

# 2023

## Environmental, Social and Governance Report

Huzhou Gas Co., Ltd.\* 06661.HK  
湖州燃气股份有限公司



\*For identification purposes only

# About this Report

This report is the second Environmental, Social and Governance (hereinafter referred to as "ESG") report (hereinafter referred to as "this Report"). This report is a true reflection of Huzhou Gas's active economic, social and environmental responsibilities and sustainable development, as well as its response to important issues of concern to stakeholders. This report is reviewed by the Board of Directors of our Company and is responsible for the authenticity and validity of the information contained.



## Report time

The time limit of this report is from January 1 to December 31, 2023, some parts are beyond the above scope.



## Scope of Report

This report covers Huzhou Gas Co., Ltd. and its subsidiaries.



## Data Sources

All information data comes from the company's official documents, statistical reports and financial reports, as well as environmental, social and governance information that is counted, summarized and reviewed by the company. This report is prepared in accordance with the principles of materiality, quantitative, balance and consistency in reporting, and published in Chinese and English. If there is any inconsistency, please use the Chinese version. If not specified, the currency unit is RMB.



## Basis of Compilation

This report refers to Appendix C2 to the Rules Governing the Listing of Securities in The Stock Exchange of Hong Kong Limited (the "SEHK") - "Reporting Guidelines for the Environmental, Social and Governance" (the "ESG Guidelines") and GRI Standards and other standards issued by the Global Committee on Sustainable Development Standards (GSSB).



## Appellate Description

For the convenience of expression and reading, Huzhou Gas Co., Ltd. uses "Huzhou Gas", "Company" and "we" respectively in the report.



## Report Obtainment

This report is available on the website of the Stock Exchange of Hong Kong ([www.hkex.com.hk](http://www.hkex.com.hk)) and our company website ([www.hzrqgf.com](http://www.hzrqgf.com)) for download and browse.

# Catalogue

Chairman Speech	04
Board Statement	06
About Huzhou Gas	07

## 01

<b>Strong Corporate Governance</b>	<b>09</b>
ESG Management	10
ESG Objectives	10
Stakeholders	11
Important Issues	12
Business Ethics	14

## 02

<b>Empower Business with Safety</b>	<b>16</b>
System Security	17
Work Safety	18
Customer Safety	21
Privacy Security	22
Intellectual Property Rights and Security	23
Supply Chain Security	23



# 03

Create Ecological Green	26
Climate Change	27
Green Environment	28
Clean Energy	30
Ecological Protection	32

# 04

Provide Humanistic Care	33
Employee Rights and Interests	34
Talent Recruitment	36
Employee Welfare	37
Employee Development	38
Public Welfare	41

Future Expectations 44

## Schedule :

ESG Performance Indicator Table	45
Stock Exchange ESG Index	47



# Chairman Speech



2023 is the second year of development for Huzhou Gas after its debut in the Hong Kong stock market. During this year, we have received unprecedented attention and also felt greater responsibility and pressure. This has led us to think more about our social values and responsibilities in exploring the direction of enterprise development. As a state-owned enterprise in green energy, we have always taken it as our responsibility to promote low-carbon and ecological development in the economy and society. We continue to deepen our efforts in the field of clean energy, work together with partners, and contribute more to the construction of a green and beautiful home.

## **Adhere to high-quality development - quality, safety, responsibility**

This year, we have anchored a high-quality development path, promoted the development of the "1+3+N" industry, deeply integrated ESG concepts into our corporate development strategy, and continued to create a "quality gas, quality life". Put gas safety in a prominent and important position, improve the safety production responsibility system from horizontal to edge and vertical to bottom, actively assume the responsibility of state-owned enterprises for the people, and empower and assist economic development and the needs of people's better lives. Strictly adhere to the bottom line of compliance in daily operations, comprehensively deepen risk prevention and control management, cultivate a "professional, efficient, and clean" workforce, and continuously improve the level of corporate governance.

## **Adhere to iterative development - innovation, breakthrough, and promising**

This year, we have always regarded creating value for customers and society as the starting point of all businesses, committed to improving core capabilities through transformation and iteration, and have made breakthroughs in industrial development and technological innovation. The daily gas supply has exceeded the 2 million cubic meters mark for the first time, and currently reaches a peak of 2.29 million cubic meters per day. Establish a Research and Technology Innovation Committee, actively apply for high-tech enterprises, sign cooperation agreements with Zhejiang University of Water Resources and Hydro-power, carry out ISO9001 quality management system certification and apply for local standards in Huzhou, and have obtained two invention patent certificates.

## **Adhere to sustainable development - green, low-carbon, and environmentally friendly**

This year, we have focused on the national "dual carbon" strategic goals and made effort to

protect the clear waters and blue sky. Adhering to the characteristics of clean energy management, we will further promote the improvement and expansion of the distributed photovoltaic industry. We will add 17 megawatts of grid connected photovoltaic projects, with a cumulative capacity of 22 megawatts in operation. We can provide 23.5 million kilowatt hours of clean electricity annually, which is equivalent to saving 7,746 tons of standard coal. Build a diversified energy system, expand new energy formats such as electricity, energy storage, and pan energy, promote further greening and low-carbon industrial structure, and explore the best path for environmental protection, energy conservation and carbon reduction, and green sustainable development.

#### Adhere to the development of digitalization and intelligence - technology, cooperation, and the future

This year, we have increased our technological transformation and investment, completed the system upgrade of the "Smart Cloud" platform version 2.0, built a digital operation and maintenance main platform, expanded more application scenarios, and achieved multi-dimensional collaborative interaction between the digital operation and maintenance center and the business and user ends. Actively carrying out cross regional linkage, signing a strategic cooperation agreement with the company Huzhou Huiwen Sensing Technology, conducting in-depth cooperation in the field of clean energy digitization, achieving perfect integration and integrated development of industry, academia, and research, integrating intelligent IoT technology with diversified gas application scenarios, and deeply exploring the value brought by digital technology.

Only by walking without stopping can we achieve great success. In the future, Huzhou Gas will deeply practice the ESG development concept, firmly move forward on the green road of clean energy and sustainable development, further focus on product and technological innovation, and open a new stage of high-quality development. We will continue to care for our employees and benefit the people, and repay society with our own continuous optimization of governance and value realization. In an environment full of uncertainty, we will work together with all internal and external partners to advance and grow together, building a green, low-carbon, harmonious coexistence, and more resilient future.



# Board Statement



Huzhou Gas is committed to improving and deepening sustainable business practices, establishing and improving ESG governance mechanisms, striving to integrate harmoniously with the environment and society, and creating long-term stable environmental, social and corporate values. The Board of Directors attaches great importance to the sustainable development of Huzhou Gas, so it has set up an ESG working group to assist the Board in formulating the company's ESG-related strategies and supervising the implementation of ESG measures. At the same time, an ESG working group composed of multiple functional departments has been set up to ensure that various areas of ESG are integrated into the company's daily management and operation, and that relevant ESG risks are identified and properly managed. We regularly hold internal and external activities to closely communicate with stakeholders, identify and evaluate important ESG issues, and discuss and review the evaluation results in the ESG working group. Based on the external macro environment and the company's development strategy, the ESG working group discusses and identifies the company's risks and opportunities in environmental, social and corporate governance, and takes the management and improvement of key issues as the annual sustainable development strategy.

This year, in order to successfully complete carbon peak in 2030 and prepare for carbon neutrality in 2050, Huzhou Gas has set per capita energy consumption targets according to its core business according to the company's long-term development strategy, and has included them in the ESG targets. On the basis of target setting, we formulate detailed carbon emission reduction path and action plan to achieve health and safety targets. The board of Directors will monitor and review the achievement of targets, and continuously improve and enhance the company's sustainable development performance.

This report fully discloses the progress and effectiveness of Huzhou Gas's ESG work in 2023, and was approved by the ESG Working Group and the Board of Directors on March 28, 2024.



# About Huzhou Gas

Huzhou Gas Co., Ltd. (hereinafter referred to as "Huzhou Gas"), founded in June 2004, is jointly invested and established by Huzhou City Investment and Development Co., Ltd.\* (湖州市城市投資發展集團有限公司), and Xinao (China) Gas Investment Company Limited\* (新奧(中國)燃氣投資有限公司), and listed on the main board of the Hong Kong Stock Exchange on July 13, 2022, becoming the first state-owned holding listed company independently cultivated in Huzhou, stock code: 6661.HK. The company actively responds to the call for green, energy saving and low carbon, focuses on operating urban natural gas, and promotes multi-frequency businesses such as gas, heat, cold and electricity in a coordinated manner, and is committed to becoming a green and diversified integrated energy service provider.

Under the guidance of the development strategy of "improving the main business, expanding the emerging, horizontal layout and vertical extension", Huzhou Gas strives to realize the development of the whole industry chain of upstream resource supply, midstream pipeline construction and downstream customer terminal, invests in the construction of Xiqimen Station,

Chuanqimen Station, emergency storage and distribution station and other projects in the lake, and continuously extends to the new energy fields such as universal energy and photovoltaic, to maintain the incremental demand for clean energy by economic and social development.

Huzhou Gas always puts Safety Production in the first place, establishes and improves the long-term control mechanism for hidden dangers, guards the safety of more than 3,500 kilometers of natural gas pipeline network and more than 280,000 customers, actively uses big data, visualization, Internet of Things and other technological Methods to upgrade the risk early warning and safety management level to a new level, ensures the safe and stable supply of gas, earnestly fulfills corporate social responsibility, promotes the quality development of economy and society with the main responsibility, and escort the happy life of thousands of families with professional services.

Awards: In 2023, our company won the Outstanding Achievement Award for Compliance Management of State owned Enterprises in Huzhou City.

\*For identification purposes only







## Awards and honors

Huzhou Gas won the **Outstanding Achievement Award for Compliance Management of State owned Enterprises in Huzhou City of 2023** award



Provincial level	Zhejiang Federation of Trade Unions, Zhejiang Gas Association	Second prize of gas supply attendant (pipeline gas customer service officer)
Provincial level	Zhejiang Federation of Trade Unions, Zhejiang Gas Association	Third prize of gas supply attendant (pipeline gas customer service officer)
Provincial level	Zhejiang Provincial Human Resources and Social Security Department Communist Youth League Zhejiang Provincial Committee	Zhang Jinlong of Huzhou Gas Co., Ltd. was selected into the training project of "Zhejiang Young Craftsman"
City level	Huzhou Municipal Bureau of Housing and Urban-Rural Development, Huzhou Municipal Gas Association	2022 Advanced unit of safety production
City level	Huzhou State owned Assets Supervision and Administration Commission	Outstanding Achievement Award for Compliance Management of State owned Enterprises in Huzhou City of 2023
City level	Huzhou Municipal Archives Bureau	Huzhou City Archives Business Construction Evaluation Qualified Archives of 2023

# 1 Strong Corporate Governance

The major ESG issues addressed in this chapter are

- Impact of operations on the environment and natural resources

The ESG indicators of the SEHK covered in this chapter are

- B7 Anti-Corruption



## ESG Management

To better realize the standardization of sustainable development and professional management, Huzhou gas built including the board of directors, ESG working group, ESG management system, and the ESG internal management mechanism, workflow and information disclosure to further carding and perfect, constantly optimize company ESG governance and management ability, make ESG quantitative management into corporate governance and daily control.

The ESG working group of the company is composed of ESG leading group and ESG executive group. The specific organizational structure is as follows.



## ESG Objectives

Huzhou Gas has formulated a number of management objectives for key sustainable development issues, regularly tracked and continuously reviewed the achievement of the objectives, and integrated targeted improvement measures into the annual work plans of relevant departments to ensure the practical implementation of the management objectives.

For example:

- ✓ By 2025, the company will achieve an energy consumption density of less than **5 megawatt hours** per employee.
- ✓ By 2025, the company's water consumption density will be below **70 tons** per employee.
- ✓ By 2025, the "accident rate per million hours worked" will be reduced to **0.1%**.
- ✓ Maintain **100%** resolution rate of customer complaints.
- ✓ Maintain the door-to-door security check rate of **85%**.
- ✓ Maintain **0** accident occurrence.

## Stakeholders

Huzhou Gas adheres to the core value of sustainable development and integrates the ESG strategy into the company's daily operations and management. We attach importance to the demands and opinions of stakeholders, and maintain regular communication with stakeholders through various channels, so as to identify the sustainability issues closely related to Huzhou Gas and report to the board of directors as the basis for formulating the ESG strategy. We are committed to implementing the United Nations Global Sustainable Development Goals and promoting the sustainable development of multi-win-win enterprises.

Interested parties	Communication mode
Company operator	Board of directors/Daily communication (telephone, online communication and meeting)/Announcement and notice letter/Interim report and annual report/Company website
Government / regulatory agencies	Daily communication/Information submitted/routine inspection/Special report/Cooperation between government and enterprise projects/Participate in relevant policy formulation
Staff	Staff meeting/Work evaluation/Employee activities/Training/discussion
Client	Hot-wire telephone/customer care center/Customer satisfaction survey and opinion form/Online service platform/Regular door-to-door
Suppliers and Contractors	Supplier evaluation system/on-the-spot investigation/Supplier meeting
Community	Carry out public welfare activities/environmental protection activity/Lecture/discussion
Public interest organizations / trade associations	Lecture/discussion/Participate in related activities

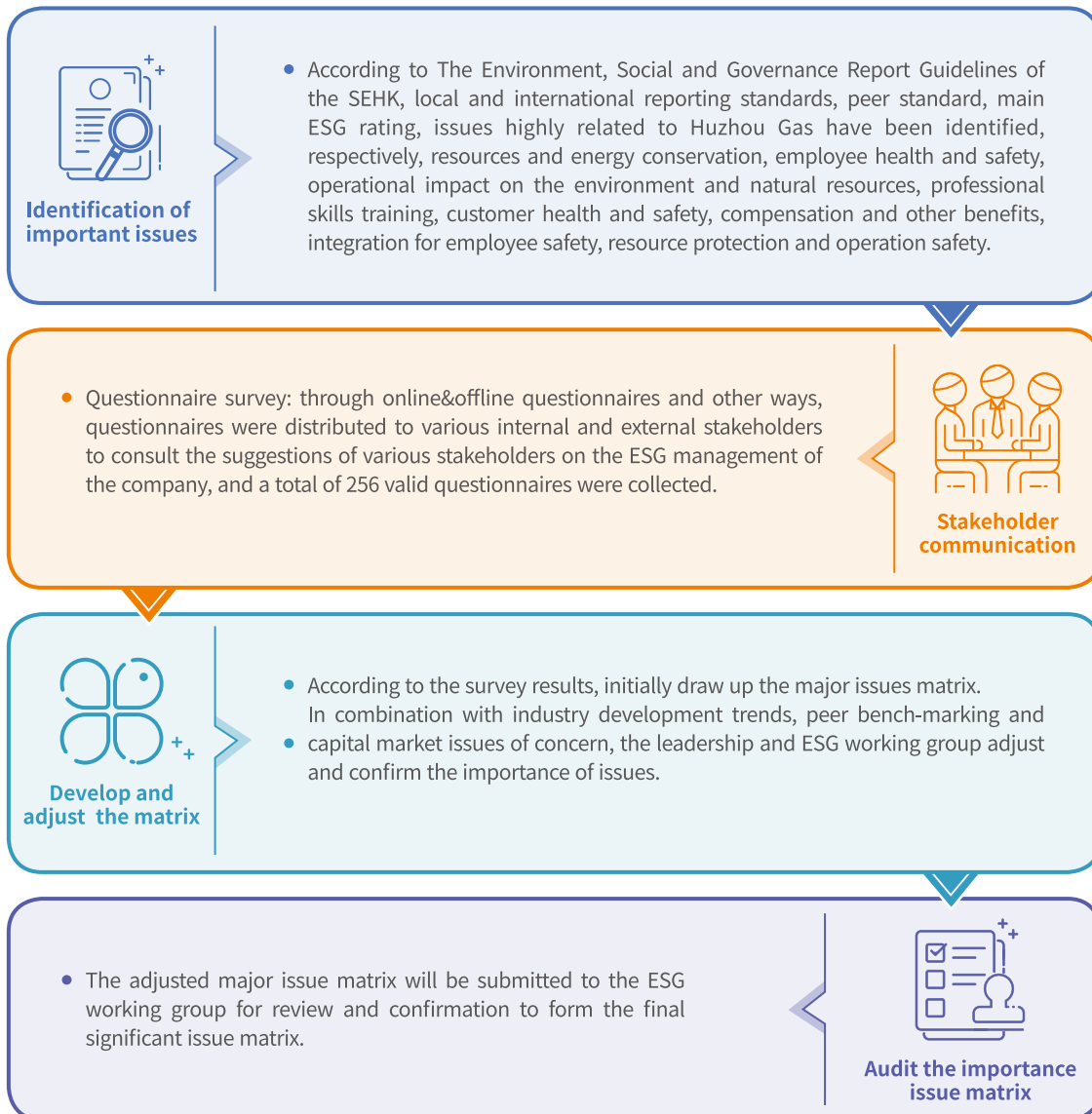


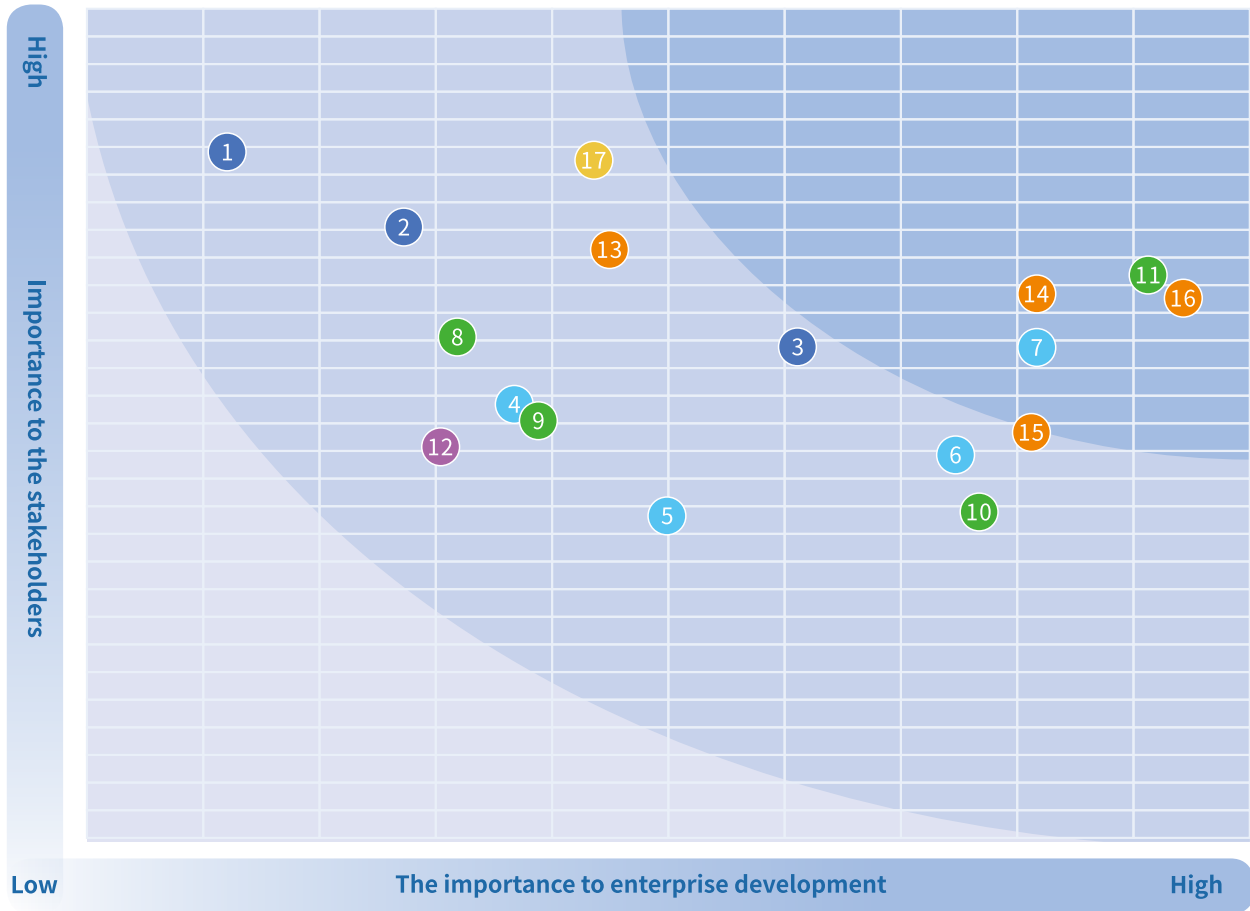
## Important Issues

We communicate with different categories of stakeholders through different channels to understand their views and expectations of the company and establish a long-term and trusting relationship to determine the areas to be covered by this report.

Huzhou Gas regularly evaluates the major issues of ESG. In 2023, we conducted a comprehensive and in-depth stakeholder survey based on the four steps of Identification of Importance Issues - stakeholders' - Development and Adjustment of the Matrix - Audit of Importance Issues Matrix.

### Importance issue identification process





- |   |  |
|---|--|
| <ul style="list-style-type: none"> <li>① Health and safety protection of the employees</li> <li>② Customer privacy protection</li> <li>③ Anti-corruption</li> <li>④ Product and service responsibilities</li> <li>⑤ IPR</li> <li>⑥ Response to climate change that could have an impact on businesses</li> <li>⑦ Green house gas emission</li> <li>⑧ Safe and stable gas supply</li> <li>⑨ Supply chain management situation</li> </ul> | <ul style="list-style-type: none"> <li>⑩ Impact of operations on the environment and natural resources</li> <li>⑪ Earnings and performance</li> <li>⑫ Social contribution</li> <li>⑬ Customer health and safety</li> <li>⑭ Resource and energy conservation</li> <li>⑮ Pollutant emissions</li> <li>⑯ Product technology and innovation</li> <li>⑰ Vocational skills training for the employees</li> </ul> |
|---|--|

## Business Ethics

Huzhou Gas is committed to maintaining the highest standards of business ethics and behavior. By strictly complying with the relevant national laws and regulations, Huzhou Gas has formulated more stringent business ethics and behavior guidelines and norms, as well as supervision and processing procedures and detailed rules, so as to strengthen the company's compliance management and improve its own business ethics level.

 External laws and regulations	 Internal policies and systems
<ul style="list-style-type: none"> <li>● <i>Company Law of the People's Republic of China</i></li> <li>● <i>Anti Unfair Competition Law of the People's Republic of China</i></li> <li>● <i>Interim Provisions on Prohibiting Commercial Bribery</i></li> <li>● <i>The Criminal Law of the People's Republic of China</i></li> <li>● <i>Criminal Procedure Law of the People's Republic of China</i></li> <li>● <i>Rules for Listing on the Main Board of the Stock Exchange of Hong Kong Limited</i></li> <li>● <i>Opinions on Further Promoting the Standardized Operation and Deepening Reform of Overseas Listing Rules</i></li> <li>● <i>Measures for the Supervision and Administration of State owned Assets Trading in Enterprises</i></li> <li>● <i>Anti Unfair Competition Law</i></li> </ul>	<ul style="list-style-type: none"> <li>● <i>Huzhou Gas Co., Ltd.'s "Three Major and One Large" Decision System and Implementation Plan</i></li> <li>● <i>Management System for Related Transactions and Major Transactions of Huzhou Gas Co., Ltd</i></li> <li>● <i>Key Points for Party Conduct and Clean Governance Construction and Anti Corruption Work of Huzhou Gas in 2023</i></li> <li>● <i>Measures for the Supervision and Management of Gas Cadres and Employees in Huzhou beyond Eight Hours</i></li> <li>● <i>Report Policy of Huzhou Gas Co., Ltd</i></li> <li>● <i>Huzhou Gas Occupational Discipline Management Measures</i></li> </ul>

According to the Reporting Policy of Huzhou Gas Co., Ltd., the company has opened internal real name or anonymous reporting/complaint channels for employees, as well as external real name or anonymous reporting/complaint channels, strictly protecting effective whistle-blowers/complainants, not disclosing or leaking reporting/complaint information or basic information of whistle-blowers/complainants, and strictly investigating and punishing acts of retaliation against whistle-blowers/complainants, Those who commit crimes shall be handed over to judicial institutions for lawful handling.

Conduct daily legal education and training, and conduct four special legal education training sessions in 2023, strictly requiring employees to be honest and self disciplined. We prohibit employees from accepting any commissions, donations, or sponsorships while participating in company business activities.



Management Anti-corruption Conference

Huzhou Gas actively carries out the construction and promotion of a clean government culture, strengthens daily anti-corruption education, and cultivates the awareness of integrity and compliance of all employees. In 2023, have organized special anti-corruption culture education and integrity compliance training for board members, company management, and professional positions, and strictly require relevant personnel to participate in the training. A total of 6 training sessions have been held throughout the year.

	unit	Year 2023
Number of valid significant complaint cases under investigation	piece	0
Number of legal cases regarding corrupt practices concluded	piece	0
Number of employees receiving anti-corruption training	Number of people	46
Number of employees receiving anti-corruption training, etc.	Number of people	440

Improve supervision and prevention mechanisms to ensure honest and lawful operation. We conduct regular audits every year. This year, we have completed 1 special audit on the implementation of the "Three Major and One Large" decision-making system, as well as 5 human resource audits. This year, we conducted 19 special audits on economics, engineering, procurement, and other areas, as well as 10 training sessions on integrity and legal education. Throughout the year, we covered all external business and internal management of Huzhou Gas, continuously building a transparent, open, honest, and just corporate image. In addition, the company encourages employees to proactively discover and report violations of rules and regulations on its official website, complaint hotline, and complaint email, ensuring smooth complaint channels.



# 2 Empower Business with Safety

## The major ESG issues addressed in this chapter are

- Employee health and safety
- Customer health and safety
- Intellectual property protection

## The ESG indicators of the SEHK covered in this chapter are

- B2 health and safety
- B5 supply chain management
- B6 product responsibility



## System Security

Huzhou Gas is committed to building a complete safety system. Starting from the safety responsibility system, safety number intelligence standards, pipeline integrity system, emergency management standards and other aspects, it continuously strengthens the construction of the safety system to ensure that the safety management measures of the whole operation scene are standardized.



### External laws and regulations

- Fire Protection Law of the People's Republic of China (Revised)
- Management Measures for Occupational Health Examination
- Work Safety Law of the People's Republic of China (Revised)
- Production Safety Accident Information Reporting and Handling Measures
- Regulations on Safety Training for Production and Business Units
- Management Measures for Safety Production Training
- Measures for the Supervision and Management of "Three Simultaneities" of Safety Facilities in Construction Projects
- Regulations on Emergency Response to Production Safety Accidents
- Regulations on Reporting and Investigating Production Safety Accidents
- Regulations on Safety Production License
- Emergency Management Measures for Sudden Environmental Incidents
- Management Measures for the Filing of Emergency Plans for Sudden Environmental Incidents in Enterprises and Institutions



### Internal system

- Notice on Carrying out the 2023 Flood Control and Preparedness Work Inspection and Risk Hidden Danger Investigation
- 2023 Action Plan for Special Investigation and Rectification of Major Gas Accident Hazards in Huzhou
- Double prevention mechanism "Report on the Construction of Safety Production Risk Control System"
- Huzhou Gas Safety Management Regulations (2022 Compilation Edition)
- Emergency Plan for Sudden Accidents in Gas Production in Huzhou
- Standardized Process for Frontline Positions in Huzhou Gas Customer Service Department
- Huzhou Gas Service Management and Assessment Measures
- Management Measures for Security Inspection of Industrial and Commercial Customers
- Company Confidentiality Work Management System
- Customer Complaint Management System

Our company strictly follows the Huzhou Gas Safety Management Regulations (2022 Compilation Edition) in the safety production management system and implements the Huzhou gas user Gas safety inspection system. The process is as follows:

### Civil Client:

1. If the replacement time for communities is before 2016, the security check period for this part is 12 months.
2. If the replacement time is after 2016 or later, in some communities, the security inspection cycle will be adjusted to once every 12 months based on the proportion of first level hidden danger households, first level hidden danger items, rubber hose hidden danger households, and high proportion of rubber hose hidden danger items. The remaining community security inspection cycle is tentatively set at 18 months.

### Industry and Commerce Client:

Frequency of security checks for industrial and commercial clients:

**Once per quarter:** Industrial and commercial customers with a daily gas consumption of  $\geq 500$  cubic meters, as well as schools, enterprises and institutions, catering users, and commercial complexes;

**Once every six months:** for industrial and commercial customers with a daily gas consumption of less than 500 cubic meters;

**Once a year:** for commercial users of household gas meters.

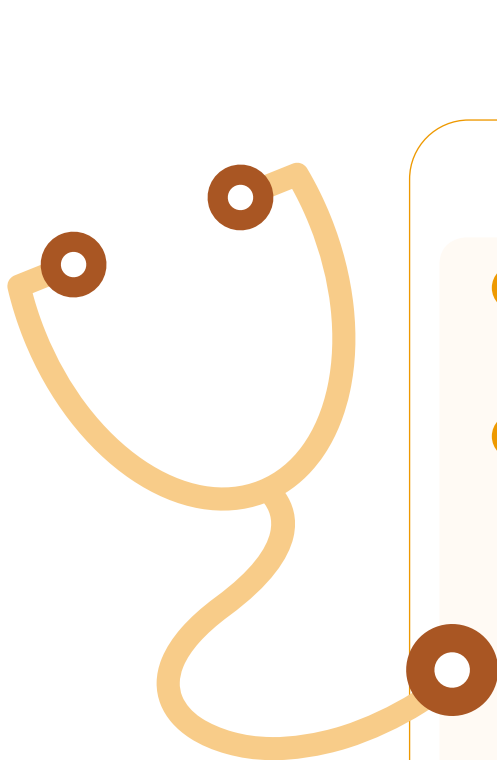
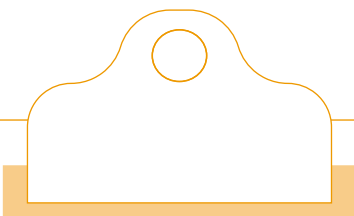
The business nature of the Company did not involve the recall of products.




## Work Safety

Huzhou Gas ensures all staffs' health and safety, strictly abide by the *Labor Protection Regulations for workplaces using toxic substances*, the *Labor Security Supervision Regulations*, the *Implementation Regulations of the Labor Contract Law*, the *Management Standards for Labor Protection Equipment of Employers*, the *Management Measures for Labor Capacity Appraisal of Injured Workers*, the *Labor Protection Regulations of Zhejiang Province*, the *Labor Security Supervision Regulations of Zhejiang Province*, the *Classification of Enterprise Employee Injury Accidents*, and the *Work Injury Insurance Regulations* Waiting for relevant laws and regulations.

- In order to ensure the health of employees, the company will carry out a total of 440 employees to participate in the physical examination, and the physical examination rate is 100%.

- In order to ensure the labor safety of employees, regularly conduct occupational health and safety inspection for personnel in specific posts, and organize and participate in safety management training.

- 
**Regular monitoring of occupational-disease hazards:**
  - Regular evaluation of occupational-disease-inductive factors monitoring and status quo
  
- 
**Monitor the employee health status:**
  - Provide at least one occupational health hazard physical examination per year to employees in occupational health hazard positions
  - Provide every employment physical examinations, including routine examinations and targeted examinations for hypertension, heart disease, hearing loss, etc. Employees with hypertension, heart disease, and hearing loss will not be assigned to positions with occupational health hazards
  
- 
**Provide special post protection:**
  - Provide protective equipment for the posts with occupational hazards, and arrange the rotation rest time reasonably
  - Posts with high temperature hazards should work at different times, avoid working in high temperature environment for a long time and be equipped with heat reduction drugs
  - Install noise reduction equipment such as honeycomb bricks on the project site to reduce the site noise level


In 2023, **no one** died due to work.

---

**Two** people were injured during working

---

Lost totally **118** days due to work-related injuries.


**General technical requirements for environmental gas detection and alarm instrument in the workplace:**

- Gas Detectors for Explosive Environment Part II: selection, installation, use and maintenance of combustible gas and oxygen detectors.
- General Provisions of Technical Specification for Environmental Management ledger of Dister Units and Discharge Permit Implementation Report (Trial).
- Explosive environment-Part 17: equipment protected by positive pressure room "p" and artificially ventilated room "y".
- Code for construction and acceptance of electrical installations in explosion and fire hazard environments.

To promote Huzhou gas digital construction work, improve work efficiency, reduce leakage environment and safety risk accident, our company uses intelligence technology, realizes the enterprise production end all business scenario monitoring, early warning and supervision, efficient production scheduling and resources as a whole, this year to form a number of intellectualization promotion team, including engineering, yard, pipe network, indoor to logistics support, is expected to fully use number of intellectualization operation in 2024.

### **Project**

- ▶ Strictly control the construction quality in an all way, control the whole process from the technical disclosure to the completion acceptance, expire the personnel qualification of each link of the construction process, abnormal dangerous operation procedures, welding unqualified, quality problems feedback and other problems, requiring timely feedback and disposal to form a closed loop. For the key process and dangerous operations equipped with ball machine and eye, live broadcast, video archiving.
- ▶ The welding joint failure is dangerous, the rectification order is issued online, the rectification dynamic is understood in real time to form a closed-loop management, and the qualified rate of the welding joint is improved by analyzing the failure of the welding port.
- ▶ Through the system to grasp the compliance of the procedures, the ball machine will monitor the whole process of dangerous operation.
- ▶ Show the qualification of insurance personnel in advance to avoid working without license; analyze process monitoring data and strengthen process control.

### **Station**

- ▶ Using laser cradle leakage alarm, accurate "target", the whole station scan only 35 minutes, stable and efficient 24-hour circuit monitoring, automatic identification and lock of the alarm leakage point, timely discharge of air leakage hidden danger, and strengthen the safety control of the factory and station.

## Pipe network

- ▶ The pressure monitoring terminal can realize real-time monitoring, collect data once a minute, upload it regularly, report abnormal situations in real time, and significantly shorten the response time.
- ▶ Intelligent valve can collect real-time data, report hidden dangers in time, and support gas leakage and water level monitoring.
- ▶ Real-time data collection, abnormal reporting in time, without manual detection.



## Customer Safety

Maintaining customer safety is the key work of Huzhou Gas operation. The Security Inspection Management Measures of Huzhou Gas Industrial and Commercial Customers were formulated and issued to strengthen the gas safety management of industrial and commercial customers, standardize the security inspection management, implement relevant responsibilities, and realize fine operation management. The frequency of security check is based on the premise of the Safety Inspection Standard for Urban Gas Facilities, and is divided into three security check cycles according to the nature of industrial and commercial customers and the daily gas volume of the security check cycle.

**Quarterly:** Industrial and commercial customers with a daily gas consumption of  $\geq 500$  cubic meters, as well as schools, enterprises and institutions, catering users, and commercial complexes;

**Once every six months:** for industrial and commercial customers with a daily gas consumption of less than 500 cubic meters;

**Once a year:** for commercial users of household gas meters.

Strictly follow the security inspection cycle to conduct routine safety inspections and free entrance security checks on courtyard pipelines, indoor pipelines, gas equipment, and facilities for industrial and commercial customers.

**100%**

The security inspection rate for this year

**100%**

The rectification rate for level one air leakage hazards

**100%**

The completion rate for replacing metal hoses with rubber hoses

Huzhou Gas sends safety brochures and informs all industrial and commercial customers of safety warning instructions.

In 2023, there were a total of **106** times of knowledge promotion on community safety gas knowledge and emergency measures, with a total of **156,629** households for civilian use and an entry rate of **85%**. **876** industrial and commercial users conducted safety inspections and promoted safety knowledge, and **803** times of safety gas training and on-site operation training for enterprise users.

## Privacy Security

Huzhou Gas formulated the Company's Confidentiality Management System to standardize the company's information security work and prevent and eliminate all kinds of leaks. The company has formulated Huzhou Gas Service Management Assessment Method, Customer Complaint Management System and Company Confidentiality Management System to standardize the company service and product complaint handling process, to ensure the timely and effective solution of customer complaints and improve the service quality.

In order to strengthen the comprehensive quality of the customer service team, enhance service awareness, and provide professional and high-quality services to customers, Huzhou Gas held 10 special review meetings on service management in 2023, further optimizing the complaint handling process, enhancing service awareness, and effectively improving the comprehensive business quality and service level of all staff.

**0.19%**

In 2023, the proportion of customer complaints received

A total of **374** complaints were received

**100%**

All complaints were resolved, and the complaint resolution rate

## Intellectual Property Rights and Security

Huzhou Gas attaches great importance to the protection of technological innovation achievements, strictly abides by the Patent Law of the People's Republic of China, actively constructs its own intellectual property value creation operation system, actively explores the commercial use of intellectual property assets, and promotes the compliance of intellectual property creation, management, utilization, and protection work. We enhance our ability to prevent and control intellectual property risks by establishing a sound intellectual property system and managing intellectual property assets such as patents.

Huzhou Gas establishes corresponding execution teams based on business situations to manage intellectual property, R&D investment, R&D condition construction, industry university research cooperation, trademark rights, enterprise network domain names, copyrights, computer software, etc. It also manages technical intangible assets such as franchise rights, patented technologies, and non patented technologies, and is responsible for cooperating with the introduction and application of advanced technologies and partners in the industry. In 2023, we have obtained a total of 4 invention and utility model patents and participated in the preparation of the local standard Construction and Operation Specification for Rural Pipeline Gas Engineering.

## Supply Chain Security

Huzhou Gas strictly complies with the management needs of the law for supply chain security, formulates and implements a series of supply chain security guarantee systems, improves the efficiency of procurement fund utilization, reduces procurement risks, and improves the punishment and prevention system for corruption.


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

The Company carries out the bidding and procurement process and adopts the method of public bidding. During bid opening, it is supervised by the representative of the bidding unit and the representative of discipline inspection on the spot, experts are selected by the supervision unit to comprehensively score the technical and commercial bids, and the one getting the highest score is the final winner.

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

The aforementioned supplier policies and practices are being implemented on all of Huzhou Gas' suppliers.



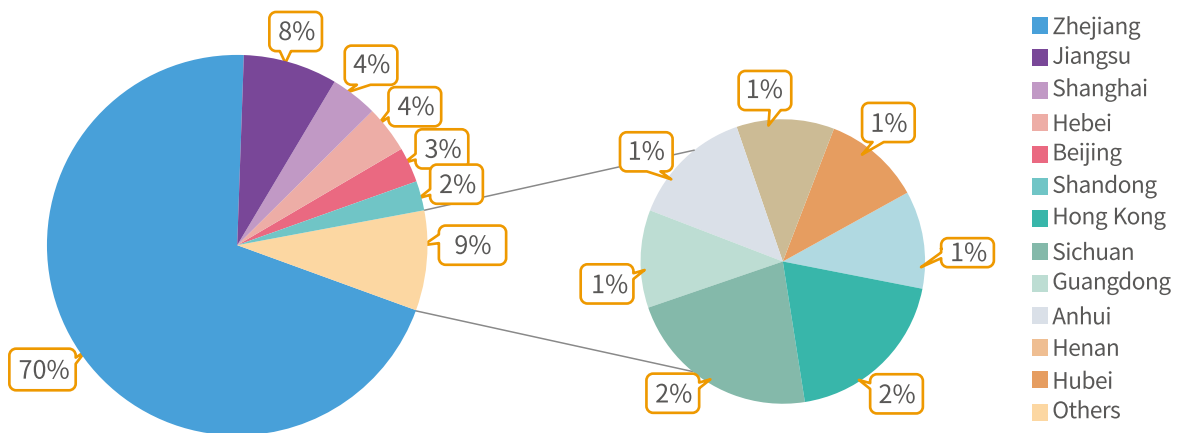
 External laws and regulations	 Relevant norms and systems	
<ul style="list-style-type: none"> <li>• <i>The Bidding Law of the People's Republic of China</i></li> <li>• <i>Implementation Regulations of the People's Republic of China on Tendering and Bidding</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Procurement Management Measures of Huzhou Gas Co., Ltd</i></li> <li>• <i>Management System for Procurement of Pipeline Natural Gas</i></li> <li>• <i>LNG Procurement Management System</i></li> </ul>	<p><i>Standardize the company's procurement behavior, establish a good order of fairness, impartiality, openness, and effective competition, regulate the procurement behavior of pipeline natural gas, achieve dual protection of pre control and post supervision to prevent procurement process risks and improve the company's efficiency.</i></p>

Huzhou Gas integrates the responsible procurement into the supply chain management link in order to achieve the sustainable development requirements of the company. This year, a total of **482** suppliers were sought, including **472** in Mainland China , **9** in Hong Kong and **1** overseas.

**The regional distribution of suppliers is as follows:**

Area	Zhe jiang	Jiang su	Shang hai	Hebei	Bei jing	Shan dong	Hong Kong	Si chuan	Guang dong	Others	Anhui	Henan	Hubei
Quantity	337	36	21	19	16	10	9	7	7	7	6	4	3

Distribution of suppliers in 2023



### case

According to the Annual Purchase and Sales Contract, if the performance failure occurs within 7 days, Party B may return or replace the products as required by Party A; if the product exceeds 7 days before 15 days, Party B may replace the products as required by Party A; if the performance failure occurs within 15 days or beyond 15 days, the products shall be dealt with according to the provisions of "three Guarantees".

Within the validity period of the "Three Guarantees", if the performance failure of the product cannot be used normally after repair twice (referring to the safety performance failure and service performance failure of the product), Party B shall accept the replacement requirements proposed by Party A.

The company provides customers who purchase Gratile products with **a three-year warranty and lifetime free on-site service.**

After the customer calls the company's service hotline for repair, the company's after-sales personnel will come to their doorstep for repair **within 2 days.**

The comprehensive after-sales system of Gratile products enables customers to receive timely feedback and solutions to their problems, making them feel cared for and valued, their needs met, and improving customer satisfaction.

Customers will promote good after-sales service through word-of-mouth promotion to increase brand awareness and reputation.

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

# 3 Create Ecological Green

## The major ESG issues addressed in this chapter are

- Resource and energy conservation
- The impact of operations on environmental and natural resources

## The ESG indicators of the SEHK covered in this chapter are

- A1. General disclosure of emissions
- A2. Resource use
- A3. Significant impacts caused by the environment and natural resources
- A4. Climate change



## Climate Change

To address the issue of climate change, Huzhou Gas has actively carried out flood and typhoon prevention work in accordance with government documents, conscientiously carried out response work, and also incorporated risk response measures brought about by climate issues into the Emergency Plan for Production Safety Emergencies, improving our company's ability to respond to sudden production safety accidents, guiding emergency rescue work correctly, and conducting regular drills, continuously improving employees' emergency response capabilities and their ability to handle emergencies.

The emissions of greenhouse gases such as carbon dioxide and methane can lead to global warming and have significant impacts on the environment. Our company is well aware that reducing greenhouse gas emissions can help mitigate global warming and incorporate environmental protection concepts into practical operations. The greenhouse gas emissions of our company mainly comes from gasoline, diesel exhaust gas, and natural gas combustion in stoves. We have taken effective emission reduction measures to reduce air pollution. The specific measures are as follows: we control the use of vehicles and register the driving mileage of vehicles every month to avoid arbitrary and ineffective use of vehicles. In addition, we are gradually phasing out old high displacement vehicles and planning to switch to pure electric vehicles to reduce exhaust emissions.

The types and information of air emissions generated by the Company's vehicles in this year are as follows:

Types of emissions	unit	In 2022, <sup>1</sup>	In 2023, <sup>2</sup>
Nitrogen oxide (NO <sub>x</sub> )	kilogram	327.09	52.17
Oxysulfide sulfoxide (SO <sub>x</sub> )	kilogram	27.89	4.26
Particulate matter (PM)	kilogram	13.21	17.24



\* 1: Reference the air emission type data of 2022 ESG report

\* 2: Refer to the Technical Guide for the Compilation of Air Pollutant Emission List of Road Motor Vehicles



## Green Environment

Huzhou Gas strictly abides by the national laws and regulations on environmental protection. In 2023, our Company has not violated the above relevant laws and regulations and relevant penalties that have a significant impact on the Group.

 External laws and regulations	 Internal system norms
<ul style="list-style-type: none"> <li>• <i>Water Pollution Prevention and Control Law of the People's Republic of China (Revised)</i></li> <li>• <i>Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste (Revised)</i></li> <li>• <i>Law of the People's Republic of China on the Prevention and Control of Environmental Noise Pollution</i></li> <li>• <i>Air Pollution Prevention and Control Law of the People's Republic of China</i></li> <li>• <i>Regulations on the National Pollution Source Census</i></li> <li>• <i>Technical Specification for Continuous Monitoring of Emission of Fixed Pollution Source Smoke (SO<sub>2</sub>, NO<sub>x</sub>, Particles)</i></li> <li>• <i>Environmental Air Quality Standards</i></li> <li>• <i>Emission Standards for Air Pollutants from Boilers</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Risk Classification Method for Sudden Environmental Incidents in Enterprises</i></li> <li>• <i>Environmental Protection Responsibility System</i></li> <li>• <i>Environmental Protection Target Responsibility System</i></li> <li>• <i>Construction Project Environmental Protection Management System</i></li> <li>• <i>Environmental Protection Facility Operation Management System</i></li> <li>• <i>Environmental Accident Management System</i></li> <li>• <i>Environmental Governance Management System</i></li> <li>• <i>Management System for Pollutant Emission and Environmental Protection Statistics</i></li> <li>• <i>Hazardous Waste Management System</i></li> </ul>



**This year, our company takes the following measures to meet the requirements of environmental protection and energy conservation.**

**● In order to reduce the production of wastewater adopted by the company:**

Carry out all kinds of publicity, set up publicity slogans, guide everyone to create water conservation.

**● To reduce the harmful waste gas, the company adopts:**

Reduce the usage of printers, promote paperless office, reduce the production of toner, toner cartridge.

Reduce driving travel, promote walking and bicycle travel, and advocate green and low-carbon life.

**● The company takes following measures to reduce harmless waste:**

The company has formulated the Leading Group for Adjusting Fine Management (Household Waste Classification) Work for waste classification management, and provided training and learning on waste classification to employees, conducting waste classification and disposal, and making resources recyclable.

Huzhou Gas's water is concentrated in office and domestic water and equipment cleaning water, and the water source comes from the office space connected to the unified urban water supply system, and strictly abide by the relevant environmental system. Our sewage treatment is subject to the supervision of relevant departments, organizations and individuals. Every year, third-party testing institutions with relevant qualifications conduct sewage testing and issue testing reports, and accept the spot check by Huzhou Local Center for Disease Control and Prevention. For the office water and the basic sanitary water, it is discharged into the municipal sewage pipe network after pre-treatment, and the collected sewage meets the three-level discharge standard of China's Comprehensive Sewage Discharge Standard.

Huzhou Gas attaches great importance to the impact of water consumption on the environment, and has formulated a series of water-saving measures, installed water-saving signs in each water area to improve employees' awareness of water saving, and adopted non-contact induction faucets to achieve the purpose of water saving. The Company did not have any issue in sourcing water that was fit for purpose.

By December 31, 2023, our Company's water consumption and density are as follows:

	unit	In 2022, <sup>1</sup>	In 2023,
Water consumption	Tons	38,179	14,849
Water consumption density	Tons / employee	87.77	33.75

\* 1: Reference the water consumption type data of 2022 ESG report

According to the water resource utilization target set by our company based on the 2022 ESG report, we aim to reduce the water resource consumption density to 87 tons per employee within 3 years. This year our company meets the target requirements.

The significant decreases in annual water consumption during the reporting period compared to the previous year is due to the usage of gas powered air conditioning in 2022, resulting in a higher water consumption; In 2023, the comprehensive building will undergo equipment updates, using electric air conditioning to reduce water consumption; In 2022, the emergency reserve station is under construction and requires a large amount of water. It has been put into use this year, resulting in a decrease in water consumption; In 2022, the embedded fire water pipes in the auxiliary building of the company's office building broke at the connection of the fire water pipes due to sinking, resulting in an increase in water consumption. This phenomenon did not occur in 2023. Due to the above reasons, this year meets the water usage target set for 2022 and far exceeds expectations. Based on this, our company has revised the water resource usage target to 70 tons per person and will strictly adhere to it for the next three years.



## Clean Energy

Huzhou Gas insists on reducing resource consumption as much as possible while operating efficiently, supporting and developing clean energy, utilizing and promoting it, and improving the comprehensive utilization rate of resources. Our company conducts monthly statistical management of water, electricity, gas, and vehicle fuel, focuses on managing major equipment, standardizes equipment operation procedures, and fully and effectively utilizes energy. Provide timely feedback on abnormal energy usage, identify measures, and rectify them in a timely manner. For the sustainable development of the company, we regularly carry out energy-saving publicity, conduct a thorough investigation of vehicle arrangements, and standardize the reasonable travel of employees. Looking ahead to the future, we will minimize unnecessary energy consumption, improve energy efficiency, and determine the specific energy usage density for each year, forming an energy usage trajectory, quantitatively controlling, and continuously refining.

In terms of vehicles, in 2023, our company conducted vehicle testing, eliminated high emission and old national standard vehicles, comprehensively upgraded vehicles, and actively used new energy vehicles and hybrid vehicles with high energy efficiency.

This year, a total of 2 scrapped vehicles were scrapped, including 1 National Second and 1 National Third, and 5 new vehicles were added, including 2 new energy hybrid vehicles, 2 pure electric vehicles, and 1 fuel powered vehicle.

Through the company's efforts to improve energy efficiency and strengthen the promotion of energy saving for employees, our company's energy consumption and density in this year are compared as follows:

	unit	2022,	2023 *
Power consumption	KWH	909,602.11	1,096,700
Power consumption intensity	KWH/employee	2,091.04	2,481.22
Gas consumption	cubic meter	48,582.00	6,045
Gas density	cubic meter/employee	111.68	13.68
Gasoline dosage	Litre	70,690.28	75,627.11
Gasoline dosage density	Litre/employee	162.51	171.87
Diesel consumption	Litre	8,230.26	7,319.49
Diesel consumption density	Litre/employee	18.92	16.63

As shown in the table above, Huzhou Gas has updated its equipment for fixed source fossil fuel emissions, resulting in a total reduction of **62.88 tons** of annual carbon dioxide emissions. The natural gas consumption in 2023 has decreased by **87%** compared to 2022. Due to the iterative updating of kitchen refrigeration equipment, the original natural gas energy supply equipment has been converted to electricity energy supply equipment, which is equivalent to carbon emissions and reduces emissions by **92.06 tons**. Due to the above reasons, the total electricity consumption in 2023 has increased by **20%** compared to 2022, resulting in an increase of **29.19 tons** in carbon emissions.

Energy consumption is uniformly converted to MWH measurement, and the comparison results are as follows:

	unit	2022	2023
Direct energy	megawatt hour	1,281.29	705.76
Indirect energy	megawatt hour	909.60	1,096.7
Total energy consumption	megawatt hour	2,190.90	1,797.61
Energy density	megawatt hour / employee	5.04	4.1

\* The calculation method refers to the General Rules for Comprehensive Energy Consumption Calculation

Based on our company's energy consumption performance this year, under the 2022 energy consumption target of 5.04 megawatt hours per employee, we will update our equipment and facilities to reduce the annual energy density to 4.08 megawatt hours per employee in this year and implement it in the next three years.

In addition to focusing on the supply of gas for people's livelihoods, Huzhou Gas has also laid out clean energy such as photovoltaic. Huzhou HuRan New Energy Development Co., Ltd. (hereinafter referred to as HuRan New Energy) and its holding subsidiaries are committed to investment and construction of distributed photovoltaic projects, and are committed to accelerating the achievement of the national "dual carbon" goals. In accordance with the national "promoting distributed photovoltaic throughout the county" policy, the goal is to create a first-class local distributed photovoltaic power generation project service provider in Huzhou.

In 2023, HuRan New Energy and its holding subsidiaries added a 17 megawatts grid connected photovoltaic project. As of December 2023, there were already 22 megawatts in operation photovoltaic projects, which can provide clean electricity of 23.5 gigawatts hours per year. This translates to saving approximately 7,746 tons of standard coal, reducing emissions of 21,452 tons of carbon dioxide, 645 tons of sulfur dioxide, and 323 tons of nitrogen oxides.



22 Megawatts

Photovoltaic project capacity

2.35 Gigawatts

Provide clean electricity

7,746 tons

Convert to save standard coal

21,452 tons

Conversion of carbon dioxide emissions reduction

645 tons

Converted emission reduction of sulfur dioxide

323 tons

Converted emission reduction of nitrogen oxides



Huzhou Agricultural Products Wholesale and Distribution Center 2.72 MW Photovoltaic Power Generation Project



Huzhou Weineng Environmental Services Co., Ltd. 0.93 MW Photovoltaic Power Generation Project

## Ecological Protection

We are deeply aware of the importance and necessity of biodiversity, and comb out the potential biodiversity risks in the upstream and downstream of the industrial chain to help us minimize the ecological impact caused by ourselves and our stakeholders. Most of our urban gas business and other energy business are located in urban areas, mainly investing in the construction of distributed photovoltaic, not involving wind power stations and hydro-power stations, which does not cause direct ecological damage to the environment, and has little impact on the regional ecological environment.

In 2023, we have carried out various forms of biodiversity protection work, including greening and tree planting along pipelines and stations, wetland protection, greening and renovation of wasteland and construction sites, and habitat restoration. We actively promote environmental protection and biodiversity, encourage employees and their families to participate in environmental and biodiversity conservation work, and work together to protect the clear waters and mountains, and build a beautiful home together. The business nature of the Company did not involve the use of packaging materials.

# 4 Provide Humanistic Care

## The major ESG issues addressed in this chapter are

- employee health and safety
- employee vocational skills training
- compensation, and other benefits

## The ESG indicators of the SEHK covered in this chapter are



- B1 Employment
- B2 Health and Safety
- B3 Development and Training
- B4 Labour Guidelines
- B8 Community Investment



## Employee Rights and Interests

Employees are the cornerstone of a company. We adhere to a fair and just attitude to attract more outstanding talents, provide employees with a diverse and inclusive work environment, and fully respect and protect their rights and interests.

We strictly comply with national laws and regulations, formulate multiple management policies to clarify the talent management system of Huzhou Gas, ensure that the company will not discriminate due to gender, region, ethnicity, religion, age, international and other reasons in the recruitment and employment process, respect the legitimate rights and interests of all employees, and strictly prevent the occurrence of child labor and illegal employment of forced labor. Where any child labor or forced labor is discovered, the Company would terminate the employment relationship, report to the relevant authorities and arrange to provide any necessary assistance to the subject persons if required. At the same time, in order to supervise and ensure the protection of the legitimate rights and interests of employees, a total of 5 human resources audits have been conducted this year.

 External laws and regulations	 Internal policies and systems
<ul style="list-style-type: none"> <li>• Labor Contract Law of the People's Republic of China</li> <li>• Labor Law of the People's Republic of China</li> <li>• Regulations on Labor Security Supervision</li> <li>• Implementation Regulations of the Labor Contract Law</li> <li>• Regulations on Labor Security Supervision in Zhejiang Province</li> <li>• Implementation Regulations of Zhejiang Province Labor Contract Law</li> </ul>	<ul style="list-style-type: none"> <li>• Company Recruitment Management Measures</li> <li>• Regulations on the Management of Employee onboarding, Deployment, and Resignation</li> <li>• Huzhou Gas Salary Management System</li> <li>• Huzhou Gas Attendance and Leave Management System</li> <li>• Company Training Management System</li> <li>• Regulations on the Management of Skilled Professional Titles</li> <li>• Huzhou Gas Vocational Skills Level Recognition Management System</li> </ul>



**440\***

The total number of employees of the company

**3:1**

The gender ratio of director on the board

**9**

Senior management staff

**0**

Part-time interns

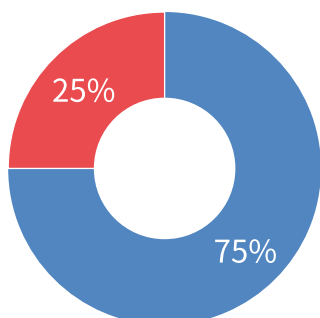
**3:1**

The gender ratio of employee

**37**

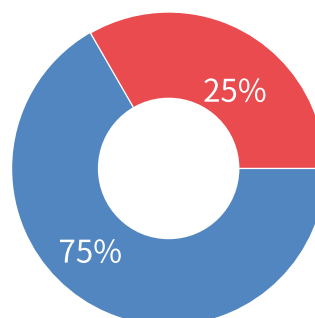
Intermediate management staff

**Gender Ratio on the board of directors**



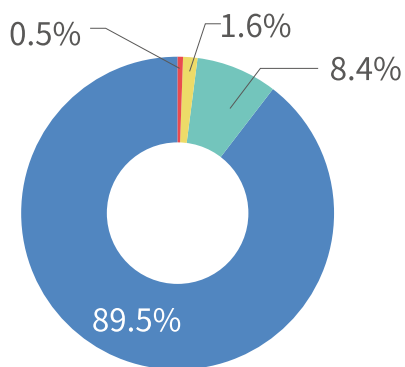
■ Female ■ Male

**Distribution of male and female Huzhou Gas employees in 2023**



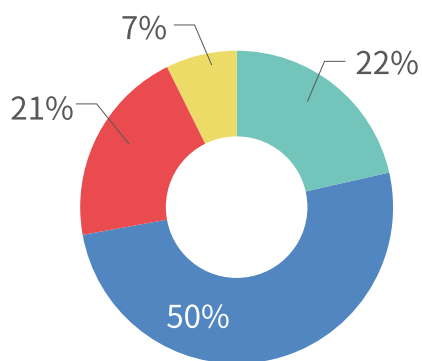
■ Female ■ Male

**Distribution of employees of different levels of Huzhou Gas in 2023**



■ Chief executive  
 ■ Senior executives  
 ■ Middle management  
 ■ General employees

**Age Distribution of Huzhou Gas Employees in 2023**



■ <30 Years old  
 ■ Between 30-40 years old  
 ■ 41-50 Years old  
 ■ >50 Years old

\* All employees are located in Mainland China.

## Talent Recruitment

Huzhou Gas follows the strategic development plan to formulate the talent value creation plan, and always adheres to the principle of fairness, equality and transparency to comprehensively select talents through campus recruitment and social recruitment. In this process, we actively cooperate with colleges and universities to provide a variety of knowledge and skills training for college students, as well as opportunities to learn and practice in the company, and make a talent reserve for the talent value creation plan matching the strategic development.

The Company Recruitment Management Measures clearly stipulates recruitment management, labor service management, attendance management, salary and welfare management, performance appraisal management and training and development management, etc., based on the principles of open recruitment, fair evaluation, fair competition and selective selection. In addition, the company for different types of employees perform standard working hours, comprehensive working hours and timing working hours system, three systems are not more than legal standards, and employees in accordance with the law enjoy the statutory holidays, to ensure that employees have enough rest time, at the same time avoid forced labor, must provide id card recruitment process to ensure that employees have reached the legal working age.

This year, a total of 30 employees were recruited through social recruitment, online recruitment and other ways.

**30** employees, all of whom are full-time personnel

In 2023, the company will recruit a total of

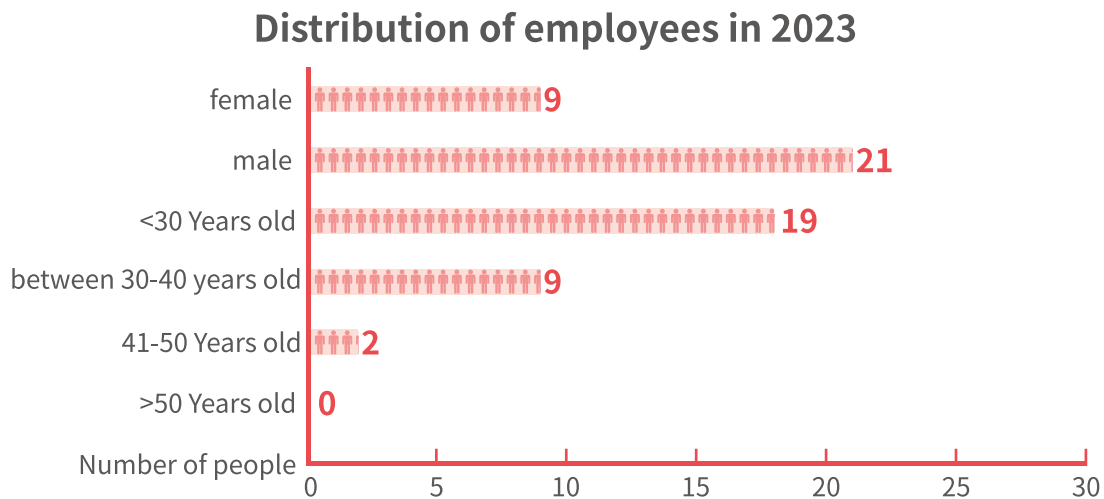
**9** people  
Female

**21** people  
Male

**19** people  
<30 Years old

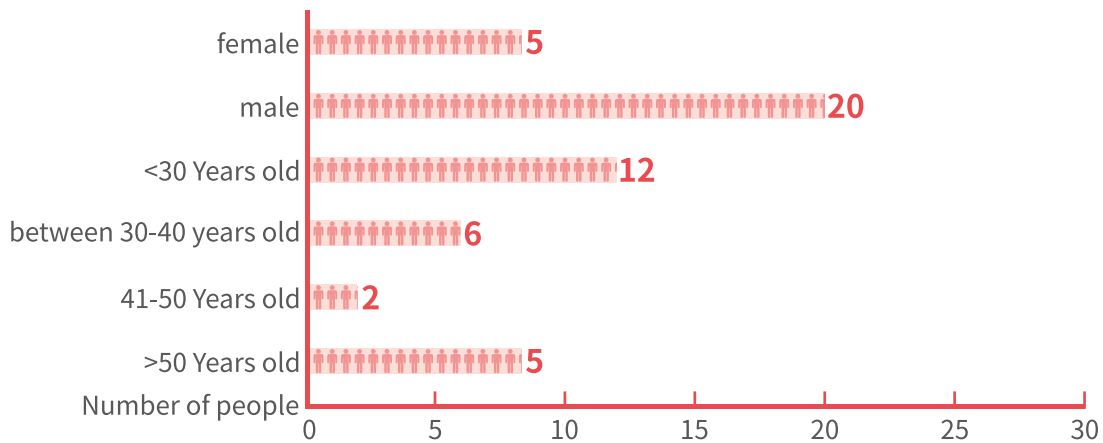
**9** people  
Between 30-40 years old

**2** people  
41-50 Years old



This year, a total of 25 people leave / lost, all of which are leaving.

### Distribution of lost personnel in 2023



## Employee Welfare

Huzhou Gas strictly abides by the Trade Union Law of the People's Republic of China and the Regulations on the Employment of the Disabled in terms of employee welfare, and has formulated the annual employee tourism cultivation activities.

In order to protect the legitimate rights and interests of employees, safeguard their physical and mental health, and improve their work enthusiasm, the company's labor union organizes annual paid employee recuperation and recuperation in accordance with relevant regulations on employee rest and recuperation from superiors and soliciting employee opinions. In 2023, a total of **440** formal employees of the organization will receive medical treatment and recuperation.

In addition, the company actively encourages employees to organize leisure activities to enhance their physical fitness and relax.

The club activities organized by our company's employees are regularly organized to enrich life and enhance corporate cohesion.



cycling activities

## Employee Development

Huzhou Gas according to the *Huzhou Gas performance appraisal management method*, *the management regulations of incompetent staff*, *employee induction, deployment and separation management regulations*, *the company recruitment management method*, *Huzhou Gas professional discipline management method* and so on, such as the employee compensation and dismissal, recruitment and promotion, work hours, holidays, equal opportunities, diversification, anti-discrimination and other treatment and benefits.

The company standardizes the personnel management process by formulating human resources systems such as compensation, performance, recruitment management, attendance and leave request, and defines the benefits that employees can enjoy, including: five social insurance and one housing fund, statutory holidays, employee physical examination, treatment and recuperation and other benefits.

Huzhou Gas pays attention to the common development of employees and the company, and is committed to creating growth opportunities for employees, expanding the career of employees, creating clear promotion channels, and jointly promoting the realization of long-term development strategic goals. In this process, we focused on making an annual learning plan for our employees to ensure their learning time. And provide relevant learning and assessment places.

According to the established talent training system, Huzhou Gas adheres to the needs and capabilities, through professional and differentiated talent training strategies, promotes people-oriented motivation, stimulates the organization

vitality, strengthens the team to gather wisdom, and helps the innovation value.

In 2023, our company transformed and upgraded Huzhou Gas Training Base, which not only provides internal teaching services, but also provides for social talents, so as to achieve hidden talent reserve and improve social employ ability.



Provide knowledge and skills for the company to improve employees to perform job duties:

### Between January 2023 and December 2023

	Male	Female	Chief executive	Senior executives	Middle management	General employees
Trained the number of employees	330	110	2	7	37	394
Times of participation in training	3,414	976	6	95	316	2,742
Training duration (hours)	5,959	1,882	6	147	469	4,030
<b>Total times of participation in training</b>	<b>4,390</b>		<b>4,390</b>			
<b>Total training duration (hours)</b>	<b>7,841</b>		<b>7,841</b>			

Note: The total number of trainees was 440.





ISO cultivate



Training for new construction units



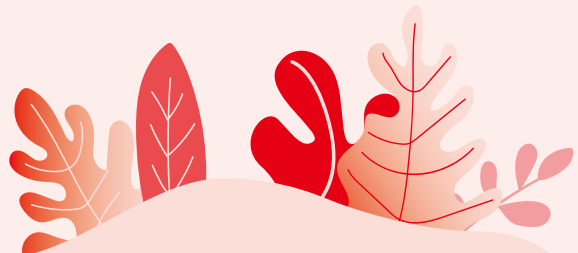
Study of Gas Engineering Standard Atlas for Supervision Units



Supervision unit of gas engineering standard site atlas study



Training for new construction units



# Public Welfare



**11** times

In 2023, organized promoting employee happiness, belonging activities

Including: blood donation, inheritance good family trait, visit the discipline education base in Zhejiang province, lake cup Asian games, basketball game, watch red movies, celebrate the May Fourth Youth Day, small widening hand safety gas into home, The International Women's Day, gas safety into the campus, learn to practice enlightenment 20, the Lantern Festival, first sympathy warm the heart activities.



Staff on the Lantern Festival cultural life



The International Women's Day



The May Fourth Youth Day theme practice activities



Coolness sending in summer



On January 16, 2023, Huzhou Gas grass-roots level visits condolences "double must pair support" difficult people, holiday care and greetings to them, and gas volunteer service "safety package", let them live a warm and peaceful Spring Festival, and to send New Year wishes and supplies.



On March 15, 2023, the "Lake Little Burning" volunteer service team actively participated in a series of volunteer activities such as "promoting the theme of linkage between the Five Societies and caring for the Little and the Old" in Huzhou city, to send people warm services in the spring.



Party building discipline inspection trade union "Triple Joint Construction" signing ceremony

On June 30, 2023, China petrochemical gas sales center and Huzhou Gas in Anji village party disciplinary inspection union "Triple Joint Construction" signing ceremony, retrace Xi General Secretary's Huzhou footprint, through the "footprint, enlightenment truth" red studies activities connect "8.8" strategy for 20 years of practice, further feel the truth Xi's new era of socialism with Chinese characteristics.

Our company is committed to improving basic livelihood services, promoting the full coverage of clean energy in rural areas through the "Gas Delivery to the Countryside" and common prosperity shuttle bus activity, reducing coal combustion pollution, and promoting the "Three Entries" safety promotion in communities, campuses, and commercial complexes. In 2023, our company sent air to **1,042 households** in the countryside and provided free replacement of metal corrugated pipes and other activities to help the public solve the problem of "difficult replacement".



In addition, establish a communication mechanism with the school, conduct safety inspections and supervise rectification **103 times** during winter and summer vacations. Throughout the year, a total of **537,100 yuan** was donated to the Public Welfare Charity Foundation, actively participating in charitable poverty alleviation and common prosperity work.

### From January 2023 to December 2023

Number	Activity date	Institutional object	
1	2023.1.16	Yuehe Street, East Lake Community	Culture
2	2023.9.8	Huzhou Charity Federation	Culture
3	2023.9.25	ENN Charity Foundation	Charity poverty alleviation and common prosperity work in Nanxun Town, Nanxun District
4	2023.9.25	ENN Charity Foundation	Charity poverty alleviation and common prosperity work in Lianshi Town, Nanxun District



# Future Expectations

In the context of globalization, extreme weather, COVID-19, local wars and geopolitics are affecting the life and social structure of our society. It has become a general trend to build a more stable, healthy, environmentally friendly and low-carbon society, and the significance of sustainable development for enterprises is becoming prominent.

Looking back on 2023, Huzhou Gas actively responded to the national double-carbon call and started the low-carbon transformation from new energy. At the same time, our company actively undertook social responsibilities and actively fulfilled the obligation of supporting the sustainable development of the society. Huzhou Gas has always been enthusiastic about social welfare. It regularly holds various charity and public welfare activities every year, making contributions to caring for the elderly and the young and cultivating talents, and actively fulfilling its corporate responsibility.

Looking into the future, Huzhou Gas will continue to firmly pursue the sustainable development strategy. On the other hand, we will continue to fulfill our corporate responsibility to ensure the safety and stability of the society in energy use. On the other hand, we will continue to respond to the carbon neutral strategy, aiming to provide cleaner and lower-carbon products and services, to contribute to the completion of carbon neutral goals, and at the same time promoting the development and upgrading of our own business, and gradually realize the transformation into an integrated energy service provider. We will strengthen our strategic resolve and patience, and jointly move towards a new era of ecological civilization under the concept of sustainable development.



## Schedule: ESG performance indicator table

### Environmental category

Name of index		class	2022	2023
Exhaust gas	Nitrogen oxide (kg)		327.09	52.17
	Sulfur oxide (kg)		27.89	4.26
	Inhalable suspended particles (kg)		13.21	17.24
Green house gas Emission	Scope 1 direct greenhouse gas emissions (metric tons of CO <sub>2</sub> equivalent)			
	Fossil fuel combustion- stationary source		105.15	13.09
	Fossil fuel combustion- mobile source		188.44	157.62
	Refrigerant		872.59	13*
	Scope 2 Indirect greenhouse gas emissions (metric tons of CO <sub>2</sub> equivalent)			
	Outsourced power		639.91	669.1
	Total greenhouse gas emissions (Carbon dioxide equivalent in metric ton)		1,806.08	852.81
	Greenhouse gas density (Carbon dioxide equivalent in metric ton / Employee)		4.15	1.94
Waste	Hazardous waste			
	Hazardous waste in the office building (in metric tons)		1.04	0.0131
	Density of hazardous waste in office buildings (Calculated by the number of employees, i.e. "MT/Employee")		0	0
	Hazardous oil products (in liters)		238	-
	Density of hazardous oil products in workshops (Calculated by the number of employees, i.e. "Liter / Employee")		0.55	-
	Discarded battery (only)		7	-
	Density of discarded battery (Calculated by the number of employees, i.e. "Piece / Employee")		0.02	-
Energy use	Non-hazardous waste (in metric tons)		5.07	0.55
	Direct energy source (MWh)			
	Gasoline		685.09	572.46
	Diesel		88.9	69.42
	Natural gas		508.12	59.02
	Indirect energy source (MWh)			
	Power		909.6	1096.7
Water resources use	Total energy consumption		2,190.9	1,797.61
	Energy density (Calculated by the number of employees, i.e. "MWh / Employee")		5.04	4.06
	Total water consumption (m <sup>3</sup> )		38,179	14,849
Water consumption density (Calculated by the number of employees, i.e. "m <sup>3</sup> / Employee")		87.77	33.7	

\* Due to the full replacement of vehicles in 2022, the consumption of refrigerant has plummeted and emissions have decreased this year.

\* Harmful oil and exhaust gas battery in the workshop: not produced this year.

## Social performance

Employee distribution		2022	2023
Gender	Male	329	330
	Female	106	110
Employment category	Chief executive	2	2
	Senior executives	7	7
	Middle management	35	37
	General employees	391	394
Type of employment	Full-time	435	440
	Part-time	0	0
Age	Under 30 years old	105	95
	30 to 40 years old	216	222
	41 to 50 years old	81	91
	Over 50 years old	33	32
Region	Mainland China	435	440
	Others	0	0
By sex ratio (male: female)		3.1:1	3.0:1
Total		435	440
Distribution and proportion of departed or resigned employees		2022	2023
Gender	Male	10 (3%)	20 (6.1%)
	Female	1 (1%)	5 (4.5%)
Age	Under 30 years old	3 (3%)	12 (12.6%)
	30 to 40 years old	6 (3%)	6 (2.7%)
	41 to 50 years old	2 (2%)	2 (2.2%)
	Over 50 years old	0 (0%)	5 (15.6%)
Region	Mainland China	11 (3%)	25 (5.7%)
	Others	0	0
Total number and proportion		11 (3%)	25 (5.6%)
Occupational safety and health performance		2022	2023
Number and proportion of deaths due to work		0	0
Number and proportion of injuries due to work		2,0.46%	2,0.44%
Number of working days lost due to work-related injury		9	118
Training	class	2022	2023
Gender	Male	328 (75.6%)	330 (75%)
	Female	106 (24.4%)	110 (25%)
Employment category	Chief executive	2 (0.5%)	2 (0.4%)
	Senior executives	7 (1.6%)	7 (1.5%)
	Middle management	35 (8.1%)	37 (8.3%)
	General management	390 (90%)	394 (90%)
Trained the total number of employees		434 (100%)	440 (100%)

## SEHK ESG index

Environmental, Social and Governance Scope and General Disclosure and Key Performance Indicators (KPIs)			In the chapter
<b>Environment</b>			
A1 Emissions	General disclosure	On gas and greenhouse gas emissions, pollution to water and land, harmful and the generation of Wuhai waste: (a) policies; (b) compliance with relevant laws and return cases that have a significant impact on the issuer	Create Ecological Green
	Key performance indicator A1.1	Emission types and related emission data	Create Ecological Green - climate change, Clean Energy
	Key performance indicator A1.2	Direct and indirect greenhouse gas emissions (in tons)	Create Ecological Green - climate change
	Key performance indicator A1.3	Total amount of hazardous waste generated (in tons)	Create Ecological Green - Clean Energy
	Key performance indicator A1.4	Total amount of hazardous waste generated (calculated in ton)	Create Ecological Green - Clean Energy
	Key performance indicator A1.5	Describe the emissions targets set and the steps taken to achieve them	Create Ecological Green - Green Environment
	Key performance indicator A1.6	Describe the steps taken to address the harmful and harmless targets	Create Ecological Green - Clean Energy
A2 Resource Use	General disclosure	Policy for the effective use of resources (including energy, water and other raw materials)	Create Ecological Green
	Key performance indicator A2.1	Total energy consumption of either direct or indirect energy sources by type	Create Ecological Green - Clean Energy
	Key performance indicator A2.2	Total water consumption	Create Ecological Green - Green Environment
	Key performance indicator A2.3	Describe the energy efficiency targets set and the steps taken to achieve them	Create Ecological Green - Clean Energy
	Key performance indicator A2.4	Describe any problems with the use of water sources, the water efficiency objectives set out and the steps taken to achieve them.	Create Ecological Green - Clean Energy, Green Environment
	Key performance indicator A2.5	Raw materials and estimates per production unit	Uninvolved
A3 Environment and natural resources	General disclosure	Policies to reduce the significant impact of issuers on environmental and natural resources	Create Ecological Green - Clean Energy
	Key performance indicator A3.1	Describe the significant impact of operational activities on the environment and natural resources and actions taken to manage the impact	Create Ecological Green - Clean Energy
A4 Climate change	General disclosure	Policies to identify and respond to major climate-related matters that have and may have a significant impact on the issuer.	Create Ecological Green - Climate Change
	Key performance indicator A4.1	Describe significant climate-related matters and actions that have already and may affect the issuer.	Create Ecological Green - Climate Change, Ecological Protection



Environmental, Social and Governance Scope and General Disclosure and Key Performance Indicators (KPIs)			In the chapter
<b>Society</b>			
B1: Employment	General disclosure	Information on compensation and dismissal, recruitment and promotion, work hours, holidays, equal opportunity, diversity, anti-discrimination and other benefits and benefits: (a) policies; and (b) compliance with the relevant laws and exceptions of the issuer.	Provide Humanistic Care - Employee Welfare
	Key performance indicator B1.1	Total number of employees divided by gender, type of employment, age group, and region.	Provide Humanistic Care - Talent Recruitment
	Key performance indicator B1.2	The ratio of employee turnover by sex, age group, and region.	Provide Humanistic Care - Talent Recruitment
B2: Health and safety	General disclosure	Providing a safe working environment and protecting employees from occupational hazards: (a) policies, and (b) information on relevant laws and exceptions that materially affect the issuer.	Provide Humanistic Care
	Key performance indicator B2.1	Number and ratio of work deaths in each year of the past year (including the reporting year).	Provide Humanistic Care - Talent Recruitment
	Key performance indicator B2.2	Number of working days lost due to industrial injury.	Provide Humanistic Care - Talent Recruitment
	Key performance indicator B2.3	Describe the occupational health and safety measures adopted, as well as the related implementation and supervision.	Provide Humanistic Care - Employee Welfare
B3: Development and training	General disclosure	Policies to enhance employee knowledge and skills in performing job duties. Describe the training activities.	Provide Humanistic Care - Employee Welfare
	Key performance indicator B3.1	Percentage of trained employees by gender and employee category (e. g. executive, middle-level)	Provide Humanistic Care - Talent Recruitment
	Key performance indicator B3.2	Average hours per employee by gender and employee category.	Provide Humanistic Care - Employee Development
B4: Labor guidelines	General disclosure	On: (a) policy and (b) information on relevant laws and exceptions of the issuer.	Provide Humanistic Care - Employee Development
	Key performance indicator B4.1	Describe measures to review recruitment practices and to avoid child labour and compulsory labour.	Provide Humanistic Care - Employee Rights and Interests
	Key performance indicator B4.2	Describe the steps taken to eliminate them when violations are discovered	Provide Humanistic Care - Employee Rights and Interests
B5: Supply chain management	General disclosure	Manage the suppliers' environmental and social risk policies	Empower Business with Safety
	Key performance indicator B5.1	Number of suppliers by region	Empower Business with Safety - Supply Chain Security
	Key performance indicator B5.2	Describe the practice of hiring suppliers, the number of suppliers, and relevant execution and monitoring methods.	Empower Business with Safety - Supply Chain Security
	Key performance indicator B5.3	Describe the management of environmental and social risks at each link of the supply chain, as well as relevant implementation and monitoring methods	Empower Business with Safety - Supply Chain Security
	Key performance indicator B5.4	Describe the practice of environmentally friendly products and services, and relevant implementation and monitoring practices.	Empower Business with Safety - Supply Chain Security

Environmental, Social and Governance Scope and General Disclosure and Key Performance Indicators (KPIs)			In the chapter
<b>Society</b>			
B6: Product responsibility	General disclosure	On the health and safety, health and advertising, bills and privacy, and remedies: (a) policies; and (b) information on the relevant laws and rules substantially affecting the issuer.	Empower Business with Safety
	Key performance indicator B6.1	Percentage of total sold or shipped products to be recovered for safety or health reasons.	Uninvolved
	Key performance indicator B6.2	Number of complaints about products and services received and response.	Empower Business with Safety - Customer Safety
	Key performance indicator B6.3	Describe the practices related to the maintenance and protection of intellectual property rights.	Empower Business with Safety - Intellectual Property Rights and Security
	Key performance indicator B6.4	Describe the quality identification process and the product recovery procedures.	Uninvolved
	Key performance indicator B6.5	Describe consumer information protection and privacy policies, as well as relevant implementation and monitoring measures.	Empower Business with Safety
B7: Anti- corruption	General disclosure	Information on the prevention of bribery, extortion, fraud and money laundering: (a) policies; and (b) compliance with the relevant laws and exceptions that have a significant impact on the issuer.	Strong Corporate Governance - Business Ethics
	Key performance indicator B7.1	Corruption cases and results of the issuer or its employees during the reporting period.	Strong Corporate Governance - Business Ethics
	Key performance indicator B7.2	Describe preventive measures and reporting procedures, as well as relevant enforcement and supervision measures.	Strong Corporate Governance - Business Ethics
	Key performance indicator B7.3	Description the anti-corruption training provided to the Chairman and employees.	Strong Corporate Governance - Business Ethics
B8: Social investment	General disclosure	Policies regarding existing community participation to understand the operating community and to ensure that their business activities consider the interests of the community.	Provide Humanistic Care
	Key performance indicator B8.1	Focus on contribution	Provide Humanistic Care - Public Welfare
	Key performance indicator B8.2	Resources used in the focus category	Provide Humanistic Care - Public Welfare





**HUZHOU GAS CO., LTD.**

Tel: 95158

Fax: (+86) 0572-2716815

Add: 227 Sizhong Road, Huzhou, Zhejiang Province, the PRC