction Site” in strict compliance with and implementation of the Air Pollution Control Law and Shanghai Municipal Administrative Measures for Fugitive Dust Pollution Control with respect to construction part of its projects, takes multiple measures to control fugitive dust generated during and after construction process, and continuously reduces waste gas emissions from the construction process.

Nantong Dazhong Gas completely covers all materials prone to generation of fugitive dust such as sand, dirt and mortar with dustproof cloth in the construction of gas pipeline networks, with the intact rate of dustproof cloth over 95%. Damaged road and exposed ground or excavation process requires water spraying or other measures to be taken as appropriate to prevent fugitive dust, with the intact rate of covering measures over 90%. After the end of construction, work faces are cleaned promptly to avoid air pollution caused by residual dust, while waste gas management is carried continuously.

Dazhong Jiading fully follows the provisions set forth in the Emission Standard for Air Pollutants from Urban Sewage Treatment Plants, and developed the air pollutant emission limits for odor vent stacks of sewage treatment plants in 2023, thus ensuring reasonable standard-compliant waste gas emission in the process of business operations and reducing environmental pollution.

## 2 Based on its Main Business to Go Green

- **Wastewater Management**

Wastewaters generated from Dazhong Public Utilities mainly include production wastewater, percolates generated from piled domestic garbage and domestic effluents. The Company exercise rigorous and effective control over wastewater discharge based on wastewater from different sources and following the principles of “stable compliance with standard” for wastewater treatment, thereby ensuring wastewater discharge meets the requirements of local park’s standards and national standards and reducing environmental pollution.

Jiangsu Dazhong advocates economical water use and reduction in domestic effluents, formulated internal management policies such as Administrative Measures for Wastewater Management, strictly prohibits dumping residual cooking oil and leftovers into various sewers, and prohibits placement or dumping of various chemicals, hazardous wastes, oils and other pollutants around inlets and outlets of domestic sewage pipelines. The Company calls on its employees to flush tableware using phosphorous-free detergents whenever and wherever possible, which are delivered via pipeline into the park’s sewage pipeline network after preliminary treatment through grease trap, for continuously intensified wastewater management and reduced water pollution.

Table. Dazhong Public Utilities’ Performance in Wastewater Management

Indicator	Unit	2021	2022	2023
Total wastewater discharged	Metric ton	6,828.76	95,735.54	62,553,064.49

\* Note: The statistical coverage of the 2023 data includes the Group HQ, Dazhong Jiading and Jiangsu Dazhong.

- **Waste Management**

Wastes generated by Dazhong Public Utilities in the process of business operations consist primarily of general solid wastes such as domestic garbage and sludge and a limited amount of hazardous wastes such as used ink cartridges and used toner cartridges. The Company made clear the methods for collecting and handling various wastes and kept pursuing standard-based management of wastes in strict compliance with relevant laws and regulations and following the principles of waste treatment “minimization, recycling and harmlessness”, so as to achieve the purposes of resource conservation and reduced environmental pollution.

The Group actively carries out waste sorting, collection, storage and removal strictly according to waste category by making available wet and dry dustbins according to rules, among others. In addition, the Group collects and removes hazardous solid wastes generated in office work and daily life and oil-free general wastes such as papers and cartons separately before contacting licensed recyclers or environmental authorities for unified recovery and treatment.

## 2 Based on its Main Business to Go Green



Figure. A slogan calling for economical paper use

Figure. A slogan calling for waste sorting

Dazhong Jiading and Jiangsu Dazhong formulated company policies such as “General Solid Waste Management Policy” and “Hazardous Waste Management Policy”, setting forth standards for waste sorting, collection, storage, treatment and disposal and ledger management, and intensified efforts to manage dewatered sludge treatment at urban sewage treatment plants, such that the treated sludge is delivered to power plants for mixed combustion as fuel for power generation purposes. Moreover, the principle of “trade-in” is adopted for used ink cartridges generated in office areas, which are taken away by designated stationery suppliers when installing new ink cartridges.

Dazhong Automobile Leasing formulated “Solid Waste Management Rules”, whereby waste containers for recyclable wastes and non-recyclable wastes are made available respectively following the principle of “category-wise collection, comprehensive utilization and reasonable disposal” and licensed entities are contacted on a regular basis to recover and treat hazardous wastes, in addition to employee awareness training, and day-to-day publicity on waste sorting, in an effort to ensure office waste and domestic garbage are effectively treated.

Dazhong Jiading integrates the idea of green and environmental protection into its process of business conduct, focuses on difficult problems, actively brings in new technologies and applies nano-iron as the “capturer” in heavy metal water pollution management through simulation experiments in an innovation-driven manner and in light of its sewage treatment experience, thereby effectively resolving the practical problem of sludge expansion in wintertime, optimizing the process technology for sewage treatment operations and further achieving the organic integration between productivity and environmental benefits.

## 2 Based on its Main Business to Go Green

Table. Dazhong Public Utilities' Performance in Waste Management

Indicator	Unit	2021	2022	2023
<b>Integrated output of general solid wastes</b>	Metric ton	47,766.50	47,461.93	60,484.88
<i>Domestic waste generated</i>	Metric ton	17.64	8.38	22.12
<i>Office waste generated</i>	Metric ton	15.7	23.26	3.26
<i>Sludge and others</i>	Metric ton	47,661.41	47,416.45	60,459.49
<b>Integrated output of hazardous wastes</b>	Metric ton	6.92	6.92	8.01

\*Note: Due to different statistical coverage of data, certain difference exists among 3-year total waste data. The statistical coverage of data about office waste generated in 2023 includes Jiangsu Dazhong, while that of data about integrated output of general solid wastes, domestic waste generated, sludge and others and integrated output of hazardous wastes include Dazhong Jiading and Jiangsu Dazhong.

- **Noise Management**

Dazhong Public Utilities endeavors to refrain from conducting any noisy construction activities during the period from 22:00 to 7:00 at any populous places in strict compliance with the Noise Pollution Control Law and Shanghai Municipal Administrative Provisions for Civilized Conduct of Construction Projects, provided that if continuous construction is required due to special needs, the Company would set up rigid enclosures at construction site, conduct construction activities section by section and at the right time, so as to minimize the noise pollution in production process and continuously beef up noise management.

Dazhong Automobile Leasing applies replacing traditional vehicles with new energy vehicles into its actual conduct of business, as the motors used in new energy vehicles generate much less noise while running compared with traditional power generator, thereby effectively reducing urban noise pollution.

## 2 Based on its Main Business to Go Green

### 2.5 GREEN ACTION AND PRACTICE

Based on green conduct of its main responsibility and business, Dazhong Public Utilities carried out multiple green actions and practices encompassing its business lines of environment and municipal utilities, urban transportation, financial investment and financial leasing. By seizing the opportunities of clean energy, the Company seeks to go green and continuously explores new approaches to application of green energy, pursues green development and creates a low-carbon and green wonderful future with its stakeholders.

- **Sewage Treatment**

Sewage Treatment Company, a subsidiary of Dazhong Public Utilities, continuously improves its capabilities of sewage treatment, perfects sewage treatment process in terms of technology and treatment volume, and enhances its sewage treatment capacity. Dazhong Jiading actively explores photovoltaic power generation projects using sewage treatment in light of its operational characteristics, and makes full use of photovoltaic power generation to reduce its power cost.

#### Case: Dazhong Jiading's distributed photovoltaic power generation project

The distributed photovoltaic power generation project of Dazhong Jiading has a design installed capacity of 8.82MWp, expected to generate 9.0132 million KWh on average per year by using a factory space of about 60,000 square meters, and poised to become the largest water — distributed photovoltaic power plant in Shanghai once built in place. This project adopts a model of “self-generation for self-use and excess electricity to be grid-connected” and will preferentially supply generated electricity to Dazhong Jiading Sewage for its use, thus remarkably increasing the self-sufficiency rate of clean energy to the factory premises, with reduction in carbon dioxide emissions, which will effectively fuel the green, low-carbon and high-quality development of the Company.



Rendering of Dazhong Jiading's water-distributed photovoltaic power plant

## 2 Based on its Main Business to Go Green

Jiangsu Dazhong continuously beefs up its ability of process control and established a redline awareness that effluents must be discharged stably in a standard-compliant manner. In 2023, the sewage treatment plant made a total investment of RMB0.56 million in technological renovation.

Table. Jiangsu Dazhong's Performance in Sewage Treatment

Indicator	Unit	2021	2022	2023
Number of sewage treatment plants	Number	8	8	8
Sewage treatment capacity	10,000 t/d	26.5	26.5	26.5

Table. Dazhong Jiading's Performance in Sewage Treatment

Indicator	Unit	2021	2022	2023
Number of sewage treatment plants	Number	1	1	1
Sewage treatment capacity	10,000 t/d	17.5	17.5	17.5

- **Green Transportation**

Driving the green transportation forward is an inevitable path to high-quality development of the transportation industry, also an important component of the attainment of “dual carbon” objectives in the transportation sector or even the whole society. Dazhong Public Utilities actively pursues green and low-carbon urban transportation and travel with a view to “making means of transportation electrified, resource utilization efficient and structure of travel low-carbon”, committed to becoming a leading practitioner of green travel in Shanghai’s taxi industry.

- **Green Taxi**

Dazhong Automobile Leasing, an affiliate of Dazhong Public Utilities, sped up the process of replacing its fleet with new energy vehicles and continuously advanced its plan to renew its fleet with new energy vehicles, with the target of new energy taxis to be put into service in 2024 being set as 300, thus making its whole taxi fleet fueled by new energy. By the end of December 2023, Dazhong Automobile Leasing owned 6,024 new energy taxis, accounting for 97.33% of the total, while 24,053 new energy taxis were registered with Dazhong Travel Platform, accounting for 64.04%.

The electric vehicle switching mode has numerous advantages such as high charging efficiency, battery sharing and prolonged battery life, so centralized treatment and recovery of batteries can help ensure proper treatment and reutilization of batteries, while reducing environmental pollution. Dazhong Automobile Leasing fully applies the switching mode to new energy taxis, which contributes to sustainable development and progression of ecological civilization while fueling efficient development of its business.

Table. Dazhong Automobile Leasing's Performance in Launch of New Energy Vehicles

Indicator	Unit	2021	2022	2023
Number/ratio of new energy vehicles as taxi	Number/%	1,970/30.32	3,813/69.55	6,024/97.33
Number of new energy vehicles as rented car	Number	229	357	450

## 2 Based on its Main Business to Go Green

**Case: Intelligent rear view mirror developed by Dazhong Travel Platform for reduced energy depletion in operations**

Dazhong Travel Platform enables its traditional business with technology by developing intelligent rear view mirror terminal and intelligent color screen in-house, which help increase the daily operation efficiency of drivers and effectively reduce empty-loaded rate of taxis through intelligent order assignment and precise navigation, thereby reducing energy depletion and allowing “energy conservation and emission reduction, green and low-carbon ideas” to be applied more realistically in the transportation sector.



Intelligent rear view mirror terminal on Dazhong Travel Platform

- **Green Leasing**

Dazhong Financial Leasing actively expanded its green leasing business and joined hands with multiple partners such as new energy car makers and operating service platforms to drive deep integrative development of green leasing, logistics and transportation, practicing the ESG development ideas and contributing to the road to green and sustainable development.



## 2 Based on its Main Business to Go Green

### Case: Dazhong Financial Leasing works with new energy car makers

In 2023, Dazhong Financial leasing, in active response to the national environmental policies and by seizing opportunities on new energy vehicle leasing markets, struck a deal of advance funding for procurement through its supply chain financing products and direct leasing platform, and achieved partnership with emerging Chinese new energy vehicle brands such as Leap Motor, XPENG Motors and NETA Motor, with over 500 new energy vehicles contracted under financial leasing arrangements through the year, thus further expanding its business field, achieving sustainable development and contributing positively to the “dual carbon” era.



A NETA Motor store

### Case: Green Finance Fuels Low-carbon Transport

In 2024, Dazhong Financial Leasing further cooperated with DST Car Rental (Shenzhen) Co., Ltd (“DST”). Dazhong Financial Leasing solved the funding challenges of DST and reasonably designed financial products to provide it with term funding support matching the investment payback period. By the end of 2023, Dazhong Financial Leasing put in RMB115 million in total, corresponding to 1,053 subject new energy logistics vans, which drove the green leasing business and green logistics industry forward.



DST new energy logistics vans



## 2 Based on its Main Business to Go Green

- **Environmental Charity**

Regarding taking part in environmental charities as an important way to raise the public awareness of environmental protection, fuel its business operations and establish a green brand image, Dazhong Public Utilities established and improves a publicity and education mechanism for energy conservation and emission reduction, and conducts various environmental charity publicity events especially during the World Environment Day and Earth Hour in light of its operational characteristics, spreading the idea of green development and raising the public awareness of environmental protection as wide as possible. Meanwhile, the Company encourages its employees to actively participate in various environmental protection activities and events while creating an enabling climate for environmental protection.

### Case: Dazhong Jiading Sewage holds an open day event for environmental protection efforts

In October 2023, Dazhong Jiading held an open day event to show its sewage treatment facilities to the general public, where the relevant person in charge of the Company explained in detail the raised standards for sewage treatment and discharge, technological process improvement and fine operation in the past years, and imparted the environmental protection ideas to the general public to enhance the public understanding, respect and support awareness of environmental protection efforts.



The scene of event publicity

### 3 Acted Responsibly to Maintain Quality and Stability for Operational Vitality

Dazhong Public Utilities keeps strengthening responsibility governance, provides high-quality products and services, endeavors to protect customer rights and interests, constantly improves customer service experience, carries out total safety management, builds lines of defense for workplace safety solidly, effectively carries out supplier responsibility management and raises its own level of environmentally and socially responsible operations.

#### 3.1 QUALITY OPERATIONS AND CUSTOMER SERVICE

##### • Quality Management

Dazhong Public Utilities keeps carrying out the requirements related to product quality laid down in the Social Responsibility Management Policy, normalizes its production process, established rigorous product quality control and inspection policies, strengthens after-sales services, improves product quality and service level, provides the society with high-quality, safe and healthy products and services, remains accountable and responsible to the society and general public and accepts social supervision.

The Company continuously holds its employees accountable for product quality, strictly carries out all policies and rules in its quality management system, and summarizes and addresses complaints about quality issues in a timely manner by means of benchmarking and gap finding, in an effort to pursue the attainment of quality objectives. In 2023, Nantong Dazhong Gas took multiple measures to achieve its gas quality management objectives set at the beginning of the year, with remarkable achievements made.

Table. Quality Objectives and Contents of Nantong Dazhong Gas

Quality objective	Management activities
Ensure safe and stable operation of gas facilities	<ul style="list-style-type: none"><li>• Periodically check and maintain gas facilities to ensure equipment is intact;</li><li>• All departments conduct contingency plan drills on a regular basis to ensure the ability to deal with various emergencies;</li><li>• Employee safety training conducted in response to recent gas accidents occurring across the country to raise safety awareness;</li><li>• Strictly carry out the safety management policy and ensure all safety measures are taken as planned.</li></ul>
Ensure the quality of gas pipeline installation and pipeline safety	<ul style="list-style-type: none"><li>• Optimize the construction technology and introduce thermal expansion bushings in response to frequently occurring issue of vertical pipe corrosion, thus improving the safety of wall-penetrating pipes and slab-penetrating pipelines;</li><li>• Use the exterior riser assembly technology to better meet gas needs of residents faster;</li><li>• Conduct construction activities strictly according to drawings without affecting the using experience of existing users while meeting the gas needs of new users;</li><li>• Carry out the safety management policy strictly to ensure all safety measures are taken on construction site as planned.</li></ul>

### 3 Acted Responsibly to Maintain Quality and Stability for Operational Vitality

Quality objective	Management activities
<p>Improve customer service and increase user satisfaction to 100%</p>	<ul style="list-style-type: none"> <li>• Provide a 24/7 customer service hotline 968007 to resolve user problems at any time;</li> <li>• Periodically organize personnel to conduct gas safety publicity activities for local residents, including Q&amp;A session on safe gas use, and replace metal bellows on a door-to-door basis;</li> <li>• Make available WeChat official account to publicize the company’s events and provide knowledge about gas safety.</li> </ul>

- **Stable Gas Supply**
- **Replacement of Metallic Hoses**

Nantong Dazhong Gas continuously solidified its results of gas safety hazard identification and elimination, learned from gas accidents, effectively prevented and resolved major safety risks, continuously advanced city gas safety management and strengthened the management efforts at source from the perspective of customers. Nantong Dazhong Gas formulated the “Implementation Plan for Furthering Replacement of Metallic Hoses for Resident Gas Users” according to the national laws and regulations and local policies, selected target communities, defined job assignments and division of duties, and took multiple safeguard measures to carry out supervision efforts and assure stable gas supply.

In 2023, Nantong Dazhong Gas carried out its implementation plan, lowered the replacement prices, imparted knowledge about safe and economical use of gas in residential communities, promoted the use of metallic hoses in front of gas stoves, waived handling charges for users signed up for centralized replacement, and effectively assured stable and safe gas use on the user side, which were unanimously praised by users.



Figure. Nantong Dazhong Gas promotes an offer for replacement of metallic hoses in a residential community

### 3 Acted Responsibly to Maintain Quality and Stability for Operational Vitality

- *Gas Pipeline Renovation*

Dazhong Public Utilities values continuous, safe and stable gas supply by evaluating gas pipelines on a regular basis and renovating obsolete gas pipelines. In 2023, Nantong Dazhong Gas renovated 15.98 km-long obsolete gas pipelines, well beyond its pipeline renovation target of over 12 km laid down in its annual plan.



Figure. The site of gas pipeline network renovation conducted by Nantong Dazhong Gas

- *Gas Supply Assured in Wintertime*

Gas companies belonging to Dazhong Public Utilities formulated the “2023–2024 Peak Gas Supply Assurance Work Plan” encompassing their operational priorities of “assuring supply, safety and service quality” according to the overall requirements for assuring peak gas supply in wintertime and in response to the peak gas use in winter and spring, which specified the response measures for assuring peak gas supply and set forth various activities required to assure peak gas supply. These efforts were geared towards ensuring safe operation of gas equipment and assuring smooth and stable gas supply.

#### Case: Gas Supply Assured before the Cold Wave Hits

In January 2023, Shanghai saw the strongest cold wave since the beginning of the winter, as the air temperature dropped below zero, a situation that posed urgent need for protection of underground gas pipelines. In response, Shanghai Dazhong Gas lost no time to make arrangements and increased its inspection efforts and frequencies, and inspected pipelines of 4kg or above, all culvert compensators and valve compensators within the areas under its responsibility while completing daily job tasks, with nearly 100 kilometers of pipelines inspected each day, in an all-out effort to eliminate safety hazards and assure safe and stable gas supply.



A Scene of Gas Inspection by Shanghai Dazhong Gas

### 3 Acted Responsibly to Maintain Quality and Stability for Operational Vitality

Table. Shanghai Dazhong Gas's Performance in Stable Gas Supply

Indicator	Unit	2021	2022	2023
Length of gas pipeline replaced	km	173.58	78.28	113
Ratio of pipelines aged over 20 years	%	27.41	26.45	27.15
Rate of door-to-door gas inspections	%	87.52	73.07	88.98
User households involved in resident gas inspection	Number	910,430	906,613	780,178
Rate of inspections completed	%	102.90	100.41	90.33
Rate of severe hazards eliminated	%	87.70	88.34	89.59
Rate of transmission error	%	8.65	8.10	7.8

Table. Nantong Dazhong Gas's Performance in Stable Gas Supply

Indicator	Unit	2021	2022	2023
Length of gas pipeline replaced	km	209.08	107.98	13.71
Ratio of pipelines aged over 20 years	%	4.68	5.62	5.35
Rate of door-to-door gas inspection	%	100	100	83.8
User households involved in resident gas inspection	household	1,169,828	1,149,506	291,788
Rate of inspection completion	%	100	100	100
Rate of output difference	%	3.08	2.80	2.61

- **Customer Privacy Protection**

Dazhong Public Utilities values customer privacy protection by formulating and carrying out the “Information System Management Policy”, “Information Management Policy” and “File Management Policy”, continuously pursues and carries out orderly management of file and IT data, respects customer privacy and protects personal information of customers according to the “Administrative Provisions for Cybersecurity and IT Work”.

Nantong Dazhong Gas fully protects customer privacy and ensures security, integrity and confidentiality of customer information through execution of NDA when cooperating with third-party organizations or departments, so as to eliminate the possibility of employees leaking customer information. By the end of 2023, Dazhong Public Utilities and its subsidiaries were not involved in any incident of customer privacy breach.

- **Customer Service**

Always being customer-centric and acting in the best interest of customers, Dazhong Public Utilities actively establishes long-term sincere relationships with customers and continuously improves customer satisfaction, earning the heartfelt respect from its customers.

- **Customer Complaint and Issue Handling**

Nantong Dazhong Gas and Shanghai Dazhong Gas further carried out company policies like Information Feedback Management Rules and Administrative Measures for Handling Customer Complaints, make channels of communication with customers easily accessible, and solicit customer input and suggestions and meet customer needs via their official websites, WeChat official account mini-customer service message board, service hotline, city-wide governance platform and platform 12345.

### 3 Acted Responsibly to Maintain Quality and Stability for Operational Vitality

Nantong Dazhong Gas keeps optimizing and carrying out its closed-loop management mechanism for customer revisit by spot checking and recording the quality of service by safety inspectors and repairmen in the form of looking back at revisit through its customer information management platform, thereby ensuring customer issues are effectively resolved and its operations and customer service work are continuously improved and enhanced.

- *Satisfaction Survey*

Dazhong Public Utilities keeps conducting regular customer satisfaction survey activities and engages third parties to conduct customer satisfaction rating on an annual basis as one of appraisal indicators for improving business environment, before assessing and improving quality of service based on survey findings. In 2023, Shanghai Dazhong Gas conducted a satisfaction survey evaluation covering residents and nonresidents, finding that both resident and nonresident customers are highly satisfied with its quality of service, with the overall satisfaction score of 91.42, 0.99 up from the previous year, and rising year by year.

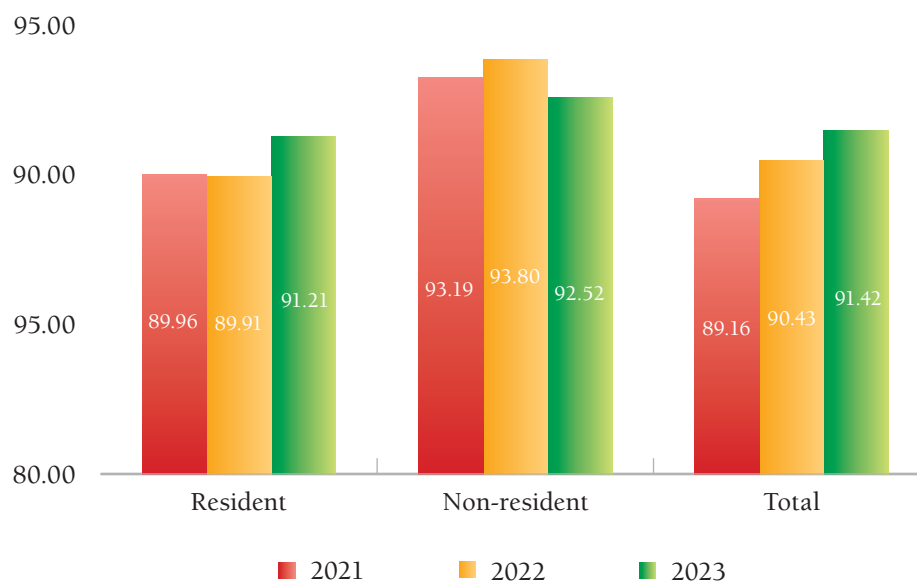


Figure. Results of Customer Satisfaction Survey by Shanghai Dazhong Gas 2021–2023



### 3 Acted Responsibly to Maintain Quality and Stability for Operational Vitality

- *Safety Publicity to Gas Users*

Dazhong Public Utilities always regards safety as the lifeline of gas supply, conducts top-down gas safety publicity and training for users following the principle of “putting people and life first”, raises the safety awareness of gas users and eliminates all kinds of gas safety hazards.

Shanghai Dazhong Gas integrates safety education for gas use into its day-to-day service activities by conducting various forms of gas safety education activities across Shanghai including community-based safety education, gas safety lectures and distributing gas safety manuals. By the end of 2023, Shanghai Dazhong Gas distributed 12,701 copies of literature in total to 12,946 individuals.

Table. Shanghai Dazhong Gas’s Performance in Gas User Safety Education Activities

Site	Number of times	Residential community	School	Persons educated	Copies of literature distributed
Jingan	10	10	—	1,306	1,041
Huangpu	10	10	—	2,470	2,470
Changning	17	17	—	1,860	1,860
Minhang	28	26	2	1,480	1,500
Xujing	10	10	—	930	930
Xuhui	35	35	—	4,900	4,900
Total	110	108	2	12,946	12,701

#### Case: Spreading Gas Safety Knowledge for Community Safety

In December 2023, Shanghai Dazhong Gas spread and publicized gas safety knowledge in Fenglin Neighborhood, Xuhui District to neighborhood committees, property management personnel and safety officers through presentation and Q&A session, where relevant safety knowledge and issues were heatedly discussed and analyzed. This event further raised resident awareness of safety and helped increase resident ability to deal with life-threatening emergencies.



The scene of gas safety training seminar held by Shanghai Dazhong Gas

### 3 Acted Responsibly to Maintain Quality and Stability for Operational Vitality

#### Case: Door-to-door Gas Safety Education

In December 2023, Nantong Dazhong Gas conducted a gas safety education event at Yijiaqiao Farm Market. During this event, staff imparted natural gas-related knowledge to community residents, answered questions regarding safety precautions in gas use, distributed gas safety leaflets, conducted safety inspection of gas facilities of resident users and helped eliminate any hazards once found. This event brought the workplace safety campaign to the next level while raising the resident awareness of safe gas use.



Scenes of gas safety education by Nantong Dazhong Gas

#### 3.2 OPERATIONAL SAFETY

Safety is the prerequisite to development, while development is the assurance for safety. Dazhong Public Utilities, bearing in mind the dual focus on development and safety, fully carries out its workplace safety management system, tightened the accountability system for workplace safety and resolutely prevents any workplace accidents from occurring.

- **Safety Management System**

Dazhong Public Utilities formulated and continuously carries out the “Workplace Safety Management Rules”, constructed a safety management structure covering the Group and its subsidiaries, held all responsible entities accountable for their functions, and conducted execution and supervision activities related to workplace safety according to applicable rules. The Company and its subsidiaries all have independent and impeccable workplace safety management policies in place, while its subsidiaries engaged in gas supply, sewage treatment, logistics and tunnel management all have emergency response mechanisms and contingency plans in place for workplace safety, which are practiced, updated and improved as appropriate in light of the safety dynamics.

The Group established a flawless workplace safety management organization, in which the safety management department and safety supervisory body are responsible for day-to-day supervision and management of workplace safety. The entire operational safety management consists of two levels, i.e., the Group and its subsidiaries, the latter of which are legal entities responsible for workplace safety, while legal representatives and C-suite of subsidiaries are persons chiefly responsible.



### 3 Acted Responsibly to Maintain Quality and Stability for Operational Vitality



Figure. Workplace Safety Management Organization at Dazhong Public Utilities

#### • Safety Hazard Identification

Dazhong Public Utilities carries out the workplace safety guidelines of “safety first, prevention foremost and comprehensive management”, beefs up its safety hazard identification and management efforts in order to eliminate various potential accidents across the board. In 2023, Shanghai Dazhong Gas formulated the “2023 Hazard Identification Plan”, set up a company-level hazard identification leading group and task force, defined duties of various departments and personnel, carried out identification of five categories of safety hazards and formulated corresponding hazard elimination plans.

Table. 5-category Safety Hazard Identification at Shanghai Dazhong Gas

Check category	Check item	Check cycle	Checking department and personnel
Daily safety check	Safety check of unsafe behavior of people, unsafe state of objects and managerial defects on jobsite	each shift	Foremen, onsite safety officer and working personnel
Specialized check	Safety check of operation and maintenance of production equipment and facilities, safety devices, fireproof and explosion-proof, monitoring instruments and labor protections of operating equipment	Monthly	Safety management dept and related depts. of each entity
Seasonal check	Check of efforts to prevent fire, lightning, typhoon and flood, heatstroke and freezing according to seasonal characteristics	Corresponding season	Safety management dept and related depts. of the Company and each entity

### 3 Acted Responsibly to Maintain Quality and Stability for Operational Vitality

Check category	Check item	Check cycle	Checking department and personnel
Holiday check	Check of status of workplace safety instructions and arrangements performed and attendance of on-duty personnel at all levels during public holiday	Before holiday	Safety management dept and related depts. of the Company and each entity
Comprehensive check	Arrangements made for execution of superior's workplace safety instructions, and check of response measures implemented for workplace safety	Quarterly	Safety management dept and related depts. of the Company and each entity

Shanghai Dazhong Gas keeps carrying out the Administrative Measures for Identification and Management of Potential Workplace Accidents, fulfills its responsibility for workplace safety as a business entity, and beefs up three-level safety hazard monitoring and management efforts so as to effectively assure personal and equipment safety, ensure timely discovery and resolution of safety hazards and prevent workplace accidents from occurring. By the end of 2023, Shanghai Dazhong Gas conducted 528 company-level safety checks, identified 574 safety hazards and eliminated all of them.

Table. 3-level Classification and Monitoring of Safety Hazards at Shanghai Dazhong Gas

Hazard level	Hazard definition	Monitoring
Level-3 hazard (general)	A hazard that poses minor harm and difficulty to eliminate and can be eliminated within 3 days after being found or without the need to stop use of relevant facilities and equipment or stop production or business operations.	Included into monitoring by team and section
Level-2 hazard (significant)	A hazard that poses significant harm and difficulty to eliminate and cannot be eliminated within 4 days and without ceasing to use relevant facilities and equipment or can be eliminated with four to six days of efforts plus stoppage of production and business operations.	Included into departmental monitoring

### 3 Acted Responsibly to Maintain Quality and Stability for Operational Vitality

Hazard level	Hazard definition	Monitoring
Level-1 hazard (major)	A hazard that poses greatest harm and difficulty to eliminate and can be eliminated with more than 7 days of efforts plus stoppage of production and business operations, or a hazard caused through no fault of the business operator that cannot be eliminated by the business operator itself, and any hazard meeting the standards for determination of major workplace safety hazard set forth in the Standards for Determining the Potential Risks of Major Accidents of Industrial and Trade Sectors (2017 edition) (SAWS IV (2017)No. 129).	Reported to the Company and included in prioritized monitoring by the Company

Nantong Dazhong Gas conducts safety hazard identification activities on a regular basis in conjunction with requirements of company policies like “Safety Inspection Form Use Management Policy”, “Fire Safety Inspection Policy”, “Workplace Safety Hazard Identification and Management Policy and “Rules for Workplace Safety Inspection by Related Functions and Specialties”. In 2023, Nantong Dazhong Gas conducted 39 company-level safety checks and identified 715 safety hazards, all of which have been eliminated.

In 2023, the gas segment of the Group made remarkable achievements in safety hazard management, as the annual working days lost due to work-related injury became “zero” for the first time and no major workplace accidents or work-related employee casualties occurred.

Table. Performance of Gas Segment of Dazhong Public Utilities in Safety Hazard Management

Indicator	Unit	2021	2022	2023
Casualties due to work	Person	0	0	0
Rate of casualties due to work	%	0	0	0
Working days lost due to work-related injury	Day	66	44	0

- **Safety Emergency Management**

Dazhong Public Utilities values safety emergency management by formulating the “Provisions for Emergency Response” according to the relevant national laws and regulations and the Articles of Association, establishing a safety emergency response mechanism, setting up a company-level emergency response leading group and task force, adopting standard emergency alerting, prevention and response measures following the principles of “unified leadership and organizing, repaid reaction and collaborative response”, all with a view to protecting life safety of the general public, environmental safety and property safety to the maximum extent.

### 3 Acted Responsibly to Maintain Quality and Stability for Operational Vitality

In 2023, the Group kept intensifying its efforts of workplace safety emergency management, while its subsidiaries set up a workplace safety emergency management model that takes the holistic approach and replicates successful experience across board according to requirements and provisions and in light of respective operational realities and business forms, as well as established and improved workplace safety emergency response mechanism.

In 2023, the Group and its subsidiaries conducted companywide, multi-scenario workplace safety emergency drills, thereby effectively improving in-house safety emergency response capabilities and ensuring “everyone is safety-minded and capable to deal with emergencies”.

#### Case: Shanghai Dazhong Gas Conducts a Gas Leakage Emergency Drill

In order to further carry out Xi Jinping’s instructions regarding the Yinchuan gas explosion accident and the spirit of the national safety protection videoconference, and do a good job of gas safety management and workplace safety, Shanghai Dazhong Gas conducted “pressure pipeline emergency drill and emergency drill for gas leakage from pressure regulators” in June 2023. This event allowed the company’s employees to further increase their safety awareness and emergency response capabilities.



Scenes of safety emergency drill at Shanghai Dazhong Gas

#### Case: Jiangsu Dazhong Conducts a Fire Safety Drill

In April 2023, Jiangsu Dazhong conducted a “fire safety drill of Jiangsu Dazhong Water Group Ltd”, an event that helped further raise employee awareness of fire safety, increase the company’s ability to organize for, evacuate from and deal with fire accidents, the ability of employees to save themselves and others and the company’s ability of fire safety management, and allowed its employees to highly value fire safety management, thus laying a solid foundation for workplace safety.



Scenes of fire safety drill at Jiangsu Dazhong

### 3 Acted Responsibly to Maintain Quality and Stability for Operational Vitality

Table. Dazhong Public Utilities' Performance in Workplace Safety Emergency Drill

Indicator	Unit	2021	2022	2023
Emergency drills organized	Number	61	33	41
Participants in emergency drill	Person-time	801	683	981
Total hours of participation in emergency drill	Hour	179	79	286

\*Note: The statistical coverage of the 2023 data includes Dazhong Jiading, Jiangsu Dazhong, Dazhong Logistics, Shanghai Dazhong Gas and Nantong Dazhong Gas.

#### • Safety Training

Dazhong Public Utilities highly values safety education and training and safety culture building, endeavors to increase employee awareness and ability of workplace safety, keeps improving its safety training system and periodically conducts safety education and training. In 2023, Dazhong Public Utilities and its subsidiaries held 124 safety training sessions, covering 7,426 person-times and totaling 3,278 hours, thereby forming an enabling climate that “promotes application with acquired knowledge and facilitates prevention efforts with training”.

Table. Dazhong Public Utilities' Safety Training Performance

Indicator	Unit	2021	2022	2023
Employee health and safety training sessions	Number	85	133	124
Trainees in employee health and safety training	Person-time	1,984	2,695	7,426
Hours of employee health and safety training	Hour	712	802	3,278

\* Note: The statistical coverage of the 2023 data includes Dazhong Jiading, Jiangsu Dazhong, Dazhong Logistics, Shanghai Dazhong Gas and Nantong Dazhong Gas.

### 3.3 SUPPLIER RESPONSIBILITY

While providing high-quality services to the outside, Dazhong Public Utilities pays more attention to win-win partnership with its suppliers. The Company actively established and improves a supplier management system to effectively reduce its operating costs and improve the quality of its products and services.

#### • Supplier Profile

Dazhong Public Utilities values building up its supply chain and commits itself to creating an enabling cooperative ecosystem with its suppliers. In 2023, the Group and part of its subsidiaries had 359 suppliers, of which 196 were located in Shanghai.

### 3 Acted Responsibly to Maintain Quality and Stability for Operational Vitality

Table. Distribution of Dazhong Public Utilities' Suppliers in 2023

Issue	Unit	2023
Total suppliers	Number	359
Wherein: total Shanghai suppliers	Number	196
Ratio of Shanghai suppliers	%	54.60
Total suppliers based in other Chinese provinces and municipalities (including Hong Kong, Macau and Taiwan)	Number	163
Ratio of suppliers based in other Chinese provinces and municipalities (including Hong Kong, Macau and Taiwan)	%	45.40

\* Note: The statistical coverage of the 2023 data includes the Group HQ, Dazhong Jiading Sewage, Jiangsu Dazhong, Dazhong Logistics, Shanghai Dazhong Gas and Nantong Dazhong Gas.

#### • Supplier Management

Dazhong Public Utilities keeps building up its supplier management system by issuing many supplier management policies like “Qualified Supplier Management Policy” and “Purchase Business Management Policy”, and maintains clearly-defined supplier access, evaluation and elimination mechanisms, requiring suppliers to possess qualifications such as quality certification, work safety permit, corporate credibility and credit rating certificates, all designed to continuously improve the quality of purchased products and services.

The Group persists in “transparent, open, fair and just” procurement practice and will permanently ban business cooperation with any supplier found fraudulent. Meanwhile, the Group advocates green procurement practice, as manifested by the fact that one of its subsidiaries Dazhong Jiading clearly requires its suppliers to have EIA approval when purchasing agents used in sewage treatment.

The Group actively undertakes responsibility as the core player of its supply chain, values communication and exchanges with its suppliers and continuously builds a cooperative model for win-win cooperation with its suppliers. In 2023, the Group conducted 3 supplier training sessions and multiple supplier identification and exchange events.



Figure. Nantong Dazhong Gas determines the capabilities of a galvanized steel pipe supplier



## 4 Put People First and Worked as a Team to Give Back to the Wider Society

Dazhong Public Utilities always persists in its talent idea of “putting people first”, continuously improves its human resources allocation, actively preserves and safeguards employee rights and interests, creates a harmonious work environment, increases the employee sense of happiness and gain, bears in mind its social responsibility, and actively gets involved in public service undertakings, in an effort to become a sustainable business.

### 4.1 EMPLOYEE ENTITLEMENTS AND BENEFITS

Dazhong Public Utilities values protecting the basic rights and interests of its employees, provides its employees with diverse benefits, constantly improves culture and team building efforts for its employees, dedicates itself to creating a positive and vibrant work climate, and creates an efficient, collaborative, innovative and win-win team of employees for sharing growth with its employees.

Table. Dazhong Public Utilities' Employment Performance

Indicator		Unit	2022	2023
Total manpower		Person	2,975	2,876
Employees by sex	Male	Person	2,372	2,286
	Female	Person	603	590
Employees by employment type	Total full-time employees	Person	2,975	2,876
	Total part-time workers	Person	0	0
	Total trainees	Person	0	0
Employees by age	Total employees aged 30 or below	Person	448	434
	Total employees aged over 30 and below 50	Person	1,625	1,484
	Total employees aged 50 or above	Person	902	958
Employees by region	HQ	Person	2,216	2,700
	Other Chinese provinces and municipalities	Person	759	176
	Overseas	Person	0	0
Total turnover rate		%	6.25	8.27
Turnover rate by sex	male	%	5.38	7.44
	female	%	0.87	0.83
Turnover rate by age	Total employees aged 30 or below	%	3.36	0.21
	Total employees aged over 30 and below 50	%	2.76	3.91
	Total employees aged 50 or above	%	3.16	4.15
Turnover rate by region	HQ	%	5.85	7.89
	Other Chinese provinces and municipalities	%	0.57	0.45
	Overseas	%	0	0

## 4 Put People First and Worked as a Team to Give Back to the Wider Society

- **Lawful Employment**

The Group established and improves its HR system and formulated company policies like “Employee Handbook”, “Administrative Provisions for Performance of Employment Contract”, “Administrative Provisions for Employee Compensation”, “Administrative Provisions for Employee Performance” and “Administrative Provisions for Employee Training” in strict compliance with national laws and regulations, keeps normalizing its contract management, compensation management, performance rating and training and development management activities, standardizes its act of employment, persists in equal and fair employment, prohibits use of any illegal labor and child labor, opposes any discrimination on the basis of age, sex, nationality and other factors, and fully protects any and all legitimate rights and interests of its employees.

Table. Measures taken by Dazhong Public Utilities to Protect Legitimate Rights and Interests of Employees

Legitimate Rights and Interests of Employees	Measures
Employment contract management	<ul style="list-style-type: none"> <li>• “Administrative Provisions for Performance of Employment Contract” formulated to protect legitimate rights and interests of employees, with employment contract covering all of the Company’s employees.</li> </ul>
Free choice of employment and anti-discrimination	<ul style="list-style-type: none"> <li>• No discrimination in the employment decision-making process due to race, religious belief, sex, country of citizenship, age or any other factors;</li> <li>• Respect free choice of employment, prohibit any use of child labor or forced labor, and safeguard employee willingness to join or not to join trade union;</li> <li>• File its working hour policy with the Ministry of Human Resources and Social Security, and have hiring departments schedule work strictly according to work-life balance, and the personnel department conduct attendance check on a monthly basis to ensure no use of forced labor.</li> </ul>
Working hours	<ul style="list-style-type: none"> <li>• Working hours per week should not exceed 40 hours in principle;</li> <li>• If any employee needs to work overtime due to job requirements, the department head shall issue a written notice of overtime and submit the request to the HR department for approval to the exclusion of forced overtime work;</li> <li>• Employees are entitled to statutory holidays.</li> </ul>



## 4 Put People First and Worked as a Team to Give Back to the Wider Society

Legitimate Rights and Interests of Employees	Measures
Performance and compensation management	<ul style="list-style-type: none"> <li>“Administrative Provisions for Employee Compensation” formulated to persist in equal pay for equal work among male and female employees;</li> <li>Employee compensation generally comprises wage and benefits, etc. The wage part includes annual salary, annual reward, corporate annuities, supplementary medical insurance, transportation allowance, paid leave, health checkup and work lunch, etc.;</li> <li>The minimum standard of sick pay or disease relief for employees is 80% of the local minimum wage standard for company employees in the year concerned;</li> <li>Determines the pay scale corresponding to each job grade according to job grade sequence;</li> <li>Formulate and improve the “Administrative Provisions for Employee Performance”, and set both quantitative and qualitative performance targets, with performance rating results as one of main bases for job promotion.</li> </ul>

Table. Dazhong Public Utilities’ Performance in Lawful Employment

Indicator	Unit	2021	2022	2023
Rate of employment contract signed	%	100	100	100
Rate of social insurance coverage	%	100	100	100
Total employee compensation	RMB10,000	3,043	2,994	3,163

### • Talent Development

Dazhong Public Utilities highly values talent development and continuously builds up outstanding reserve personnel. The Group keeps carrying out and implementing the “Administrative Measures for Talent Development”, set up a flawless talent management mechanism, relies on its human resources IT platform to normalize the selection criteria for its talent echelons and reserve personnel, established a multilevel, all-round talent development system, and continuously selects and trains outstanding reserve personnel in order to provide strong HR support and organizational assurance for corporate sustainability.

Table. Dazhong Public Utilities’ Personnel Development System

Career path	Reserve personnel
Senior management	Pool A personnel
Middle management	Pool B personnel
Subordinate management echelon	Pool C personnel
Specialized backbone echelon	Pool D personnel

## 4 Put People First and Worked as a Team to Give Back to the Wider Society

In 2023, the Company held 2,034 employee training sessions of various types in total, totaling 71,000 hours and covering 44,300 person-times, with a total investment of RMB1.1861 million.

Table. Dazhong Public Utilities' Performance in Employee Training

Indicator	Unit	2021	2022	2023
Total trainees of employee training	10,000 person-times	1.28	1.50	4.43
Investment in training	RMB10,000	161	219.44	118.61

\* Note: The statistical coverage of the 2023 data includes the Group HQ, Dazhong Jiading, Jiangsu Dazhong, Dazhong Logistics, Shanghai Dazhong Gas and Nantong Dazhong Gas.

Table. Training Performance of Employees of Dazhong Public Utilities and its Subsidiaries in 2023

Indicator	Unit	Group	Shanghai	Nantong	Dazhong Jiading	Jiangsu Dazhong	Dazhong Logistics
			Dazhong Gas	Dazhong Gas			
Average training hours of senior management	Hour	2.5	62	80	10	62	40
Average training hours of middle management	Hour	4	31	70	16.86	31	42
Average training hours of employees	Hour	/	12	50	13.09	12	36
Average training hours of male employees	Hour	3	12	50	13.08	12	40
Average training hours of female employees	Hour	3.5	12	50	10.86	12	40

### • Employee Communication

Dazhong Public Utilities pays close attention to employee needs and concerns, maintains effective communication with employees, actively pursues democratic management of employees, keeps channels of communication with employees easily accessible, understands employee needs for work environment, remuneration and benefits and other aspects of the organization, maintains effective “lines” of communication to keep informed of employee concerns and acts in the best interests of employees. In 2023, the Group reported no incident of employee complaint; results of an employee satisfaction survey conducted shows that employees are 100% satisfied.

Table. Dazhong Public Utilities' Performance in Employee Satisfaction

Indicator	Unit	2021	2022	2023
Employee satisfaction	%	100	100	100
Rate of employee complaints	%	0	0	0

## 4 Put People First and Worked as a Team to Give Back to the Wider Society

- **Employee Care**

Dazhong Public Utilities regards its personnel as the number one asset, committed to creating a healthy, harmonious and collaborative work atmosphere for its employee and endeavoring to provide its employees with better work experience and benefits. The Group provides its employees with basic legal protection according to the Labor Law and relevant regulations, pays “insurance and housing fund contributions” of prescribed amounts for each of its employees in time, keeps improving its employee benefits system and provides its employees with benefits such as holiday benefits, consolatory visit and health checkup.

The Group pays close attention to daily needs of employees, commits itself to building a home away from home for its employees, and organizes a variety of cultural and sports events and activities for employees as so to increase the employees’ sense of gain and pride, and motivate employees to work hard.

Table. Employee Benefits at Dazhong Public Utilities

Recipient of benefits	Benefits
All employees	<ul style="list-style-type: none"><li>• Social insurance</li><li>• Holiday benefits</li><li>• Consolatory visit</li><li>• Cultural and sports events and activities</li><li>• Health checkup</li><li>• Housing security: housing fund, supplementary housing fund</li><li>• Corporate annuities</li></ul>
Female employees	<ul style="list-style-type: none"><li>• Exclusive holiday benefits</li><li>• Childbirth support</li></ul>
Retirees	<ul style="list-style-type: none"><li>• Consolatory visit</li></ul>

## 4 Put People First and Worked as a Team to Give Back to the Wider Society

### Case: Dazhong Transportation Holds an “I’m the Poker Champion” Contest

In June 2023, Dazhong Transportation held an “I’m the Poker Champion” poker game contest, involving 20 groups of players from Dazhong Transportation and Dazhong Public Utilities in fierce competition. This event entertained employees, deepened communication and exchanges among employees and helped further collaboration and solidarity between among entities.



The scene of “I’m the poker champion” contest

### Case: Dazhong Public Utilities Conveys Greetings to Employees on the Eve of Spring Festival

In January 2023, Shanghai Dazhong Gas conducted safety inspection and consolatory visit, conveying greetings to its employees in celebration of the upcoming Spring Festival and making them happier, while ensuring stable and safe gas supply in areas served by Dazhong Gas during the Spring Festival.



Scenes of the consolatory visit

## 4 Put People First and Worked as a Team to Give Back to the Wider Society

### Case: Chairman Makes a Consolatory Visit to Employees of Dazhong Jiading Sewage Despite Heavy Rain

In August 2023, Chairman of Dazhong Public Utilities made a consolatory visit to on-duty employees at Dazhong Jiading despite a heavy rain, recognizing their spirit of innovation and hard work and advising them to keep life-work balance and bear in mind work safety all the time. This visit boosted the employee morale and made them feel valued.



Scenes of the consolatory visit

### 4.2 PUBLIC SERVICE

- Charitable Donation

Bearing in mind its social responsibility, Dazhong Public Utilities persists in doing business with heart and giving back to the wider society, and conducts or participates in a variety of donation events, demonstrating the sense of social responsibility of Dazhong people. In 2023, Dazhong Public Utilities donated RMB100,000 to Shanghai Children's Health Foundation to help treat children diagnosed with leukemia.

Table. Dazhong Public Utilities' Performance in Charitable Donation

Indicator	Unit	2023
Total charitable donations	RMB10,000	25

### Case: Dazhong Automobile Leasing Holds a fundraiser entitled "Join Hands with Dazhong for Children's Health"

In June 2023, Dazhong Automobile Leasing held a fundraiser event entitled "Join Hands with Dazhong for Children's Health" as part of its efforts to contribute to children's health.



The fundraiser of Dazhong Automobile Leasing entitled "Join Hands with Dazhong for Children's Health"

## 4 Put People First and Worked as a Team to Give Back to the Wider Society

### Case: Dazhong Public Utilities Makes Monetary Donations to Earthquake Stricken Area in Gansu

In December 2023, Chairman of Dazhong Public Utilities donated RMB300,000 to Shanghai Red Cross Society on behalf of Dazhong Transportation and Dazhong Public Utilities, as a disaster relief to the earthquake stricken area in Gansu.



Dazhong Public Utilities donates money in aid to the earthquake stricken area in Gansu

#### • Social Services

Dazhong Public Utilities, as a corporate citizen concerned about the society, carries forward its public-service spirit of selflessness, dedication and care, and participates in public service and volunteer service activities by conducting public communication activities fitting into people’s livelihood, gives back to the wider society and unleashes its energy of good faith to social development.

Table. Public service activities of Dazhong Public Utilities

Public communication	<ul style="list-style-type: none"> <li>Dazhong Jiading received resident representatives from Jiading District for a water rate adjustment hearing</li> <li>Dazhong Jiading conducted an open day event</li> </ul>
Community activities	<ul style="list-style-type: none"> <li>Jiangsu Dazhong conducted an environmental protection education session or local primary schools’ teachers and students under the theme “Study the Spirit of the 20th CPC National Congress and Conserve Water Resources”</li> </ul>
Volunteer activities	<ul style="list-style-type: none"> <li>Nantong Dazhong Gas organized a blood donation event</li> <li>Dazhong Automobile Leasing conducted a volunteer service event calling for becoming a “good Samaritan”</li> <li>Dazhong Automobile Leasing conducted a volunteer activity of taking lying-in women and babies home for Spring Festival for free</li> </ul>



## 4 Put People First and Worked as a Team to Give Back to the Wider Society

Table. Dazhong Public Utilities' Performance in Public Service Activities

Indicator	Unit	2021	2022	2023
Total participations in public service activities	Number	19	149	27
Total participants in public service activities	Person-time	38	150	70
Total hours of participation in public service activities	Hour	10	309	197

\* Note: The statistical coverage of the 2023 data includes Dazhong Jiading, Jiangsu Dazhong and Dazhong Logistics.



# Performance Presentation

- Governance Performance

Indicator	Unit of indicator	2023
Sessions of general meeting held	Session	1
Directors expected to attend general meeting	Person-time	9
Directors who actually attended general meeting	Person-time	9
Sessions of board meeting held	Session	7
Directors expected to attend board meeting	Person-time	63
Directors who actually attended board meeting	Person-time	63
Sessions of BoS meeting held	Session	6
Supervisors expected to attend BoS meeting	Person-time	18
Supervisors who actually attended BoS meeting	Person-time	18
Sessions of legal compliance training	Session	2
Participants in legal compliance training	Person-time	40-45
Hours of legal compliance training	Hour	4
Sessions of risk management training	Session	1
Participants in risk management training	Person-time	35
Hours of risk management training	Hour	2
Sessions of anticorruption training for executives	Session	1-2
Participants in anticorruption training for executives	Person-time	40-45
Hours of anticorruption training for executives	Hour	2-4
Sessions of anticorruption training for employees	Session	1-2
Participants in anticorruption training for employees	Person-time	40-45
Hours of anticorruption training for employees	Hour	2-4

# Performance Presentation

- ENVIRONMENTAL PERFORMANCE

Indicator	Unit of indicator	2023
Total integrated energy consumption	tce	14,596.37
Natural gas	standard cubic meter	1,029,326
Gasoline	metric ton	270,028.91
Diesel	metric ton	9,130.20
Purchased electricity	KWh	59,421,554
Total water resource consumption	Megaliter	1,632.146
Total GHG emissions	tCO <sub>2</sub> e	25,602.63
Direct GHG emissions (scope 1)	tCO <sub>2</sub> e	2,218.77
Indirect GHG emissions (scope 2)	tCO <sub>2</sub> e	23,383.86
Total reduction in GHG emissions	tCO <sub>2</sub> e	4,858.76
Total wastewater discharged	metric ton	62,553,064.49
Integrated output of general solid wastes	metric ton	60,484.88
Domestic waste generated	metric ton	22.12
Office waste generated	metric ton	3.26
Sludge and others	metric ton	60,459.49
Integrated output of hazardous wastes	metric ton	8.01
<b>Jiangsu Dazhong's performance in sewage treatment</b>		
Sewage treatment plants (Jiangsu Dazhong)	Number	8
Sewage treatment capacity (Jiangsu Dazhong)	10,000 t/d	26.5
<b>Dazhong Jiading's performance in sewage treatment</b>		
Sewage treatment plants (Dazhong Jiading Sewage)	Number	1
Sewage treatment capacity (Dazhong Jiading Sewage)	10,000 t/d	17.5
Number/ratio of new energy vehicles as taxi	Number/%	6,024/97.33
Number of new energy vehicles as rented car	Number	450

# Performance Presentation

## • SOCIAL PERFORMANCE

Indicator	Unit of indicator	2023
<b>Shanghai Dazhong Gas's performance in stable gas supply</b>		
Length of gas pipeline replaced	km	113
Ratio of pipelines aged over 20 years	%	27.15
Rate of door-to-door gas inspection	%	88.98
User households involved in resident gas inspection	Household	780,178
Rate of inspection completed	%	90.33
Rate of severe hazards eliminated	%	89.59
Rate of transmission error	%	7.8
<b>Nantong Dazhong Gas's performance in stable gas supply</b>		
Length of gas pipeline replaced	km	13.71
Ratio of pipelines aged over 20 years	%	5.35
Rate of door-to-door gas inspections	%	83.8
User households involved in resident gas inspection	Household	291,788
Rate of inspections completed	%	100
Rate of severe hazards eliminated	%	2.61
Safety education sessions to customers	Number	110
Community-based safety education sessions to customers	Number	108
On-campus safety education sessions to customers	Number	2
Individuals covered by customer safety education	Person-time	12,946
Copies of literature distributed for customer safety education activities	Copy	12,701
Casualties due to work	Person	0
Rate of casualties due to work	%	0
Working days lost due to work-related injury	Day	0
Emergency drills organized	Number	41
Participants in emergency drill	Person-time	981
Total hours of participation in emergency drill	Hour	286
Employee health and safety training sessions	Number	124
Trainees in employee health and safety training	Person-time	7,426
Hours of employee health and safety training	Hour	3,278
Total suppliers	Number	359
Wherein: total Shanghai suppliers	Number	196
Ratio of Shanghai suppliers	%	54.60
Total suppliers based in other Chinese provinces and municipalities (including Hong Kong, Macau and Taiwan)	Number	163
Ratio of suppliers based in other Chinese provinces and municipalities (including Hong Kong, Macau and Taiwan)	%	45.40
Total manpower	Person	2,876
Employees by sex	Male	2,286
	Female	590

# Performance Presentation

Indicator		Unit of indicator	2023
Employees by employment type	Total full-time employees	Person	2,876
	Total part-time workers	Person	0
	Total trainees	Person	0
Employees by age	Total employees aged 30 or below	Person	434
	Total employees aged over 30 and below 50	Person	1,484
	Total employees aged 50 or above	Person	958
Employees by region	HQ	Person	2,700
	Other Chinese provinces and municipalities	Person	176
	Overseas	Person	0
Total turnover rate		%	8.27
Turnover rate by sex	Male	%	7.44
	Female	%	0.83
Turnover rate by age	Total employees aged 30 or below	%	0.21
	Total employees aged over 30 and below 50	%	3.91
	Total employees aged 50 or above	%	4.15
Turnover rate by region	HQ	%	7.89
	Other Chinese provinces and municipalities	%	0.45
	Overseas	%	0
Rate of employment contract signed		%	100
Rate of social insurance coverage		%	100
Total employee compensation		RMB10,000	3,163
Total trainees of employee training		10,000 person-times	4.43
Investment in training		RMB10,000	118.61
<b>Training performance of the Group HQ</b>			
Average training hours of senior management		Hour	2.5
Average training hours of middle management		Hour	4
Average training hours of employees		Hour	/
Average training hours of male employees		Hour	3
Average training hours of female employees		Hour	3.5
<b>Training performance of Shanghai Dazhong Gas</b>			
Average training hours of senior management		Hour	62
Average training hours of middle management		Hour	31
Average training hours of employees		Hour	12

# Performance Presentation

Indicator	Unit of indicator	2023
Average training hours of male employees	Hour	12
Average training hours of female employees	Hour	12
<b>Training performance of Nantong Dazhong Gas</b>		
Average training hours of senior management	Hour	80
Average training hours of middle management	Hour	70
Average training hours of employees	Hour	50
Average training hours of male employees	Hour	50
Average training hours of female employees	Hour	50
<b>Training performance of Dazhong Jiading</b>		
Average training hours of senior management	Hour	10
Average training hours of middle management	Hour	16.86
Average training hours of employees	Hour	13.09
Average training hours of male employees	Hour	13.08
Average training hours of female employees	Hour	10.86
<b>Training performance of Jiangsu Dazhong</b>		
Average training hours of senior management	Hour	62
Average training hours of middle management	Hour	31
Average training hours of employees	Hour	12
Average training hours of male employees	Hour	12
Average training hours of female employees	Hour	12
<b>Training performance of Dazhong Logistics</b>		
Average training hours of senior management	Hour	40
Average training hours of middle management	Hour	42
Average training hours of employees	Hour	36
Average training hours of male employees	Hour	40
Average training hours of female employees	Hour	40
Employee satisfaction	%	100
Rate of employee complaints	%	0
Total charitable donations	RMB10 thousand	25
Total participations in public service activities	Number	27
Total participants in public service activities	Person-time	70
Total hours of participation in public service activities	Hour	197

# Annex 1: Index Table of Indicators

## COMPARISON TABLE OF THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE OF THE STOCK EXCHANGE OF HONG KONG LTD

Indicator No.	Description	Report page
<b>Environmental (explain if not disclosed)</b>		
<b>Aspect A1 emissions</b>		
General disclosure	(a) Policies, and (b) Information indicating compliance with relevant laws and regulations having material effects on the issuer, in connection with wastes and GHG emission, pollutant discharge to water and land and generation of hazardous and nonhazardous wastes	37–43
A1.1	Kinds of emissions and relevant emission data	38–41
A1.2	Total GHG emissions (calculated as ton) and (if applicable) density (such as calculated as unit of output and per facility)	38
A1.3	Total hazardous wastes generated (calculated as ton) and (if applicable) density (such as calculated as unit of output and per facility)	41
A1.4	Total nonhazardous wastes generated (calculated as ton) and (if applicable) density (such as calculated as unit of output and per facility)	41
A1.5	Describe the measures for reducing emissions and their results	42–46
A1.6	Describe the methods for treating hazardous and nonhazardous wastes, measures for reducing generated volumes and their results	40–41
<b>Aspect A2 Resource Use</b>		
General disclosure	Policy on effective use of resources (including energy, water and other raw materials)	33–37
A2.1	Total consumption of direct and/or indirect energy (such as electricity, gas or oil) by type (calculated as 1,000 kWh) and (if applicable) density (such as calculated as unit of output and per facility)	33
A2.2	Total water consumption and density (such as calculated as unit of output and per facility)	37
A2.3	Describe the energy utilization effectiveness plan and results achieved	33–36
A2.4	Describe any issues with seeking suitable water sources and the water use effectiveness improvement plan and results achieved	36–37
A2.5	Total packaging materials used for finished products (calculated as ton) and (if applicable) volume occupied per unit of production	/

## Annex 1: Index Table of Indicators

Indicator No.	Description	Report page
<b>Aspect A3 Environment and Natural Resources</b>		
General disclosure	Policy reducing the material effects caused by the issuer to environment and natural resources	31–32
A3.1	Describe the material effects of business activities on environment and natural resources and actions taken to manage relevant effects	/
<b>Aspect A4 Climate Change</b>		
General disclosure	Policy identifying and responding to significant climate-related matters that have and might produce effects to the issuer	27–30
A4.1	Describe significant climate-related matters that have and might produce effects to the issuer, and response actions	27–30
<b>Social (recommended to be disclosed)</b>		
<b>Aspect B1 Employment</b>		
General disclosure	(a) Policies; and (b) Information indicating compliance with relevant laws and regulations having material effects on the issuer in connection with compensation, dismissal, hiring and promotion, working hours, vacation, equal opportunity, diversity, no discrimination and other treatments and benefits	60–62
B1.1	Total employees by sex, employment type, age bracket and region	60
B1.2	Employee turnover rate by sex, employment type and region	60
<b>Aspect B2 Health and Safety</b>		
General disclosure	(a) Policies; and (b) Information indicating compliance with relevant laws and regulations having material effects on the issuer in connection with providing safe work environments and assuring employees against occupational hazards	54
B2.1	Number and rate of persons deceased due to working relationship	56
B2.2	Number of working days lost due to work-related injury	56
B2.3	Describe the occupational health and safety measures taken and relevant execution and supervision methods	57–58
<b>Aspect B3 Development and Training</b>		
General disclosure	Policy improving knowledge and skills of employees in performance of job duties; describe training activities	63
B3.1	Percentage of trained employees by sex and employee category	/
B3.2	Average hours of training completed by each employee, by sex and employee category	63



## Annex 1: Index Table of Indicators

Indicator No.	Description	Report page
<b>Aspect B4 Labour Standard</b>		
General disclosure	(a) Policies; and (b) Information indicating compliance with relevant laws and regulations having material effects on the issuer in connection with prevention of child labour or forced labour.	60-62
B4.1	Describe measures taken to review recruitment practice in order to avoid use of child labour and forced labour	61-62
B4.2	Describe the steps taken to eliminate relevant circumstances when any violation is found.	/
<b>Aspect B5 Supply Chain Management</b>		
General disclosure	Policy managing environmental and social risks of supply chain	59-60
B5.1	Number of suppliers by region	59
B5.2	Describe the practice regarding engaging suppliers, the number of suppliers to which relevant practice is executed, and the methods for executing and supervising relevant practice	60
<b>Aspect B6 Product Liability</b>		
General disclosure	(a) Policies; and (b) Information indicating compliance with relevant laws and regulations having material effects on the issuer in connection with health and safety of products and services offered, advertisement, labelling and privacy matters and remedies	48-56
B6.1	Percentage of total products sold or shipped that must be recovered due to safety and health reasons	/
B6.2	Number of complaints about products and services received and coping methods	51
B6.3	Describe the practice in connection with preserving and safeguarding intellectual property	/
B6.4	Describe the quality inspection and verification process and product recovery procedure	47-48
B6.5	Describe the consumer data protection and privacy policy and relevant execution and supervision methods	50

## Annex 1: Index Table of Indicators

Indicator No.	Description	Report page
<b>Aspect B7 Anticorruption</b>		
General disclosure	(a) Policies; and (b) Information indicating compliance with relevant laws and regulations having material effects on the issuer in connection with prevention of bribery, extortion, fraud and money laundering	18–24
B7.1	The number of corruption litigation cases filed against the issuer or its employees and closed within the reporting period and the litigation results	/
B7.2	Describe the preventive measures and whistle-blowing procedure and relevant execution and supervision methods	18–27
<b>Aspect B8 Community Investment</b>		
General disclosure	Policy to understand needs of communities of presence through community engagement and ensure its business activities will consider community interests	66–68
B8.1	Domain of focused contribution	/
B8.2	Resources used in the domain of focused contribution	/

# Annex 2: Reader Feedback Form

Dear readers:

Thank you for reading this report. We highly value and expect your feedback on this report. Your comments and suggestions are an important basis for us to continuously raise the level of corporate ESG information disclosure and advance the company's ESG management and practice. We welcome and sincerely thank you to provide your valuable input!

1. What's your overall comment on our fulfillment of ESG?  
 very good     good     average     relatively poor     poor
2. What's your overall comment on this report?  
 very good     good     average     relatively poor     poor
3. What do you think of our achievements in stakeholder communication?  
 very good     good     average     relatively poor     poor
4. What do you think of our achievements in corporate governance?  
 very good     good     average     relatively poor     poor
5. What do you think of our achievements in environmental management?  
 very good     good     average     relatively poor     poor
6. What do you think of our achievements in social responsibility?  
 very good     good     average     relatively poor     poor
7. What do you think of our achievements in ESG?  
 very good     good     average     relatively poor     poor
8. What comments and suggestions do you have on our fulfillment of ESG and this report?



大众公用

DaZhong Public Utilities

上海大众公用事业（集团）股份有限公司

SHANGHAI DAZHONG PUBLIC UTILITIES (GROUP) CO.,LTD.