



濱海投資有限公司

BINHAI INVESTMENT COMPANY LIMITED

(Incorporated in the Bermuda with limited liability)

Stock Code: 2886

Environmental,
Social and
Governance Report
環境、社會及管治報告
濱海投資有限公司

2023

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ABOUT THE REPORT

Binhai Investment Company Limited (Stock Code: 02886) (the “Company”, and its subsidiaries’ hereinafter collectively the “Group” or “Binhai Investment”) hereby issues the 2023 Environmental, Social and Governance Report (the “Report”) to reflect the latest sustainable development of the Group. The Report addresses the material Environmental, Social and Governance (“ESG”) issues that stakeholders concern about, and provides a public and transparent disclosure of the Group’s ESG strategy, practice and performance. The Report is intended to be read in conjunction with the Annual Report (in particular the “Corporate Governance Report” contained within) for a comprehensive overview of the Group’s performance in sustainable development.

Scope of the Report

The Group’s core businesses include the construction of gas pipeline, gas pipeline installation, sales of piped natural gas and pipeline transportation of natural gas, and these are primarily based in Tianjin, Beijing, Hebei Province, Shandong Province, Jiangsu Province, Jiangxi Province, Hunan Province, Hainan Province, Zhejiang Province and Guangdong Province. Currently, the Group owns 41 gas project companies. Unless otherwise stated, the Report contains information pertaining to the Group’s direct operations in the Mainland China, which include the head office in Tianjin and subsidiaries in various provinces and cities. Unless otherwise stated, the information and data disclosed in the Report covers the period from 1 January 2023 to 31 December 2023 (the “Reporting Period”).

Unless otherwise stated, all amounts disclosed in the Report are denominated in Renminbi (“RMB”).

Basis of Preparation

The Group has prepared the Report in accordance with the *Environmental, Social and Governance Reporting Guide* set out in Appendix C2 (the “Guide”) to the *Main Board Listing Rules* issued by the Stock Exchange of Hong Kong Limited (“SEHK”), and complies with the mandatory disclosure requirements and “Comply or Explain” provisions therein.

The following four reporting principles from the Guide have been applied in the preparation of the Report:

- Materiality: The identification and assessment of material issues disclosed in the Report are detailed in SUSTAINABLE DEVELOPMENT MANAGEMENT and GREEN DEVELOPMENT.
- Quantitative: The calculation of emissions and energy consumption disclosed in the Report can be found in THE GROUP’S ESG PERFORMANCE DATA.
- Balance: The Report presents the Group’s performance in a unbiased manner, avoiding selections, omissions or presentation formats that may inappropriately influence the decisions or judgements by the report reader, and objectively demonstrates the Group’s ESG performance and management status.
- Consistency: The disclosure and statistical methodologies used in the Report are generally consistent with those used in previous years. Where there are changes in key performance indicators or statistical methodologies, or any other relevant factors affecting meaningful comparisons, they are indicated in THE GROUP’S ESG PERFORMANCE DATA.

Reporting Statement

The information disclosed in the Report is sourced from the Group’s documents and statistics. The Board of Directors (the “Board”) of the Company is responsible for the reliability, authenticity, objectivity and completeness of the information. The Report is published in Traditional Chinese and English. Should there be any discrepancies between the two versions, the Traditional Chinese version shall prevail.

Reporting Feedback

The Report is available on the website of the HKEX (<https://www.hkexnews.hk>) and the Group’s official website (www.binhaiinv.com). For any further information on environmental, social and governance aspects, please refer to the Group’s official website (www.binhaiinv.com). The Group looks forward to receiving your valuable comments and feedback, and this may be directed to: prd@binhaiinv.com.

ABOUT THE GROUP

The Group is principally engaged in investments and operations of city gas pipeline networks, gas pipeline installation and construction service, supply of gas and liquefied petroleum gas in Mainland China, and provision of safe, trustworthy and environment-friendly energy solutions to industrial and commercial users, as well as urban citizens. As one of the first foreign-funded enterprises in the public utilities industry in China, Binhai Investment always puts the national policy of China first to expand the gas market in China. While ploughing into the main business of natural gas, it optimises the upstream and downstream industry chain in an all-round way, accelerates the research and layout of integrated energy and intelligent energy, and is committed to becoming an advocate and operator for integrated energy in China.

During the Reporting Period, the Group had a total of 2,385,160 end-use residential customers and an accumulation of 14,221 end-use non-residential customers. The Group reinforced the concept of using clean energy and increased the use of clean energy. During the Reporting Period, the Group had recorded a total sales volume of 2.22 billion cubic metres of natural gas that can replace 2,952.6 thousand tonnes of coal, thus reducing 3,152.4 thousand tonnes of carbon dioxide (CO₂) and 48,840 tonnes of sulphur dioxide (SO₂).

Consistently implementing the sustainability strategy, the Group actively responds to the national policy of "achieving carbon peaking by 2030 and carbon neutrality by 2060" (the "dual carbon"). The Group tracks the frontier trends related to sustainable development, continuously practises ESG management, aiming to create a new pattern of sustainable development for win-win results. During the Reporting period, the Group won the "Best Small and Mid Cap Company" and "Best ESG Company" awards at the "8th Zhitong Financial Capital Market Annual Meeting & Listed Company Award Ceremony", reflecting the Group's integration of ESG into business strategy, active participation in ESG activities and practices, good social feedback, and unremitting efforts for sustainable development. The Group also won the "Annual Social Responsibility Award" in the "8th Global Investment Carnival", which is a recognition to the Group's active performance of its social responsibility over years, and a commendation to the Company's management capability and personnel quality. In the future, the Group will continue to demonstrate its true nature as a state-owned enterprise and forge ahead by continuously undertaking its mission of green development and actively fulfilling its social responsibility.



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Best Small and Mid Cap Company
Best ESG Company

8th Zhitong Financial Capital Market
Annual Meeting & Listed Company
Award Ceremony



Annual Social Responsibility Award

8th Global Investment Carnival

SUSTAINABLE DEVELOPMENT MANAGEMENT

Board Statement

The Company's Board of Directors attaches great importance to ESG management and has established an ESG management system. Involving the joint efforts of all levels, the ESG management system is taken charge of by the Board, organised by management, and implemented by departments and subsidiaries. The Group has established a top-down structure with the Board as the highest decision-making body, where the ESG Reporting Leading Group and ESG Reporting Working Group were established. The two groups, composed of management and divisions, are responsible for managing and implementing sustainability-related work within the Group respectively, and they report to the Board on a regular basis. The Board regularly listens to and reviews reports on the progress of ESG efforts and offers guidance on ESG approaches. The management is responsible for implementing the ESG strategy and objectives, and regularly reports to the Board on major matters related to ESG work.

The Group attaches great importance to the materiality assessment of ESG issues, and optimises the way in which stakeholders are involved in communication. While identifying, assessing and managing material ESG issues, the Group compares the assessment results with those of previous years for differences. The specific assessment process and results are detailed in the "Sustainable Development Management" section of the Report and reviewed by the Board.

The Group has integrated ESG risk management into its daily risk management system. The Group's divisions and subsidiaries identify and prevent significant ESG risks in daily operation and production, and report the risk management to the Board on a regular basis.

To promote sustainable development, the Group has developed effective strategies to maintain a balance between its environmental and social impact and its achievement of business objectives. The Board regularly reviews and evaluates the Group's ESG strategy to ensure that it is consistent with the Company's development strategy. During the reporting year, the Group also set environmental targets related to its business operations and reviewed the achievement in the previous year. The target setting and the results of the review are detailed in the "Green Development" section of the Report and reviewed and discussed by the Board.

The progress and effectiveness of the Group's ESG efforts in 2023 are disclosed in detail in the Report, and are reviewed and approved by the Board on 25 March 2024.

ESG Governance Structure

The Group has established a top-down ESG governance structure with the Board of Directors as the highest decision-making body, where the ESG Leading Group and the ESG Working Group were established. The Board is responsible for the determination and supervision of all ESG strategies of the Group. The two groups, composed of management and divisions, are responsible for managing and implementing sustainability-related work within the Group respectively, and they report to the Board on a regular basis. The ESG Leading Group, with the general manager as the group leader and the senior management as the group members, is mainly responsible for guiding and supervising the implementation of ESG-related matters. Led by the Board Office, the ESG Working Group comprises key staff from relevant departments, and is mainly responsible for: establishing and improving ESG management norms and processes; collecting, integrating and reporting relevant information; implementing the Group's ESG practice projects; and assisting in ESG publicity and training as well as stakeholder communication.

The Group takes into account factors such as gender, age, educational background, professional experience, skills, and industry experience to ensure the diversity of board members. In 2023, Dr. Tang Lai Wah was elected as the new independent non-executive director by the shareholders' meeting, bringing a more detailed and stable female perspective to the board of directors, further enhancing the governance capacity and diversification level of the Group. In addition, to promote the sustainable development and protect the interest of the Group and its shareholders, the Group has established a risk management and governance system and incorporated ESG factors into the system. The Group's management actively communicates with various departments to identify significant risks, assesses the probability of occurrence and the impacts of significant risks, and formulates corresponding risk response strategies and specific measures.

Communication with Stakeholders

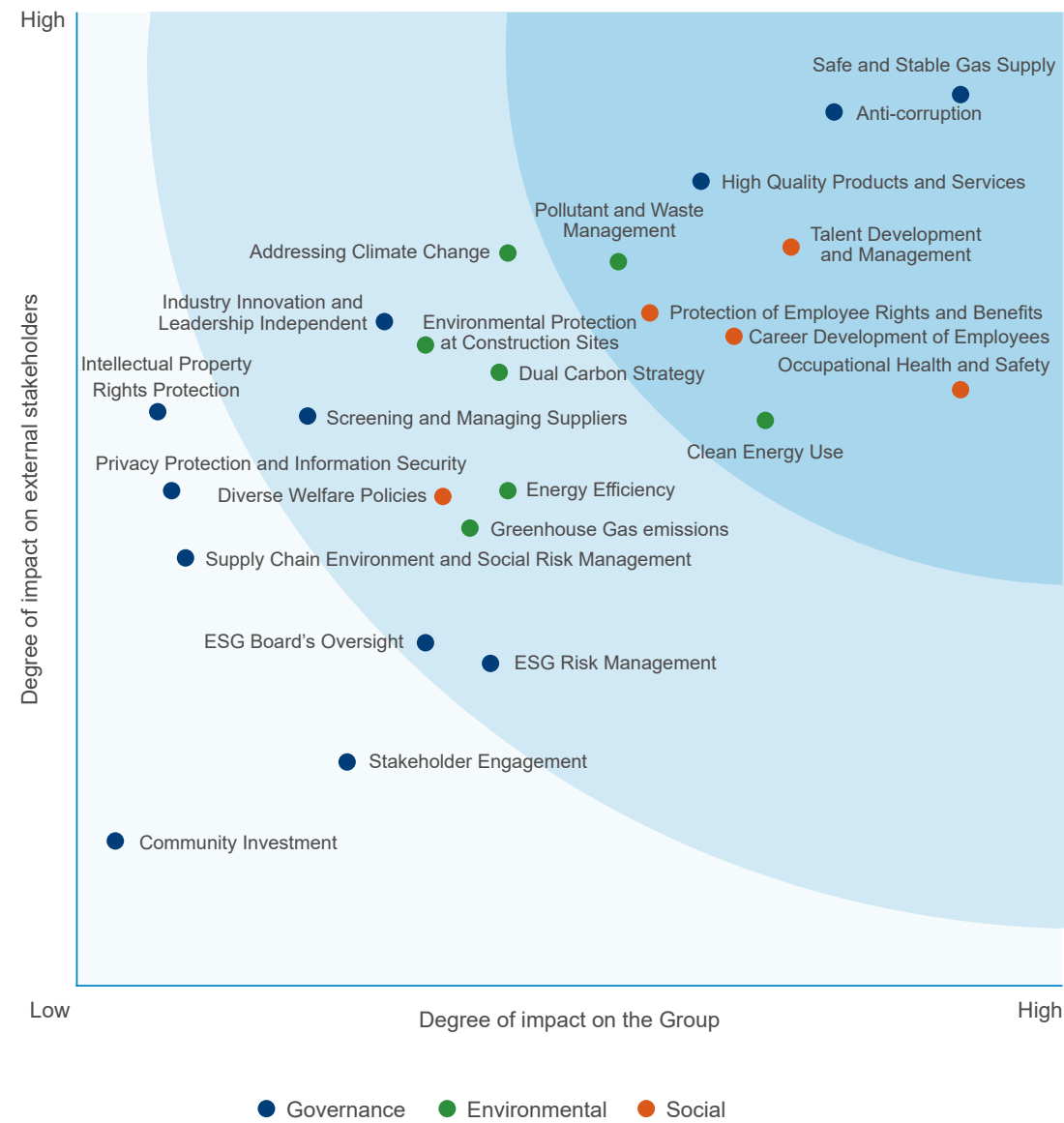
Stakeholder engagement is an important part of ESG management and daily operation of the Group, which helps the Group to examine potential ESG risks and opportunities. Through understanding the stakeholders' expectations and ESG issues they concern, the Group is able to formulate a targeted strategy and response to stakeholders. The key stakeholders identified by the Group and the corresponding communication methods are as follows:

Key stakeholders	Communication methods
 Shareholders, investors and professional investment institutes	<ul style="list-style-type: none"> • Annual Reports • Interim Reports • Public Announcements • Press Releases • Annual Shareholders' Meetings • Individual and Group Meetings • Questionnaires
 Regulatory Bodies, Policy-making Institutions, Professional Associations or Chambers	<ul style="list-style-type: none"> • Government Meetings • Regulations • Assessments • Site Visits • Questionnaires
 Customers	<ul style="list-style-type: none"> • Customer Meetings • Customer Satisfaction Surveys • Questionnaires
 Employees	<ul style="list-style-type: none"> • Company and Departmental Meetings • Annual Staff Meetings • Internal Mails • Questionnaires
 Suppliers and Other Partners	<ul style="list-style-type: none"> • Business Partner Meetings • Seminars • Site Visits • Questionnaires
 News Media	<ul style="list-style-type: none"> • Press Releases • Interviews and Announcements • Questionnaires
 Non-profit Organizations, Public Charity or Community Organizations	<ul style="list-style-type: none"> • Media Conferences • Charitable Activities • Donations • Interviews • Questionnaires
 Directors, Supervisors, Senior Management	<ul style="list-style-type: none"> • Board Meetings, Office Meetings and other Internal Company Meetings • Questionnaires

Materiality Analysis

In the Reporting Period, the Group considered the main business, business environment, business strategies and key stakeholders, etc., and constructed a database of materiality issues and identified key ESG issues based on the ESG material issues for 2023, material issues of concern to the SEHK, peer benchmarking, the “Oil and Gas - Midstream” reference standard issued by the Sustainability Accounting Standards Board (“SASB”) and the *GRI Standards* issued by the Global Reporting Initiative.

This year, Binhai Investment actively understood and responded to stakeholders' concerns on the Group's key ESG issues through questionnaires, review, exchange meetings and other means. With a total of 334 questionnaires collected, we made statistical analysis on the impact and importance of all key issues with respect to the external stakeholders and the Group. The results of the material issues survey were obtained as shown in the matrix below.



Material Issues of Greatest Concern to Stakeholders

Environmental

- Clean Energy Use
- Energy Efficiency
- Environmental Protection at Construction Sites
- Addressing Climate Change
- Pollutant and Waste Management
- Greenhouse Gas emissions
- Dual Carbon Strategy

Social

- Talent Development and Management
- Career Development of Employees
- Occupational Health and Safety
- Protection of Employee Rights and Benefits
- Diverse Welfare Policies

Governance

- Safe and Stable Gas Supply
- High Quality Products and Services
- Screening and Managing Suppliers
- Anti-corruption
- ESG Board's Oversight
- ESG Risk Management
- Industry Innovation and Leadership Independent

In the following chapters, the Group will highlight the Group's management and performance on above ESG material issues to address the concerns of key stakeholders and to help the Group review its own sustainability status.





01 / GREEN DEVELOPMENT

At Binhai Investment, we adhere to the development concept of "lucid waters and lush mountains are invaluable assets", and with the vision of "striving to be the advocate and operator for integrated energy in China", we accelerate the research and layout of integrated energy and intelligent energy, and continue to promote high-quality clean energy services to our customers. The Group incorporates the identification, assessment and response to climate change risks and opportunities into the regular work. While strictly controlling the emission of pollutants from our own operations and management processes, the Group has been vigorously promoting the use of clean energy such as natural gas, waste heat from sewage and geothermal heat to the community, thereby further promoting the conservation and efficient utilisation of resources, and fostering the green and healthy development of the enterprise.

- Climate Change Tackling
- Emission Management Enhancement
- Optimal Resource Utilisation

Climate Change Tackling

Climate change is a common challenge for all mankind. The Group is well aware that extreme weather and policy changes caused by climate change will bring risks and opportunities to business operations. Therefore, the Group has integrated climate change risks and opportunities into its overall risk and opportunity management process. With reference to the recommendations of the Task Force on Climate-Related Financial Disclosures ("TCFD"), we collect climate-related risks and opportunities that may affect our business, analyse their causes, associations and consequences, assess their impact and take countermeasures, and form a list of climate risk opportunities and a risk control matrix to guide our management and response to climate-related risk opportunities.



The climate risks and their impacts identified by the Group, as well as the actions taken by the Group in response are detailed in the table below:

Risk Categories	Major Climate Risks	Impact	Responses
Acute Physical Risks	Extreme Weather Such as Typhoons, Rainstorms and Floods	<ul style="list-style-type: none"> Extreme weather can influence the progress of project development and personnel safety Extreme weather such as typhoons, rainstorms, floods can cause damages to gas equipment and facilities and affect gas supply Maintenance and replacement of pipeline equipment can increase the cost of assets 	<ul style="list-style-type: none"> For major projects, the Group conducts comprehensive assessments and publishes professional reports, so as to forecast the potential risks brought by climate change factors to projects, and conducts targeted risk prevention measures accordingly The <i>Contingency Plan for Natural Disaster Risks</i> is formulated. The Group purchases emergency materials, and provides safety training and emergency exercises annually Meteorological monitoring is strengthened to timely grasp the dynamic changes of natural disasters and make preparations for prevention Prior to the onset of natural disasters, special safety checks are conducted on the fragile areas of gas equipment, and construction facilities are timely reinforced The Group's fixed assets are insured, so as to minimise the potential damage by natural disasters and transfer the potential risks through insurances
	Freezing	<ul style="list-style-type: none"> Pipeline ice blockage in winter due to several reasons including incomplete dehumidification, mainline pipeline clearing and station throttling, which affects upstream and downstream natural gas delivery and hence gas supply Maintenance and replacement of pipeline equipment can increase the cost of assets 	<ul style="list-style-type: none"> The dehumidification process is standardised to increase the temperature of the natural gas, reduce the water dew point of the natural gas and control the quality of the gas sources In the early stage of pipeline operation, the equipment in the station is drained several times to discharge the accumulated liquid in the pipeline and equipment, and the filter element of the filter separator is timely replaced. The Group appropriately increases the operating pressure of the feeder pipeline, narrow the pressure difference before and after the pressure regulator, and reduce the temperature reduction range. Water, snow and ice on the construction site are promptly removed Working outdoors and at heights is halted The Group strengthens the anti-freezing maintenance of the concrete components of the completed construction products

Risk Categories	Major Climate Risks	Impact	Responses
Acute Physical Risks	Geological Disasters Such as Ground Collapse and Earthquake	<ul style="list-style-type: none"> Geological disasters can influence the progress of project development and personnel safety Geological disasters damage pipelines, equipment and facilities, affecting the gas supply Maintenance and replacement of pipeline equipment can increase the cost of assets 	<ul style="list-style-type: none"> For major projects, the Group conducts comprehensive assessments and publishes professional reports, so as to forecast the potential risks brought by climate change factors to projects, and conducts targeted risk prevention measures accordingly The <i>Contingency Plan for Natural Disaster Risks</i> is formulated. The Group purchases emergency materials, and provides safety training and emergency exercises annually Meteorological monitoring is strengthened. Prior to the onset of natural disasters, special safety checks are conducted on the fragile areas of gas equipment The Group's fixed assets are insured, so as to minimise the potential damage by natural disasters and transfer the potential risks through insurances The foundation construction is prepared well to improve its bearing capacity
	Extreme Heat	<ul style="list-style-type: none"> Extreme weather can influence the progress of project development and personnel safety Extreme heat damages pipelines, equipment and facilities. And the high temperature ages the pipelines and affects their tightness, causing gas leakage accidents and affecting normal gas supply Maintenance and replacement of pipeline equipment can increase the cost of assets High temperatures can cause the gas to expand and the safety valve to reach relief pressure, resulting in gas loss 	<ul style="list-style-type: none"> For major projects, the Group conducts comprehensive assessments and publishes professional reports, so as to forecast the potential risks brought by climate change factors to projects, and conducts targeted risk prevention measures accordingly Formulating emergency response plans for extreme environments and emergency plans for heat stroke Working outdoors is halted

Risk Categories	Major Climate Risks	Impact	Responses
Chronic Physical Risks	Warm Winters	<ul style="list-style-type: none"> Warm winters can lead to a reduction in heat-seeking customers' winter natural gas use, which reduces the overall profit of gas 	<ul style="list-style-type: none"> Through improving the level of metering control, acquiring new customers, treating hidden problems in pipeline network to compensate for the profit loss due to the reduction of gas use in warm winters
	Cold Winters	<ul style="list-style-type: none"> Cold winters can lead to a drastic increase in the gas use by heat-seeking customers, which causes significant pressure to maintain contingency gas supply during heating seasons. Due to the sudden increase in gas sales, we have to purchase high-priced gas, reducing gas profits and even leading to losses of subsidiaries Cold winter can easily cause "ice blockage" to the pressure regulating facilities, resulting in the failure of the pressure regulating function of the regulator, and then the damage of equipment and facilities The Company's reputation can be damaged by supply disruptions and stoppages during troubleshooting 	<ul style="list-style-type: none"> Through improving the industrial chain and enhancing emergency supply capacity The construction of LNG storage and peak shaving facilities is increased. And LNG storage tanks are commissioned and kept in full storage before winter to cope with the supply-maintaining pressure of extreme weather The Group actively promoted the signing of the <i>Natural Gas Storage and Peaking Shaving Cooperation Agreement</i> with the upstream gas units, ensuring the ability to maintain its supply and a safe and stable gas usage for downstream customers during heating seasons Develop a winter equipment and facility maintenance plan, and cover the pressure regulating equipment with insulation materials before the start of winter The Group formulates contingency plans for heating seasons
	Sea Level Rise	<ul style="list-style-type: none"> Sea level rise can damage pipeline networks, equipment and facilities, resulting in inland migration from coastal cities, affecting existing markets Sea level rise can cause land subsidence and flood disasters, damage pipelines, equipment and facilities, and affect gas supply Maintenance and replacement of pipeline equipment can increase the cost of assets 	<ul style="list-style-type: none"> Continuously monitoring the sea levels Conducting research on risk prevention and emergency response
	Sustained High Temperatures	<ul style="list-style-type: none"> Sustained high temperatures may lead to a drop in demand for gas supply Sustained high temperatures may lead to heat waves, droughts and even fire risks, causing damage to the Company's facilities and increasing the maintenance costs of gas supply facilities 	<ul style="list-style-type: none"> Formulating emergency response plans for extreme environments and emergency plans for heat stroke Exploring the development of new products and services, such as biomass technology and photovoltaic energy storage technology
	Uncertainty in Weather Forecast	<ul style="list-style-type: none"> It may cause waste of gas quota, leading to liability for breach of contract and forced payments to the upstream gas supplier under the take-or-pay clause It may cause shortage in gas quota, and instant increase in gas sales, entailing the purchase of high-priced gas, lowering gas profits or even leading to losses on subsidiaries; to ensure the safe operation of the whole pipeline network, the Company has to implement restrictive supply measures for downstream users, which will in turn damage the Company's reputation 	<ul style="list-style-type: none"> The Group formulates contingency plans for heat supply seasons The Group actively liaises with the upstream gas providers to reasonably deploy the gas stock of subsidiaries, to maximize the efficiency in using gas quota

Risk Categories	Major Climate Risks	Impact	Responses
Transition Risk	Introduction of Climate-Related Policies	<ul style="list-style-type: none"> Increased project costs due to carbon market developments and increased costs due to volatile upstream gas prices Additional expenditure due to increased demand for construction of gas storage and peaking shaving facilities Gas demand drops as demand for renewable energy increases Increased demand and capacity requirements for renewable energy project construction 	<ul style="list-style-type: none"> Expand upstream business so that the diversified business enhances competitiveness and risk resistance, and reduces the cost of the whole industrial chain Build up resilience to risky weather and construct gas storage and peaking shaving facilities tailor measures to local conditions Provide enhanced training on climate risk and low-carbon construction for front-line workers Optimise customer service and accelerate technical research and development to suit the current customer and market needs; gradually provide integrated energy services (cooling, heating, steam, electricity, renewable energy, photovoltaic, and energy storage)
	Changes in Market Demand	<ul style="list-style-type: none"> Industrial and commercial customers' demand for low-carbon services grows, imposing higher requirements on the safety in the operation of sales services, emergency response capabilities, and the extreme weather resilience ability of infrastructures such as pipeline networks and stations Market demand for low-carbon energy-saving solutions rises, reducing the attractiveness of gas-only services and therefore market share and profitability Development of hydrogen energy will reduce the demand for natural gas Demand for integrated energy businesses and integrated solutions beyond the gas sector grows 	<ul style="list-style-type: none"> Promote an energy supply model that integrates renewable energy and various clean energy Provide multi-energy, low-carbon solutions for customers
	Trends in Technical Transformation	<ul style="list-style-type: none"> Existing technologies and equipment cannot meet the demand from new energy projects Energy-saving and carbon-reducing technological modifications may increase input costs. For example, research on new clean energy sources (e.g., hydrogen blending in natural gas pipelines) requires additional inputs 	<ul style="list-style-type: none"> Explore green finance channels to acquire more financial support Actively seek strategic cooperation with external organisations and mutual benefits Standardise the process of introducing new technologies, new production processes, new equipment and new materials Explore intelligent and digital technological innovation to improve production and operation efficiency
	Customer Requirements for a Green Supply Chain	<ul style="list-style-type: none"> As customer interest in green products and services grows, sticking to the current business model will affect the retention of existing customers and the acquisition of new customers, which in turn will affect the enterprise's reputation and result in lower operating income and profits 	<ul style="list-style-type: none"> Optimise customer service and closely monitor customer satisfaction and company reputation in the marketplace Understand customers' needs for sustainable supply chain development and actively seek cooperation
	Financial Institutions Support Enterprises to Improve Low-Carbon Performance	<ul style="list-style-type: none"> A growing number of financial institutions have committed to achieving net-zero portfolio emissions by 2050. As credit customers of financial institutions, enterprises with high carbon emissions may lose existing financial support 	<ul style="list-style-type: none"> Pay attention to the credit policies of financial institutions and the emission-reducing targets they set for their customers' financing Measure carbon footprint to get a clear map of in-house carbon emissions data, identify the areas with greatest potential for emission-reducing, and formulate a decarbonisation plan
	Increased Stakeholders' Concerns	<ul style="list-style-type: none"> The advancement of low-carbon transition increases pressure on the company's operation, leading to higher pressure from investors Failure to respond to the dual-carbon trend and stakeholders' concerns may affect the enterprise's reputation 	<ul style="list-style-type: none"> Annually review and disclose the emission-reducing process Based on the actual development situation of the company, timely introduce external resources, formulate and regularly update green action plans, including the dual carbon action plan, disclose to the public and implement them according to the plan

The Group Launched its Contingency Plan for Flood Disaster Relief in Zhuozhou

In July 2023, Zhuozhou City in Hebei Province was hit by a flood unprecedented in sixty years, and Zhuozhou Binhai Gas Company Limited ("Zhuozhou Company"), a subsidiary of Binhai Investment Company Limited, was seriously affected. Zhuozhou Company's Lianchi Gate Station, 400 kilometres gas pipelines, and over 50,000 users' gas facilities were flooded and damaged, and a number of gas pipelines were broken by flood, with high-pressure pipelines at risk of serious damage. Zhuozhou Company activated its contingency plan for natural disaster risks. They reasonably deployed flood control materials, with each department supporting the emergency response and rescue based on segregation of duties, thus achieving zero leakage and zero bursting of gas pipelines during the disaster relief. The headquarters of Binhai Investment set up an assistance group, which quickly assembled and went to Zhuozhou to support the rescue in safety, operation, construction and other aspects, contributing to the response to the challenge brought by the natural disaster.



The Group Launched Its Contingency Plan for Flood Disaster Relief in Zhuozhou

While addressing climate-related risks, the Group also continues to explore climate-related opportunities based on the principal business and operating processes, and has identified the following opportunities to further promote the sustainable development of the industry.

Climate-related Opportunities	Impact	Measures
<p>Cold Winters and Continuous High Temperature in Summer</p>	<ul style="list-style-type: none"> Higher gas demand from heat-seeking customers due to low temperatures in winter Increased power consumption due to continuous high temperature leads to increased demand for power generation, which in turn leads to an increase in the amount of natural gas used by power plants 	<ul style="list-style-type: none"> Monitor changes in gas consumption and develop contingency plans for unexpected increases in gas demand to seize growth opportunities
<p>Trends in Low-Carbon Transformation of the Oil and Gas Industry</p>	<ul style="list-style-type: none"> The substitution of natural gas for coal and other high-carbon emission energy sources speeds up. The low-carbon, green demand promotes the continuous growth of natural gas sales. The complementarity of renewable energy and natural gas and the synergy of heat, electricity and gas accelerates, increasing revenue from and profits in the main business. 	<ul style="list-style-type: none"> Actively promote the low-carbon transformation of the oil and gas industry in line with the policy, thereby contributing to the sustainable development of the industry, and participate in the project of the connection between the natural gas pipeline networks and first-hand gas sources, and coal to gas projects, so as to increase the utilisation rate of pipeline networks in the service locations, and provide integrated energy services for industrial and commercial users and urban residents on an ongoing basis.

Users' Concern and Demand for Energy Saving and Carbon Reduction

- The awareness of energy saving and carbon reduction among corporate and individual users has increased. In addition to providing traditional natural gas supply services, the Company will more probably provide integrated energy services and integrated solutions beyond the gas field. Other value-added services also have more room for expansion.
- Provide customers with analyses of energy and gas use and expand business scope based on value-added services.
- Develop an energy control system platform to serve the enterprise itself and its customers; promote the collection of enterprise energy consumption data by local governments, and assist local governments in building enterprise energy consumption management platforms.

Green Finance Types and Policies Are Gradually Diversifying

- Sustainability-linked bonds and green loans can be used for renewable energy business development, pollution prevention and control, clean transport, green building, waste recycling and other projects.
- Project funding, if supported by loans, can ensure stable project progress and asset growth.
- Explore green bonds, sustainability-linked bonds and other green finance solutions to support the company's new energy research and development and transformation to integrated energy services

Low-Carbon Digital & Intelligent Technology Innovation

- The Chinese government has introduced policies to promote the development of renewable energies such as photovoltaic, biomass, hydrogen, and CCUS, and the weight of digital intelligence in corporate energy and carbon management continues to grow
- Carry out research and development of new energy projects and underground monitoring equipment in line with market demand and safety needs
- Upgrade intelligent operation and management tools, forecast energy consumption and equipment load data, and comprehensively improve in energy consumption profiling, energy consumption benchmarking, energy consumption judgement, energy efficiency enhancement, operation and maintenance, etc.
- Formulate integrated energy-saving and efficiency-improving optimisation solutions to create an intelligent energy efficiency engine for customers, and empower the safe, low-carbon and high-efficiency development of the whole industrial chain.


Low-carbon Development of Industrial Chain

- The greening and decarbonisation of the energy-using industry chain becomes mainstream, and more service opportunities emerge in energy and carbon business sectors throughout the industry chain. Local governments expect to build a demonstrative green and low-carbon industry chain, which will bring about an increase in operating revenue and profit, thus increasing the brand value, and can further drive up revenue by providing integrated energy services in gas-related fields with integrated solutions
- Continue to vigorously advance the development of the main business of natural gas and on this basis, comprehensively optimise the upstream and downstream industrial chain, accelerate the research on integrated energy and intelligent energy layout, promote integrated energy construction among downstream industrial and commercial customers, provide integrated low-carbon solutions, and accelerate the low-carbon development of the industrial chain

Growth of Carbon Market

- The development of the carbon market will increase carbon emission cost and compliance risk of enterprises with high energy consumption and emission, which will lead to a significant increase in customer demand for energy and carbon management, and an increase in the possibility of developing carbon asset management business for downstream users
- It is expected to develop photovoltaic, energy-saving and low-carbon renovation projects, and expand the integrated energy business to create incremental revenue and increase business income and profit
- Keep an eye on the development of the carbon market and the volatile carbon sink price and make timely response
- Sign long-term agreements to lock in the cost of gas sources and prevent fluctuations in gas prices
- Actively promote integrated energy services and the application of energy-saving and carbon-reducing technologies in the pan-energy business scenarios so that diversified low-carbon energy-using solutions can be provided.

To seize the opportunity and support the dual-carbon target, the Group has set up a preparatory working group to drive the integrated energy business and develop the integrated energy business (including research on hydrogen, photovoltaic and other clean energy) in response to different users' needs to energy saving and clean energy. The Group actively participates in the project of the connection between the natural gas pipeline networks and first-hand gas sources, and coal to gas projects, increasing the utilisation rate of pipeline networks in the service locations. The Group's cumulative length of high-pressure and sub high-pressure gas pipeline network is 649 kilometres and the gas supply to the Junliangcheng Power Plant, which was put into operation this year. The Group actively implements the "Balitai Town Integrated Energy and Heat Supply Project" and the "TEDA Science and Technology Innovation Park Intelligent Integrated Energy Project". In addition, we have signed a cooperation framework agreement on integrated energy projects with Sinopec Star (Tianjin) Co., Ltd., as our first step into the integrated energy and intelligent energy sector, striving to be an advocate and operator for integrated energy in China.



The Group's cumulative length of high-pressure and sub high-pressure gas pipeline network is

649 kilometres

Emission Management Enhancement

Under the guidance of China's dual-carbon target, the Group actively fulfils its corporate responsibility and lays out for energy transformation. The Group strictly complies with laws and regulations of China and the place of operation relating to the emission of exhaust gases and greenhouse gases, discharges into water and land, and generation of hazardous and non-hazardous waste, including *Environmental Protection Law of the People's Republic of China*, *Water Pollution Prevention and Control Law of the People's Republic of China*, *Law of the People's Republic of China on Prevention and Control of Pollution by Solid Waste*, *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*, *Soil Pollution Prevention and Control Law of the People's Republic of China*, the *Noise Pollution Prevention and Control Law of the People's Republic of China*, the *Law of the People's Republic of China on Soil and Water Conservation*, the *Law of the People's Republic of China on Environmental Impact Assessment*, the *Law of the People's Republic of China on Promoting Clean Production*, *Emission Standard of Environment Noise for Boundary of Construction Site*, *Standards for Pollution Control of Hazardous Waste Storage*, *National Hazardous Waste List*, etc. During the Reporting Period, the Group did not have any non-compliance incidents relating to the above-mentioned aspects.



Greenhouse Gas Emission Reduction

During the Reporting Period, the Group's greenhouse gas emissions were mainly attributable to the regular use of natural gas and gas escaping during the working process, the use of petrol and diesel in official vehicles, as well as the use of electricity and business travels.

To reduce greenhouse gas emissions in the course of office work, the Group has promoted an intelligent driving inspection platform to monitor travel trajectory, fuel consumption levels and routine maintenance of the Group's vehicles, and has established *the Regulations on the Management of the Official Vehicle* to advocate travelling by public transport and avoiding non-essential use of vehicles, so as to reduce the emission of greenhouse gas emissions.


To reduce the escape of methane in the production process, the Group has strengthened the operation management over stations, enhanced the maintenance and inspection, and installed gas alarms indoors. Other measures include comprehensively upgrading the safety monitoring system and alarm devices in various scenarios to realise real-time monitoring of methane leakage at the stations and the safety of pipeline networks and ancillary facilities, so as to ensure the safe operation of stations and pipeline network facilities as well as the safety of users. In 2022, the Group organised a large-scale renovation of its aged pipeline networks, and the increase in the overall number of pipeline cuts involved more process pipelines and increased venting from pipeline construction, resulting in higher methane escape. In 2023, the renovation of aged pipeline networks was completed, and the volume of escape is significantly decreased compared to 2022, ensuring the overall operational safety of the Group as well as reducing GHG emissions.


The Group further drives carbon emission reduction by promoting economic use of resources, recycling, and reducing energy consumption. Please refer to the section "Optimal Resource Utilisation" for more detailed practice.


Control of Air Pollutants

The Group's air pollutant emissions include nitrogen oxides (NOx), sulphur oxides (SOx) and particulate matter (PM), etc, and they are mainly from vehicles combustion, natural gas usage and the dust generated during the construction of pipelines. To reduce the emission of air pollutants, the Group has strengthened the management of vehicles, requiring drivers to maintain their vehicles and drive scientifically in accordance with relevant provisions. Meanwhile, the Group has actively phased out and replaced the old vehicles with new energy vehicles (NEVs), and introduced the *Measures for the Administration of Subsidies for Official Travel*. Subsidies are provided for business travel by means other than official vehicles to encourage field employees on green commuting by taking public transportation.

The Group has formulated internal policies such as the *Management Regulations for Construction*, *Measures for Construction Supervision* and *Safety Management Regulations for Construction* to ensure environmental compliance during the construction process. For air pollutants generated in the construction of the gas pipeline network, the Group works with PipeChina and other partners to carry out gas passing through service, so that multiple gas sources can be accessible from a single source point, thereby reducing the installation of pipelines and the environmental impact from the source. Each of the Group's subsidiaries has implemented environmental protection requirements in strict accordance to policies related to engineering construction, in a bid to reduce air pollutants during the construction process. Relevant specific measures include:

- 

The Group supervises and inspects the construction quality and progress of the third-party construction unit, to ensure safe and civilised construction and minimise negative impacts on the local environment.
- 

A dust online monitoring system is installed at the construction site, with barriers being set up as required to keep the site clean. Effective measures are taken to cover earth, sand gravel and other dust-prone materials at the construction site. The construction site is equipped with spray facilities, automatic vehicle washing equipment at the entrance and exit, and hardened ground. Besides, effective dust prevention measures such as road spraying by special personnel are also implemented. Vehicles transporting sand or soil are required to seal loads to prevent leakage and spillage, and dispose of them at designated points in accordance with the requirements of local authorities.
- 

The Group strictly requires the use of machinery with tail gas emissions that meet relevant environmental monitoring requirements and gives priority to the use of equipment powered by clean energy.

Noise Control

Due to the nature of the Group's business, installation of pipelines and earthworks are involved in the construction of the gas pipeline network, and therefore mechanical noise pollution will be generated during the construction. The Group's subsidiaries strictly adhere to construction noise control requirements. We supervise and inspect the implementation of noise control by third-party construction units to ensure that construction takes place during normal working hours whenever possible. When construction occurs at night, we strictly control noise decibels, prohibit vehicles from honking when entering or leaving residential areas, and minimise noise when loading and unloading materials. Under special circumstances and progress requirements, noise reduction and sound insulation measures are taken. During special periods such as the senior high school entrance examination, the college entrance examination, and the Asian Games, construction will be suspended in accordance with local government requirements to avoid noise and environmental pollution.

Solid Waste Disposal

The hazardous solid waste generated by the Group, including odorant waste drums used in the operation, and electronic waste, used batteries, mercury-containing light tubes and used ink cartridges generated in the office. After uniformly collected by the Group, the odorant waste drums will be handled by third party companies; the used ink cartridges will be recycled by suppliers or handled by the garbage cleaning units; the electronic waste, used batteries, mercury-containing light tubes will be handled by the garbage cleaning units. To reduce the generation of odorant waste drums, the Group has linked its intelligence odorant equipment with the natural gas flow in real time so as to determine an appropriate amount of odorant liquid added. Additionally, we regularly monitor the odorant concentration of the pipeline network and user terminals to prevent any unnecessary odorant use.

The Group's non-hazardous waste is primarily generated during natural gas pipeline connection works, subsequent maintenance activities, and daily office operations. The main types of non-hazardous waste include used waste metres, pipelines, and office paper, as well as domestic garbage. The Group formulates a plan for the replacement of overdue metres and pipeline networks with potential hazards at the beginning of each year. Necessary actions are taken in accordance with the plan, and the progress of the plan is tracked on a regular basis. The used waste metres will be scraped before being handed over to a professional third party for treatment. For waste pipelines, after the natural gas in the pipelines has been completely replaced with nitrogen or water, they will be disposed of properly along with valve wells and other items. If necessary, they should be sealed and dismantled to ensure safety. During the gas pipeline connection works, surplus earth generated from the earthwork process shall be backfilled on site. Surplus earth and waste residuals generated from other processes will be disposed of by qualified third parties designated by the local municipal and environmental protection authorities. The Group establishes a ledger for materials warehousing and imposes strict requirements on construction units to adhere to relevant regulations for material withdrawal, thereby avoiding waste. We strive to maximise the recycling and utilisation of waste materials, including casing and angle-welded brackets. Moreover, the Group actively implements electronic signature and continuously promotes the use of digital documents and cloud storage to minimise paper document use and wastepaper generation.

The Group's operational wastewater production consists solely of domestic sewage, which is discharged through pipelines and subsequently treated by a third-party water company and sanitation department. The Group pays the sewage treatment fees accordingly.

In 2023



The proportion of the Group's mercury-containing light tubes replaced by LED lightings reached

50%

The paper-based printing consumables were uniformly supplied, handled, and scientifically recycled by suppliers.

With such achievements, the Group realised its targets set in the previous year. In the future, we will continue to be guided by the above targets and make continuous efforts in waste reduction.



generation of electronic waste from the old and useless office equipment was reduced by

8% ↓



the generation of waste batteries decreased by

3% ↓

The Group sets up waste reduction targets and taken steps to achieve them:

Continue to popularise the use of LED lightings, and reduce the use of mercury-containing light tubes

- Promote the use of LED lightings in the renovation of office and gradually replace the existing mercury-containing light tubes with LED lights within 5 years.

Reduce the generation of electronic waste from the old and useless office equipment

- Require those in charge to maintain office equipment scientifically.
- Apply for approval of the disposal of assets.
- Promote the exchange of old office equipment for new ones at a discount.
- Launch a pilot project of rental of office equipment.

Promote the use of rechargeable equipment to reduce the use of batteries and the generation of waste batteries

Promote the unified supply and handling of consumables by suppliers, and achieve recycle scientifically

- Promote the unified management of printing consumables, and recycle the waste consumables scientifically.



Optimal Resource Utilisation


The Group complies with the *Energy Conservation Law of the People's Republic of China* and continues to promote the optimal development, utilisation and rational allocation of energy resources. The Group's resource consumption is primarily from the use of electricity, gas and vehicle fuel. In particular, purchased gas is the primary energy source, and the main water consumption comes from the use of office water and a small amount of industrial water. During the Reporting Period, the Group does not face any issues in water sourcing.

Office Resource Conservation

The Group vigorously advocates water and electricity conservation, promotes the recyclable resources utilisation, economises the use of vehicle fuel and establishes a green office system, all aimed at achieving the targets of energy consumption reduction and water resources conservation. The Group has established the *Guidance on the Standardisation of Office Premises* and has implemented a series of energy-saving renovations for office area facilities. We promote the use of green raw materials in the construction and renovation of office premises, so that we can minimise energy consumption after meeting the energy needs at office. We encourage employees to conserve water and electricity in their daily work, and reduce unnecessary resource consumption. Besides, we monitor the costs of water, electricity and fuel through annual and monthly expense budgeting. At the same time, the Group formulates annual and monthly cost plans and strictly controls them, formulates assessment measures and rewards and punishes relevant units based on the achievement of costs.

In 2023

 the Group reduced water consumption by **3.74%** ↓

 reduced carbon dioxide emission intensity by **61.19%** ↓

At the same time, through paper waste recycling activities, the Group improved its overall waste recycling performance. With such achievements, the Group realised its targets set in the previous year. In the future, we will continue to be guided by the above targets and persistently pursue resource conservation, energy efficiency, and carbon reduction.

The Group sets up resource conservation targets and taken steps to achieve them:

Continue to reduce the water use and implement additional water conservation initiatives

- Arrange a maintenance officer to conduct regular check on water metre readings and to carry out leakage tests of concealed water pipes.
- Prioritise water-saving equipment in construction, renovation and maintenance work, such as water-saving valves and automatic faucet shut-offs.
- Advocate water saving through emails, posters, intranet and memos placed in toilets and organise water conservation training.

Take multiple measures to continuously improve energy efficiency and reduce carbon dioxide emission intensity

- Prioritise the use of LED lightings and electrical equipment with low energy consumption; optimise data centre equipment and operations with more efficient servers, cooling systems, and energy recovery technologies.
- Require employees to switch off electronic equipment and office air-conditioning that are not in use.
- Adopt the Central Control and Monitoring System (CCMS) and the Building Management System (BMS), and install automatic lighting control in different zones.
- In terms of heating, ventilation and air conditioning control, install variable speed drives as well as pumps and fans that are adjustable for actual needs.
- Maximise the use of rooftop photovoltaics to replace purchased electricity with clean energy.

Further enhance the waste recycling and reuse

- Implement a wastepaper recycling program with designated recycling bins in offices, encouraging employees to properly sort and deposit wastepaper. The collected paper is regularly sent to recycling facilities for sustainable reuse.

Encourage employees to use recycled paper and purchase some recycled paper for printing and other office needs.

Installation of Rooftop Photovoltaics for Energy Saving and Cost Reduction

A distributed photovoltaic project was carried out on the rooftop of Huaming office building at the Group's R&D centre, and was officially connected to the grid on 7 July 2023. This initiative has enabled the Group to generate power for its own use, with the surplus power being distributed to the grid. The total installed capacity of the photovoltaic project stands at 47.52 kW. As of the end of December 2023, the power generation capacity of the PV plant was 25,956 kWh, with 13,308 kWh being used for self-consumption and 12,648 kWh being distributed to the grid.



Installation of Rooftop Photovoltaics for Energy Saving and Cost Reduction

Rainwater Recycling at Deqing Company

Deqing Binhai Gas Company Limited ("Deqing Company"), a subsidiary of Binhai Investment Company Limited, has implemented a rainwater collection and recycling system to improve the utilisation of rainwater resources. The system will collect pre-treated rainwater into a reservoir, and then utilise a buried rainwater purification system to purify and sterilise the water before storing it in a clear water tank. The purified water can then be used for various purposes such as courtyard greening and road washing. Preliminary statistics indicate that approximately 30 cubic meters of rainwater can be utilised per month during the summer, while about 20 cubic meters can be used per month during other seasons. This amounts to a cumulative total of approximately 280 cubic meters of water saved throughout the year.



Rainwater Recycling at Deqing Company

Energy Conservation in Operation and Construction

Resources consumed during the operation of the Group mainly include construction water and boiler gas used for pressure-regulating skid in winter. To reduce water consumption, we spray water on walls during construction and collect the used water for follow-up plastering. The concrete curing is in strict compliance with relevant requirements to avoid waste of water. During the construction of Yangxu peak-shaving station for emergency use, Binhai Investment Gao'an Taida Gas Co., Ltd ("Gao'an Company") took the collecting pool of the cofferdam as a collector well to collect rainwater to meet the water demand of the construction site, thereby saving water on site.

To reduce natural gas consumption during business operation, the Group strictly controls the effluent temperature of boilers and systematically adjusts the start-up and shutdown of boilers, under the premise of ensuring that the temperature of natural gas at the outlet of the pressure regulator remains above the dew point. With those efforts, we can improve resource utilization and reduce energy consumption.



02 / HARMONY AND WIN-WIN DEVELOPMENT

The year 2023 was a decisive year for the implementation of the "14th Five-Year Plan". Guided by the main objectives set for the "14th Five-Year Plan", the Group got all the way to the phased development, where we focused on our primary business, expanded our business in multiple fields and carried out transformation in an all-round way. To fulfil its duty of a state-owned enterprise, the Group continued to focus on the provision of high-quality products and services and improve its safety management capabilities and, at the same time, strived to help employees grow and give back to the society.

- Product Quality Assurance
- Commitment to Safety
- Facilitating Employee Development
- Giving Back to the Society

Product Quality Assurance

The Group focuses on product quality and always puts stable gas supply in the first place. We strictly control the quality of natural gas and continue to invest in research and development to promote innovation. Furthermore, we offer a variety of complaint channels for our users to ensure provision of high-quality products and services.



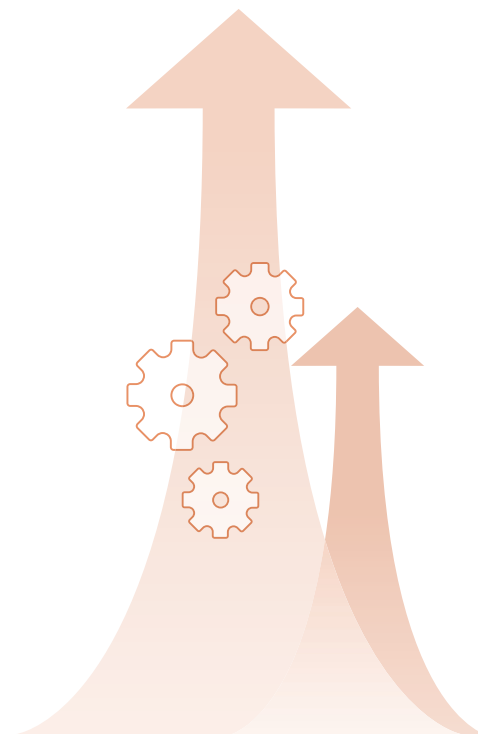
Stable Gas Supply and Quality Assurance

The Group follows laws and regulations such as the *Work Safety Law of the People's Republic of China*, *Regulations on the Administration of Urban Gas*, *Project Code for Gas Engineering* and *Technical Specification for Gas Alarm and Control System*. During the reporting period, the Group had no products sold or shipped subject to recalls for safety and health reasons.

The Group constantly intensifies control of gas sources. By signing long-term gas supply agreements with upstream gas units, we extend our connection with surrounding gas pipeline networks and realise energy interconnection, thus ensuring the stable, reliable and uninterrupted supply of gas. The Group stipulates that each subsidiary needs to request gas quality reports from suppliers when purchasing natural gas and liquefied petroleum gas. To detect the gas quality in real time, we set up online chromatographic analysers in main gate stations. Those analysers will send alarms in the event of a compromise in air quality. Meanwhile, to ensure the product quality, the Group takes air samples from time to time and sends them to a third-party statutory inspection body for inspection.

The Group requests the *Product Quality Certificate* from suppliers of materials and equipment involved in pipeline network laying project. We also conduct regular quality inspection in accordance with the national standards. For newly purchased meters and instruments, the Group strictly implements local first-time inspection system, and returns the unqualified materials and equipment to suppliers. By taking above measures, we ensure the quality of gas transmission facilities at the source and lay a foundation for stable gas transmission.

At the same time, the Group accurately controls the odorant content of terminal products with flowmetres. We also require each subsidiary to regularly test the compliance of the odorant amount to ensure air supply quality. In addition, the Group monitors and analyses gas consumption of downstream non-residential users each week to look into their production, so as to meet domestic and commercial demand of gas.



The Group uses the intelligent IoT hardware in several scenarios, including 24-hour on-site PTZ leakage monitoring equipment, and testing and pressure regulating device for gas leak valve pit. The Group also supports management in decision making through a large screen displaying integrated information from ERP, operation, GIS, inspection and security inspection systems and body-worn camera. The Group is also committed to building an intelligent management system to ensure the safe and efficient deployment of the pipeline network and the safe operation of the stations. As at the end of the Reporting Period, the Group had built 121 SCADA system stations, and 5 SCADA system stations are under construction. During the reporting period, the Group completed the reconstruction of 14 SCADA system stations, which effectively enhanced the deployment capability of the pipeline network and enhanced the safety guarantee capability of the gas transmission system.



the Group completed the reconstruction of

14 SCADA system stations

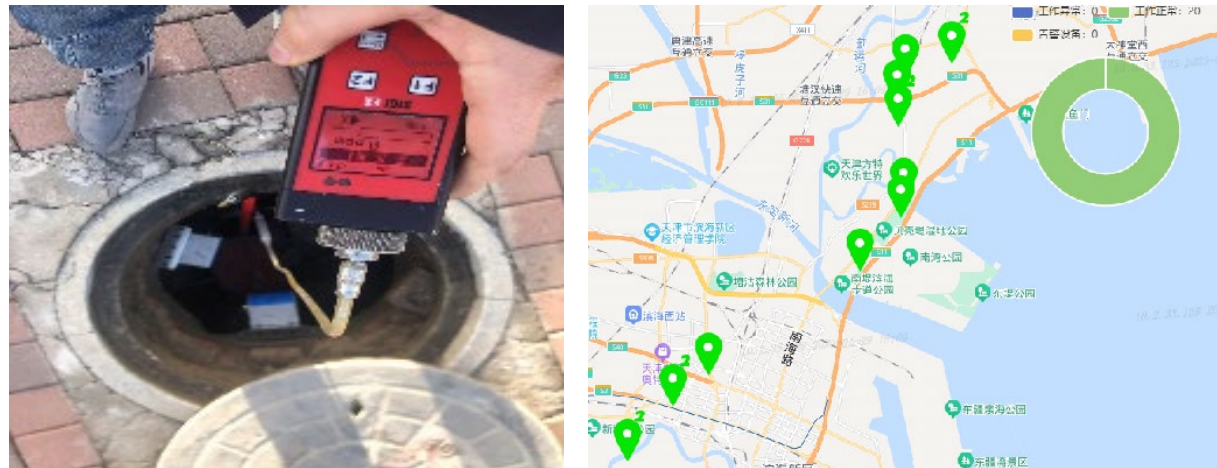
Product Innovation and Leading Role of Standards

To regulate, effectively promote research and development and motivate innovative potential and creativity, the Group has established a complete innovative system consisting of relevant regulations and safeguard measures for overall managing R&D personnel and projects. We independently develop new products and actively cooperate with other outstanding universities, scientific research institutes and enterprises. For example, we have signed strategic industry-university-research cooperation agreements with Tianjin Chengjian University, and developed collectors and pressure monitoring projects with China Tietong Telecommunications Corporation Tianjin Branch. Tianjin TEDA Binhai Clean Energy Group Company Limited ("Tianjin Company"), a company under the Group, was certified as "National Hi-tech Enterprise" in 2022. It was an enterprise technology centre and leading enterprise in Tianjin and offered R&D platforms such as post-doctorate science and research workstation. The Group continues to invest in research and development and makes breakthroughs in scientific technologies, to accelerate quality improvement of products and services.

We also actively participate in preparation of standards and take a leading place in sound development of the gas industry with our own experience. Binhai Investment (Tianjin) Company Limited and its subsidiaries in Tianjin participated in the preparation of the *Technical Specification for the Intelligent Monitoring System of Manhole Gas Leakage* and *Internal Test Report Specification for Urban Gas Pipeline*, which have been reviewed and officially issued currently.

Development of Intelligent Manhole Covers for Intelligent Monitoring of Underground Environment

By developing new intelligent manhole covers, the Group has established an intelligent underground environment safety monitoring system. This system consists of the underground intelligent monitoring terminal and the gas valve pit management platform. The underground intelligent monitoring terminal can monitor the underground gas leakage through catalytic combustion and laser detector based on different scenarios. The gas valve pit management platform can be directly set at the urban manhole management department to control the operation of the pit. It also can provide safe operation data to users and regulators to manage the gas valve pit and monitoring data. Currently, this system has been installed and used in the Tianjin Free Trade Zone, Taigang Company, Binhai Gas Transmission and non-local subsidiaries such as Deqing Company, Gao'an Company and Liuyang Company, contributing to the enhancement of the Group's overall safety monitoring performance.



Intelligent Underground Environment Safety Monitoring System

Complaint Management and Service Enhancement

With the formulation of the *Management Measures for Customer Service* and the *Customer Service Handbook*, the Group has developed and improved its complaint management mechanism to resolve customer complaints in a timely, effective, fair and reasonable manner. The Group has offered a variety of convenient complaint channels, including complaint hotlines, 12345 government platform, cloud customer service, as well as service hotlines, call centres, government service halls and other auxiliary complaint platforms to provide customers with a variety of multi-line feedback channels.



The Group classifies customer complaints into three categories based on the subject: Repair and Replacement, Non-Business Issues and Service Attitude, and handles them differently as below:

Repair and Replacement	Non-Business Issues	Service Attitude
<ul style="list-style-type: none"> Each subsidiary will assign maintenance workers to contact customers for replacement testing It must be 100% solved properly 	<ul style="list-style-type: none"> Inform customers to contact the manufacturer For user complaints about delayed gas supply due to the house decoration on their own, customer service staff explain the reason, issue a rectification notice, and contact relevant colleagues to send promotional materials to customers It must be 100% solved properly 	<ul style="list-style-type: none"> Subsidiaries confirm the complaints and then take actions

The Group also classifies complaints into general complaints and major and urgent complaints based on their severity, and requires instant acceptance and handling of major and urgent complaints. Major and urgent complaints are defined as those with serious consequences resulting from poor service, or widely reported in the media, or investigated or criticized in a circulated notice by regulators, or escalated due to improper handling, or causing extensive social impact. Upon receipt of customer complaints, the customer service staff should create relevant work orders and assign them to relevant personnel to deal with according to the subject of the complaints. Meanwhile, the customer service staff should record in detail the processor and the results of the complaint. For all complaints yet to be closed, the relevant staff shall follow up on them by category. Heads of responsible departments will be notified to handle and follow up on the complaints that have not been resolved beyond the prescribed time limit.

The Group exercises strict control over the implementation of the complaint resolution programme. If false reports or concealments are noticed or customer complaints are found to be not handled in accordance with the requirements, which have a significant impact on the Group, the Group would impose penalties to the responsible persons in accordance with relevant rules and regulations. In addition, the Group requires a 100% return survey within 1 natural day upon receipt of a completed *Complaint Work Order* to understand the customer satisfaction with the handling of the complaint and to complete the *Customer Service Feedback Form*. The Group's customer satisfaction rate has been consistently above 96% over the years.

During the Reporting Period, there were 1,540 customer complaints, an increase compared with the same period last year. This was mainly due to the inability of developers to fulfil their commitments in a timely manner as they were affected by the severe economic situation, resulting in the delayed gas supply to houses. In addition, the "cold winter" in early 2023 increased customers' demand for extended gas supply. The Group installed safety devices for customers to improve the safety, which led to an increase in customer inquiries about the use of safety devices. All the above complaints were dealt with in a timely manner upon receipt of orders and closed successfully with a reply of satisfaction received from the customers.

On the basis of proactively handling customer complaints, the Group takes customer satisfaction as its main focus and actively develops new service offerings to meet customers' diversified requirements and enhance service quality.

"Five High-quality Services Month" Activity

In August 2023, the Group launched the "Five High-quality Services Month" and value-added services "Carnival" themed activities to further satisfy customers' requirements and raise their awareness of safe use of gas. The activities have been carried out successfully for three consecutive years and the purpose of the activities is to enhance the service quality of the Group and the corporate brand image.

All employees of the Group actively participated in the activities to show their service spirit and outstanding performance. By participating in the activity, their service awareness was further consolidated and enhanced. During the activities, the Group carried out government satisfaction questionnaire survey and customer satisfaction questionnaire survey, with 67 and 107 replies received respectively, and got a total of 23 pennants as a gift from customers, communities and the government.



"Five High-quality Services Month" On-site Maintenance and Training for Non-civil Customers

Facilitating Employee Development

The Group always adheres to the people-oriented principle. We protect all the legitimate rights and interests of employees, and provide them with a healthy and safe working environment and a comfortable and convenient living environment. The Group also sticks to the talent-driven development strategy and takes various measures to recruit and cultivate talents. We share with our employees the achievements of the development by building a broad career development platform and establishing a sound remuneration incentive mechanism.

Protect Employees' Rights and Interests

The Group strictly complies with the *Labour Law of the People's Republic of China* and the *Labour Contract Law of the People's Republic of China* and acts in accordance with national laws and regulations which relate to compensation and dismissal, recruitment and promotion, working hours, holidays, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. Meanwhile, the Group has formulated a series of internal policies, including the *Policy for Employees' Award and Punishment*, *Remuneration Management Measures*, *Code of Conduct for Employees*, *Management Measures for Leave and Vacation of Headquarters Employees*, *Attendance Management Measures for Headquarters Employee* and *Management Measures for Employee Working Overtime*. The Group is highly concerned about the rights and interests of its employees and commits to creating a favourable working environment for each employee.

The Group strictly complies with national laws and regulations regarding the prevention of child labour and forced labour, such as the *Provisions on Prohibition of Child Labour*, resolutely eliminating the use of either practice. In employment, the Group will strictly verify the employees' identity, education background and other facts against relevant documents, and engage third-party auditor for the joint verification of employee information to ensure the authenticity. The Group and its employees sign employment contracts on an equal and voluntary basis, and the Group has the right to immediately terminate the probation or employment of any person who is found to have provided falsified documents or resume. If misuse of child labour is detected, the Group will immediately stop the child's work, promptly report to the local labour bureau, contact the child's parents or legal guardians and arrange a health check for the child as soon as possible. If the child concerned is found to be suffering from a disease, the Group will arrange the treatment first. During the Reporting Period, the Group did not have any non-compliance cases related to child labour or forced labour.

Following a "fair and just, right person for the right job" recruitment concept, the Group ensures that all job candidates are granted equal opportunities and fair environment for competition. The Group encourages a diverse workforce, objects to any forms of discrimination and differential treatment based on ethnicity, race, age, gender, marital status or religious beliefs.

The Group implements three types of working hour schemes including irregular, consolidated and standardised working hour schemes according to the business characteristics, safety requirements and job requirements of the Group's subsidiaries, ensuring that employees work on reasonable schedules and durations. Heads of each department of the Group coordinate and arrange all the tasks, strictly review the necessity and authenticity of overtime work for the employees, verify the effectiveness of overtime work, and eliminate unnecessary overtime work. Employees are entitled to sick leave, personal leave, marriage leave, bereavement leave, maternity leave, work injury leave, annual leave and statutory holidays in accordance with the law, and the Group will coordinate the arrangement of employees' leave without interfering with their work, so as to enable the employees to fully enjoy the benefits of various kinds of paid leave.

The Group has established a comprehensive remuneration system by integrating job responsibilities and employee performance, adopted a uniform position and salary scale whilst considering employees' specific conditions such as personal work experience, education, qualifications and other specific indicators relating to employees' abilities, track record, and work performance to set salary standards. The Group provides reasonable and lawful salaries and welfare with five social insurances (endowment insurance, unemployment insurance, employment injury insurance, medical insurance, maternity insurance and housing provident fund), bonuses and other benefits and welfare. The Group evaluates the performance of the employees at the end of each year and makes adjustments to the positions or salaries of employees with outstanding performance and grants them bonuses that match their individual performance.

In addition, to motivate directors, senior management and key employees who have a direct impact on the overall performance and sustainable development of the Group, the Group has set up and improved the online exercise platform in conjunction with the 10-year stock option plan and carried out supportive work such as the option assessment of the incentive targets in accordance with the first grant plan, while completing the second grant of stock options in accordance with the Group's expectations for the development of future results to further leverage the profound influence of the long-term talent incentive system within the Group.

Promoting Employee Caring

In addition to the statutory welfare benefits, the Group provides employees with supplementary benefits including preventive medical services, regular health check-ups and health consultations to ensure that employees have a healthy working environment and welfare protection.

The Group has set up a labour union to protect the rights and interests of employees. It has also set up a union committee for female employees, which pays full attention to the issues of maternity, mother and child, and leaves of female employees, and grants maternity subsidies to male employees. A reporting channel is established for employees to report on violations of anti-discrimination and anti-workplace harassment rules. The Group has formulated a scheme of subsidies and assistance for employees in need, allowing them to apply for subsidies at different levels based on the amount.



Abundant and Diversified Labour Union Activities

The Group organises employee care activities from time to time, such as parent-child relationship training, ball games, zongzi-making competitions and walking around the lake, to enrich the cultural life of employees, advocate a healthy lifestyle and enhance team cohesion.

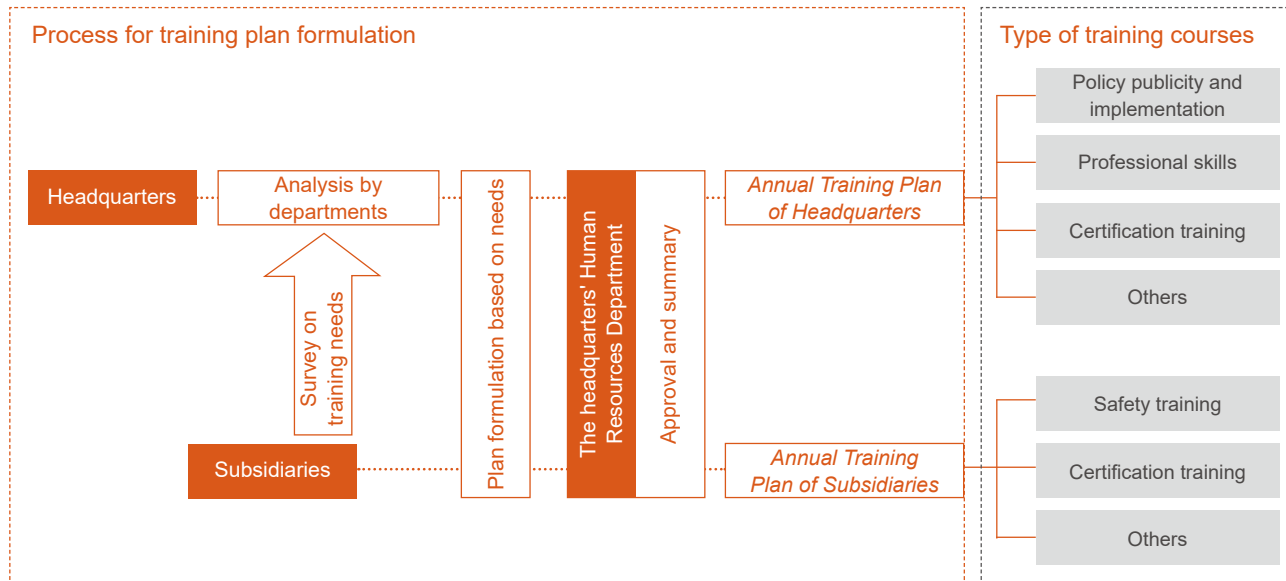


Labour Union Activities

The Group organises staff meetings from time to time to share important company-wide updates, providing a platform for employees to communicate with each other. At meetings, the Group also recognises and rewards employees for their efforts and contributions. Staff meeting is an important way to promote communication within the enterprise, build team cohesion and boost employee engagement, helping to foster a positive corporate culture and achieve common goals.

Coordinated Development

Adopting the talent development strategy of “Building Inter-disciplinary Teams, Training Inter-disciplinary Talents”, the Group has formulated the *Staff Training Management System* to manage the daily training of employees. In addition, the Group has established a sound training system with the goal of strengthening corporate culture, optimising the code of conduct, and helping employees improve their abilities and performance and develop their careers.



The Group has made orderly arrangements for the various departments of the headquarters to prepare the annual training plan in accordance with the division of responsibilities and the planning of future functional strategies based on its own business development and the survey results on the training needs of its subsidiaries. Based on the business characteristics of different operating locations and the characteristics of different positions, the Group also requires its subsidiaries to formulate training plans according to actual conditions, as well as to conduct training on a monthly basis in an orderly manner. During the Reporting Period, the Group carried out 32 training sessions at the headquarters level, including 4 for policy publicity, 16 for professional skills, 1 for certification and 11 for other purposes.



the Group carried out **32** training sessions at the headquarters level

including

- 4** for policy publicity
- 16** for professional skills
- 1** for certification
- 11** for other purposes

Sales Skills Improvement and Development Training for Value-Added Services

As front-line employees lack certain product knowledge and sales skills, the Value-Added Services Department of the Group's headquarters carried out skills improvement and development training. Through fun games, knowledge sharing and factory visits, the training expanded the product knowledge of sales staff and improved the business ability of front-line employees.



Employee Skills Development Training

Information Technology Training to Improve Work Efficiency

To further build an information-based office and strengthen the application of information technology in daily work, the Group organised computer skills training for efficient work. The training focused on three aspects, including basic computer knowledge, use of office automation system and application of office software. During the session, the lecturer demonstrated the use of common software and skills with examples, and provided guidance on the common problems in daily work. Participants stayed engaged in the training and asked questions, aiming to improve their work ability and efficiency.



Office Software Skills Training

 Customer Service Training to Improve Service Quality

In 2023, the Group implemented the revised *Management Measures for Customer Service*, and conducted training to address concerns of subsidiaries over the system operation process and the use of reports. Moreover, external lecturers were invited to give a comprehensive explanation of relevant laws and regulations, customer service attitude, customer complaint and dispute resolution skills based on case analysis, so as to help customer service personnel deepen their understanding of customer service and improve their service skills.



Customer Service Training



Commitment to Safety

In terms of production safety and occupational health, the Group complies with laws and regulations such as the *Work Safety Law of the People's Republic of China*, the *Emergency Response Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases* and the *Fire Protection Law of the People's Republic of China*. In addition, the Group follows the *Regulations on Emergency Responses to Work Safety Accidents*, the *Regulations on the Safety Management of Construction Projects*, the *Measures for the Supervision and Administration of "Three Simultaneities" for Safety Facilities of Construction Projects*, the *Measures for the Supervision and Administration of "Three Simultaneities" of Facilities for the Prevention and Control of Occupational Diseases of Construction Projects*, the *Code for Construction Project Management*, the *Measures for the Supervision and Administration of Employers' Occupational Health Surveillance*, the *Safety Signs and Guidelines for Use* and the *Technical Specifications for Occupational Health Surveillance*. Contractors and suppliers are all managed under the safety management system. During the Reporting Period, the Group had no cases of non-compliance in relation to the provision of a safe working environment and the protection of employees from occupational hazards, and no major safety incidents occurred.

Safety Management System

Adopting the Plan, Do, Check and Act (PDCA) model, the Group has established a safety management system in accordance with the *Environmental Management System Requirements and Guidelines for Use*, the *Occupational Health and Safety Management System Requirements and Guidelines for Use* and the *Basic Standards for Standardisation of Enterprise Safety Production*. The system consists of management manual and management policy. Specifically, the manual specifies the health and safety management philosophy, approach and objectives, covering the basic requirements of health and safety management. The policy includes specific principles, management methods, workflow and rules and regulations for supervision and inspection of health and safety related matters. The Group strives to ensure the effective implementation of the requirements of safety management system. In accordance with the principles of "three management and three musts" of the *Work Safety Law* (safety must be the priority of industry management, business management and production management), the Group has integrated the requirements of the safety management system with the management policy of departments in accordance with their division of labour, so as to implement the basic safety management principle of safety management for business management.

In 2023, the Group strictly implemented the safety management system and safety production measures, and achieved the following objectives:

- No work-related fatalities for which the Group bears primary responsibility, and no concealment, false reporting or late reporting of safety incidents
- No fire accidents for which the Group bears primary responsibility

The Group has established a clear safety incentive and penalty mechanism based on the safety management system and regularly scores the production safety performance of its subordinate units. In 2023, the Group issued the *Measures for Rewards and Punishments for Work Safety* to punish violations of work safety management rules. For employees in violation of relevant regulations, certain amount of performance bonus will be deducted accordingly. The remuneration and performance of employees are also closely linked to the safety production indicators. For executives and employees, major safety incidents are a one-vote veto item, which directly affects their performance evaluation and the firm's issuance of long-term incentives such as the stock option plans. In the annual evaluation, depending on responsibilities of employees at all levels, the weight assigned to safety-related indicators ranges from 10% to 30% under the scoring system. In addition, the Group encourages behaviours such as "making reasonable suggestions for safety" and "reporting three violations (illegal command, illegal operation and violation of labour disciplines)". Employees can report suggestions for improving safety management or findings of violations, and will receive rewards from the Group.



Occupational Health

To provide a safe working environment and avoid occupational hazards, the Group implements internal policies such as the *Graded Production Risk Control Procedures*, the *Safety Management System for Surveillance and Measurement Facilities*, the *Management Measures for the Distribution of Personal Protective Equipment*, and the *Measures for Safety Inspection and Rectification of Hidden Dangers*. The Group also strictly complies with the requirements of the *Guidelines for the Application of Internal Control in the Enterprise No. 4: Social Responsibility*, to set up a sound inspection and supervision mechanism, strengthen training for staff on occupational safety awareness and implement a qualification certification system for special positions.

The Group actively participated in the ISO 45001 Occupational Health and Safety Management System Certification in accordance with the national laws and regulations, and industry standards and specifications. Tianjin Company of the Group has passed the ISO45001 Occupational Health and Safety Management System Certification and obtained the relevant certificates for its management in the areas of “refinement, standardisation, institutionalisation and regularisation”, providing a strong guarantee for safe and stable development.

To ensure the occupational health and safety of employees, the Group has carried out six activities, namely safety risk identification and control, hidden danger investigation and management, safety education and training, labour safety protection, emergency rescue drills and production safety assessment, sparing no effort to reduce the chance of accidents and protect the personal safety of employees.

Every year, the Group invites a third party to carry out safety production assessment and risk point identification to form reports. The third party conducts job hazard analysis (JHA) and safety checklist analysis (SCL) for all activities that may cause hazards and impacts, and use LS and MES to investigate and identify all potential safety hazards in the operation process and equipment and facilities of each station.

The Group pays attention to employee health data and effect evaluation, such as employee physical examination participation rate and examination results, and tracks employees’ overall health condition after physical examination, such as blood pressure, body mass index and health risk factors, to evaluate the effectiveness of the health programme.

The Group organises three-level education and training for employees, regularly distributes personal protective equipment, and pays safety production liability insurance for each employee every year. The Group regularly conducts emergency drills that simulate circumstances like fires, earthquakes, and other emergency scenarios, provides employees with training on evacuation, use of a fire extinguisher and emergency communication, to enhance employees’ emergency skills and safety awareness. Also, the Group reviews the performance after each drill and collects employee feedback and improvement suggestions, to improve the quality and effectiveness of emergency drills.

In the past three years (including the Reporting Period), the number and proportion of work-related fatalities of the Group were 0 and 0%, and the number of working days lost due to work-related injuries during the Reporting Period was 68.



Ensuring Safe Production

The Group further improves and standardises the process of user security check and employee inspection to ensure safe and stable production. Leveraging the big data computing platform, the Group has developed an online cloud platform to identify patterns and quickly locate security check needs. The platform integrates functions such as security check scheduling, door-to-door security check and photo and signature, greatly improving the efficiency of standardised security check. All employees use the GIS in conducting inspection. They determine the inspection points and deploy the plan according to the locations of the pipeline, and immediately report the locations of the construction sites and hidden dangers found on the pipeline to the system, forming a closed-loop safety management. In addition, in response to the frequent occurrence of extreme weather caused by climate change, the Group plans to integrate meteorological data into the above-mentioned system and add information such as climate disaster warnings.

The headquarters and subsidiaries of the Group continue to study the *Work Safety Law of the People’s Republic of China*, implement the statutory responsibilities of the “first responsible person” for safe production, and actively carry out the “five leads” activities of the main person in charge of the enterprise. That is, taking the lead in the investigation and rectification of major incidents and hidden dangers, taking the lead in implementing the responsibilities of all employees in safe production and giving full play to the role of the management team and experts, taking the lead in the investigation and rectification of dangerous operations involving fire and others, taking the lead in the investigation and rectification of production and operation activities such as outsourcing and leasing, and taking the lead in carrying out emergency rescue drills. By doing so, the Group effectively carries out key safety management work such as special operations strengthening, outsourcing and leasing, education and training and hidden danger reporting, and takes special actions for hidden danger investigation and rectification in 2023.

Thematic Training of “Production Safety Month”

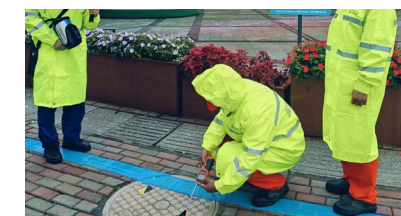
In June 2023, the Group carried out the “Production Safety Month” activity around the theme of “everyone pays attention to safety and knows how to respond to emergencies”, and conducted spot safety inspections and double-blind emergency drills using the “four noes and two directs” approach, that is, “no notice, no greeting, no report, no accompany, go directly to the grassroots level and to the scene”. This approach can test the subsidiary’s ability to coordinate operations in various aspects such as on-site emergency response, information escalation and territorial emergency linkage in the event of an emergency. The Group also improved the emergency response and the ability to handle safety accidents of all employees to ensure the safe and stable operation. During the Production Safety Month, the Group exposed 639 typical outstanding problems and hidden dangers, and completed rectification of all.



Emergency Rescue Drills

Asian Games Supported by Deqing Company

As the gas supply unit of the Asian Games venues, Deqing Company strictly implemented the government’s safety requirements for the Asian Games and actively carried out special gas safety guarantee work around the overall goal of “preventing risks, removing hidden dangers, ensuring safety and supporting the Asian Games”. Deqing Company used smart gas online monitoring equipment, and deployed vehicles, dogs and people to enhance conducting safety inspections and leak detection on Asian Games venues, surrounding communities and Asian Games commuter lines, and was stationed 24 hours a day during the event to ensure the safe and stable gas supply for the Asian Games.



Safe Gas Supply for Asian Games

Giving Back to the Society

The Group is committed to giving back to the society with practical actions, actively organising and participating in various community activities. In 2023, the Group issued the *Measures for the Administration of External Donations* to standardise the process and management of charitable donations. The Group won the trust and praise of customers, the government and the society for investment in charitable funds, contributions in volunteer services and community harmony.


Gas Safety in Communities

To ensure safety, supply and standardised services, the Group carried out themed activities such as “bringing gas safety tips to schools” and “five high-quality services month” in 2023. The Group’s headquarters and subsidiaries carried out a wide range of safety publicity activities at the grassroots level by hanging safety slogans, banners and wall charts, explain and publicize, to address users’ concerns about gas use and publicise gas safety knowledge.

During the “Production Safety Month”, the Group posted and hung a total of 346 safety slogans, banners and wall charts, and organised 70 publicity activities with more than 2,000 participants, and released 593 reminders of safety risks. In addition, based on its own value-added business advantages, the Group also carried out more than 200 publicity activities on safe gas use in residential areas, conducted household inspections of cookers with no flameout protection, overdue use and other potential hazards, and provided users with one-stop gas housekeeping services ranging from consultation, purchase, delivery, installation, maintenance and repair, on-site inspection to safe gas supply, which won unanimous praise from customers.



Promoting Safe Use of Gas in Communities

 safety slogans banners and wall charts

346

 publicity activities


70

 participants

2,000+

 reminders of safety risks

593

 publicity activities on safe gas use in residential areas

200+

Nip in the Bud to Avoid Safety Issues

During the Reporting Period, Deqing Company conducted two gas safety lectures for two primary schools. The lectures provided students with knowledge on the safe use of gas and emergency response through various forms such as videos, courseware, award-winning quiz, and emergency evacuation drills, aiming to improve students' awareness of safe gas use and their ability to identify gas risks and hazards.



Bringing Gas Safety Tips to Schools

Addressing Concerns in Rural Areas Through Practical Measures

The coal-to-gas project is one of the key measures to implement the central government's plan to prevent and control air pollution in the Beijing-Tianjin-Hebei region and surrounding areas. It is also a livelihood project to improve the living environment in rural areas and enhance the quality of life of local residents. The Group has completed coal-to-gas facility construction and realised gas supply for more than 170 thousand households in the Beijing-Tianjin-Hebei region. Adhering to the concept of innovation, coordination, green, openness and sharing, and the rural revitalisation strategy, the Group has made great efforts in the coal-to-gas transformation, helping accelerate the application of clean energy as heat source in rural areas, and contributing to the air quality improvement.

Station in Rural Areas to Help People in Need

To fully implement the relevant decisions and planning of the Central Committee of promoting rural revitalisation in an all-round way and consolidating and expanding the achievements in poverty alleviation, the Group has sent staff to economically weak villages in Daliang Town, Wuqing District, Tianjin, to help with the local development by guiding and participating in the management of development issues at the village level. The Work Team stationed at the village carried out household surveys to assess the current status of the village and the needs of the villagers. Then, they formulated support plans and carried out the work in an orderly manner. During their stay in the village, the Team visited villagers in need and addressed their concerns by purchasing for them farming equipment and vehicles, replacing outdated streetlights, and helping villagers sell slow-moving agricultural products.



Visiting Villagers in Need and Buying Them Farming Equipment and Vehicles to Show Our Support



03 / BUILDING A SOLID FOUNDATION

- Improving Risk Prevention and Control Capabilities
- Privacy Protection and Information Security
- Intellectual Property Rights and Advertising
- Focusing on Creating a Culture of Integrity
- Sustainable Supply Chain Management

Improving Risk Prevention and Control Capabilities

Binhai Investment is actively building a corporate culture of "involving all employees in internal control" and continuously deepening the development of the internal control system. The Group has established three lines of defence for risk management in accordance with the *Comprehensive Risk Management Guidelines for Central Enterprises* issued by the State-owned Assets Supervision and Administration Commission of the State Council. It is a management system consisting of the headquarters, regional management companies and subsidiaries under the overall management of the executive director and general manager. Within the system, each subsidiary, as a business unit, acts as the first line of defence for risk management. The functional departments of the headquarters and the regional companies, as the second line of defence, perform supervision and inspection functions. The Internal Control and Legal Department, as the third line of defence, performs audit functions, aims to bridge support and early warning from the second line of defence to the first line of defence and realises supervision on, feedback to and improvement of the first and second lines of defence, to ultimately strengthen the three lines of defence and increase the risk prevention capability of the system.

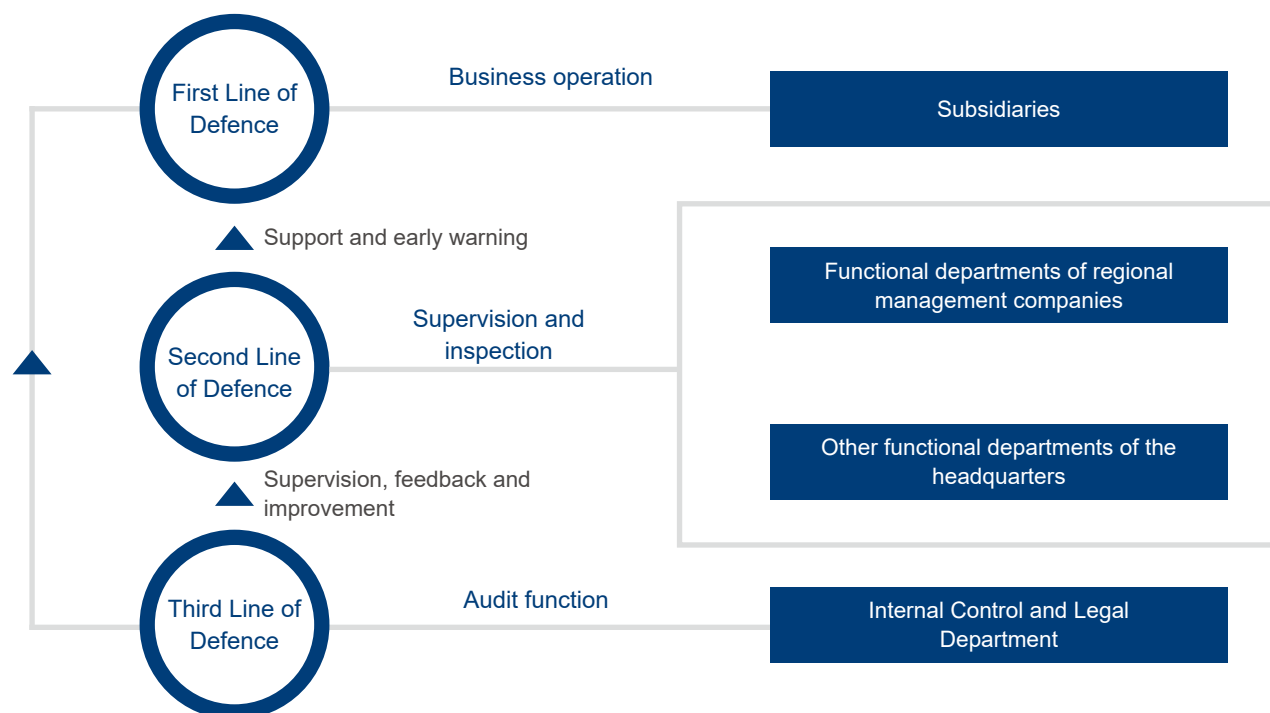


The Group has established the *Internal Control Management Policy*, the *Internal Control Compliance Management Manual*, the *Legal Risk Management Manual*, the *Contract Management Measures*, and the *Policy Management Measures*. This year, we have also formulated the *Compliance Management Measures* and the *Compliance Management Joint Meeting Policy* to further standardise risk prevention and control work. The Group regularly updates its internal control and compliance manual to reflect changes in the business. Each department comprehensively identifies and analyses potential risks in each business process, and assesses the level of risk. In addition, the Internal Control and Legal Department of the Group regularly collects monthly reports on major business risk issues from each department, and tracks and monitors issues that may cause significant business risks. The Department also submits risk management reports annually to the Risk Committee under the Board to communicate the Group's risk analysis result and response.

Privacy Protection and Information Security

In strict compliance with relevant laws and regulations such as the *Cybersecurity Law of the People's Republic of China*, the *Regulations of the People's Republic of China for Safety Protection of Computer Information Systems*, the *Management Rules for Multi-Level Protection of Information Security*, and the *Consumer Rights Protection Law of the People's Republic of China*, the Group has formulated internal policies such as the *Information Management Measures* and the *Information System Account Management Measures* to strictly prevent information leakage. The Group ensures that all user information is exported and used only after the request is reviewed and approved by the person in charge following established procedures. We also require employees with access to secrets to sign a confidentiality agreement, requiring them to strictly protect customer information when serving customers. To strictly protect customer privacy, we forbid disclosure of information to third parties except with the consent of both parties. During the Reporting Period, the Group had no non-compliance incidents relating to the aspects above.

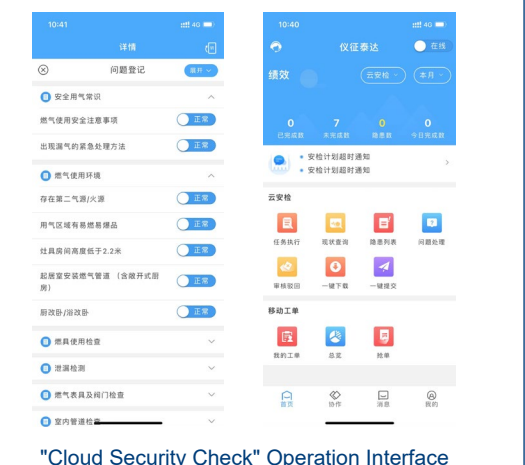
Risk Prevention and Control System



The Group has established a series of control processes to standardise and improve information security management, and has strengthened the building of the information security infrastructure from the system, application, network and data layers. The Group engages third parties to perform regular contingency drills, and carries out penetration tests, asset risk assessments and other work on servers, databases and networks. The vulnerabilities identified during the tests are then remedied to ensure information security in an all-round manner.

"Cloud Security Check" Effectively Ensures Data Security

The Group has developed "Cloud Security Check", an application based on a hybrid cloud structure, incorporating functions of security check planning, security check execution, and security check result query. Currently, the application of Cloud Security Check has covered the security check over all subsidiaries and all gas users. The application "Cloud Security Check" is characterised by simple use, flexible configuration and high data security. It helps properly implement national laws and regulations and internal management rules through the system settings and stores data on the hybrid cloud by classes. This ensures data security and reduces the risk of data loss and leakage under traditional storage structures.



Intellectual Property Rights and Advertising

The Group strictly complies with relevant laws and regulations such as the *Patent Law of the People's Republic of China*, the *Copyright Law of the People's Republic of China*, the *Advertising Law of the People's Republic of China*, the *Trademark Law of the People's Republic of China*, and the *E-commerce Law of the People's Republic of China*. We avoid infringing the intellectual property rights of others and clarify ownership of intellectual property rights. We also protect the property rights and interests of ourselves and our partners. In addition, we avoid infringing or being infringed by others in our day-to-day promotional activities and provide customers with truthful, complete and timely information about relevant products and services.

The Group has formulated the *Management Regulations on Software Legalization* and other internal policies to guide our daily work, which stipulates the main responsible unit for protecting intellectual property rights, and specifies relevant responsibilities of software budgeting, purchasing and using units, to enhance employees' awareness of respecting and protecting intellectual property rights.

In our cooperation with scientific research institutes, universities or other external institutions, we require the partners to use genuine software to process data, and ensure the results provided are original and cannot be copied or infringed upon. The cooperation agreement should specify the attribution of intellectual property rights, the authorship right of the first right holder, the first inventor and others, the entities that can be used to apply for high-tech enterprise certification, and the entity bearing the costs of applying for and maintaining intellectual property rights.

The Group conducts promotional activities through multiple channels both online and offline. We promote the Group's products and services on the premise of ensuring the authenticity of the content through online channels such as WeChat official account, TV advertisement, video accounts, live streaming and other media, and offline channels, such as advertising in customer service hall, entrance security check, community publicity, posters, and other activities.



Focusing on Creating a Culture of Integrity

The Group attaches great importance to corporate integrity and credit and strictly adheres to laws and regulations such as the *Criminal Law of the People's Republic of China*, the *Supervision Law of the People's Republic of China*, the *Anti-Unfair Competition Law of the People's Republic of China*, the *Anti Money-laundering Law of the People's Republic of China*, the *Interim Provisions on Prohibition of Commercial Bribery*, the *Tendering and Bidding Law of the People's Republic of China*, the *Law of the People's Republic of China on Administrative Discipline for Public Officials*, and the *Regulations on the Executives of State-owned Enterprises for Performing Management Duties with Integrity*. During the Reporting Period, the Group had no non-compliance incidents relating to the aspects above.

The Group has formulated a series of internal policies including the *Code of Conduct for Employees*, the *Code of Conduct for Leaders*, the *Policy for Employees' Reward and Punishment*, the *Whistleblowing Management Measures*, the *Integrity Risk Prevention and Control Checklist* and the *Internal Audit Work Management Regulations*. The Group further implements national relevant laws and regulations, and carries out work on anti-corruption and integrity. The Group advocates "law-abiding, loyal, clean and responsible" behaviours of employees, and requires employees to participate in the training of the *Code of Conduct for Employees* to deepen their understanding of professional ethics. In addition, the Group continued to promote the construction of an integrity culture. During the Reporting Period, the Group conducted quarterly training and internal meetings, and promoted anti-corruption knowledge across the Group to effectively communicate the Group's core values and culture.

During the Reporting Period, the Group made a plan for building a compliance management system and worked out a compliance management framework. All employees are required to sign compliance commitment, in which they agree to perform work duties with integrity and honesty, strictly comply with code of professional ethics and conduct, fight against and correct misconduct, and accept supervision. The Group also implements compliance management to raise employees' awareness of compliance, creating a clean and upright working atmosphere.



For business areas with relatively high risks of misconduct like procurement, the Group strengthens the management through measures such as authorisation and approval control, segregation of duties, and internal supervision. The Group has a specific requirement of 100% integrity commitment signing rate for suppliers shortlisted in procurement and key projects. Relevant personnel of procurement units should be clean and self-disciplined, and strictly comply with withdrawal regulation. They should also raise their awareness of confidentiality and not divulge information about private documents, bidders or suppliers, and bid evaluation or review. Besides, they should not violate legitimate rights and interests of the Group and other parties involved, and should not exclude any bidders from competition by any means. The Group has required supervisors' participation in procurement activities during the process, and video recordings of the whole procurement reviewing process. Procurement activities of subsidiaries are also subject to supervision and inspection to prevent corruption.


The Group has further specified the reporting measures regarding corruption and bribery and has improved the handling effectiveness and efficiency of the reporting cases. For verified violations, the Group strictly implements case requirements of superiors and relevant regulations, and controls the scope of informants. Case details and the whistleblowers' identities including their personal information are strictly kept confidential. In addition, in 2023, the Group carried out 7 economic responsibility audit and special audit projects, all covering audits for fraud issues. Each year, the Group carries out four inspections against "four malfeasances" of favouring form over substance, bureaucratism, hedonism and extravagance, and cooperates with auditors to carry out grassroots anti-corruption inspections on official vehicles, expense reimbursement and office housing, so as to ensure the effective operation of the integrity control mechanism.

In 2023

- The Group conducted training for independent directors on the "A Snapshot of Independent Non-executive Directors' Roles and Responsibilities" published by SEHK in November 2023, to enhance their awareness of integrity, and promote their performance and diligence with full understanding of their responsibilities.

Party Conduct Construction for Employees Self-Discipline

The Group held an education conference on the building of Party conduct in mid-year. At the meeting, the Group explained key provisions of the *Regulations on the State-Owned Enterprises for Performing Management Duties with Integrity* and prohibitions on it, and required employees to voluntarily abide by the laws and regulations to implement the rules on integrity. In addition, the Group conducts quarterly "Learning from Integrity" campaign, which urges employees to adhere to integrity as the bottom-line, with approximately 500 participants throughout the year.

 the Group conducts quarterly "Learning from Integrity" campaign, with approximately **500** participants



Anti-fraud Training - Fraud Case Around You

The Group conducts fraud case training one to two times each year for directors, leaders and key personnel from the headquarters, regional management companies, and subsidiaries. In 2023, the training included five kinds of negative cases, including "lack of segregation of duties" "false claims" "illegal secret accounts" "financial fraud" and "abusing corporate resources for personal gain". The case publicity training was a wake-up call for employees to further enhance the bottom-line awareness and promote the clean culture construction.



Compliance Training in 2023

Sustainable Supply Chain Management

The Group attaches importance to supply chain management. Pursuant to the *Tendering and Bidding Law of the People's Republic of China*, the *Regulation on the Implementation of Tendering and Bidding Law of the People's Republic of China* and other relevant laws and regulations, the Group has formulated a series of regulations including the *Measures for Procurement Management*, the *Supplier Management Measures*, the *Measures for Tendering Management*, the *Measures for Non-tendering Procurement Management*, and the *Regulation on Non-pipeline Gas Procurement Management*. Additionally, the application scope of tendering and non-tendering procurement and their specific processes are clearly presented in internal policies, ensuring that tendering and procurement are compliant and efficient.

The Group adheres to the principle of "openness, fairness, justness, integrity, and merit-pick" in selecting suppliers. Besides qualifications, credit and financial status, the Group also highlights environmental compliance, informatisation, safety management, and other aspects. For suppliers whom the Group cooperate with for the first time, the Group will conduct special factory review to assess the potential risks in terms of environmental and social responsibility issues. A supplier who has significant ESG risk and fails to rectify issues will be permanently blacklisted.

With implementation rules of reward and punishment in place, the Group promptly records supplier issues and solutions from departments and subsidiaries. Based on that, the Group makes an annual evaluation to review the compliance level and service capabilities of suppliers, and apply results to procurement review and grade adjustment, to maintain a stable supply chain. Suppliers with strong overall strength, good daily management, fine execution quality, and excellent performance will be rewarded by granting honours, rating increase, grade improvement, and share increase. Suppliers with weak overall strength, inadequate daily management, poor execution quality, and bad performance will be punished by means of notification, rating reduction, downgrading, share reduction, cancellation of eligibility for bidding, restriction of access, etc.

The Group also incorporates ESG factors into the supplier selection and access management, including safety, environmental protection and integrity requirements in the tendering rating system. Supplier candidates are required to sign the *Responder Integrity Commitment*. In addition, the Group has stated in the internal procurement policy that, under the same conditions, the priority will be given to suppliers with safety, environmental and quality certification or those who can provide environmental protection services, e.g., ISO 14000 Certification of Environmental Management System, ISO 9000 Certification of Quality Management System and ISO 45001 Certification of Occupational Health and Safety Management. The Group also evaluates environmental management measures of suppliers in aspects of product design, raw material selection, production, processing and packaging, etc. and requires that PE ball valve and other key products obtain certification of China environmental labelling products.

THE GROUP'S ESG PERFORMANCE DATA

Environmental Key Performance Indicators	Unit	2023	2022	2021
Resource Consumption				
Purchased Electricity	MWh	4,670.29	3,829.86	3,063.81
Purchased Natural Gas ¹	MWh	16,366.62	12,571.90	6,701.43
Diesel	MWh	498.69	494.22	445.12
Petrol	MWh	3,644.05	3,422.13	3,293.50
Total Energy Consumption and Intensity	MWh	25,179.65	20,318.10	14,043.86
	MWh/employee	14.37	11.80	8.39
Purchased Freshwater and Intensity	m ³	33,018.53	34,301.70	27,525.32
	m ³ /employee	18.85	19.92	16.44
Hazardous Waste Generation by Type²				
Electronic Waste	Tonnes	0.09	0.03	1.425
Batteries	Tonnes	0.09	0.07	0.04
Mercury-containing Light Tubes	Tonnes	0.05	0.02	0.01
Ink Cartridges	Tonnes	0.46	1.85	0.72
Odorant Waste Drums	Tonnes	1.80	1.55	0.86
Total Hazardous Waste Generation and Intensity	Tonnes	2.49	3.51	3.05
	kg/employee	1.41	2.04	1.82
Non-hazardous Waste Generation by Type³				
Papers	Tonnes	4.66	6.72	7.99
Waste Used Meters ⁴	Tonnes	335.59	295.54	63.54
Waste Used Pipes	Tonnes	536.50	457.19	335.65
Total Non-hazardous Waste Generation and Intensity	Tonnes	876.75	759.45	407.18
	kg/employee	500.43	441.02	243.24

¹ The large difference in statistics of purchased natural gas from 2022 and previous years is due to the increased office area and increased number of stations.

² The unit of hazardous waste disclosure from 2021 is unified as "tonnes", and the disclosure data of relevant hazardous wastes have undergone certain forms of estimation.

³ The unit of non-hazardous waste disclosure from 2021 is unified as "tonnes", and the disclosure data of relevant hazardous wastes have undergone certain forms of estimation.

⁴ In accordance with national regulations, residential metres have a lifespan of 10 years, and some overdue meters were replaced during the Reporting Period, resulting in an increase in the figures.

Environmental Key Performance Indicators	Unit	2023	2022	2021
Air Pollutant Emissions⁵				
Nitrogen Oxides (NO _x)	Tonnes	1.56	2.78	4.93
Sulphur Oxides (SO _x) ⁶	Tonnes	0.006	0.006	0.006
Particulate Matter (PM)	Tonnes	0.04	0.05	0.04
Greenhouse Gas Emissions				
Scope 1 — Direct Emissions⁷				
Fuel Combustion Emissions ⁸	Tonnes CO ₂ e	2,629.22	3,492.15	2,226.60
Methane Emission ⁹	Tonnes CO ₂ e	729.90	9,678.90	3,704.70
Scope 1 Total Emissions	Tonnes CO ₂ e	3,359.12	13,171.05	5,931.30
Scope 2 — Indirect Emissions⁷				
Purchased Electricity ¹⁰	Tonnes CO ₂	2,663.47	2,184.17	2,104.26
Scope 3 — Other Indirect Emissions				
Wastepaper Disposed at Landfill Sites ¹¹	Tonnes CO ₂ e	22.36	32.23	38.33
Business Travel ¹²	Tonnes CO ₂ e	28.40	11.77	21.15
Scope 3 Total Emissions	Tonnes CO ₂ e	50.76	44.00	59.48
Total Emissions of Greenhouse Gas and Intensity	Tonnes CO ₂ e	6,073.35	15,399.22	8,095.05
	Tonnes CO ₂ e/ employee	3.47	8.94	4.84

⁵ The calculation of atmospheric pollutant emissions includes the use of vehicles and natural gas (including production and domestic gas), but it is not included in the calculation scope due to the relatively small fuel consumption of generators. Among them, the scope of vehicle calculation includes vehicles owned and operated by the Group. The calculation method and related emission coefficient calculation of vehicle air pollutant emissions are formulated in accordance with the *Technical Guidelines for Compilation of Road Motor Vehicle Air Pollutant Emission List (Trial)* issued by the National Development and Reform Commission of the People's Republic of China. The calculation methods and related emission coefficients for atmospheric pollutants generated from natural gas use in 2022 and 2023 are based on the *Handbook of Accounting Methods and Coefficients for Emission Source Statistics and Pollutant Discharge* issued by the Ministry of Ecology and Environment of the People's Republic of China. Among them, production gas is calculated based on the *Handbook of Accounting Methods and Coefficients for Industrial Source Pollution*, while domestic gas is calculated based on the *Handbook of Accounting Methods and Coefficients for Domestic Source Pollution*. The calculation method and related emission coefficients for natural gas atmospheric pollution emissions in 2021 were formulated based on the *Handbook of Urban Domestic Source Production and Emission Coefficients for the First National Pollution Source Census* and the *Handbook of Industrial Pollution Source Production and Emission Coefficients for the First National Pollution Source Census* issued by the State Council.

⁶ The natural gas used by the Group has all been desulfurised, and the amount of sulphur oxides produced is extremely small, so the calculation scope of sulphur oxides only includes the use of vehicles. The calculation method and related emission factors for greenhouse gas emissions from vehicles and natural gas use refer to the revised version of the *2006 IPCC National Greenhouse Gas Inventory Guidelines 2019* released by the Intergovernmental Panel on Climate Change.

⁷ The greenhouse gas accounting method is financial control.

⁸ The Group's fossil fuel combustion emissions mainly come from vehicle use and natural gas use (including natural gas used in production and domestic use). The emission from power generators is not included in the calculation due to their low fuel usage. The calculation method and related emission factors for greenhouse gas emissions from vehicles and natural gas use refer to the revised version of the *2006 IPCC National Greenhouse Gas Inventory Guidelines 2019* released by the Intergovernmental Panel on Climate Change.

⁹ The greenhouse gas emissions calculation includes methane emissions from the Group's production process. The methane emission data for 2023 has significantly decreased compared to previous years, due to the overall pipeline cutting and renovation of the group, which has resulted in a decrease in the amount of venting involved in process pipelines and pipeline construction. Therefore, the total data for Scope 1 during this reporting period has decreased.

¹⁰ The grid emission factors used in the 2022 and 2023 GHG emissions calculation for purchased electricity are in accordance with the Notice on the Management of Greenhouse Gas Emission Reports of Enterprises in the Power Generation Industry for 2023-2025 issued by the Ministry of Ecology and Environment of the PRC. The calculation method and related emission factor calculation method for the greenhouse gas emissions of purchased electricity in 2021 are based on the power grid emission factors in the *Guidelines for Accounting Methods and Reporting of Enterprise Greenhouse Gas Emissions for Power Generation Facilities (2021 Revised Edition)* issued by the Ministry of Ecology and Environment of the PRC.

¹¹ The calculation method of GHG emissions and the calculation of the relevant emission factors are based on the *Guidelines for Accounting and Reporting of Greenhouse Gas Emissions and Removals from Buildings (Commercial, Residential or Public) in Hong Kong (2010 Edition)* issued by the Hong Kong Electrical and Mechanical Services Department and the Environmental Protection Department.

¹² The calculation method and related emission coefficients for greenhouse gas emissions are based on the *Carbon Emission Coefficient 2022 of the Ministry of Ecology and Environment*, and the coefficients used are the average values of aviation (passenger transportation).

Social Key Performance Indicators	Unit	2023	2022	2021
Total Number of Employees	Persons	1,752	1,722	1,674
Number of Employees by Employment Type				
Contract Employees	Persons	1,752	1,722	1,674
Dispatched Employees	Persons	0	0	0
Number of Employees by Region				
Hebei, Beijing, Tianjin	Persons	1,017	1,009	994
Shandong	Persons	293	285	277
Zhejiang, Hunan, Jiangxi	Persons	242	238	229
Jiangsu, Anhui	Persons	195	185	168
Other areas	Persons	5	5	6
Number of Employees by Gender				
Male	Persons	1,219	1,187	1,141
Female	Persons	533	535	533
Number of Employees by Age Group				
25 or Below	Persons	91	107	125
26-35	Persons	671	693	684
36-50	Persons	834	767	716
51 or Above	Persons	156	155	149
Number of Employees by Academic Qualification				
Bachelor's Degree or Above	Persons	623	566	523
College Diploma	Persons	525	523	516
Senior High School or Technical Secondary School	Persons	457	470	463
Junior High School or Below	Persons	147	163	172
Percentage of Employee Turnover by Employment Type				
Contract Employees	%	7.89	6.62	7.10
Dispatched Employees	%	0	0	0
Percentage of Employee Turnover by Gender				
Male	%	8.00	6.76	6.70
Female	%	7.63	6.30	7.94
Percentage of Employee Turnover by Age Group				
25 or Below	%	10.78	9.32	5.30
26-35	%	7.45	6.73	7.69
36-50	%	5.55	5.31	6.28
51 or Above	%	18.75	10.40	9.70

Social Key Performance Indicators	Unit	2023	2022	2021
Percentage of Employee Turnover by Region				
Hebei, Beijing, Tianjin	%	6.61	6.66	6.67
Shandong	%	8.72	6.56	6.73
Zhejiang, Hunan, Jiangxi	%	10.04	9.51	8.76
Jiangsu, Anhui	%	10.55	2.12	8.20
Other Areas	%	0	16.67	0
Training and Development of Employees ¹³				
Total Number of Training Hours Received by Employees	Hours	43,327	55,184	65,999
Average Training Hours Received by Gender				
Male	Hours	27	39	43
Female	Hours	21	17	31
Average Training Hours Received by Employment Level				
Senior Management	Hours	6	3	2
Middle Management	Hours	32	96	12
General Employee	Hours	25	31	40
Percentage of Employees (by Gender) that Received Training ¹⁴				
Male	%	100.00	68.93	68.20
Female	%	100.00	31.07	31.80
Percentage of Employees (by Employment Level) that Received Training				
Senior Management	%	100.00	0.41	0.36
Middle Management	%	100.00	1.39	1.32
General Employee	%	100.00	98.20	98.32
Number and Ratio of Work-related Fatalities				
Number of Persons	Persons	0	0	0
Ratio	%	0	0	0
Number of Working Days Lost Due to Work-related Injuries				
Number of working days lost	Days	68	164	399
Number of Suppliers by Region ¹⁵				
Hebei, Beijing, Tianjin	Number of suppliers	48	68	81
Shandong	Number of suppliers	29	32	33
Zhejiang, Hunan, Jiangxi	Number of suppliers	17	31	35
Jiangsu, Anhui	Number of suppliers	17	15	18
Other Areas	Number of suppliers	25	32	26

¹³ The statistical method of employee training hours from 2021 is the sum of training hours of all trained employees.

¹⁴ The calculation method for employee training rate from 2021 to 2022 is as follows: the training rate of employees in the relevant category = the number of employees trained in the relevant category divided by the total number of trained employees. In 2023, the calculation method was adjusted to the number of employees trained in the relevant category divided by the total number of employees in that category.

¹⁵ The supplier data does not include gas source suppliers. Regarding the practices of hiring suppliers as outlined in the "Sustainable Supply Chain Management" section of the Report, the number of suppliers who have implemented relevant practices to the Group is all listed here.

LAWS AND REGULATIONS WHICH HAVE A SIGNIFICANT IMPACT ON THE GROUP

Aspect	Operating Location	Relevant Laws, Regulations and Policy Standards
<p>Relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste</p> <p>Relating to the efficient use of resources, including energy, water and other raw materials</p> <p>Relating to minimising the issuer's significant impacts on the environment and natural resources</p>	Mainland China	<p><i>Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution</i></p> <p><i>Noise Pollution Prevention and Control Law of the People's Republic of China</i></p> <p><i>Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste</i></p> <p><i>Water Pollution Prevention and Control Law of the People's Republic of China</i></p> <p><i>Soil Pollution Control Law of the People's Republic of China</i></p> <p><i>Water and Soil Conservation Law of the People's Republic of China</i></p> <p><i>Environmental Protection Law of the People's Republic of China</i></p> <p><i>Environmental Impact Assessment Law of the People's Republic of China</i></p> <p><i>Clean Production Promotion Law of the People's Republic of China</i></p> <p><i>Energy Conservation Law of the People's Republic of China</i></p> <p><i>Emission Standard of Environment Noise for Boundary of Construction Site</i> (GB 12523-2011)</p> <p><i>Standards for Pollution Control of Hazardous Waste Storage</i> (GB 18597-2023)</p> <p><i>National Hazardous Waste List</i></p>
		<p><i>Work Safety Law of the People's Republic of China</i></p> <p><i>Emergency Response Law of the People's Republic of China</i></p> <p><i>Law of the People's Republic of China on the Prevention and Control of Occupational Diseases</i></p> <p><i>Fire Protection Law of the People's Republic of China</i></p> <p><i>Regulations on Emergency Response to Work Safety Accidents</i></p> <p><i>Regulations on the Safety Management of Construction Projects</i></p> <p><i>Measures for the Supervision and Administration of "Three Simultaneities" for Safety Facilities of Construction Projects</i></p> <p><i>Measures for the Supervision and Administration of "Three Simultaneities" of Facilities for the Prevention and Control of Occupational Diseases of Construction Projects</i></p> <p><i>Measures for the Supervision and Administration of Employers' Occupational Health Surveillance</i></p> <p><i>Regulations on the Administration of Urban Gas</i></p> <p><i>Project Code for Gas Engineering</i> (GB 55009-2021)</p> <p><i>Code for Construction Project Management</i> (GB/T 50326-2017)</p> <p><i>Safety Signs and Guideline for Use</i> (GB 2894-2008)</p> <p><i>Technical Specifications for Occupational Health Surveillance</i> (GBZ 188-2014)</p>

Aspect	Operating Location	Relevant Laws, Regulations and Policy Standards
<p>Relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare</p>	Mainland China	<p><i>Labour Law of the People's Republic of China</i></p> <p><i>Labour Contract Law of the People's Republic of China</i></p>
	Hong Kong China	<i>Employment Ordinance</i>
<p>Preventing child and forced labour</p>	Mainland China	<i>Provisions on the Prohibition of Using Child Labour</i>
	Hong Kong China	<i>Regulations of Child Employment</i>
<p>Relating to managing environmental and social risks of the supply chain</p>	Mainland China	<p><i>Tendering and Bidding Law of the People's Republic of China</i></p> <p><i>Regulation on the Implementation of Tendering and Bidding Law of the People's Republic of China</i></p>
	Mainland China	<p><i>Technical Specification for Gas Alarm and Control System</i> (CJJ/T 146-2011)</p> <p><i>Protection of Consumer Rights and Interests Law of the People's Republic of China</i></p> <p><i>E-Commerce Law of the People's Republic of China</i></p> <p><i>Advertising Law of the People's Republic of China</i></p> <p><i>Trademark Law of the People's Republic of China</i></p> <p><i>Patent Law of the People's Republic of China</i></p> <p><i>Copyright Law of the People's Republic of China</i></p> <p><i>Cybersecurity Law of the People's Republic of China</i></p> <p><i>Regulations of the People's Republic of China on Protecting the Safety of Computer Information Systems</i></p> <p><i>Administrative Measures for the Multi-Level Protection of Information</i></p>
<p>Regulation on the Implementation of Tendering and Bidding Law of the People's Republic of China</p> <p>Relating to bribery, extortion, fraud and money laundering</p>	Mainland China	<p><i>Criminal Law of the People's Republic of China</i></p> <p><i>Supervision Law of the People's Republic of China</i></p> <p><i>Anti-Unfair Competition Law of the People's Republic of China</i></p> <p><i>Anti-Money Laundering Law of the People's Republic of China</i></p> <p><i>Law of the People's Republic of China on Administrative Discipline for Public Officials</i></p> <p><i>Interim Provisions on Prohibition of Commercial Bribery</i></p> <p><i>Regulations on the State-owned Enterprises for Performing Management Duties with Integrity</i></p>
	Hong Kong China	<i>Prevention of Bribery Ordinance</i>

SEHK'S ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE CONTENT INDEX

Mandatory Disclosure Requirements		
Mandatory Disclosure Requirements	Description	The relevant section of this report or other description
Governance structure	A statement from the board containing the following elements: (i) a disclosure of the board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses	SUSTAINABLE DEVELOPMENT MANAGEMENT
Reporting Principles	Describe or explain how the following reporting principles were applied in the preparation of the ESG report: materiality, quantitative, consistency	ABOUT THE REPORT, SUSTAINABLE DEVELOPMENT MANAGEMENT
Reporting Scope	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change	ABOUT THE REPORT
"Comply or explain" Provisions		
General Disclosures and KPIs	Description	Relevant Chapter(s) of this Report or Other Explanation
Environmental		
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	GREEN DEVELOPMENT, LAWS AND REGULATIONS WHICH HAVE A SIGNIFICANT IMPACT ON THE GROUP
KPI A1.1	The types of emissions and respective emissions data	ESG PERFORMANCE DATA
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility)	ESG PERFORMANCE DATA
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility)	ESG PERFORMANCE DATA
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility)	ESG PERFORMANCE DATA
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them	GREEN DEVELOPMENT
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them	GREEN DEVELOPMENT
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	GREEN DEVELOPMENT, LAWS AND REGULATIONS WHICH HAVE A SIGNIFICANT IMPACT ON THE GROUP

General Disclosures and KPIs	Description	Relevant Chapter(s) of this Report or Other Explanation
KPI A2.1	Direct and/or indirect energy consumption by type (e.g., electricity, gas or oil) in total (kWh in '000s) and intensity (e.g., per unit of production volume, per facility)	ESG PERFORMANCE DATA
KPI A2.2	Water consumption in total and intensity (e.g., per unit of production volume, per facility)	ESG PERFORMANCE DATA
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them	GREEN DEVELOPMENT
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them	GREEN DEVELOPMENT
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	Not applicable ¹⁶
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources	GREEN DEVELOPMENT, LAWS AND REGULATIONS WHICH HAVE A SIGNIFICANT IMPACT ON THE GROUP
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	GREEN DEVELOPMENT
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer	GREEN DEVELOPMENT
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them	GREEN DEVELOPMENT
Social		
Employment and Labour Practices		
Aspect B1: Employment		
General Disclosure	Information on: (a) The policies; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer Relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	HARMONY AND WIN-WIN DEVELOPMENT, LAWS AND REGULATIONS WHICH HAVE A SIGNIFICANT IMPACT ON THE GROUP
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region	ESG PERFORMANCE DATA
KPI B1.2	Employee turnover rate by gender, age group and geographical region	ESG PERFORMANCE DATA
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) The policies; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer Relating to providing a safe working environment and protecting employees from occupational hazards	HARMONY AND WIN-WIN DEVELOPMENT, LAWS AND REGULATIONS WHICH HAVE A SIGNIFICANT IMPACT ON THE GROUP

¹⁶ As the Group does not use packaging materials, this KPI is not applicable.

General Disclosures and KPIs	Description	Relevant Chapter(s) of this Report or Other Explanation
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the Reporting Period	HARMONY AND WIN-WIN DEVELOPMENT, ESG PERFORMANCE DATA
KPI B2.2	Lost days due to work injury	HARMONY AND WIN-WIN DEVELOPMENT, ESG PERFORMANCE DATA
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored	HARMONY AND WIN-WIN DEVELOPMENT
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	HARMONY AND WIN-WIN DEVELOPMENT
KPI B3.1	The percentage of employees trained by gender and employee category (e.g., senior management, middle management)	ESG PERFORMANCE DATA
KPI B3.2	The average training hours completed per employee by gender and employee category	ESG PERFORMANCE DATA
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) The policies; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer Relating to preventing child and forced labour	HARMONY AND WIN-WIN DEVELOPMENT, LAWS AND REGULATIONS WHICH HAVE A SIGNIFICANT IMPACT ON THE GROUP
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour	HARMONY AND WIN-WIN DEVELOPMENT
KPI B4.2	Description of steps taken to eliminate such practices when discovered	HARMONY AND WIN-WIN DEVELOPMENT
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain	BUILDING A SOLID FOUNDATION
KPI B5.1	Number of suppliers by geographical region	ESG PERFORMANCE DATA
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored	BUILDING A SOLID FOUNDATION, ESG PERFORMANCE DATA
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	BUILDING A SOLID FOUNDATION
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	BUILDING A SOLID FOUNDATION

General Disclosures and KPIs	Description	Relevant Chapter(s) of this Report or Other Explanation
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) The policies; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer Relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods and redress	HARMONY AND WIN-WIN DEVELOPMENT, BUILDING A SOLID FOUNDATION, LAWS AND REGULATIONS WHICH HAVE A SIGNIFICANT IMPACT ON THE GROUP
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	HARMONY AND WIN-WIN DEVELOPMENT
KPI B6.2	Number of products and service related complaints received and how they are dealt with	HARMONY AND WIN-WIN DEVELOPMENT
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	BUILDING A SOLID FOUNDATION
KPI B6.4	Description of quality assurance process and recall procedures	HARMONY AND WIN-WIN DEVELOPMENT
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored	BUILDING A SOLID FOUNDATION
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) The policies; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer Relating to bribery, extortion, fraud and money laundering	BUILDING A SOLID FOUNDATION, LAWS AND REGULATIONS WHICH HAVE A SIGNIFICANT IMPACT ON THE GROUP
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases	BUILDING A SOLID FOUNDATION
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored	BUILDING A SOLID FOUNDATION
KPI B7.3	Description of anti-corruption training provided to directors and staff	BUILDING A SOLID FOUNDATION
Community		
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	HARMONY AND WIN-WIN DEVELOPMENT
KPI B8.1	Focus areas of contribution (e.g., education, environmental concerns, labour needs, health, culture, sport)	HARMONY AND WIN-WIN DEVELOPMENT
KPI B8.2	Resources contributed (e.g., money or time) to the focus area	HARMONY AND WIN-WIN DEVELOPMENT

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