# 2024

# Environmental, Social and Governance Report

**CHINESE PEOPLE**
HOLDINGS COMPANY LIMITED
中 民 控 股 有 限 公 司

# Contents

# Board Statement

The board of directors (the "**Directors**") of CHINESE PEOPLE HOLDINGS COMPANY LIMITED (the "**Company**") disclosed information in accordance with the mandatory disclosure provisions and the "comply or explain" provisions contained in the Environmental, Social and Governance Reporting Guide (the "**ESG Guide**") under Appendix C2 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Stock Exchange**").

The Board of the Company places a high priority on sustainable development management, integrating Environmental, Social, and Governance ("**ESG**") into the Company's operations, establishing an effective ESG management mechanism with a clear hierarchical, well-defined governance structure to effectively control ESG-related risks, and driving continuous improvement in the company's governance level.

## Board ESG Governance Duties

As the highest decision-making body on ESG affairs, the Board takes full responsibility for the Company's ESG governance, overseeing the implementation of ESG policies, strategies, and objectives, and regularly reviews the Company's Environmental, Social, and Governance Report.

## ESG Management Policy and Strategy

The Company places great emphasis on ESG risk management, combining various policy environments, industry development trends, and stakeholder expectations to conduct ESG risk identification and analysis. Annually, the Company enhances stakeholder communication through various methods, identifies substantive issues that are highly significant to the Company's development based on the "importance to stakeholders" and "importance to the Company's sustainable development," and establishes focus areas and management measures for ESG risk control based on this.

## Targets, Metrics, and Implementation

The Company will from time to time consider optimizing its mid-to-long-term targets regarding ESG affairs based on actual circumstances, covering governance system and capability, green low-carbon transition, greenhouse gas emissions, sustainable resource use, pollutant emissions, safety and health, human resources, etc., and regularly check progress. We regard compliance, safety and environmental protection, energy conservation and emission reduction as important promotional contents of the Company.

# About this Report

## Reporting Period and Purpose

The Board is pleased to present this Report for the year ended 31 December 2024 (the "**the Year**" or "**the reporting period**"), detailing the environmental management, social and governance, sustainable development policies and measures, as well as the key sustainable development opportunities and challenges faced by the Company and its subsidiaries (collectively "**the Group**" or "**we**"), and the effective measures the Group did and will take in response.

## Report Scope

This Report covers the environmental and social performance of the Group within the scope of its business operations, including piped gas transmission and distribution, cylinder gas supply, gas distribution, and food ingredient supply and fast-moving consumer good business as well as the Group's offices in various cities (the "**Report Scope Businesses**"). This report does not cover the Group's food ingredient supply and fast-moving consumer good, as the revenue from such business only accounted for approximately 2.70% of the Group's total revenue during the reporting period, significantly smaller than the gas-related businesses, making it less representative of the Group's overall business.

The Board of Directors is responsible for establishing environmental, social and governance strategies for the Group, and therefore monitors the implementation of the corresponding strategies and measures. The Board assesses the risks of ESG performance and ensure taking appropriate and effective risk management measures and establishing internal monitoring systems. Details of the Group's ESG strategies can be found in different sections of this report.

## Reporting Principles

This report is compiled strictly in accordance with the "Reporting Principles" in the ESG Reporting Guide. The content mainly follows the principles of "significance", "quantitative" ,"balance" and "consistency."

Significance: In the process of compiling this report, our Group has conducted assessments with scientific methods and actively sought opinions from various stakeholders to understand their expectations and requirements. The Board of Directors has evaluated issues of significant impact on our Group based on the desires of stakeholders and has devoted more attention to formulating corresponding response strategies.

Quantification: The principle of "Quantification" in this report is mainly reflected in the sections on "Emissions", "Resource Use" and "Employment". To ensure that readers can gain a deep understanding of our Group's performance in environmental, social, and governance aspects, we have used quantified and specific figures to outline our assessments on greenhouse gas emissions, resource consumption, and the utilization of various types of energy.

Balance: The content of this report comes from our Group's internal management files, statistics, and publicly disclosed information, without undue modification.

Consistency: Unless otherwise specified, the data disclosed in this report are compiled based on the unified information collection processes and working standards established by our Group to ensure the comparability of data across reporting periods.

## Report Available on Websites

This report can be downloaded and viewed on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.681.com).

## Feedback and Contact

The Company sincerely looks forward to hearing your valuable opinions and suggestions to continue improving its sustainable development performance and raise its environmental, social, and governance capabilities and standards. For any inquiries regarding this report, please feel free to contact the Company via email at info@681hk.com.

# About the Company

## Company Profile

CHINESE PEOPLE HOLDINGS COMPANY LIMITED (Stock Code: 0681.HK) is listed on the Main Board of the Stock Exchange, mainly engaging in the business of gas sales and distribution in the People's Republic of China ("China"), including piped gas transmission and distribution, cylinder gas supply, gas distribution and food ingredient supply and fast-moving consumer good.

## Distribution of Business in China

〈*As of December 31, 2024*〉

於中國業務分布圖
**Distribution of business in China**
（截至2024年12月31日 At 31 December 2024）

吉林省
Jilin Province

天津市
Tianjin City

河北省
Hebei Province

山東省
Shandong Province

陝西省
Shaanxi Province

四川省
Sichuan Province

重慶市
Chongqing City

湖南省
Hunan Province

福建省
Fujian Province

貴州省
Guizhou Province

雲南省
Yunnan Province

廣西壯族自治區
Guangxi Zhuang Autonomous Region

廣東省
Guangdong Province

本集團業務所在省市
The province/cities in which the Group operates

管道燃氣輸配項目
Piped gas transmission and distribution projects

罐裝燃氣供應項目
Cylinder gas supply projects

燃氣分銷項目
Gas distribution project

食材供應和賣場項目
Food ingredients supply and FMCG project

# 01

## Establishing Management System for Greater Responsibility

# Ⅰ. Establishing Management System for Greater Responsibility

## 1.1 Sustainable Development

Our Group actively responds to China's call for "Comprehensively Advancing the Construction of a Beautiful China", adheres to the sustainable development philosophy of practicing low-carbon, green and environmentally friendly strategies to build "modernization where humans and nature live in harmony", and gradually implementing green development strategic measures. "The environment is crucial to the well-being of the public, since blue sky and verdant surroundings allow us to feel the beauty and joy of life. "A sound Eco-environment is the most basic public good that benefits all."

Our Group adheres to the sustainable development philosophy of "Green, Low-carbon, High-quality Development and Beautiful Ecological Environment" and vigorously implements green strategic measures. For society, our Group proactively integrates into the national major environmental protection strategy, actively participates in local environmental protection projects and promotes environmental protection knowledge. Within the Group, we have always regarded energy conservation and emissions reduction as our top priority, strengthening energy conservation and efficiency improvement in all aspects of life and station work, promoting energy-saving renovation of existing stations, and actively optimizing equipment to achieve energy-saving effects, we aim of becoming a truly energy-saving enterprise.

By adhering to green environmental protection and increasing our energy conservation efforts, we can enhance the Group's capabilities of sustainable development.

## 1.2 Stakeholder Communication

Our Group attaches great importance to communication with stakeholders and insists on actively seeking communication opportunities with them. Through various methods such as emails, questionnaires, phone calls, and on-site idea exchanges, we understand the appeals of internal and external stakeholders to promote the sustainable development of our Group. To enhance the participation of stakeholders, our Group has established a communication mechanism for stakeholders' expectations and requirements (as shown in the table below) and proactively build a relationship of mutual trust.

## Stakeholder Expectations and Communication Channels

| Stakeholders | Expectations and Requirements | Communication Channels | Key actions |
|---|---|---|---|
| **Clients** | ✓ Safety Assurance<br>✓ Providing quality products<br>✓ Privacy Protection<br>✓ Providing quality services<br>✓ Actively responding to customer complaints<br>✓ Safety assurance<br>✓ Price stability | ✓ 24-hour emergency hotline<br>✓ Customer satisfaction surveys<br>✓ Customer Relationship Management<br>✓ Customer visits<br>✓ Telephone, WeChat and other applications<br>✓ Responding to customer complaints<br>✓ Safe gas use manual | ✓ Timely resolution of customer complaints<br>✓ Ensuring stable supply of resources<br>✓ Customer safety inspections<br>✓ Customer satisfaction surveys<br>✓ Enhancing information security<br>✓ Providing high-quality customer service standards<br>✓ Set reasonable selling price |
| **Government** | ✓ Paying taxes in full accordance with the law<br>✓ Complying with national laws and regulations<br>✓ Ensuring stable supply<br>✓ Operating with integrity<br>✓ Serving national strategic development<br>✓ Support economic development | ✓ Subject to supervision and assessment<br>✓ Holding special report meetings<br>✓ Participating in the formulation of industry policies<br>✓ Participating in government agency meetings | ✓ Optimizing records to ensure stable supply of energy<br>✓ Improving safety management standards<br>✓ Enhancing risk management<br>✓ Reviewing goals for energy saving and emission reduction<br>✓ Strictly implementing safety, environmental protection, and occupational health policies<br>✓ Comply with law and regulation |
| **Suppliers** | ✓ Adhering to business ethics<br>✓ Fair, open, and just procurement<br>✓ Win-win cooperation<br>✓ Joint development<br>✓ Resource stock levels<br>✓ Corporate reputation | ✓ Strengthening communication with upstream and downstream<br>✓ Disclosing procurement information<br>✓ Strategic cooperation<br>✓ Site visits to suppliers<br>✓ Public bidding<br>✓ Mail, phone and application programs | ✓ Establishing supplier management standards<br>✓ Public bidding<br>✓ Improving supplier management efficiency<br>✓ Rigorous supplier selection<br>✓ Actively securing resources to ensure supply-demand balance<br>✓ Optimizing management efficiency<br>✓ Ensure execution of contract obligation |
| **Employees** | ✓ Focusing on employee career development<br>✓ Protecting employees' legal rights and interests<br>✓ Salary and benefits<br>✓ Caring for employees' lives<br>✓ Safe and healthy working environment | ✓ Employee activities<br>✓ Soliciting employee suggestions and opinions<br>✓ Employee performance evaluation<br>✓ Internal and external training<br>✓ Encouraging employee innovation | ✓ Conducting employee activities<br>✓ Various forms of recruitment<br>✓ Caring for employees' physical and mental health<br>✓ Providing employees with multiple social insurance<br>✓ Offering learning platforms for employees<br>✓ Employ legally and protect labour rights<br>✓ Improve training and promotion programmes |
| **Community** | ✓ Developing community public services<br>✓ Creating employment opportunities for the community<br>✓ Supporting community welfare projects<br>✓ Safe operation<br>✓ Increasing community employment opportunities<br>✓ Protect local ecological environment<br>✓ Motivate local economic development | ✓ Company website<br>✓ Actively visiting local community institutions<br>✓ Discussions and exchanges<br>✓ Enhancing safety information disclosure<br>✓ Community welfare and advocacy activities<br>✓ Continuing assessment of environmental and social projects | ✓ Focusing on climate change and promoting green and clean energy<br>✓ Engaging in charitable activities<br>✓ Regular safety inspections for customers<br>✓ Participating in community volunteer services |
| **Shareholders / Investors** | ✓ Standardizing corporate governance<br>✓ Continuous growth in performance<br>✓ Perfecting information disclosure<br>✓ Preventing operational risks | ✓ Holding regular shareholder meetings<br>✓ Timely announcements and information disclosure<br>✓ Regularly releasing performance reports<br>✓ Establishing various communication channels<br>✓ Company official website | ✓ Optimizing information disclosure<br>✓ Regularly disclosing business information<br>✓ Optimizing the efficiency of the board of directors and management<br>✓ Maintaining good profitability |
| **Conservationists** | ✓ Protecting the ecological environment, reducing pollution<br>✓ Optimizing environmental governance<br>✓ Addressing climate change | ✓ Actively join and conduct public environmental protection activities<br>✓ Reporting on green operation information<br>✓ Saving energy<br>✓ Publicize and educate ecological environment and energy conservation | ✓ Implementing green action plans<br>✓ Optimizing energy-saving and emission reduction management<br>✓ Continual education on green offices<br>✓ Continuously promoting green offices |

## 1.3 Key Issues

Our Group is committed to providing decision-making information to stakeholders through the construction of effective communication channels. Key issues reflect the environmental, social, and governance matters of concern to stakeholders. During the reporting period, our Group evaluated issues of concern to various stakeholders and the degree of importance the Group places on each item through different channels. Such evaluations help our Group ensure that business development aligns with stakeholders' expectations and requirements, understanding their level of concern for various relevant ESG issues.

Our Company believes that environmental responsibility, social responsibility, and operational responsibility are essential aspects of our sustainable development process that cannot be overlooked. Therefore, our Company has classified and identified 20 sustainable development issues into three categories of responsibility for investigation. Such issues are displayed in below the importance issue matrix.

| Environmental Responsibility | Social Responsibility | Operational Responsibility |
|---|---|---|
| 1. Protecting the ecological environment | 9. Employee safety and health | 14. Development and risk management |
| 2. Responding to climate Change | 10. Employee rights | 15. Integrity and compliance |
| 3. Resource use efficiency | 11. Training and development | 16. Technological innovation |
| 4. Exhaust management | 12. Employee welfare | 17. Anti-corruption and anti-bribery |
| 5. Greenhouse gas emissions | 13. Legal employment | 18. Protecting customer privacy |
| 6. Wastewater treatment | | 19. Social welfare |
| 7. Waste management | | 20. Safe production |
| 8. Using new energy | | |

### Importance Issues Matrix
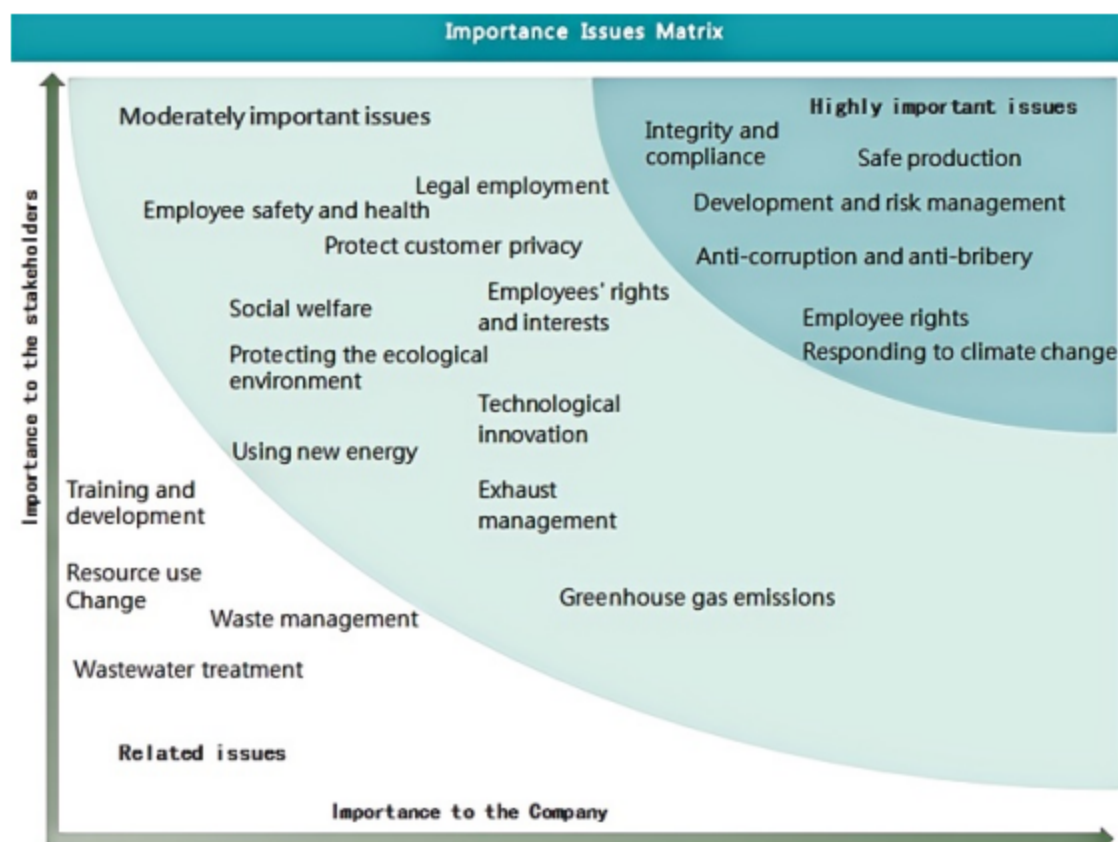
Based on the analysis and judgment of important issues, six highly important topics have been identified for this year: production safety, anti-corruption and bribery, sustainable and stable development and risk management, integrity and compliance, employee welfare, and responding to climate change. This report focuses on disclosing these highly important topics in order to address the concerns of stakeholders.

| Highly Important Issues | Issue Response | Relevant Section |
|---|---|---|
| Production Safety | During the operation of businesses related to flammable and explosive products such as LPG, LNG, DME, CNG, etc., a strict safety management system has been established and implemented. Safety inspections at all levels are continuously strengthened to prevent and control safety risks. | II. Safety Operation for Sustainable Development |
| Anti-Corruption | An anti-corruption system has been established, with revisions and implementations carried out at all levels. Anti-corruption efforts are effectively promoted through various means, including training programs that cover all levels. | I. Establishing Management System for Greater Responsibility |
| Sustainable and Stable Development and Risk Management | Based on the national "14th Five-Year Plan", the theme of high-quality and efficient development is pursued, implementing strategies of innovation, green, and low-cost. | IV. Protecting Environment for Clean Water and Green Mountains |
| Integrity and Compliance | A comprehensive management system has been established, and through various channels such as complaint and whistleblowing mechanisms, behaviors that violate business ethics or laws and regulations are strictly prevented. | II. Safety Operation for Sustainable Development |
| Employee Welfare | Employee welfare is highly valued. On the basis of legal employment and ensuring employee safety, employee belonging and happiness are continuously improved through various forms of employee care activities. | III. Being People-oriented and Caring for Employees |
| Responding to Climate Change | The impact of climate change on the business and the strategic planning of the Group has been assessed and incorporated. The effects of climate change on the business are also identified and evaluated. | IV. Protecting Environment for Clean Water and Green Mountains |

## 1.4 Compliance Management

### Compliance management in accordance with the law

To ensure the safe and stable supply of gas by the Group's gas transmission and distribution system and to enhance the rapid response and emergency handling capabilities in the event of major sudden accidents in the gas system, the Group has drafted risk management documents such as the "Safety Production Management System" and "Safety Production Emergency Plan," based on the "Compilation Guidelines for Production Safety Accident Emergency Plans of Production and Operating Units" (GB/T 29639-2020), and other guiding documents. These risk management documents have formulated emergency plans and on-site emergency handling schemes for various major accidents that occur in the operating area, including leakage accidents, fire accidents, explosion accidents, and force majeure, and have clarified the responsibilities of relevant departments in the processes before, during, and after an incident.

### Risk Control

During the reporting period, the Group conducted risk point identification and assessment, including the assessment of ESG-related risks such as health and safety risks, compliance risks.

### Anti-Corruption

Honesty, fairness, impartiality and transparency are essential to the Group's business performance and long-term development. The Group is committed to creating a fair, honest, open, and standardized business environment, requiring business partners and employees to fulfill certain responsibilities according to the code of conduct. The Group has always followed the "Anti-corruption Law of the People's Republic of China," "Anti-Money Laundering Law of the People's Republic of China," "Interim Provisions on Prohibition of Commercial Bribery," the Hong Kong Law Chapter 615 "Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance" and Chapter 201 "Prevention of Bribery Ordinance" and other relevant local laws and regulations, adopting a zero-tolerance attitude towards all kinds of corruption, bribery, and extortion; thus, we strengthen the Company's internal control mechanisms, established an anti-corruption management system, regulate employee behavior, and set clear and strict penalties for soliciting, accepting bribes, obtaining other illegal benefits, etc.. If local relevant laws and regulations are violated, we will refer to the criminal justice authorities. We require all personnel to develop a habit of strictly adhering to the rules and regulations, eliminate all bribery activities, deepen the supervision work of disciplinary inspection into the operating process, and ensure that in absolute confidentiality, through different channels (including reporting telephone and email, etc..) can report cases of abusing positions for personal gains, bribery, extortion, fraud, and money laundering, etc., violations or illegal activities. We resolutely fight corruption and advocate for integrity, striving to construct a clean social environment.

The Group firmly opposes and prohibits all commercial bribery and corrupt behavior, maintaining a fair and just market order. Details of the Group's measures in anti-corruption initiatives are shown in the table below:

| | |
|---|---|
| Fair competition | ➤ Strictly abide by the "Anti-Unfair Competition Law of the People's Republic of China"; and<br><br>➤ Conduct fair competition and compliance training regularly to enhance employees' legal awareness and ethical standards;<br>➤ Actively carry out anti-unfair competition investigations. |
| Commercial intercourse | ➤ Legal compliance;<br>➤ Strictly follow the prescribed procedures for budget application, approval, reimbursement, etc.; and<br>➤ Strictly comply with data privacy regulations to protect the information security of customers and suppliers;<br>➤ Investigate and punish violations of discipline. |
| Anti-corruption and anti-bribery | ➤ Identify key risk areas of corruption;<br>➤ Prohibit all bribery; and<br>➤ Maintaining high awareness of anti-corruption issues among employees through continuous training and publicity activities;<br>➤ Strictly abide by relevant laws and regulations. |
| Cooperative partner | ➤ Regularly conduct compliance due diligence with partners; and<br>➤ Ensure that the supply chain is in line with the principles of sustainable development;<br>➤ Prevent and control compliance risks such as commercial bribery and corruption caused by partners. |
| Antitrust | ➤ Strictly abide by the " Anti-Monopoly Law of the People's Republic of China"<br><br>➤ Standardize monopoly operation, anti-monopoly work, and anti-monopoly education and training. |
| Report supervision | ➤ Set up a reporting channel, where employees or other stakeholders can report violations such as bribery, extortion and money laundering, and will file a case for investigation or transfer to judicial organs for handling. |

During the reporting period, our Company has continuously circulated various anti-corruption information and materials to enhance and update employees' knowledge of anti-corruption. The Group will arrange to educate all employees and directors on anti-corruption through various types of training in the future to create a clean working environment.

During the reporting period, we have complied with laws and regulations that have a significant impact on our Group regarding the prevention of bribery, extortion, money laundering, and fraud. During the reporting period, neither our Group nor any of our employees were involved in litigation cases against corruption.

# 02

## Safety Operation for Substainable Development

# Ⅱ. Safety Operation for Sustainable Development

## 2.1 Safety Operation

### Safety Management

Our Group and its subsidiary project companies have established leadership institutions for safety production, mainly responsible for safety management work, including the establishment of (i) a safety management department and a network system for safety production management with dedicated (part-time) safety personnel (the Group has set up a safety technology department responsible for the Group's safety management work and guiding the safety work of various subsidiary companies; subsidiary companies have set up safety management departments responsible for the safety management work and safety guidance of project companies in their respective areas) and (ii) the establishment and improvement of corresponding safety management rules and regulations such as the "Safety Production Education and Training System," "Safety Production Responsibility System and Assessment Management Regulations," "Gas Customer Safety Inspection and Management System," "Safety Production Risk Classification Control and Accident Hazard Investigation and Treatment System," "Emergency Plan Management and Emergency Drill Management System," etc., and (iii) safety technical operating procedures (such as "Low-Temperature Liquid Storage Tank Filling Operating Procedures," "cylinder Liquefied Petroleum Gas Filling Safety Operating Procedures," "Low-Temperature Liquid Safety Operating Procedures," "Home Safety Inspection Operating Procedures," "Gas Station Facility Equipment Inspection Procedures," etc.). We strictly implement and regularly monitor their effectiveness and efficiency. We have also announced emergency repair phone numbers, set up full-time (or part-time) emergency repair teams, equipped with protective gear, vehicle equipment, communication devices, emergency repair tools, etc., and implement a 24-hour duty system, allowing residents to receive immediate instructions from safety officers, minimizing accident risks timely; in case of any accidents, we can also obtain first-hand information, cooperate with the local fire department to deal with accidents as soon as possible, preventing further expansion of accident impact while also checking for all kinds of safety risks at every link to minimize risk.

We have formulated a safety production responsibility system for all employees based on safety production regulations, clarifying the responsibilities, scope, and assessment standards for each position (defining every individual's safety production responsibilities and assessment standards). Our Group decomposes safety production responsibilities according to the safety production responsibilities of each company, department, and position, layer by layer, and signs the "Safety and Fire Responsibility Letter" at each level. We have developed multiple plans including the annual safety operation work plan, the annual safety management implementation plan, and the safety production reward and punishment assessment system, which helps us regularly assess the completion of safety responsibility targets and ensures the implementation of safety production targets. We actively carry out enterprise safety production commitment activities, including setting aside safety production funds and establishing a safety production funding account as per national regulations, ensuring that safety production funds are used specifically for their intended purpose, guaranteeing the input of safety production funds.

We actively optimize employee safety education and training, reviewing the annual training plan every year. During the reporting period, in addition to providing pre-job training for new employees and multiple safety training, including but not limited to:

➢ Laws, regulations and rules of production safety;
➢ Production safety responsibility system and assessment system; production safety rules and regulations and operating rules;
➢ Job safety operation skills; training on safety equipment, facilities, tools (e.g.,fire safety knowledge and gas knowledge training, pressure vessel operation training, safety and protection training for high-altitude and high-temperature operations, electrical knowledge training, liquefied natural gas physical and chemical knowledge and practical training, dangerous goods road transport safety management training, fire safety training in flammable and explosive places, emergency plan training and emergency plan drills, safety risk classification control and accident hidden danger investigation and handling, major hidden danger investigation and governance training, client-side safety management training, user repair and emergency handling training, training for practitioners and special equipment operators and special equipment personnel, production safety accident case and emergency handling rescue prevention training, etc.);
➢ Implementing training and assessment according to plan; and
➢ Before new processes, new technologies, and new equipment are put into production, we require the organization to compile new safety operation procedures and conduct specialized training.

We established and improved the safety education training assessment account and archives, recording detailed information related to training and assessment, including the responsible department (person), training hours, list of trainees, qualifications of the trainers, content of training assessment, etc.. We require special operation personnel to undergo specialized safety technical training to obtain a qualified operation or vocational qualification certificate, which is compulsory before they can work with the certificate.

## Safety Management Actions

Before we supply gas to users, facilities must be installed outdoors and at user locations, and pipelines laid. The transportation of gas through pipelines, as well as delivering tank gas by fleet, involves the safety of users and citizens. To effectively handle various types of emergencies and ensure the safety of employees and nearby citizens at the accident site, our Group has formulated an emergency response work plan for emergencies. The basic principles include putting personal safety above all else and minimizing losses as much as possible. After an incident occurs, our employees will immediately arrive at the accident site for a preliminary assessment, clarifying the type of incident, time, location, cause of occurrence, casualties, environmental pollution situation, and impact on the surrounding environment, and determine the incident level and take corresponding emergency measures to prevent the situation from escalating.

From top to bottom, we have established a safety production inspection system and actively carry out various safety production inspections according to the system, including annual, quarterly, monthly safety inspections, seasonal safety inspections, special safety inspections, daily safety inspections, etc.. We require company leaders to lead teams to participate in safety inspections and assessments, such as holiday duty and patrol inspections, to prevent emergencies. At the same time, according to national regulations and local requirements, we conduct in-home safety inspections for users, informing users of any gas safety hazards in time, and taking measures to eliminate hazards promptly. We conduct irregular and comprehensive inspections of the gas facilities and environment of large and medium-sized industrial and commercial users and personnel gathering areas (schools, hospitals, hotels, government canteens, restaurants, commercial complexes), limited time to rectify safety hazards, and through establishing accounts and other measures, we have achieved closed-loop management of safety hazard rectification.

Gas safety is the common responsibility of the whole society. In order to prevent any safety accidents, our Group actively cooperates with the government, media, communities, and other levels, widely promoting safe gas usage in various forms. We use "3.15", safety production month, promotional vehicles entering communities, WeChat public accounts, SMS, LED screens, and other methods to carry out gas safety promotion. We post safety slogans in company offices, payment retail outlets, key locations, transportation and distribution stations, and rural population gathering places, rolling play safety promotional videos and safety gas tips, and other forms to improve public awareness of safe gas usage, regulating safe gas behavior. We takes advantage of the opportune moment when users handle gas supply procedures to distribute promotional materials to users, educating users about safe gas usage. We have also developed gas supply acceptance operating procedures, including household-by-household safety inspections and replacements of gas facilities, conducting gas supply operations according to procedures after verifying compliance with safe gas supply conditions, and establishing user gas usage archives.

## Safety Management Standards

We have established archives and information management platforms for pipeline network, valve wells, pressure regulating equipment, meter boxes, gas cylinders, stores, etc., and timely update data in the information management platform according to engineering construction and user development. We have established special equipment accounts and archives, established accounts for production facilities at stations, and various facilities and equipment are managed by dedicated personnel who regularly inspect and maintain them. By establishing account management, dedicated control of facilities and equipment, and other measures, we ensure responsibility is implemented to relevant individuals, ensuring safe gas supply.

In accordance with national regulations for the management of the gas industry, we have established an emergency rescue system in response to incidents and emergencies, developed emergency rescue plans, and submitted these plans to the local government authorities for filing after expert evaluation. We organise training for all employees on the emergency rescue plans, conduct emergency drills for all staff, and evaluate the effectiveness of the drills, reviewing the adequacy and effectiveness of the emergency rescue plans. We have established a registration ledger for major hazards and strengthened the pre-control of major hazards and accident risks. Our Group is equipped with sufficient emergency rescue equipment in accordance with national regulations and industry characteristics, and has established a management ledger for emergency rescue equipment, ensuring that designated personnel conduct regular maintenance and management of emergency repair and rescue facilities to ensure effective control of gas emergencies in a timely manner.

Overall, our Group has established a comprehensive management and maintenance system for gas facilities and equipment, as well as an emergency response system, to ensure effective control of gas emergencies. We will continue to improve our safety management practices, prioritizing employee safety, to ensure a safe and reliable gas supply. However, due to the group's business involving the distribution of cylinder gas, some positions primarily operate in high-frequency mobile scenarios on urban roads, which exposes this employee group to a higher risk of traffic accidents. During this reporting period, traffic safety accidents occurred. The number of workdays lost due to work-related injuries during this reporting period has increased as compared to the previous reporting period. The group has summarized its experiences and will strengthen safety production education for employees to reduce the occurrence of such work-related injuries.

**Number of Workdays Lost due to Work-related Injuries within the Business Scope of this Report**

|  | Year 2024 | Year 2023 |
|---|---|---|
| Number of workdays lost due to occupational injuries | 238 | 65 |

During the reporting period in the year of 2024, number and rate of work-related fatalities occurred was 0 person (0%) (2023 and 2022: 0 person (0%) ).

## Construction of Safety Culture

Our Group adheres to the principle that safety production work should be people-oriented, prioritizing life above all else, and placing the protection of employees' life safety at the forefront. We insist on safety first, prevention-focused, and comprehensive governance , as well as the principle that " business management must include managing safety, production management must include managing safety, and industry management must include managing safety." We actively fulfill the primary responsibility of enterprise safety production, establish a bottom-line thinking, clarify responsibilities, and solidly do a good job in safety production work. We continuously pay attention to the physical and mental health of employees, organize relevant personnel to regularly carry out occupational health examinations, and ensure employee care is implemented in practice.

## 2.2 Supply Chain Management

### Supply Chain Management System

To create a competitive environment for suppliers, providing stable and reliable products and services, our Group always adheres to the principles of fairness, justice, and transparency. We continuously standardize supplier management, improve procurement mechanisms and processes, urge suppliers to fulfill their environmental and social responsibilities, and jointly create a green, healthy, and sustainable development value chain.

In terms of supply chain management, our Group strictly complies with the "The Bidding Law of the People's Republic of China" carrying out supplier bidding and supply chain management work. Our Group regularly reviews and assesses the compliance of suppliers, organizes supplier assessments, which also include occupational health and safety, environmental management, and other evaluation contents. For suppliers with serious violations, bribery, and severe dishonesty, supplier delisting is implemented. Combining corporate development and management status, we convey environmental matters and expectations to suppliers and business partners, hoping suppliers will cooperate with us in fulfilling social responsibilities.

Our Group usually signs long-term gas supply contracts with high-capacity and reputable gas suppliers and makes supplementary agreements annually based on actual needs, establishing stable strategic cooperation relationships, and developing business on an equal and win-win basis. Our Group is mainly responsible for purchasing gas from upstream suppliers (including state-owned enterprises) and selling it to customers for industrial, commercial, and household use. We have developed safety plans and emergency plans and maintain stable communication with suppliers. According to different local conditions, we have developed various procurement management systems, requiring all suppliers to meet our expectations regarding environmental protection, employee health, and safety. Actively undertaking corporate social responsibilities, we implement local procurement policies promptly and support local suppliers to stimulate local economic development. To build an efficient supply chain with suppliers, we maintain long-term strategic and partnership relations with groups that have a good credit history, solid reputation, service quality, compliant environmental record, and adhere to social responsibilities. We regularly review the performance of product and service suppliers to more effectively control and ensure the quality of our products and services. The Group encourages suppliers to use environmentally friendly materials and gives priority to relevant suppliers. From contract signing to acceptance, operations and supervision are strictly divided, aiming to ensure suppliers are qualified, possess professional technology, have a good internal management system, deliver quality and timely products, and are legal and compliant, ensuring suppliers are competitive and capable of providing high-quality products and services. Some subsidiaries have developed conflict of interest management systems and established rigorous procedures, allowing employees, suppliers, customers, and individuals related to our business to report any illegal, rule-violating behavior, aiming to prevent actions that harm the legitimate interests of all parties. During the reporting period, our Group did not receive any severe violation reports. As of December 31, 2024, our Group has 168 key suppliers (including key auxiliary suppliers) in China, all of which have undergone our basic assessments.

## Supplier Access Management

For the procurement process, our Group conducts strict reviews of the qualifications of bidding applicants, considering the following factors:

➢ Market reputation;
➢ Product and service quality;
➢ Business licenses and other certificates;
➢ Supply capability;
➢ Compliance and anti-corruption measures in place;
➢ Management Normativity;
➢ The Fulfillment of social and environmental responsibilities.

According to procurement processes and regulations, suppliers who obtain benefits through improper means such as bribery and corruption, violate work regulations, engage in illegal or disciplinary actions, or cause significant losses to the group due to product quality, environmental protection, or safety issues will have their access qualifications revoked.

## Safe and Stable Gas Supply

Our Group always adheres to a stable and secure energy supply, monitoring upstream and downstream situations in real-time; strengthening the inspection of gas supply network facilities to ensure stable and safe gas usage during extreme weather and other situations, fully guaranteeing the supply for people's livelihoods.

## 2.3 Quality Management

### Quality Management Measures

Our Group places great importance on the quality issues of various products, and the quality inspection of products involved in business such as natural gas, LNG, LPG, CNG, and DME industrial gases is conducted in accordance with national standards and relevant policy requirements. During the reporting period, our Group reviewed quality management throughout the entire process of product purchasing, sales, storage, and transportation.

### Product and Service Responsibility

Our Group continues to increase investment, continuously improving and enhancing gas quality, ensuring a high level of stability and reliability of products and services. Regarding health and safety, privacy, and other matters of our Group's products and services, we have complied with relevant rules, regulations, and standards during the reporting period, including:

➢ "The Product Quality Law of the People's Republic of China";
➢ "The Road Traffic Safety Law of the People's Republic of China";
➢ "The Law of the People's Republic of China on the Protection of Consumer Rights and Interests";
➢ "Regulations on the Safety Management of Hazardous Chemicals";
➢ "The Promotion Law of Circular Economy of the People's Republic of China"; and
➢ "The Personal Information Protection Law of the People's Republic of China".

Due to the nature of the Group's business being gas supply, it does not involve the recycling of gas products as its substantial business.

## 2.4 Customer Service

### Customer Service Management

We always prioritise customer needs, listening to customer feedback through multiple channels and continuously optimising service content and processes. To enhance service efficiency, we have established and improved the customer service information system, achieving factual analysis and precise management of service data. At the same time, we have established a comprehensive training system, conducting training programs to cultivate service awareness and improve professional skills, thereby fully enhancing the service capabilities of the customer service team. Through these measures, we continuously improve customer satisfaction.

Our Group has established a comprehensive customer complaint handling mechanism, setting up a 24-hour service hotline, complaint suggestion boxes, and other channels for customer complaint. Complaints are categorized and prioritised for timely resolution. For valid complaints, customers are invited to fill out a complaint handling form, which records detailed complaint information, and the form is handed over to the relevant department responsible for investigation and resolution. After the complaint is handled, customer service personnel will follow up with the customer regarding the complaint outcome to understand their satisfaction with the complaint handling. During the reporting period, the total number of customer complaints was 108, with a problem resolution rate of 100%.

### Information Security Management

Our Group places great emphasis on the security of customer information and privacy, strictly adhering to the "People's Republic of China Consumer Rights and Interests Protection Law", "Cybersecurity Law", "Personal Information Protection Law", "Internet Personal Information Protection Guideline" and Hong Kong Ordinance Chapter 486 "Personal Data (Privacy) Ordinance" and other laws, regulations, and international standards. Confidentiality is one of our Group's core values. We have developed user file management regulations, providing clear guidelines to monitor the use and management of customer files; employees must handle customer data rigorously and confidentially to prevent leakage of customer information; all confidential information obtained through business relationships, without proper authorization, employees shall not disclose any information to third parties; if employees need to access such information for business reasons, they must provide the purpose and reason for access and can only access it after approval. We will strictly abide by and implement the confidentiality agreement signed with customers regarding confidentiality, fully ensuring the security of customer privacy and information.

## Intellectual Property

During the reporting period, our Group complied with applicable laws and regulations related to intellectual property rights, including the "Patent Law of the People's Republic of China", "Trademark Law of the People's Republic of China", and Hong Kong Ordinance Chapter 514 "Patents Ordinance".

We regularly review our own and the market's trademarks and patents to prevent any infringement.

## Compliance

Our Group places great importance on customer interests and investigates to understand customer satisfaction. Our Group welcomes customer praise and complaints, believing that customer feedback is a driving force for our progress. During the reporting period, our Group's products and services were not involved in any significant illegal or rule-violating incidents, nor did we receive complaints regarding violations of user privacy or data loss.

# 03

# Being People-oriented and Caring for Employees

# III. Being People-oriented and Caring for Employees

## 3.1 Employee Employment

Our Group strictly complies with the "Labour Contract Law of the People's Republic of China", "Labour Law of the People's Republic of China", Hong Kong Ordinance Chapter 57 "Employment Ordinance", Hong Kong Ordinance Chapter 485 "Mandatory Provident Fund Schemes Ordinance", Hong Kong Ordinance Chapter 608 "Minimum Wage Ordinance" and other relevant laws and regulations, and has established the "Comprehensive Management System of Chinese Civigas" to fully guarantee the legal rights and interests of employees. There were no serious labour disputes related events during the reporting period.

Our Group advocates equality, a diverse employment environment, and non-discrimination in the workplace. Our Group stipulates that any form of discrimination, violence, and disrespect towards employees, including discrimination based on gender, age, ethnicity, race, religious belief, nationality, education level, discrimination against employees with psychological and physical impairments, any form of disrespect towards employees and any form of harassment of employees is forbidden. Meanwhile, our Group insists on promoting employment for residents and strive to increase job opportunities in the local community. As of 31 December 2024, there were 1,815 employees within the scope of this Report.

**Number of Employee under the Business Scope of this Report**

| Category | | Year 2024[Note] |
|---|---|---|
| Total Number of Employees | | 1,815 |
| By Gender | Male | 1,243 |
| | Female | 572 |
| By Employment Type | Full-time | 1,789 |
| | Part-time | 4 |
| | Rehire after retirement | 15 |
| | Others | 7 |
| By Job Level | Senior Management | 119 |
| | Intermediate management | 221 |
| | Regular Employees | 1,382 |
| | Others | 93 |
| By Region | Beijing, Tianjin, Hebei, Henan and Shandong | 187 |
| | Sichuan, Chongqing and Shaanxi | 742 |
| | Hong Kong, Guangdong and Guangxi | 69 |
| | Guizhou, Yunnan and Hunan | 817 |
| By Age | ≤30 years old | 292 |
| | 31–40 years old | 615 |
| | 41–50 years old | 537 |
| | ≥ 50 years old | 371 |

**Employee Turnover Rate under the Business Scope of this Report**

| Category | | Year 2024(Note) |
|---|---|---|
| By Gender | Male | 72.63% |
| | Female | 27.37% |
| By Age | ≤30 years old | 22.46% |
| | 31– 40 years old | 31.58% |
| | 41– 50 years old | 23.50% |
| | ≥ 50 years old | 22.46% |
| By Region | Beijing, Tianjin, Hebei, Henan and Shandong | 17.19% |
| | Sichuan, Chongqing and Shaanxi | 27.02% |
| | Hong Kong, Guangdong and Guangxi | 3.51% |
| | Guizhou, Yunnan and Hunan | 52.28% |

Note:

The employment data for the reporting period was obtained from the Human Resources Department of our Group, based on the employment contracts signed between the Group and its employees. This data covers employees who have a direct employment relationship with the Group according to local relevant laws, as well as workers whose work and/or workplace are under the control of our Group. The methodology used for the above employment data is based on the "How to Prepare an Environmental, Social and Governance Report" Appendix C2: Social Key Performance Indicators Reporting Guidelines issued by the Stock Exchange.

## 3.2 Labour Guidelines

In order to avoid non-compliance issues such as child labour and forced labour, our Group strictly adheres to various relevant national laws and regulations, such as the Employment Ordinance (Chapter 57 of the Laws of Hong Kong) and the "labour Law of the People's Republic of China", fully respecting the legitimate rights and interests of every employee, and prohibiting the employment of any child labour or forced labour.

To combat illegal employment of child labour, underage workers, forced labour, and to ensure that job seekers can be legally hired, our Group's Human Resources Department requires all employees to provide valid identification (including ID card, household registration book (if available), and personal resume) before confirming employment and conducts pre-employment background checks and related work to ensure strict compliance with laws and regulations related to labour employment. Our Group regularly reviews human resource policies and has established a reporting mechanism to monitor and ensure compliance with all relevant laws and regulations. If child labour or forced labour is discovered, our Group will immediately terminate the employment relationship and conduct the necessary investigations.

**Talent Selection and Promotion**

Our Group closely follows the national energy development plan, combining industry market prospects and the business needs of our Group to analyses the talent resource demands across various regions and businesses. Our Group actively absorbs and nurtures high-quality talents, works hard to expand the professional team, and solidifies the sustainable development of the Group. At the same time, our Group advocates equal opportunities and respects personal privacy, and has developed a recruitment management system to regulate the process of employee hiring. Our Group's employment system is managed strictly and effectively around the basic strategy of our Group, which includes equal employment and promotion opportunities for employees; for vacant positions, using internal assessment and external recruitment forms is an important method for employee promotion. During the recruitment process, department heads determine the job responsibilities and requirements for the recruitment positions, and after management approval, the Human Resources Department selects suitable candidates according to requirements to improve the efficiency of talent selection. Our Group uses character, knowledge, abilities, and job requirements as the employment standards, providing equal employment opportunities to individuals of different ages, genders, races, marital status, or nationalities. These policies apply to different stages of the employment relationship, including but not limited to recruitment, promotion, performance evaluation, training, individual development, and termination of employment. On an equal basis, our Group expects to discover talents who are willing to work, be dedicated, and take responsibility, and places confidence and high hope in employees who are willing to continuously learn, improve their abilities, and advance together with our Group. For staff promotion, our Group refers to the industry and internal talent management standards of the Group, providing fair promotion opportunities to qualified employees who have performed excellently and contributed significantly to our Group. Our Group practices gender equality policies during the recruitment and promotion process.

Our Group adheres to the development concept of growing together with employees, with specific measures including the establishment of a comprehensive training system, the creation of a clear and flexible career advancement pathway, and encouraging employees to continuously improve, achieving collaborative progress between employees and the company.

## 3.3 Occupational Health

Our Group strictly complies with the "Occupational Disease Prevention and Control Law of the People's Republic of China", "Convention on Occupational and Health and Working Environment", "Regulations on labour Protection in Workplaces Using Toxic Substances", "Regulations on Work-Related Injury Insurance", and other occupational health-related laws and regulations, placing high importance on employees' occupational health.

In 2024, our Group earnestly implemented the "Healthy China 2030" planning outline, strengthening occupational disease prevention, enhancing health care and monitoring, incorporating mental health education for employees, and preventing infectious and endemic diseases into the implementation plan. Through a series of measures, our Group creates a health-promoting work and living environment for employees.

## Occupational health-related measures

The occupational health-related measures taken by our Group in the reporting period include (but are not limited to):

➤ Establishing employee occupational health monitoring files, strictly implementing pre-employment, on-the-job, and pre-leaving occupational health examinations.
➤ Regularly conducting occupational health knowledge training, strengthening emergency rescue training and drills;
➤ Timely providing complete labour protection gears and personal protective equipment;
➤ Providing anonymous reporting channels to protect the safety of whistleblowers.
➤ Promoting and advocating for a culture of health.

Our Group is committed to improving employees' occupational health and will continue to implement related measures to ensure a safe and healthy working environment.

## 3.4 Talent Development

Our Group has always placed great emphasis on talent development and potential cultivation, striving to build a team of highly skilled and quality elites. Through various measures, the Group strengthens the construction of corporate culture and continuously improves the job skills, quality, and team cohesion of employees.

**The training program within the scope of this Report as devised by our Group is as follows:**

| New Employee Training | Management Talent | Professional Technical Talent | High-Skill Talent |
|---|---|---|---|
| Through centralised training and on-the-job internships, new employees are quickly integrated into the company; new employees' job performance is assessed in practice to uncover their potential; new employees are required to participate in Level 3 safety education training to understand national safety production laws and regulations, learn safety knowledge, become familiar with safety production in various positions, and master key aspects of safety production. | Enhance the comprehensive capabilities of management personnel with a focus on business skills, management standard, innovative thinking, leadership abilities, policy regulations, corporate culture recognition, and development stability. | Improve the innovation and research capabilities of professional talents in new technologies, new processes, new theories, and new methods through self-study at the post, technical exchanges, off-site learning, and special lectures. | Improve operational skill levels and safety production responsibilities with a focus on basic theories, standardised operations, and knowledge of safety and environmental protection. |

The Group adopts a comprehensive education and training system, formulating multi-level, multi-angle, and fully covered training plans every year, which are optimised periodically.

**Employee Structure of Participation in training and duration of training within the scope of this Report**

| Indicator Name | | Category | Year 2023[Note] |
|---|---|---|---|
| By Gender | | Male | 69.80% |
| | | Female | 30.20% |
| By Job Level | | Senior Management | 6.07% |
| | | Intermediate management | 11.26% |
| | | Regular Employees | 81.25% |
| | | Others | 1.42% |
| Average Training Duration (Hours) | By Gender | Male | 27.38 |
| | | Female | 35.65 |
| | By Job Level | Senior Management | 32.35 |
| | | Intermediate management | 29.84 |
| | | Regular Employees | 29.77 |
| | | Others | 25.61 |

Note:The training information is derived from the Group's consolidated human resource data. The training refers to the vocational training attended by the Group's employees during the reporting period. The methods used to report the percentage of employees trained and the average training hours are based on Appendix 3: Social Key Performance Indicators Reporting Guidelines of the "How to Prepare the Environmental, Social, and Governance Report" published by the Stock Exchange.

The scope of this report covers the Group's training activities, totaling approximately 48,276.5 hours, with 1,616 participants, resulting in an average training duration of 29.87 hours per person.

New employees are required to undergo pre-employment training, which aims to introduce them to corporate culture, business, industry knowledge, organizational structure, regulations, quality awareness, production processes and technology, and specialised safety operations. New employees and transferred employees are required to participate in Level 3 safety education training, which requires employees to understand national safety production laws and regulations, learn safety knowledge, become familiar with safety production at various positions, and master key points of safety production. New employees must pass an assessment before taking up their positions.

## 3.5 Employee Care

The Group pays great attention to employee health, arranges health check-ups for employees, and sets up various types of examination projects, adding gynecological examinations for individual female employees in need.

The Group emphasises a people-oriented spirit, aiming to comprehensively balance employees' lives and work, creating a positive, healthy, and sustainable working environment together with employees. The Group actively focuses on employees' physical and mental health. We establish employees' working hours and protect their rights to rest and vacations according to local labour laws. All employees enjoy rest days and statutory holidays. We organize various extracurricular activities such as tree planting, sports meets, basketball competitions, long-distance running events, hiking, Women's Day activities, Spring Festival galas, and outdoor barbecues to enhance employees' cohesion, team consciousness, sense of belonging, and reduce work stress.

The Group upholds the concept of focusing on employee welfare and actively develops and improves relevant employee welfare systems based on national laws and regulations. This includes implementing a comprehensive social security system for all employees, covering pensions, medical care, unemployment, work-related injuries, maternity insurance, and housing provident funds, and making compulsory provident fund contributions for Hong Kong employees. If employees are dismissed or compensation needs to be made, we will handle it according to local laws and regulations.

The Group actively creates a compliant, fair, reasonable, and competitive compensation and benefits system, perfecting and implementing policies for both financial and non-financial incentives, providing competitive compensation and benefits for employees. During the reporting period, we improved the compensation system and performance management mechanisms, ensuring fair, just, and reasonable evaluation and reward for employees' hard work. Performance feedback is used to promote employees' strengths and contributions to

the Group's development. Employee benefits vary by region and generally include wages, overtime pay, discretionary bonuses, etc.. Other benefits include festival gifts, birthday money, meal allowances, health checks, transportation subsidies, communication subsidies, heatstroke prevention medicine and beverages, etc..

To enhance employees' work enthusiasm and efficiency, and motivate them to advance, the Group conducted systematic performance evaluations based on various standards, including performance contributions, work experience, seniority, consultation history, knowledge and skills, performance, and other comprehensive contributions. During the evaluation process, department heads discuss work goals and development plans with employees, arrange appropriate training activities, and encourage potential.

Our Group has always adhered to an open and inclusive corporate culture. By regularly holding employee forums, establishing feedback platforms, and conducting management reception days, among other diverse channels, it ensures that every employee can express their opinions freely. Through this two-way interactive communication model, it enhances employees' sense of belonging and participation and injects continuous innovative momentum into the company's sustainable development.

## Compliance

During the reporting period, the Group did not have any confirmed illegal or regulatory violations related to employment, health and safety, and labour standards that had a significant impact on the Group.

# 04 Protecting Environment for Clean Water and Green Mountains

## Ⅳ. Protecting Environment for Clean Water and Green Mountains

### 4.1 Environmental Management

The Group strictly adheres to the "Environmental Protection Law of the People's Republic of China", "Law of the People's Republic of China on Prevention and Control of Water Pollution", "Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution", "Integrated Wastewater emission Standard", "Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste", "Soil Pollution Prevention and Control Law of the People's Republic of China", "Identification Standards for Solid Wastes - General Rules", "Directory of National Hazardous Wastes", "Law of the People's Republic of China on Prevention and Control of Environmental Noise Pollution" and other related laws and regulations.

The Group continues to improve its environmental management system, committed to protecting the environment and improving environmental performance through effective strategies. To address environmental degradation and energy scarcity, the Group advances sustainable development measures, contributing to environmental protection. As the State Council's "Guiding Opinions on Accelerating the Establishment of a Sound Green, Low-carbon and Circular Development Economic System" states, establishing a green, low-carbon circular development economic system and promoting the comprehensive green transformation of economic and social development are fundamental strategies for solving China's resource, environmental, and ecological issues. According to national strategic goals, the Group strictly adheres to the national regulations on emission control, resource consumption, etc..

This section mainly discloses the Group's policies, emission data, and information regarding resource usage, environment, and natural resources during the reporting period. The emission density of the business scope of this report is calculated based on the total sales volume of natural gas and liquefied gas per thousand tons.

### 4.2 Emissions Management

The Group's main businesses include piped gas transportation and distribution, cylinder gas supply, and gas distribution. The emissions during the reporting period included waste gas and greenhouse gases from energy consumption in offices, stores, gas stations, canteens, and office vehicles, as well as office and domestic garbage and domestic wastewater. Various emission reduction and energy-saving measures have been taken to minimize the negative environmental impact (details can be found in the "4.3 Resource Use Management" section below).

### Solid Waste Management

The Group strictly monitors the waste generated during daily operations and handling it in accordance with national and local laws and regulations. The Group reduces waste emissions to land and water through comprehensive waste management, implementing source control and process control. All hazardous waste generated in the operations is entrusted to qualified units for disposal, and other waste is also handled according to national and local emission standards. In terms of gas pipeline laying projects, we strictly

supervises the management and disposal of waste at construction sites. Household waste is always separated from industrial waste, classifying and recycling reusable waste such as plastic bags and mineral water bottles; waste generated from pipeline commissioning and cleaning operations, waste anti-corrosion materials produced during pipeline anti-corrosion patching at construction sites, and waste sand generated from sandblasting rust removal are all centrally collected and processed; household waste is uniformly collected and regularly transported to nearby designated waste treatment plants.

## Goals and Actions

The Group's solid waste mainly includes construction waste, office and domestic garbage, etc.. Through a comprehensive solid waste management system, the Group controls waste generation at the source and during operations. We strengthen construction management and environmental awareness among construction personnel to prevent resource waste and waste generation; appointing personnel to monitor waste disposal at construction sites, strictly prohibiting the mixing of domestic garbage, construction waste, and backfill into construction positions, preventing soil pollution; using dust nets or dust collectors to prevent dust from spreading in the air and causing air pollution; separating and collecting construction and domestic garbage and disposing of them by qualified units or contractors after completion, never dumping arbitrarily. General waste includes construction-generated rubble, cement bricks, and other non-refillable construction debris, all of which are landfilled according to the regulations.

All liquefied gas cylinders (including scrapped cylinders) must undergo a "residue dumping" procedure, i.e., pouring out and collecting the remaining liquefied gas in the cylinder to ensure no flammable substances remain, preventing the impact on gas quality during the next filling. Subsequently, we regularly hand over the poured-out liquefied gas and collected residual liquefied gas to suppliers with recycling technology, strictly prohibiting indiscriminate dumping.

We classify office and domestic garbage according to the requirements of the operating regions, such as recyclable garbage, food waste, other garbage, hazardous waste, etc., and regularly hand them over to the local sanitation department for recycling, landfill, or incineration. The small amount of hazardous solid waste generated in the office, such as waste lamps, waste toner cartridges, waste batteries, etc., is collected and disposed of by qualified recycling companies. Additionally, we start with employee education to implement policies for waste reduction, resource recovery, and harmlessness in office and domestic garbage, reducing waste generation through different measures. For example, some companies set up cafeterias to provide meals for employees, reducing the use of food packaging bags and disposable tableware from external food orders, with designated personnel counting the number of people dining in the cafeteria daily to reduce food waste; setting up microwaves in the office, encouraging employees to bring their lunch and use reusable tableware; regularly providing garbage classification training for employees to enhance their awareness of proactive waste sorting; encouraging the use of environmentally friendly office supplies, such as using pen refills instead of replacing new pens and pencils to reduce the use of volatile inks and correction fluids. We advocate for employees to maximize paper savings, achieving a win-win situation for office efficiency and resource protection. During this reporting period, the discharge of harmless solid waste

decreased by approximately 35.94 tons or 4.31% compared to the previous year, and the discharge density of harmless solid waste decreased by approximately 0.22 tons or 14.10% , mainly due to a reduction in new residential users, leading to a decrease in new construction projects, resulting in less construction waste, while a slight decrease in the number of employees led to a reduction in household garbage, thus resulting in a decrease in the discharge of harmless solid waste.

**Information on Non-hazardous Solid Wastes Emission within the Business scope of this Report**

| | Year 2024<br>(ton) | Year 2023<br>( Restated[1] )<br>(ton) |
|---|---|---|
| **Non-hazardous Solid Waste Emission** | | |
| Total (Note1) | 797.25 | 833.19 |
| Density (Note2) | 1.34 | 1.56 |

Notes:
1. Non-hazardous solid waste mainly includes household garbage and the engineering waste generated by piped gas transmission and distribution, cylinder gas supply and gas distribution businesses, with the amount of household garbage being estimated based on the average annual waste generation per employee. (Adoption of the latest estimated available figures.)
2. The emission intensity for piped gas transmission and distribution, cylinder gas supply, and gas distribution business is calculated based on the total sales volume of natural gas and liquefied gas per thousand tons.

The Group is mainly engaged in piped gas transmission and distribution, cylinder gas supply and gas distribution businesses. The emissions are mainly waste gas and greenhouse gas generated while using offices, stores, gas stations as well as cars use energy, the emission of engineering waste and noise generated during laying and repairing gas pipelines. Besides, there are certain minor emissions such as waste liquefied gas tanks, office and domestic garbage and domestic wastewater, etc. Since our daily operations do not involve production or processing processes, we do not generate any significant hazardous wastewater or solid waste.

## Wastewater Discharge Management

The wastewater discharged by our Group mainly includes domestic sewage from offices, stores, and gas stations, oily wastewater generated in canteens, and wastewater produced during the laying and maintenance of gas pipelines. The Group strictly establishes environmental protection facilities such as firefighting water tanks according to national standards, and strictly prohibits the disorderly discharge of wastewater.

## Actions

We strictly prohibit employees or outsourced construction units from dumping waste oil and hazardous chemicals into sewer pipes under any circumstances. The wastewater generated in the canteen contains oil; it must go through an oil separation and slag separation process before it can be discharged into the local sewage network together with

domestic wastewater, and then further processed by the local sewage treatment plant. We also regularly maintain and repair wastewater pipelines within the company to strictly prevent wastewater leakage, avoiding negative impacts on the surrounding environment. For the wastewater generated during construction, we require the relevant contractors to set up drainage pipes on the construction site. The wastewater must go through filtration and sedimentation processes to separate the sand and other solid waste in the wastewater before it can be discharged into the local sewage network to prevent clogging of sewer pipes. During the reporting period, the amount of harmless wastewater discharged decreased by 2,474.39 tons or reduced by 5.05% compared to the same period last year. This is mainly due to the Group's continuous optimisation of water resource conservation measures, resulting in a reduction in overall water resource usage during operations.

**Report on the Emission of Non-hazardous Wastewater Discharge within the Business Scope of this Report**

|  | Year 2024 (ton) | Year 2023 (ton) |
|---|---|---|
| **Non-hazardous Wastewater Discharge** | | |
| Total [Note 1] | 46,490.70 | 48,965.09 |
| Density [Note 2] | 77.90 | 91.96 |

Notes:
1. As this Report's operational scope does not include statistics on the emission volumes of produced and domestic wastewater, the volume of harmless wastewater discharge in the above table is estimated to be 80% of the water resource usage amount.
2. The emission density for pipped gas transmission and distribution, cylinder gas supply, and gas distribution business is calculated based on the total sales volume of thousand tons of natural gas and liquefied gas.

## Compliance

During the reporting period, there were no identified violations related to environmental protection that had a significant impact on the Group.

## Emission Reduction Goals

Since the operation scope of this Report does not generate a large amount of solid waste or wastewater, and through a series of ongoing emission reduction policies and actions, the Group aims to maintain the fluctuation of waste density at around 5% as an indefinite emission reduction goal. We will continue to implement measures to minimize the negative environmental impact of wastewater discharge and strictly comply with national standards and regulations to ensure good wastewater management practices.

## Greenhouse Gas Emissions Management

Excessive greenhouse gas emissions have led to global average temperature rise, causing problems like ice caps melting, extreme weather, drought, and sea-level rise, threatening human lives globally. The Group is committed to controlling greenhouse gas emissions and providing relevant promotion and education to employees, contributing to controlling and reducing greenhouse gas emissions.

## Goals and Actions

In response to the global decarbonization agreement and the national "30.60" carbon targets ("30.60" targets refer to promoting greenhouse gas reduction mainly $CO_2$, aiming for $CO_2$ emissions to peak before 2030 and achieving carbon neutrality before 2060), the Group actively explores the development and utilization of clean energy, employing multiple measures to create emission reduction and energy-saving actions to decrease emissions (for more details, see the "4.3 Management of Resource Usage" section below). Based on the 2021 ESG reporting year as the baseline, the Group plans to reduce the annual total greenhouse gas emission density (Scope 1 and Scope 2) by 3% and 5% respectively by 31 December 2030.

During this reporting period, the Group vigorously promoted water conservation, waste reduction, and electricity saving to reduce greenhouse gas emissions. Compared with the previous reporting period, the Scope 1 greenhouse gas emissions in this reporting period decreased by approximately 282.39 tons or 10.14% year-on-year; the main reason was the reduction in the number of fuel vehicles, replaced by clean energy vehicles. Scope 2 greenhouse gas emissions in this reporting period increased by approximately 131.58 tons or 5.79% year-on-year, mainly due to the increased volume of cylinder gas business.

**Report on GHG Emission for the Business scope of this Report**

| | Year 2024 (ton) | Year 2023 (ton) |
|---|---|---|
| **GHG Emission** | | |
| Scope 1 (Note 1) | 2,502.62 | 2,785.01 |
| Density (Note3) | 4.19 | 5.23 |
| Scope 2 (Note 2) | 2,404.62 | 2,273.04 |
| Density (Note3) | 4.03 | 4.27 |

Notes:
1. Scope 1 refers to direct greenhouse gas emissions, including the combustion of natural gas, liquefied gas, diesel, and petrol.
2. Scope 2 refers to "indirect energy" greenhouse gas emissions caused by internally consumed purchased electricity.
3. The emission density for piped gas transmission and distribution, cylinder gas supply, and gas distribution business is calculated based on the total sales volume of thousand tons of natural gas and liquefied gas.

Nitrogen oxide emissions during this reporting period decreased by 0.35 tons or 2.21% year-on-year, and particulate matter emissions decreased by 0.01 tons or 0.68%. The reduction in nitrogen oxide and particulate matter emissions compared to last year was mainly due to the Group's active promotion of green travel methods and reduced vehicle usage, thereby reducing nitrogen oxide and particulate matter emissions. Sulfur oxide emissions increased by 0.4 tons or 5.69% compared to last year, mainly due to the increased volume of cylinder gas business.

Report on Exhaust Emissions of the Business scope of this Report

|  | Year 2024 (ton) | Year 2023 (ton) |
|---|---|---|
| **Exhaust Gas Emission** (Note) | | |
| Nitrogen oxides | 15.51 | 15.86 |
| Sulfur oxides | 7.43 | 7.03 |
| Particulate matter | 1.46 | 1.47 |

Note:
Exhaust emissions include air pollutants emitted by transportation vehicles.

## 4.3 Resource Use Management

During the reporting period, the main resources consumed by the Group were petrol, diesel, liquefied gas, natural gas, electricity, water, and paper. The Group has always complied with laws and regulations related to resource use, including but not limited to the "Energy Conservation Law of the People's Republic of China", "Urban Water Conservation Management Regulations", and other relevant laws, regulations, and policies. We have set up various measures and regularly held environmental-themed training to advocate for energy conservation, demanding every employee to be responsible for "energy conservation and consumption reduction" and understand the environmental impact of their behavior. During the reporting period, the Group continued to improve management regulations related to resource use, contributing further to energy conservation.

### Saving the Use of Petrol, Diesel, Liquefied Gas, and Natural Gas

The gasoline and diesel used by the Group are primarily for vehicles and backup generators; liquefied gas and natural gas are mainly for cooking in the canteen and heating supply. Due to the large number of vehicles needed to transport products to gas stations/stores or customers in the cylinder gas supply and gas distribution business, gasoline and diesel emissions and greenhouse gases are a key issue we focus on.

The Group's vehicles are mainly categorized into direct business vehicles and non-direct business vehicles. The former includes tank trucks transporting gas from refineries to gas stations or customers, hazardous goods vehicles transporting cylinder gas from gas stations to retail stores, electric cars or hazardous goods vehicles transporting cylinder gas to customers, etc.. The latter are mainly used for office functions, customer service (such as repair, customer complaint handling, safety inspection), etc..

For both business and non-business vehicles, we have established management systems and adopted saving measures to control fuel use, thus reducing exhaust and greenhouse gas emissions. When purchasing new vehicles, we prioritize economical vehicles with low emissions to reduce energy consumption, prefer natural gas vehicles over diesel vehicles under similar conditions to save energy, and delivery personnel must plan routes in advance to ensure the safest and shortest distance for product delivery.

Employees must apply for approval from the management before using vehicles for non-business purposes. If the destination is nearby, they should try to use the same vehicle to increase fuel efficiency. The vehicle management department is responsible for recording mileage and fuel usage to analyze each vehicle's fuel situation. If any abnormal situation is found, immediate investigation and rectification plans are required to stabilize vehicle usage and fuel conditions. Drivers are required to turn off the engine when parking to reduce energy consumption by idling engines. We also actively promote the concept of "green travel," encouraging employees to use public transportation, bicycles, or walk to and from work instead of private vehicles to minimize fuel consumption and exhaust emissions.

Drivers are responsible for daily vehicle inspections to maintain them in good condition. If any faults are found, repairs must be carried out immediately. We also perform regular maintenance and servicing of vehicles not only to ensure driving safety but also to improve energy efficiency and reduce fuel consumption and exhaust due to faulty parts. We also ask employees to pay attention to their driving habits in daily meetings or regular special training sessions to avoid any unnecessary fuel waste.

Regarding the use of liquefied gas and natural gas, the canteen has strict regulations on the amount of food prepared to reduce unnecessary consumption of liquefied gas and natural gas and simultaneously reduce kitchen waste. We use heating systems according to seasonal changes and never use air conditioners and heating systems simultaneously to avoid waste.

We strictly comply with laws and regulations such as the "Law of the People's Republic of China on Promoting Clean Production", "Renewable Energy Law of the People's Republic of China", "Energy Conservation Law of the People's Republic of China", and "Law of the People's Republic of China on Promoting Circular Economy", reducing carbon emissions generated during operational processes by conserving energy. Compared with last year's data, gasoline usage increased by approximately 28.46 MWh or 1.09%, mainly due to increased delivery frequency caused by the growth of the cylinder gas business. Diesel usage decreased by approximately 1,138.51 MWh or 15.04%. Natural gas usage increased by approximately 63.56 MWh or 8.08%, mainly because increased use of natural gas vehicles reduced carbon and nitrogen oxide emissions. Liquefied petroleum gas usage increased by approximately 13.00 MWh or 8.86%, mainly due to the increased volume of cylinder gas business.

**Report on Direct Energy Utilization within the Business scope of this Report (Scope one GHG emission)**

| | Year 2024 | | | Year 2023 | | |
|---|---|---|---|---|---|---|
| | Usage amount (megawatt -hours) | Usage amount density (megawatt -hours) | $CO_2$ Equivalent emission (ton) | Usage amount (megawatt -hours) | Usage amount density (megawatt -hours) | $CO_2$ Equivalent emission (ton) |
| **Energy Utilization** | | | | | | |
| Gasoline | 2,648.38 | 4.44 | 654.81 | 2,619.92 | 4.92 | 647.78 |
| Diesel oil | 6,429.88 | 10.77 | 1,693.07 | 7,568.39 | 14.21 | 1,992.85 |
| Liquefied gas | 159.79 | 0.27 | 35.92 | 146.79 | 0.28 | 33.00 |
| Natural gas | 849.92 | 1.42 | 118.82 | 786.36 | 1.48 | 111.38 |
| Total emissions | - | - | 2,502.62 | - | - | 2,785.01 |
| Emission density [Note] | - | - | 4.19 | - | - | 5.23 |

Note: The emission density for piped gas transmission and distribution, cylinder gas supply, and gas distribution business is calculated based on the total sales volume of thousand tons of natural gas and liquefied gas.

## Water Conservation Management

The Group continuously strengthens water resource management and supervision, promoting new technologies, processes, equipment, and materials to enhance water resource utilization efficiency. The Group mainly uses government-supplied water sources, but some subsidiaries located in remote areas need to use groundwater as a water source due to the lack of municipal pipelines. The Group has no significant issues in obtaining suitable water sources. These water sources are primarily used in offices, stores, canteens, and employee dormitories, as well as for sprinkling water on gas station storage tanks in summer to cool down and prevent the tanks from exploding due to excessive pressure (sprinkling water for cooling is one of the prevention measures). During the reporting period, we clearly recognised that water resources are a precious, shared, and limited resource. We strictly require employees to conserve water and have actively promoted the importance of water conservation, achieving good results. This year, the Group repaired and replaced water pipes in office buildings and production facilities, reducing water dripping and other issues, making a significant contribution to the Group's overall water conservation. Water usage this year decreased by 3,092.98 tons or 5.05% compared to last year.

**Report on Water Resource Utilization within the Business scope of this Report**

|  | Year 2024 (ton) | Year 2023 (ton) |
|---|---|---|
| **Water Resources Utilization** |  |  |
| Total | 58,113.38 | 61,206.36 |
| Density (Note) | 97.38 | 114.95 |

Note: The emission density for piped gas transmission and distribution, cylinder gas supply, and gas distribution business is calculated based on the total sales volume of a thousand tons of natural gas and liquefied gas.

## Goals and Actions

To improve water resource utilization efficiency and conservation goals, the Group aims to reduce water usage density by 3% by 31 December 2030, using the 2021 ESG report as the base year. The Group is committed to conserving water resources through various effective methods, including but not limited to:

➤ Encouraging every employee to value Earth's water resources, actively adopting various measures to educate employees to fully utilize water resources, to raise their awareness of water conservation, and to reduce wastage. If employees are found wasting resources, we will impose penalties according to the circumstances;
➤ Specify that drinking water should not be used for other purposes; control the flow when washing hands, minimize the faucet flow and immediately turn it off after use;
➤ Regularly inspect water pipelines to prevent "leakage," and if any damage to pipes and valves or water leakage is found, notify the maintenance department for prompt repairs;
➤ Strengthen water resource recycling;
➤ Regularly measure water usage to identify any abnormal usage;
➤ Regularly compare current water usage with previous records to review the effectiveness of water-saving measures and improve water use efficiency;
➤ Some subsidiaries have established water resource and electricity management systems based on national and local government regulations and the company's actual conditions. The responsible department sets resource usage targets and records usage, checking it regularly;
➤ Use efficient water-saving equipment; and
➤ Encourage employees to adopt water-saving measures in their daily work.

## Electricity Conservation Management

The Group aims to control resource use, enhance its utilization efficiency, and reduce waste. We consider it appropriate to establish an indefinite target for continuously reducing electricity consumption per product at this stage. The Group's electricity is mainly used in offices, stores, gas stations, and dormitories. We focus on energy efficiency and strive for proper usage.

## Goals and Actions

The Group aims to control resource use, enhance its utilization efficiency, and reduce waste. Considering the Group's current electricity usage nature, we consider it appropriate to establish an indefinite target for continuously reducing electricity consumption per product. Through daily management and employee education, integrating environmental protection elements into daily work and life, the Group will continue to implement, including but not limited to:

➢  Purchase electrical equipment with higher energy efficiency; use appliances with energy-saving certification;
➢  Regularly maintain, repair, or retrofit to extend the usage period, which not only improves energy efficiency but also reduces solid waste generation;
➢  Replace traditional tubes with LED ones and use natural daylight to reduce office lighting electricity consumption; set electronic devices to automatic sleep mode;
➢  Use air conditioning according to seasonal and temperature changes on a time-limited basis, prohibiting the use of air conditioners when the temperature is below 25℃ or above 10℃; strictly forbid opening doors and windows while using air conditioners; regularly clean air conditioners to reduce electricity use and improve energy efficiency; and
➢  Post energy-saving tips in prominent office locations to remind employees of the importance of conserving energy so that every employee practice electricity conservation, lowers the brightness of monitors; ensure that electrical appliances, including lights, computers, printers, photocopiers, scanners, air conditioners, etc., are turned off when not in use or after work; and
➢  Encourage the installation of solar photovoltaic systems to utilize solar energy for power generation.

**Report on Indirect Energy Utilization within the Business scope of this Report(Scope two GHG)**

|  | Year 2024 | | Year 2023 | |
|---|---|---|---|---|
|  | Usage Amount (MWH) | $CO_2$-equivalent emissions (ton) | Usage Amount (MWH) | $CO_2$-equivalent emissions (ton) |
| **Energy Utilization** |  |  |  |  |
| Electricity | 3,532.23 | 2,404.62 | 3,338.94 | 2,273.04 |
| Total emissions | 3,532.23 | 2,404.62 | 3,338.94 | 2,273.04 |
| Emission density [Note] | 5.92 | 4.03 | 6.27 | 4.27 |

Note: The emission density of piped gas transmission and distribution, cylinder gas supply, and gas distribution businesses is calculated based on the total sales volume of natural gas and liquefied gas per thousand tons.

The Group's electricity consumption increased by approximately 193.29 megawatt-hours or 5.79% this year; the carbon dioxide equivalent emissions correspondingly increased by about 131.58 tons or 5.79% year-on-year, mainly due to the increased volume of cylinder gas business.

## Paper Saving Management

In order to reduce the adverse impact on the environment due to the excessive use of paper in daily operations, our Group uses information technology to promote the electronic transmission of information, actively promoting a paperless office. Based on the 2021 ESG report period as the base year, we plan to reduce paper usage by 5% by 31 December 2030. Our Group has always been committed to saving paper through various effective means, including, but not limited to:

➢ Transmitting information and files in electronic format, reducing photocopying, printing, or faxing;
➢ Storing and reviewing files in electronic formats;
➢ If printing is necessary, setting printers to duplex printing mode; checking file formats before photocopying or printing (e.g., spaces, margins, and page setup);
➢ Reducing font size without affecting readability;
➢ Maximizing the use and recycling of single-sided used paper;
➢ Recycling old envelopes and document bags;
➢ Placing waste paper that has been used on both sides into the recycled paper collection box for processing by qualified recyclers; and
➢ Adopting a "unified purchasing, unified issuance" paper management method, establishing paper purchasing and issuance procedures to effectively standardize and improve paper usage habits across departments;
➢ Optimize paper inventory management to avoid over-purchasing and waste; and
➢ Promote paperless office initiatives across the Group's companies to save paper.

The Group has vigorously promoted paper-saving measures this year, but with the increase in business volume, the use of paper receipts in some companies has significantly increased. The paper consumption this year slightly increased by about 0.18 tons or 1.60% compared to the previous year.

**Report on Paper Utilization within the Business scope of this Report**

|  | Year 2024 (ton) | Year 2023 (ton) |
|---|---|---|
| **Paper Utilization** | | |
| Total [Note 1] | 11.41 | 11.23 |
| Density [Note 2] | 0.02 | 0.02 |

Notes:
1. Paper usage mainly includes office paper, distribution documents, gas safety inspections, and promotional paper.
2. The emission density of piped gas transmission and distribution, cylinder gas supply, and gas distribution businesses is calculated based on the total sales volume of natural gas and liquefied gas per thousand tons.

This year's sales volume of cylinder gas increased, resulting in an increase of approximately 118.05 tons or 9.23% in the packaging materials used for finished products compared to the same period last year.

**Report on the Packaging Materials Used for Finished Products within the Business scope of this Report**

| | Year 2024 (ton) | Year 2023 (ton) |
|---|---|---|
| **Packaging Materials Used for the Finished Products** | | |
| Total[Note 1] | 1,397.65 | 1,279.60 |
| Density[Note 2] | 2.34 | 2.40 |

Notes:

1. Refers to gas cylinders for cylinder gas supply. These cylinders are pressure containers provided to customers for repeated use, which, during their lifespan, do not pollute the environment. At the end of their lifespan, they are recycled and processed by suppliers with recycling technology, without generating non-hazardous solid waste.
2. The emission density of piped gas transmission and distribution, cylinder gas supply, and gas distribution businesses is calculated based on the total sales volume of natural gas and liquefied gas per thousand tons.

## 4.4 Soil Diversity

Our Group attaches great importance to the appropriate development and utilisation of natural resources and the protection of biodiversity. We insist on both ecological protection and restoration, strictly identify ecological environmental factors before engaging in production and business activities and develop and implement ecological environment protection plans. We select construction periods that are conducive to ecological protection and use environmentally friendly construction technologies, materials, and equipment. During and after construction, we promptly restore the ecology and strictly prohibit the use of toxic and harmful substances, industrial solid waste, household waste, or polluted soil for land reclamation. In accordance with relevant national laws and regulations, our Group implements environmental impact assessments, completion environmental protection acceptance, environmental impact assessments, and environmental protection supervision and inspection systems for construction projects and strictly carries out relevant work in accordance with the approval of the environmental impact assessment.

Biodiversity protection measures: regulating the management of construction personnel, continuously enhancing biodiversity protection education and publicity, and avoiding wild animals while vehicles are in transit; in the protection of aquatic organisms in nature reserves, effectively strengthening the protection of the water environment, avoiding eutrophication in certain water areas along the route, and minimizing the impact on the living environment of aquatic organisms.

Soil resource protection measures: we strictly control land occupation during construction, rationally plan pipeline occupation, and carry out orderly operations. We strictly prohibit the random stacking of construction materials and reduce damage to surface vegetation. During construction, we strictly follow the operating procedures and stack and backfill the soil excavated from the trench in layers, so that the soil can quickly restore its productivity. We prevent soil erosion during the backfilling process and achieve self-balance. We schedule construction progress reasonably and avoid busy farming seasons and rainy seasons.

## 4.5 Environment and Natural Resources

As an enterprise that provides clean energy, we are highly concerned about the impact of our operation on the environment and natural resources; while following national environmental protection laws and regulations, we actively adopt different management methods to issue effective carbon emission reduction instructions to our subsidiaries, enhancing the importance of environmental protection messages, to improve employees' habits of using resources, reducing the adverse impact of our Group on the environment and natural resources.

During the reporting period, we took different emission reduction and energy-saving management and actions to reduce the impact on environmental protection and natural resources. The Group strictly complies with "Law of the People's Republic of China on the Prevention of Petroleum and Natural Gas Pipelines", conducting construction and operation only after obtaining government approvals for project site selection, construction, and completion inspections, avoiding any illegal operations. Before starting construction projects, we assess the surrounding flora and fauna and potential impacts on land, water sources, natural resources, and nearby communities. We develop various response measures to reduce and mitigate ecological and environmental impact, such as using non-excavation methods to minimize damage to fauna and flora and land; respecting local culture and customs during site selection, design, construction, and operation phases to avoid impacting the living environment of surrounding communities (details can be found in the "4.2 Emissions Management" and "4.3 Resource Usage" sections above). Faced with increasingly strict environmental protection regulatory requirements, our Group will continue to formulate relevant rules and regulations and implement comprehensive sustainable development.

Our Group will continue to work hard, actively respond to the national environmental protection call, and become a greener, cleaner enterprise.

## 4.6 Climate Change

### Actively Responding to Climate Change

With the introduction of the "Dual Carbon" concept by the Chinese government, as well as the issuance of related national strategies and policy guidelines, our Group considers the impact of climate change on businesses for identification and assessment, actively formulates and implements measures, and integrates them into corporate strategic planning and business development.

In the context of the national energy structure transformation and the accelerated development of new energy, the Group continuously strengthens energy conservation and emission reduction promotion and education, guiding employees to establish environmental awareness, change consumption concepts, etc., such as: transforming waste items, turning waste into treasures, categorizing and processing garbage; reducing or avoiding the use of disposable tableware; using environmental-friendly bags instead of plastic bags; conserving water, electricity, and gas, reusing domestic water; not leaving home appliances on standby; choosing public transportation, bicycles, walking, and other green travel methods; moderate consumption, not blindly pursuing luxury, etc..

## Climate Change Response Measures

Climate change, for the energy industry, is both a challenge and an opportunity. Our Group has always upheld the concept of green development, clarified carbon emission reduction targets, and launched green action plans. We hope to help ourselves and our customers achieve carbon emission reduction targets through green action plans, supporting the realization of the national "Dual Carbon" goals.

Climate change may bring some risks, such as physical risks from extreme weather, as well as transition risks brought by related policies. Therefore, our Group continues to assess the impact of climate change, formulates corresponding response strategies, to better cope with the risks brought by various climate changes.

The Group's actions to address climate change issues are as the following:

| Significant Physical Risk | Specific Description | Response To Action |
|---|---|---|
| Natural calamities | Natural disasters such as typhoons, floods, freezing, rainstorms, etc.. may cause losses to gas equipment and affect normal gas supply. | Regular inspection, maintenance and reinforcement of the equipment to prevent potential safety risks from natural disasters; |
| | | Formulate relevant contingency plans to ensure that emergency rescue materials are available; |
| | | Strengthen safety training and emergency drills for employees to improve their ability to respond to natural disasters. |
| Severe weather | Severe weather may affect project construction quality and employee safety. | Improve the Group's construction-related systems, ensuring that outdoor high-altitude construction work is not carried out during fog, high temperatures, thunderstorms, and other adverse weather conditions, and that construction work is halted during strong winds and heavy rain. |
| Mild winter weather | Warm winter can lead to the reduction in gas consumption. | By improving management standards and adding new users, we can compensate for the losses caused by the reduction in gas consumption during the winter. |
| Cold winter weather | Winter could lead to an increase in gas consumption, so emergency supply support is necessary. | Find suitable gas sources to enhance emergency supply capacity. |
| Weather change forecast | Uncertainty in weather change prediction could cause excess or shortage of gas sources. | Formulate corresponding emergency plans and actively connect upstream gas sources to ensure supply capacity. |
| Potential risks to project construction | Climate change may bring potential risks to project construction. | An assessment of geological and climatic conditions will be conducted in the early stages of the project to predict the potential dangers posed by climate change factors, thereby formulating risk prevention and control plans. |

Looking ahead, our Group will continue to focus on energy-saving and pollution reduction, with the aim of green environmental protection.

# 05

## Contributing to Society and Enjoying Better Life

# Ⅴ. Contributing to Society and Enjoying Better Life

## 5.1 Community Public Welfare

Our Group has always remembered its original mission, adhering to the business philosophy of "Taking from Society, Giving Back to Society", and we have always practiced the public welfare concept of shared development with society through practical actions. On the one hand, we actively participate in community philanthropy, enhancing human interactions, promoting social and harmonious development; on the other hand, we construct a low-carbon ecological environment, advocate green consumption, and promote the formation of a green and low-carbon lifestyle.

Over the years, our Group has always insisted on close cooperation with the communities where we operate, actively participating in community activities, causing our employees and the community to form a united and creative partnership, and together creating a harmonious community. Our Group advocates employees to be responsible for themselves, their families, the corporation, and society, starting responsibility from the details, from every matter around them. We actively participate in community co-construction activities, help people in difficulty find employment, actively engage in philanthropy, carry out donation and education aid activities, embedding the atmosphere of caring, supporting, and valuing education deeply into people's hearts.

Additionally, to improve public awareness of the safety of using piped gas and cylinder gas and strengthen safety protection measures, our Group has organized a variety of propaganda and education activities, such as free household safety inspections, community safety training and publicity activities, and "Gas Safety into Campus", etc.. We carried out "Safe Production Month" and "Safe Production Ten Thousand Miles Journey" series of activities, including campaigns to prevent carbon monoxide poisoning etc.. Safety knowledge was promoted through media such as WeChat public accounts and Douyin videos. Through the aforementioned measures, we effectively investigated and eliminated hidden dangers, reducing the frequency of accidents, and minimizing the harm of disaster accidents to the environment and society.

Our Group has always paid taxes according to law and gone all out to expand employment positions. We actively plan for employees' post-retirement life security measures, continuously paying social insurance and housing fund for employees within China and providing Mandatory Provident Fund schemes for employees in Hong Kong over the years. We have maintained a good production and operation situation, actively promoted green and environmental protection concepts, making contributions to maintaining social stability and building harmonious communities.

During the reporting period within the scope of this Report, a total of 119 people from our Group participated in various community activities, totaling 73 hours of activity time.

## 5.2 Honours

During the reporting period, some of our Group's subsidiaries received the following important honours:

➢ Xupu Zhongmin was awarded the title of "Advanced Unit in Gas Safety Production of Xupu County" (see Figure 1 below);；

➢ Xupu Zhongmin was awarded the title of "Caring Enterprise for Rural Revitalization" (see Figure 2 below)；

➢ Zhengfeng Ping'an Gas was awarded the title of "Outstanding Team in the 'Ankang Cup' Competition of Guizhou Province" (see Figure 3 below)；

➢ Hunan Zhongmin was awarded the title of "Outstanding Unit for Safety Production and Firefighting Work" (see Figure 4 below).
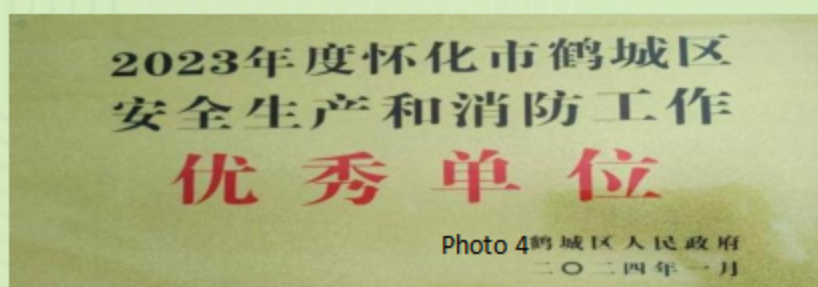


Photo 1

Photo 2



Photo 3



Photo 4

# 06

## Better Environment for the Future

# VI. Better Environment for the Future

Our Group insists on innovation, adheres to our mission, organically combines corporate development with ecological environment construction, strictly abides by environmental protection laws and regulations, strengthens energy conservation and emission reduction, reduces energy consumption, utilizes renewable resources, establishes environmental protection and resource conservation monitoring and assessment systems, and upgrades various types of emission and waste treatment facilities, hoping to achieve the long-term goals of a low-carbon economy and circular economy through this.

Looking forward to the future, as a responsible corporate citizen, we fully recognize the importance of the ecological environment to human development. To build a stable, healthy, and environmentally friendly low-carbon social environment, we will continue to work together to promote harmonious development between enterprises and society. In the future, we will provide a good working environment and competitive salary system to attract outstanding talents while meeting the needs of our employees and ensuring operational safety; we will continue to increase resource investment, improve service quality, and enhance customer satisfaction. We will adhere to our original attention of assuming social responsibility, actively engage in public welfare undertakings, and give back to society through practical actions.

# Appendix: Stock Exchange's ESG Index

**Part B: Mandatory Disclosure Requirements**

**Governance Structure**

| A statement from the board containing the following elements: | | chapter |
|---|---|---|
| (i) | a disclosure of the board's oversight of ESG issues; | Board Statement |
| (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 | |
| (iii) | how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses. | |

**Reporting Principles**

A description of, or an explanation on, the application of the Reporting Principles (materiality, quantative and consistency) in the preparation of the ESG report.

**Reporting Boundary**

About the Company

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.

**Part C: "Comply or explain" Provisions**

| Aspects | ESG Indicators | Description | chapter |
|---|---|---|---|
| | | **A.Environment** | |
| A1: Emissions | General Disclosure | Information on:<br><br>(a)the policies; and<br><br>(b)compliance with relevant laws and regulations that have a significant impact on the issuer<br><br>relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.<br><br>Note: Air emissions include NOx, SOx, and other pollutants regulated under national laws and regulations.<br><br>Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.<br><br>Hazardous wastes are those defined by national regulations. | IV. Protecting Environment for Clean Water and Green Mountains |
| | KPI A1.1 | The types of emissions and respective emissions 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). | |
| | KPI A1.3 | Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | |
| | KPI A1.4 | Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | |
| | KPI A1.5 | Description of emissions target(s) set and steps taken to achieve them. | |
| | 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. | |

| Aspects | ESG Indicators | Description | chapter |
|---|---|---|---|
| A2: Use of Resources | General Disclosure | Policies on the efficient use of resources, including energy, water and other raw materials.<br><br>Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.. | Ⅳ. Protecting Environment for Clean Water and Green Mountains |
| | 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). | |
| | KPI A2.2 | Water consumption in total and intensity (e.g. per unit of production volume, per facility). | |
| | KPI A2.3 | Description of energy use efficiency target(s) set and steps taken to achieve them. | |
| | 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. | |
| | KPI A2.5 | Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced. | |
| A3: The Environment and Natural Resources | General Disclosure | Policies on minimising the issuer' significant impacts on the environment and natural resources. | Ⅳ. Protecting Environment for Clear Water and Green Mountains |
| | KPI A3.1 | Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them. | |
| A4: :Aspect Climate Change | General Disclosure | Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer. | Ⅳ. Protecting Environment for Clear Water and Green Mountains |
| | KPI A4.1 | Description o f the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them. | |

**B. Social**

**Employment and labour Practices**

| Aspects | ESG Indicators | Description | chapter |
|---|---|---|---|
| B1: Employment | General Disclosure | Information on:<br>(a)the policies; and<br>(b)compliance with relevant laws and regulations that have a significant impact on the issuer<br>relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. | Ⅲ. Being People-oriented and Caring for Employees |
| | KPI B1.1 | Total workforce by gender, employment type (for example, full- or part-time) ,age group and geographical region. | |
| | KPI B1.2 | Employee turnover rate by gender, age group and geographical region. | |

| Aspects | ESG Indicators | Description | chapter |
|---|---|---|---|
| B2: Health and Safety | General Disclosure | Information on:<br>(a)the policies; and<br>(b)compliance with relevant laws and regulations that have a significant impact on the issuer<br>relating to providing a safe working environment and protecting employees from occupational hazards. | II. Safe Operation for Sustainable Development |
| | KPI B2.1 | Number and rate of work-related fatalities occurred in each of the past three years including the reporting year. | |
| | KPI B2.2 | Lost days due to work injury. | |
| | KPI B2.3 | Description of occupational health and safety measures adopted, and how they are implemented and monitored. | |
| B3: Development and Training | General Disclosure | Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer. | III. Being People-oriented and Caring for Employees |
| | KPI B3.1 | The percentage of employees trained by gender and employee category (e.g. senior management, middle management). | |
| | KPI B3.2 | The average training hours completed per employee by gender and employee category. | |
| B4: Labour Standards | General Disclosure | Information on:<br>(a)the policies; and<br>(b)compliance with relevant laws and regulations that have a significant impact on the issuer<br>relating to preventing child and forced labour. | III. Being People-oriented and Caring for Employees |
| | KPI B4.1 | Description of measures to review employment practices to avoid child and forced labour. | |
| | KPI B4.2 | Description of steps taken of eliminate such practices when discovered. | |

**Operating Practices**

| Aspects | ESG Indicators | Description | chapter |
|---|---|---|---|
| B5: Supply Chain Management | General Disclosure | Policies on managing environmental and social risks of the supply chain. | II. Safe Operation for Sustainable Development |
| | KPI B5.1 | Number of suppliers by geographical region. | |
| | 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. | |
| | KPI B5.3 | Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored. | |
| | KPI B5.4 | Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored. | |

| Aspects | ESG Indicators | Description | chapter |
|---|---|---|---|
| B6: Product Responsibility | General Disclosure | Information on:<br>(a)the policies; and<br>(b)compliance with relevant laws and regulations that have a significant impact on the issuer<br>relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress. | II. Safe Operation for Sustainable Development |
| | KPI B6.1 | Percentage of total products sold or shipped subject to recalls for safety and health reasons. | |
| | KPI B6.2 | Number of products and service related complaints received and how they are dealt with. | |
| | KPI B6.3 | Description of practices relating to observing and protecting intellectual property rights. | |
| | KPI B6.4 | Description of quality assurance process and recall procedures. | |
| | KPI B6.5 | Description of consumer data protection and privacy policies, and how they are implemented and monitored. | |
| B7: Anti-corruption | General Disclosure | Information on:<br>(a)the policies; and<br>(b)compliance with relevant laws and regulations that have a significant impact on the issuer<br>relating to bribery, extortion, fraud and money laundering. | I .Establishing management system for greater responsibility |
| | 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. | |
| | KPI B7.2 | Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored. | |
| | KPI B7.3 | Description of anti-corruption training provided to directors and staff. | |
| **Community** | | | |
| 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. | V .Contributing to Society and Enjoying Better Life |
| | KPI B8.1 | Focus areas of contribution (eg. education, environmental concerns, labour needs, health, culture, sport). | |
| | KPI B8.2 | Resources contributed (e.g. money or time) to the focus area. | |

**CHINESE PEOPLE**

HOLDINGS COMPANY LIMITED

中 民 控 股 有 限 公 司

(Incorporated in Bermuda with limited liability)

(於百慕達註冊成立之有限責任公司)

(Stock Code 股份代碼：681)