



# 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 股份代號：681)

## 2018-19

### ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

#### 環境，社會及管治報告



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## I. About this Report

The board of directors (the “**Board**”) of Chinese People Holdings Company Limited (the “**Company**”) is pleased to present this Environmental, Social and Governance (hereinafter called “**ESG**”) Report (the “**Report**”) of the Company and its subsidiaries (collectively as the “**Group**” or “**We**”). This ESG Report summarises the policies, sustainability strategies, management approach, initiatives and performance made by the Group in the environmental and social aspects of its business.

The ESG Report covers the Group’s business in the provision of piped gas, and sales and distribution of cylinder gas for the year ended 31 March 2019 (the “**Year**” or “**Reporting Period**”). The Report discloses the required information under the “comply or explain” provisions of the ESG Reporting Guide set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**HKEX**”). The relevant provisions and details are listed out at the end of the Report. The Report does not cover the fast-moving consumer goods and food ingredients supply business as it only accounts for 5.42% of the Group’s total revenue for the Year.

The Board is responsible for the Group’s ESG strategy formulation and reporting, evaluating and determining the Group’s ESG-related risks, and ensuring that appropriate and effective ESG risk management measures and internal control systems are in place. In order to determine the ESG reporting scopes, the key management personnel has discussed internally and identified the environmental, social and operating items; and assessed their importance to the stakeholders and the Group. A summary of material ESG items are listed out per Section III of this Report.

## II. Stakeholders’ Engagement

The Group is committed to maintaining the sustainable development of its business and the environmental protection of the communities in which it operates. We maintain a close tie with its stakeholders, including government/regulatory organisations, shareholders/investors, employees, customers, suppliers, community, etc. and strive to balance their opinions and interests through constructive communications in order to determine the directions of its sustainable development. We assess and determine our ESG risks, and ensure that the relevant risk management measures and internal control systems are operating effectively. The following table shows the management response to the stakeholders’ expectations and concerns:

<b>Stakeholders</b>	<b>Expectations and concerns</b>	<b>Management response</b>
Government/ regulatory organisations	<ul style="list-style-type: none"><li>➤ Compliance in laws and regulations</li><li>➤ Fulfill tax obligation</li><li>➤ Promote local and peripheral industries</li></ul>	<ul style="list-style-type: none"><li>➤ Uphold integrity and compliance in operations, and cooperate with the government for monitoring</li><li>➤ Provide employment opportunities</li><li>➤ Pay tax on time and contribute to the society</li><li>➤ Establish comprehensive and effective internal control system</li></ul>

## II. Stakeholders' Engagement (continued)

Stakeholders	Expectations and concerns	Management response
Shareholders/ investors	<ul style="list-style-type: none"> <li>➤ Continuous and stable return on investment</li> <li>➤ Timely information disclosure</li> <li>➤ Corporate governance system</li> </ul>	<ul style="list-style-type: none"> <li>➤ Management possesses relevant experience and professional knowledge in enhancing business diversity and business sustainability</li> <li>➤ Ensure transparent and effective communications by dispatching information at the websites of HKEX and the Company</li> <li>➤ Continue to improve the internal control system and focus on risk management</li> </ul>
Employees	<ul style="list-style-type: none"> <li>➤ Labour rights</li> <li>➤ Good career development platform</li> <li>➤ Excellent compensation and welfare</li> <li>➤ Health and workplace safety</li> </ul>	<ul style="list-style-type: none"> <li>➤ Set up contractual obligations to protect labour rights</li> <li>➤ Encourage employees to participate in continuous education and professional trainings to enhance ability, and provide different promotion opportunities</li> <li>➤ Establish a fair, reasonable and competitive remuneration scheme</li> <li>➤ Pay attention to occupational health and safety</li> </ul>
Customers	<ul style="list-style-type: none"> <li>➤ High quality and safe products, and stable supply</li> <li>➤ Provide services efficiently</li> <li>➤ Customers' complaints</li> <li>➤ Reasonable price</li> </ul>	<ul style="list-style-type: none"> <li>➤ Improve the quality of products and services continuously in order to maintain customer satisfaction</li> <li>➤ Develop standardised service manual</li> <li>➤ Enhance the workflow in handling customer complaints and to conduct customer satisfaction survey periodically</li> <li>➤ Ensure fulfillment of contractual obligations</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>➤ Stable demand</li> <li>➤ Good relationship with the Company</li> <li>➤ Corporate reputation</li> </ul>	<ul style="list-style-type: none"> <li>➤ Ensure fulfillment of contractual obligations</li> <li>➤ Establish policy and procedures in supply chain management</li> <li>➤ Establish and maintain strong and long-term relationship with suppliers</li> <li>➤ Select suppliers with due care</li> </ul>
Community	<ul style="list-style-type: none"> <li>➤ Environmental protection</li> <li>➤ Economic development</li> <li>➤ Safe operation</li> </ul>	<ul style="list-style-type: none"> <li>➤ Pay attention to climate change and promote green and clean energy</li> <li>➤ Maintain good and stable financial performance and business growth</li> <li>➤ Improve equipment safety, to raise the employees' safety awareness; and to regularly conduct safety check for customers</li> </ul>

### III. Materiality Matrix

During the Reporting Period, the Group has evaluated a number of environmental, social and operating items, and assessed their importance to stakeholders and the Group through various channels. This assessment helps to ensure that the Group’s business objectives and development direction are in line with the stakeholders’ expectations and requirements. The Group’s and stakeholders’ matters of concern are presented in the following materiality matrix:

		Materiality Matrix		
Importance to Stakeholders	High	<ul style="list-style-type: none"> <li>◆ Anti-discrimination measures</li> <li>◆ Labour rights protection</li> </ul>	<ul style="list-style-type: none"> <li>◆ Talent management</li> <li>◆ Staff training and promotion opportunity</li> <li>◆ Staff compensation and welfare</li> </ul>	<ul style="list-style-type: none"> <li>➤ Customers’ satisfaction</li> <li>➤ Product quality and safety</li> <li>➤ Suppliers management</li> <li>➤ Gas leakage preventive measures</li> <li>◆ Occupational health and workplace safety</li> </ul>
	Medium		<ul style="list-style-type: none"> <li>➤ Anti-corruption</li> <li>◇ Greenhouse gas emissions</li> <li>◇ Use of energy</li> </ul>	<ul style="list-style-type: none"> <li>➤ Operational compliance</li> <li>➤ Customers’ privacy measures and protection</li> <li>◇ Vehicle exhaust air emission</li> <li>◇ Sewage discharge</li> </ul>
	Low	<ul style="list-style-type: none"> <li>◆ Preventive measures for child and forced labour</li> </ul>	<ul style="list-style-type: none"> <li>◇ Water resources utilisation</li> <li>◇ Disposal of non-hazardous wastes</li> </ul>	
		Low	Medium	High
		Importance to the Group		

◇ Environmental      ◆ Employee      ➤ Operation

#### **IV. Environmental Protection**

In recent years, Mainland China has been actively promoting the energy reform and transformation with an aim to establish a green and diverse energy supply system. Natural gas and liquefied gas are examples of the green and clean energy resources that play an indispensable role in the control of air pollution. The Chinese government has introduced a number of important policies concerning natural gas and liquefied gas, and emphasised that they will continue to promote and support the development of natural gas and liquefied gas industries, and gradually both natural gas and liquefied gas would become the major source of energy under China's modern clean energy system. As a clean energy provider, the Group follows the applicable policies of the country, promotes the use of clean energy and pursues green development with our business edge, hopes to contribute to environmental protection and to support the sustainable development of the planet.

In order to reduce the adverse impact from our operations on the ecological environment; and to enhance the capability in our business sustainability, we have taken into account environmental protection in establishing our internal policies and procedures and to focus on job standardisation. We constantly provide green education and training to our employees and to raise their awareness in environmental protection. Our management method and measures in this context is detailed in the following paragraphs:-

##### **1. Management of Emissions**

The Group mainly engages in provision of piped gas, and sale and distribution of cylinder gas businesses. The emissions are mainly exhaust air and greenhouse gases generated from energy used in offices, stores, gas stations and vehicles; construction waste and noise generated from installing and repairing the gas pipelines, disposal of scrap cylinder gas bottles, office and domestic garbage and sewage, etc. Since our business does not involve any production or processing activities, no significant hazardous wastewater and solid wastes was produced in operation. We always comply with the national and local laws and regulations regarding the control and disposal of emissions, such as: "Environmental Protection Law of the People's Republic of China", "Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution", "Law of the People's Republic of China on the Prevention and Control of Water Pollution", "Law of the People's Republic of China on the Prevention and Control of Solid Waste Pollution" and the "Law of the People's Republic of China on the Prevention and Control of Environmental Noise Pollution". Moreover, we have adopted different measures in emission reduction and energy saving for the purpose of reducing the impact of emissions on the environment (please refer to the section "Management of Resources Utilisation" below for details).

#### **IV. Environmental Protection (continued)**

##### **1. Management of Emissions (continued)**

###### **Management of Solid Waste**

The Group's solid waste mainly come from construction waste, scrap cylinder gas bottles, office and domestic waste, etc. We control waste production at source and in operations through our sound solid waste management system. Various measures are taken when we install and maintain the gas pipelines in order to reduce the impact on the local ecological environment. For example, we have designated personnel to monitor the waste disposal work at construction sites, it is strictly forbidden to backfill domestic garbage and construction waste and earthwork into the construction site to prevent soil pollution. We use a dust filter or a dust remover to prevent dust from fluttering in the air and causing air pollution. We collect the construction waste and the domestic waste by category and arrange disposal by qualified agents or the construction contractors when the construction is completed.

All cylinder gas bottles (including those being aged or damaged) have to conduct the "residual removal" process, that is, to remove and collect the residual liquefied gas and to ensure no flammable substance is left in the bottles and to avoid any impact on gas quality in the next filling. This is also to prevent significant safety and environmental incidents when cylinder gas bottles are disposed. We periodically pass the cylinder gas bottles to the qualified recycling service providers and illegal dumping is strictly forbidden.

We follow the requirements of the local government to categorise the wastes from business operations and living; such as recyclable waste, non-recyclable waste, dry garbage, wet garbage, etc., and have them passed to the local sanitation department for landfill or incineration. Small amount of hazardous solid waste generated from the office, such as waste lamps, waste ink cartridges and waste batteries, are all collected and disposed of by a qualified recycling company. Besides, microwave oven is made available in the office to encourage employees to bring their own lunch boxes; or messing is provided at canteens, so as to reduce ordering takeaway foods, thereby reducing the use of food packaging bags.

During the Reporting Period, the Group produced approximately 2,793.35 tonnes of non-hazardous solid waste, representing an increase of 14.89 tonnes or 0.54% over the previous year. This is due to a rise in the sales volume of the supply and distribution of cylinder gas business and led to higher turnover rate of cylinder gas bottles, and the number of scrapped cylinder gas bottles had increased.

#### IV. Environmental Protection (continued)

##### 1. Management of Emissions (continued)

###### Management of Solid Waste (continued)

During the Reporting Period, the Group's data in production of non-hazardous solid wastes is as follows:

	2018/2019 (Tonnes)	(Restated) <sup>3</sup> 2017/2018 (Tonnes)
<b>Non-Hazardous Solid Waste:</b>		
<b>Provision of Piped Gas, and Sales and Distribution of Cylinder Gas</b>		
Total <sup>1</sup>	2,793.35	2,778.46
Intensity <sup>2</sup>	6.23	8.76
<b>Group total emission</b>	<b>2,793.35</b>	<b>2,778.46</b>

Notes:

- 1 Non-hazardous solid waste mainly come from domestic waste, as well as scrap cylinder gas bottles from the supply and distribution of cylinder gas business. The amount of domestic waste generated is estimated based on the average waste generated per employee in a year.
- 2 The emission intensity of provision of piped gas, supply and distribution of cylinder gas business are calculated based on the kilo-tonne of total natural gas and liquefied gas sold.
- 3 Last year's comparative figures are restated to conform with the current year's presentation.

###### Management of Wastewater

The wastewater generated during our operation mainly includes domestic wastewater from offices, stores and gas stations, oily wastewater from canteens, and wastewater from installation and maintenance of gas pipelines. We strictly prohibit dumping of waste oil and hazardous chemicals into the sewer. The wastewater produced in canteen contains oil, and has to go through the process of oil and slag separation before it can be discharged together with domestic wastewater to the local wastewater pipelines for further treatment by the local wastewater treatment plant. For wastewater from construction, we require the contractor to install drainage pipes at the construction site; wastewater must be filtered and precipitated to separate the solid waste such as sand and gravel from wastewater before it can be discharged to the wastewater pipelines network; so as to prevent pipelines blockage. During the Reporting Period, increase in the volume of water consumed by the Group (please refer to the section "Management of Resources Utilisation – Conservation of Water Resources Utilisation" below) led to a rise in the emission of non-hazardous wastewater by approximately 1,061.77 tonnes or 1.83%.



#### IV. Environmental Protection (continued)

##### 1. Management of Emissions (continued)

###### Management of Wastewater (continued)

During the Reporting Period, the Group's data in non-hazardous wastewater produced is as follows:

	2018/2019 (Tonnes)	(Restated) <sup>3</sup> 2017/2018 (Tonnes)
<b>Non-Hazardous wastewater:</b>		
<b>Provision of Piped Gas, and Sales and Distribution of Cylinder Gas</b>		
Total <sup>1</sup>	59,223.79	58,162.02
Intensity <sup>2</sup>	131.93	183.35
<b>Group total emission</b>	<b>59,223.79</b>	<b>58,162.02</b>

Notes:

- 1 The Group entrusted external contractors to carry out certain construction projects. As external contractors were not able to provide data on wastewater discharges related to the Group's business, the volume wastewater discharges in this respect were not disclosed in the Report. The non-hazardous wastewater discharged as shown above represents the estimated amount of domestic wastewater (Based on 80% of the Group's water consumed).
- 2 The emission intensity of provision of piped gas, supply and distribution of cylinder gas business are calculated based on the kilo-tonne of total natural gas and liquefied gas sold.
- 3 Last year's comparative figures are restated to conform with the current year's presentation.

###### Compliance

During the Reporting Period, we did not involve in any confirmed violations that are related to emissions and have significant impact on the Group.

##### 2. Management of Resources Utilisation

To comply with the "Energy Conservation Law of the People's Republic of China" and other applicable laws, regulations and policies on resource conservation, and to instill conservation thoughts and to promote corporate culture in saving resources; we have set up various resource saving measures and organised environmental protection-themed training from time to time to promote energy conservation, to demand employees to realise one's behavior can impact the environment. They are required to make full use of resources, to maximise its effectiveness and to avoid wastage. Our measures for the effective use of various resources are detailed below:

#### **IV. Environmental Protection (continued)**

##### **2. Management of Resources Utilisation (continued)**

###### **Conservation of Gasoline, Diesel, Liquefied Gas and Natural Gas Utilisation**

The gasoline and diesel used by the Group are mainly used for vehicles and backup electricity generators; liquefied gas and natural gas are used for cooking and heating supply. As the supply and distribution of cylinder gas business requires a large number of vehicles to transport products to gas stations/stores or users, and the gasoline and diesel do produce exhaust air and greenhouse gases; fuel management related to vehicles is one of our focused area.

The Group's vehicles are mainly used for business and non-business purposes. The vehicles used in business includes gas tank trucks transporting gases from the refineries to our gas stations or users, and the dangerous goods transportation vehicle carrying cylinder gas from the gas stations to stores and users, etc. The non-business vehicles are mainly used for office and customer service purpose (such as maintenance, customer complaint handling, security inspection).

We have established our internal management system and adopted a number of conservative measures to control the use of fuel in business and non-business vehicles in order to reduce emissions of exhaust air and greenhouse gases. We have replaced a few vehicles that are used in transferring cylinder gas to users with battery vehicles; responsible departments must plan the route in advance before goods delivery so as to make it the safest and at the shortest distance; the vehicles locations are tracked real-time in order to ensure no deviation in the planned driving route. We have installed GPS and surveillance cameras in our business vehicles to prevent dangerous driving behavior (such as driver smoking, speeding, fatigue and drunk driving), and to keep track of the driving route and whether the delivery was made on time.

In case that employees need to use vehicles for non-business purposes, they have to submit applications and obtain prior approval from management. The vehicle management department is responsible for recording the mileage and the amount of fuel consumed so as to enable fuel usage analysis by each vehicle. Immediate investigation for the cause and remedial action is required when abnormalities is found in order to control the vehicles use frequency and fuel use. We also demand the drivers to stop the car engine when the vehicle is idling so as to reduce unnecessary energy consumption.

The drivers are responsible for routine inspection so as to keep the vehicles in good condition. Immediate repairs are arranged for problems found. We also conduct regular vehicles maintenance to ensure safe driving and to raise the efficiency of energy use; and to prevent excessive full consumed and exhaust air generated due to parts failure. Besides, we encourage our employees to use public transport or shared bike. During the Reporting Period, the Group has consumed 843.88 tonnes of diesel and gasoline, representing an increase of 0.51 tonnes or 0.06% over the previous year. This is mainly due to the rise in the sales volume of cylinder gas, and led to an increase in the vehicles use frequency.

#### IV. Environmental Protection (continued)

##### 2. Management of Resources Utilisation (continued)

##### Conservation of Gasoline, Diesel, Liquefied Gas and Natural Gas Utilisation (continued)

For the use of liquefied gas and natural gas, we have strict rules on the quantity of food to be prepared in the canteen to avoid excessive food prepared and consume unnecessary liquefied gas and natural gas, and at the same time, to reduce the production of food waste. We use the heating system according to the seasonal change, and we will never use the air conditioner and heating system at the same time to avoid wastage. During the Reporting Period, the amount of natural gas and liquefied gas used was approximately 96.78 tonnes, an increase of 14.73 tonnes or 17.95% over the previous year. This is mainly due to increased number of cold weather days in some areas and consumed much natural gas in running the heating systems.

During the Reporting Period, the Group's use of energy and the Scope 1 greenhouse gas emissions generated by the Group are as follows:

	2018/2019		(Restated) <sup>2</sup> 2017/2018	
	Consumption	CO <sub>2</sub> equivalent emissions (Tonnes)	Consumption	CO <sub>2</sub> equivalent emissions (Tonnes)
<b>Provision of Piped Gas, and Sales and Distribution of Cylinder Gas:</b>				
Liquefied gas	10.42 tonnes	28.56	8.70 tonnes	23.83
Natural gas	86.36 tonnes	197.70	73.35 tonnes	142.16
Gasoline	240.52 tonnes	746.67	188.27 tonnes	584.48
Diesel	603.36 tonnes	1,923.74	655.10 tonnes	2,088.71
<b>Group total emission</b>		<b>2,896.67</b>		<b>2,839.18</b>
<b>Group emission intensity<sup>1</sup></b>		<b>6.45</b>		<b>8.95</b>

Notes:

- 1 The emission intensity of provision of piped gas, supply and distribution of cylinder gas business are calculated based on the kilo-tonne of total natural gas and liquefied gas sold.
- 2 Last year's comparative figures are restated to conform with the current year's presentation.

#### IV. Environmental Protection (continued)

##### 2. Management of Resources Utilisation (continued)

###### Conservation of Electricity Utilisation

The Group uses electricity mainly in offices, stores, gas stations and staff dormitories. We control the use of energy and improve resource usage efficiency through daily management and education of employees, we hope that they can change their daily habits in using electrical appliances and to save electricity. Some subsidiary companies have established electricity management systems controlling energy use and conservation measures; for example: use of energy-saving lamps, sleep timer mode in electronic device, adjust monitor brightness level, switch off the appliances like lights, computers, printers, photocopiers, scanners, air conditioners, etc. when not in use. The use of air-conditioners is restricted and adjusted according to seasonal and temperature change, it is forbidden to use the air conditioner when the temperature is lower than 29 °C or higher than 10 °C; and the doors and windows must be closed when the air conditioner is on; it must be turned off 20 minutes before off work, and cleaned regularly to reduce electricity use and for a better energy consumption efficiency. During the Reporting Period, the Group consumed a total of approximately 2,901.14 MWh of electricity, representing an increase of approximately 183.75 MWh or 6.76% over the previous year. This is because a pressure adjusting device is used to change the gas pressure before piped gas is supplied to the users in certain locations; and the gas stations operate for 24 hours a day; together with a rise in the sales volume of the piped gas has led to increased electricity consumption at gas stations.

During the Reporting Period, the Group's use of electricity and the Scope 2 greenhouse gas emissions generated by the Group are as follows:

	2018/2019		(Restated) <sup>3</sup> 2017/2018	
	Consumption	CO <sub>2</sub> equivalent emissions (Tonnes)	Consumption	CO <sub>2</sub> equivalent emissions (Tonnes)
<b>Provision of Piped Gas, and Sales and Distribution of Cylinder Gas:</b>				
Electricity <sup>1</sup>	2,901.14 MWh	2,685.43	2,717.39 MWh	2,510.88
<b>Group total emission</b>		<b>2,685.43</b>		<b>2,510.88</b>
<b>Group emission intensity<sup>2</sup></b>		<b>5.98</b>		<b>7.92</b>

Notes:

- 1 The electricity bills of some of the stores are included in monthly rental and the landlords of the stores were not able to provide the electricity consumption data related to the business of the Group. Therefore, the electricity consumptions in such context are not disclosed in this Report.
- 2 The emission intensity of provision of piped gas, supply and distribution of cylinder gas business are calculated based on the kilo-tonne of total natural gas and liquefied gas sold.
- 3 Last year's comparative figures are restated to conform with the current year's presentation.

#### IV. Environmental Protection (continued)

##### 2. Management of Resources Utilisation (continued)

###### Conservation of Water Resources Utilisation

The Group mainly uses government-supplied water sources, but some subsidiary companies are located in remote areas which municipal pipelines are not covered, and relied on groundwater as their water source. These water resources are mainly used in offices, stores, canteens and staff dormitories, as well as used in the gas stations at summer time for cooling the gas tank, to prevent explosions caused by excessive pressure inside the tanks. During the Reporting Period, although we did not encounter any problems in obtaining applicable water resources, we also hope that every employee can pay attention to water conservation. Therefore, we actively take various measures and to educate our employees to make the best use of water resources, to raise their self-consciousness and thereby reducing wastage. For example, drinking water cannot be used in other way, water flow from tap is controlled at low level, water tap should be turned off when not in use and notify our maintenance department promptly for repair once damaged pipes or valves or water leakage is found. In order to further strengthen the control in this area, some companies have established water resources and electricity management systems according to their own situation and make reference to the requirements of applicable regulations of the state and local governments. The responsible departments set up the resource use indicators, record and conduct regularly checking of the usage. We also promote resources conservation and organise training activities. Employees are penalised for resources wastage. During the Reporting Period, the Group consumed a total of approximately 74,029.74 tonnes of water resources. The Group has changed its operating policies, and ceased the subsidiary companies for poor performance and thus reduced the number of employees and domestic water consumption. However, due to severe water leakage incurred at one of the subsidiaries' damaged water supply pipelines, the volume of water consumed has increased by about 2,400.00 tonnes. As a whole, the Group's volume of water consumed has increased by approximately 1,327.21 tonnes or 1.83% over the previous year.

During the Reporting Period, the Group's water consumption is as follows:

	<b>2018/2019 (Tonnes)</b>	<b>(Restated)<sup>3</sup> 2017/2018 (Tonnes)</b>
<b>Provision of Piped Gas, and Sales and Distribution of Cylinder Gas:</b>		
Total <sup>1</sup>	74,029.74	72,702.53
Intensity <sup>2</sup>	164.91	229.19
<b>Group total consumption</b>	<b>74,029.74</b>	<b>72,702.53</b>

#### **IV. Environmental Protection (continued)**

##### **2. Management of Resources Utilisation (continued)**

###### **Conservation of Water Resources Utilisation (continued)**

Notes:

- 1 The water bills of some of the stores are included in the rental and the landlords have not provided the water consumption data related to the business of the Group. Therefore, their water consumptions are not disclosed in this Report.
- 2 The emission intensity of provision of piped gas, supply and distribution of cylinder gas business are calculated based on the kilo-tonne of total natural gas and liquefied gas sold.
- 3 Last year's comparative figures are restated to conform with the current year's presentation.

###### **Conservation of Paper Utilisation**

In order to alleviate the environmental impact of our daily operations, the Group actively promotes "Paperless Office" and encourage employees to deliver files in electronic form whenever possible to reduce use of photocopying, printing or faxing, we also encourage our employees to set double-sided printing as default, check the file format (such as kerning, margins, and pages) before photocopying or printing, change the font size without affecting reading; reuse the used envelopes and briefcases. We also make full use of paper by reuse one-side used paper for photocopying or printing; collect the double-side wasted papers in recycled paper collection box and recycle by the qualified recycler that holds the local environmental protection certificates. During the Reporting Period, the Group used a total of approximately 6.58 tonnes of paper. Although our employees have already actively supported the Group's "Paperless Office" policy, the amount of paper used increased by about 1.43 tonnes or 27.77% compared to previous year. This is mainly due to the increase in sales volume during the Year.

##### **3. The Environment and Natural Resources**

Starting 2018, China levies taxes on industrial emissions and pollution; largely strengthened the control in environmental pollution. Although the Group's operations did not produce hazardous solid waste and wastewater that had a significant impact on the environment, we still observe our obligation and continue to pay close attention to the changes in national environmental policies. While promoting the use of clean energy, we will also monitor our business operations and the impact on the environment, and implement various environmental policies, to encourage our employees to build good habits in use of resources; and to reduce our impact on the environment to a minimal. Besides, at the same time while we implement the policies in this area, we would like to dispatch our environmental protection messages to different stakeholders and to build a more powerful cohesion in alleviating climate change together.

## V. **Employment and Labour Practices**

The Group devotes to provide a comfortable work place and establish a comprehensive management system. We formulate our human resources strategies base on the Group's long-term business development plan and interest. We establish an equal and competitive mechanism for employee promotion and advancement, and provide regular training activities to lay the foundation for their future career development. Besides, we care about our people's work, life, physical and mental health; and organise regular cultural and training activities to enrich their leisure time, to enhance their technical skills and promote team cohesion. We encourage employees to maintain harmonious interpersonal relationships, promote team spirit of cooperation and unity, bravely face difficulties and overcome challenges. Our human resources policies vary by locations to comply with the local labour laws and regulations.

### **Talent Selection**

The Group is a fair opportunity employer and respects personal privacy, and it has established and implemented fair treatment policy. The appropriate candidates would be selected based on their morality, knowledge, abilities and job requirements, and regardless of their age, gender, race, marital status or nationality. The policy applies to all phases of the employment relationship, including but not limited to, hiring, promotion, performance appraisal, training, personal development and termination.

### **Labour Standards**

The Group cherishes human rights and protects labour rights. We prohibit any unethical hiring practices, including child and forced labour by conducting background checks (review the identity documents of the applicants) in its hiring process. Employees' consent for working overtime is required to avoid forced overtime work, and the employees are compensated in accordance with the applicable labour laws and regulations. During the Reporting Period, the Group did not hire any applicant under the legal working age in order to comply with the labour laws and regulations in respect of child and forced labour.

### **Compensation and Welfare**

The Group attracts and retains outstanding talents with competitive remuneration packages and regularly assesses their salary levels to ensure it is up to the market standard. The Group benchmarks the up-to-date remuneration data in its industry and strives to establish a fair, reasonable and competitive remuneration scheme. Staff salaries level are determined based on one's knowledge, skills, experiences and education background with respect to their work requirements. Employee compensation and benefits vary among corporates by locations. The employee remuneration package includes basic salary, overtime pay, year-end bonus and so on. Other benefits include holiday gifts (e.g. Dragon Boat Festival, Mid-Autumn Festival, etc.), travelling allowances, meal allowances, medical checks for employees, high temperature subsidy, provision of anti-heatstroke medicines and beverages, etc.. In compliance with the local labour laws and social security laws and regulations, we provide social security benefits for all employees, and protect their rights of rest days and holidays. We handle dismissal and compensation in accordance with the local laws and regulations.

## **V. Employment and Labour Practices (continued)**

### **Compensation and Welfare (continued)**

We pay attention to our employees' health and encourage work-life balance. Employees' work hours are set based on the local labour laws. We care about our employees' physical and mental health, and organise a variety of leisure activities, including International Women's Day travelling, New Year gathering, hiking competition, speech contest, wild camping, etc., in order to enhance team cohesiveness and sense of belongings, and to reduce work pressure.

### **Development and Training**

In order to align the staff career plan with our long-term corporate business plan, and make reference to the departmental human resources needs, the Human Resources Department established a comprehensive staff training plan with an aim to build an excellent, well-trained and responsible corporate team. This can enhance the staff's knowledge and management capabilities, and improve their work ability, performance and efficiency, and raise their enthusiasm in work and to cultivate team spirit. New hires have to participate in induction training and must pass the assessment. The training topics include company overview, corporate culture, work-related rules and regulations, organisational structure, welfare and work safety (please refer to "Health and Safety" below for details of occupational safety training), etc. During the Reporting Period, on top of providing our new hires with induction training, we also organised various training programs to achieve the ultimate goal of nurturing talent. The training topics include effective execution training, value-added services, corporate leaders, job responsibilities training, business operations, service quality enhancement training, personal income tax, network information application, and so on. We hope to achieve the ultimate goal of developing outstanding talents through training.

### **Health and Safety**

The Group pays attention to its employees' health and provides a safe work environment so as to prevent occupational hazards. To comply with the national "Production Safety Law" and other applicable laws and regulations, we establish policies and procedures in production safety and set up safety management committee and safety management organisation structure. Supervisors and employees at all levels must clearly understand their own safety responsibilities and sign the respective safety responsibility statement, and strictly perform the requirements as stated on the safety responsibility statement. New hires must join various safety training and to understand the work processes and guidelines relating to the safety department. We also provide routine training programme about safety awareness, knowledge and techniques; and to arrange regular safety assessment. This is to ensure that our employees have the necessary awareness, knowledge and skill to discharge of their duties up to standard.

Gas leakage can cause safety incidents, and impose serious impact on our employees and the public. Hence, we have formulated respective management systems and operating procedures at different stages from production to after-sale services. These include daily production safety management, construction safety management, gas station safety management, fire prevention management, gas cylinder loading and unloading and safety operating procedures, safe driving operating procedures, safety inspection system, natural gas user management, user repair requests management, safety incident management, etc., so as to reduce hazards and to prevent safety incidents.



## V. Employment and Labour Practices (continued)

### Health and Safety (continued)

Training topics are mainly related to workplace safety and occupational health. The Group provides appropriate occupational health and safety training to introduce the corporate development plan, enhance their awareness on safety and continuously strengthen their consciousness, improve their professional skills, especially those job positions with significant potential safety hazards, and enable them to perform their duties in a safe environment. Employees have to report to the management immediately when incident occurs or aware of any potential hazards. During the Reporting Period, on top of the induction training to the new hires, we organised various safety training programs, for example, "Production Safety Law", "Towngas Management Regulation", safety production knowledge and management capabilities, salesperson safety operating process, transportation fleet safety escort operating procedures, pressurised pipeline inspection and maintenance and safety management, gas pipeline network operation, gas user installation and maintenance, safety incident emergency plan, precautions for working under high temperature, safety and continuous supply measures during winter time, fire safety training, and so on.

According to the gas station safety management system, all employees must accept three-level safety training and onboard assessment. The Safety Technology Department staff conduct safety check at gas stations regularly. When problems are found, remediation notice will be issued to the gas station and communicate internally in the Group. The safety staff regularly conduct oral examination at gas stations to test the staff's safety knowledge and their familiarity to safe operating procedures. During the Reporting Period, we noticed that few staffs of some gas stations failed to meet the training requirement. The management has instructed the responsible personnel to make improvement seriously in order to attain the expected safety level per our safety management system, and to ensure the gas stations and employees are safe.

During the Reporting Period, an explosion occurred in the gas station of a subsidiary in Yunnan, resulting in casualties. We have handled the incident according to the Group's emergency plans, and immediately notified the local government bureaus and assisted in the explosion incident investigation handled by different government bureaus. The investigation has been completed in June 2019. Sanctions have been imposed by the local government bureau to the Yunnan subsidiary company accordingly. We have made compensation and provided relevant support to the injured employees. Due to the occurrence of this incident, the Group realised that there is a safety management deficiency in Yunnan subsidiary company and follow up actions had been taken. We will further strengthen the safety measures on our gas supply facilities and in-depth focus on the employee safety knowledge and training, so as to avoid safety hazards. As the gas station of Yunnan subsidiary is still under the remediation work and its operation has not yet resumed up to the date of this Report.

### Compliance

The Group confirmed that the aforementioned explosion is an incident of non-compliance. The management has instructed all subsidiary companies to conduct training activities in accordance with the safety management system, and to remediate any violations. Except for the above, the Group did not have other significant issues relating to violations nor received any complaints concerning labour practices during the Reporting Period.

## **VI. Operating Practices**

### **Supply Chain Management**

The Group conveys its concern on environmental issues to its suppliers and business partners, and expects them to implement similar practices. The Group also serves to maintain long-term, stable and strategic cooperative relationships with leading suppliers, and co-develops with its suppliers on the basis of equality and win-win situation. In order to establish an efficient supply chain system, we select suppliers and service providers who have good credit history, reputable, high product or service quality, proven track records of environmental compliance and sound commitment to social responsibility. We conduct irregular performance review of our suppliers and service providers with an aim to effectively control our products and service quality. Certain subsidiary companies established conflict of interest management policy and set up stringent procedures, and provided various reporting channels for employees, suppliers, customers and other business partners to report any violations and suspected abuse of one's authority for own interest. During the Reporting Period, the Group did not have significant issues relating to violations in this respect.

### **Product and Service Responsibility**

The Group has been dedicated in providing high quality services with the highest degree of integrity to our users. In terms of sustainability, users' satisfaction is vital to our growth in the future. In order to build up an image of excellent service, we have established policy and procedures for customer services and strictly require our employees to pay attention not only to their job descriptions and requirement, but also to their appearance, service greetings, conduct and behavior. We have formulated policy and procedures to deal with the users' feedback proactively and promptly. We report the customer complaints involving technical difficulties timely to the management and obtain instruction as to how to speedily tackle the complaints before the situation become worse. We have also established policy and procedures for getting customer feedback after a complaint is lodged; the details of complaints, results and customers feedback are recorded.

We have to install outdoor facilities and pipelines at user locations before provision of piped gas to users. The delivery of piped gas through pipelines, and cylinder gas through transportation fleet involves users' and the public's safety issues. In order to handle different types of emergencies effectively and to ensure safety of the public and our employees and at the scene of incident, the Group has formulated emergency plans. The basic principles are to put personal safety in first priority and then to minimise losses. After incident occurred, our employees arrive at the scene promptly and understand when it has happened, the casualties and pollution caused, and to make preliminary assessment as to its nature, estimated location of the leak, causes, and the impact on the surrounding environment, etc., so as to determine its severity level and to take appropriate measures to contain the damage.

We require the responsible department to conduct regular inspections of all user locations and outdoor pipelines to ensure that the pipelines are in safe condition and to prevent accident from happening. Besides, we educate users on the safe use of piped gas and cylinder gas to build their safety awareness. They have to inform us immediately when abnormal situation is noted, and we promptly send our technicians for site inspection and handle it properly. The responsible department is required to record all safety inspections in detail and report to the management regularly.

## **VI. Operating Practices (continued)**

### **Product and Service Responsibility (continued)**

Confidentiality is one of the Group's core values. We will handle customers' information diligently and confidentially. For any confidential information obtained through business relationships, all employees are strictly prohibited to disclose any information to third parties without proper authority unless there is a legal or professional right or duty to do so.

### **Compliance**

During the Reporting Period, the Group did not have significant issues relating to violations nor received any complaints concerning breaches of user privacy and loss of data.

### **Anti-corruption**

Maintaining an ethical working environment is one of the Group's core values. We have adopted a zero-tolerance approach for all kinds of corruption, bribery and extortion situation. Therefore, we set up anti-corruption management system to regulate the employees' conduct and the disciplinary action relating to request and accept bribes, obtain other illegal interests are clearly established. We will notify the criminal authorities for all suspected violations against applicable local laws and regulations. We demand all employees to build a habit of strict compliance with policies and procedures, to prevent all bribery, and to bring the disciplinary monitoring work in the business process, ensure that there are channels (including reporting hotline and email, etc.) for reporting suspected cases of obtaining personal interests in carrying out one's job duties, bribes, extortion, fraud, money laundering in breach of policies, regulations, and laws in strict confidence. We are determinant in combating corruption and contribute to build a clean society. During the Reporting Period, the Group or its employees did not involve in any litigation cases relating to corruptions.

## **VII. Community Investment and Honours**

Air pollution problem is increasingly serious in Mainland China, the development of clean energy is very imminent. The Chinese government has introduced a number of important policies concerning clean energy with an aim to develop natural gas and other clean energy industry. The development of natural gas and other clean energy signifies the optimisation of energy structure and protects the ecological environment. As one of the gas services providers, the Group hopes that the proportion of traditional energy (e.g. coal) consumption can be reduced through the development of natural gas and other clean energy industry. Increased supply of clean energy can eventually reduce air pollution and contribute to environmental protection.

Besides, in order to raise the public's safety awareness and to enhance their knowledge of the use of piped gas and cylinder gas, certain subsidiary companies organised different promotional activities. For example, safety talk, "Production Safety Month" promotional activities and consultation day, safety incident briefing session, free on-site safety inspection, prevention of carbon monoxide poisoning promotional activities, etc., thereby reducing the risk from safety hazards and to prevent safety accidents from happening.

## **VII. Community Investment and Honours (continued)**

The Group is a responsible taxpayer and spare no effort in easing local employment pressure. We contribute to the “five insurance and housing provident fund” and “Mandatory Provident Fund Scheme” for Mainland China and Hong Kong employees respectively. We always exercise best practices in business operation, actively promoting green concepts and good development order, and has contributed to maintaining a stable society and build a harmonious community.

During the Reporting Period, certain subsidiaries of the Group were awarded the following important honours:

- Work Safety Standardisation Enterprise (Level III)
- Excellent Work Safety Management Unit
- Excellent Private Enterprise
- Work Safety Advanced Unit
- Enhancing Private Economic Development Advanced Unit
- Honouring Contracts and Faithful Enterprise
- Anti-poverty Advanced Enterprise
- Excellent employer in Caring Employees
- Spiritual Civilised Unit
- Charity Work for Advanced Unit

## **VIII. Vision Outlook**

As a good corporate citizen, the Group strives to strike a balance between achieving the corporate economic goals and business objectives, and to fulfill their social responsibility. We will continue to evaluate our performance in environmental protection, employee care, service quality and community investment and to build edge for the sustainable development of the Group.

The Group will endeavor to comply with the stringent laws and regulations in environmental protection, allocate resources and undertake various environmental improvement projects, including improving emissions and waste treatment facilities. We will also put employee satisfaction and operation safety as our top priority. We aim at attracting more talents through providing a safe workplace and competitive remuneration scheme. As for service quality, the Group will continue to invest resources for further improvement to our products so as to meet the environmental standards. At the same time, we committed to fulfilling our social responsibility by actively participating in charitable activities and promoting the community’s sustainable development.

## VIII. Vision Outlook (continued)

The Group aspires to become a respectable enterprise. Going forward, the Group serves to enhance its business performance through implementation of sustainable development strategies and to generate more meaningful long-term value for the enterprise and its stakeholders.

## IX. Environmental Performance Data Summary

	Unit	2018/19	2017/18 <sup>6</sup>
<b>Greenhouse Gas (“GHG”) emission:</b>			
<b>Scope 1<sup>1</sup>:</b>			
Total	Tonnes	2,896.67	2,839.18
Intensity <sup>5</sup>	Tonnes	6.45	8.95
<b>Scope 2<sup>2</sup>:</b>			
Total	Tonnes	2,685.43	2,510.88
Intensity <sup>5</sup>	Tonnes	5.98	7.92
<b>Air emissions:</b>			
Nitrogen Oxides	Tonnes	135.63	128.07
Sulfur Oxide	Tonnes	18.06	18.09
Particles	Tonnes	42.57	44.18
<b>Non-Hazardous Wastes:</b>			
<b>Solid Wastes Generated<sup>4</sup>:</b>			
Total	Tonnes	2,793.35	2,778.46
Intensity <sup>5</sup>	Tonnes	6.23	8.76
<b>Sewage Discharged<sup>3</sup>:</b>			
Total	Tonnes	59,223.79	58,162.02
Intensity <sup>5</sup>	Tonnes	131.93	183.35
<b>Packaging Materials Used For Finished Goods:</b>			
Total	Tonnes	3,059.64	3,432.30
Intensity <sup>5</sup>	Tonnes	6.82	10.82

**IX. Environmental Performance Data Summary (continued)**

	Unit	2018/19	2017/18 <sup>6</sup>
<b>Energy and Water Resources Consumption:</b>			
<b>Electricity:</b>			
Total	MWh	2,901.14	2,717.39
Intensity <sup>5</sup>	MWh	6.47	8.57
<b>Natural gas:</b>			
Total	Tonnes	86.36	73.35
Intensity <sup>5</sup>	Tonnes	0.20	0.24
<b>Diesel:</b>			
Total	Tonnes	603.36	655.10
Intensity <sup>5</sup>	Tonnes	1.35	2.07
<b>Gasoline:</b>			
Total	Tonnes	240.52	188.27
Intensity <sup>5</sup>	Tonnes	0.54	0.60
<b>Liquefied gas:</b>			
Total	Tonnes	10.42	8.70
Intensity <sup>5</sup>	Tonnes	0.03	0.03
<b>Water Resources:</b>			
Total	Tonnes	74,029.74	72,702.53
Intensity <sup>5</sup>	Tonnes	164.91	229.19

Notes:

- 1 Scope 1 refers to the Group's business direct GHG emissions, including combustion of natural gas, liquefied gas, diesel and gasoline.
- 2 Scope 2 refers to the Group's business indirect GHG emissions, including consumption of purchased electricity.
- 3 The Group entrusted external contractors to carry out certain construction projects. As the external contractors are not able to provide data on wastewater discharges related to the Group's business, the relevant wastewater discharges were not disclosed in this Report. The non-hazardous wastewater discharge from the above table only includes the estimated amount of domestic wastewater (Based on 80% of the Group's water consumption).
- 4 Non-hazardous solid waste mainly come from domestic waste, as well as waste gas bottles from the cylinder gas supply and distribution business. The amount of domestic waste generated is estimated based on the average waste generated per employee in a year.
- 5 The emission intensity of provision of piped gas, supply and distribution of cylinder gas business are calculated based on the kilo-tonne of total natural gas and liquefied gas sold.
- 6 Last year's comparative figures are restated to conform with the current year's presentation.

X. **“Environmental, Social and Governance Reporting Guide” by HKEX**

Key Performance Indicators (“KPIs”)	Reporting Guideline	Page
<b>A. Environmental</b>		
<b>Aspect A1</b>	<b>Emissions</b>	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	4 - 7
KPI A1.1	The types of emissions and respective emissions data.	4 - 7, 19
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	9, 10, 19
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	N/A <sup>1</sup>
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	4 - 7, 19
KPI A1.5	Description of measures to mitigate emissions and results achieved.	4 - 7
KPI A1.6	Description of how hazardous 1 and non-hazardous wastes are handled, reduction initiatives and results achieved.	4 - 7
<b>Aspect A2</b>		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	7 - 12
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (MWh) and intensity (e.g. per unit of production volume, per facility).	9, 10, 20
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	11 - 12, 20
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	7 - 12
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	11 - 12
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	19

X. **“Environmental, Social and Governance Reporting Guide” by HKEX (continued)**

<b>Key Performance Indicators (“KPIs”)</b>	<b>Reporting Guideline</b>	<b>Page</b>
<b>Aspect A3</b>	<b>The Environment and Natural Resources</b>	
General Disclosure	Policies on minimising the issuer’s significant impact on the environment and natural resources.	12
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	12
<b>B. Social<sup>2</sup></b>		
<b>Aspect B1</b>	<b>Employment and Labour Practices</b>	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	13 - 14
<b>Aspect B2</b>	<b>Health and Safety</b>	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	14 - 15
<b>Aspect B3</b>	<b>Development and Training</b>	
General Disclosure	Policies on improving employees’ knowledge and skills for discharging duties at work. Description of training activities.	14
<b>Aspect B4</b>	<b>Labour Standards</b>	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	13
<b>Aspect B5</b>	<b>Supply Chain Management</b>	
General Disclosure	Policies on managing environmental and social risks of the supply chain.	16



X. **“Environmental, Social and Governance Reporting Guide” by HKEX (continued)**

<b>Key Performance Indicators (“KPIs”)</b>	<b>Reporting Guideline</b>	<b>Page</b>
<b>Aspect B6</b>	<b>Product Responsibility</b>	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	16 - 17
<b>Aspect B7</b>	<b>Anti-corruption</b>	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	17
<b>Aspect B8</b>	<b>Community Investment</b>	
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.	17 - 18

Notes:

- 1 The Group’s main businesses are provision of piped gas, and sales and distribution of cylinder gas. We did not generate any hazardous wastes.
- 2 Pursuant to Appendix 27 of the “Main Board Listing Rules”, the KPIs under Area B “Social” are recommended disclosures only. Therefore, the Group choose not to disclose those KPIs in this report.



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