



CHINA GAS HOLDINGS LIMITED
中國燃氣控股有限公司*



A GREEN LIFE FOR A SUSTAINABLE FUTURE

Sustainability Report 2023/24

* For identification purposes only

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ABOUT THIS REPORT



REPORTING BASIS

This report (the “Report”) is the eighth sustainability report published by China Gas Holdings Limited (stock code: 384.HK) (the “Company”, together with its subsidiaries, collectively referred to as the “Group” or “China Gas”). This report provides public and transparent disclosure of the Group’s activities and operating performance on different sustainability topics over the past year, and demonstrates the Group’s strategy and commitment to sustainable development. The Group publishes sustainability reports on an annual basis for public access and review to continuously improve the transparency of information disclosure.

REPORTING SCOPE

The Report covers the sustainability performance of China Gas Headquarters and all companies under operational control of the Group for the period from 1 April 2023 to 31 March 2024 (the “Reporting Period” or “FY2023/24”). Detailed contents are formulated with reference to the materiality assessment, stakeholder engagement and other relevant disclosure guidelines. For details of the Group’s business development and consolidated financial statements, please refer to the Company’s *Annual Report 2023/24* (《2023/24年報》) (the “Annual Report”). Unless otherwise specified, the information of contractors and subcontractors is not in this report.

REFERENCES

For ease of expression and reading, “China Gas”, “the Group”, “We”, “Us” and “Our” in this report refer to China Gas Holdings Limited and its subordinate regional companies and subsidiaries.

INFORMATION SOURCE

The Group has established an internal supervision mechanism. The contents and data reported in this report are sourced from the documents and statistics provided by various departments of the Group. With reference to the Group’s relevant policies and systems, the monitoring, management and operational data provided by relevant departments and subsidiaries are consolidated and summarised. Certain amounts and information included in this report have been subject to rounding adjustments.



REPORTING PRINCIPLES

This report is in accordance with Appendix C2 *Environmental, Social and Governance Reporting Guide* (“*ESG Reporting Guide*”) (《環境、社會及管治報告指引》[《ESG報告指引》]) of the *Rules Governing The Listing of Securities* issued by the Stock Exchange of Hong Kong Limited (the “HKEX”), with reference to the Sustainable Development Goals (“SDGs”) of the United Nations. This report is based on the four reporting principles of materiality, quantitative, balance and consistency as mentioned by HKEX in its *Environmental, Social and Governance Reporting Guide*. It aims at covering all substantive issues objectively and comprehensively and demonstrate the Group’s commitment and determination to follow the best international practices. A complete content index is included in the last chapter of this report for your convenience.

CONFIRMATION AND APPROVAL

To ensure that the information presented in this report is as accurate and reliable as possible, the Group has established an internal regulatory mechanism and a review procedure. The content of this Report has also been reviewed by the senior management of the Company and approved by the Sustainability Committee of the Company (the “Sustainability Committee”) and the Board of Directors of the Company (the “Board”).

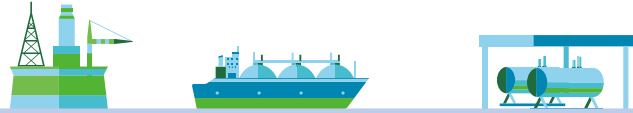
AVAILABILITY

This report is available in both Chinese and English electronic versions and has been uploaded to the HKEX news website (www.hkexnews.hk) and the website of the Company (www.chinagasholdings.com.hk). In the event of any inconsistency or discrepancy between the Chinese version and the English version, the Chinese version shall prevail; in the event of any conflict or inconsistency between this report and the Annual Report, the Annual Report shall prevail.

FEEDBACK

China Gas values the opinions of its stakeholders. Your insights on the content and format of this report are a driving force for the Group’s ongoing enhancement efforts. For any questions or suggestions, you can reach out to investor@chinagasholdings.com.hk to support us in further improving our ESG performance.

CORPORATE PROFILE



ABOUT CHINA GAS

The Group is one of the largest trans-regional integrated energy suppliers and service providers in China. Focusing on the home country, it predominantly specialises in the investment, construction and operation of city and township gas pipelines, gas terminals, storage and transport facilities and logistics systems, delivering natural gas and liquefied petroleum gas (LPG) to residential, industrial, and commercial users. The Group also builds and operates compressed natural gas (CNG) and liquefied natural gas (LNG) fuelling stations while developing and applying natural gas and LPG technologies. At China Gas, over two decades of exploration and growth were translated into a full-fledged business portfolio centred around piped gas, stretching across LPG, LNG, integrated energy services and grid-based new retail in the private domain backed by stores.



CORPORATE VISION AND MISSION



VISION: HUMANITY-FIRST TOWARDS CENTENARY

China Gas is committed to integrating the expectations of stakeholders (society, customers, shareholders, and employees) into its corporate vision, fostering a community of shared future where it can grow together with stakeholders, ensuring corporate sustainability on its way towards centenary.

China Gas aims at delivering contributions that stand the test of time, while continuously strengthening its foundation for better development.

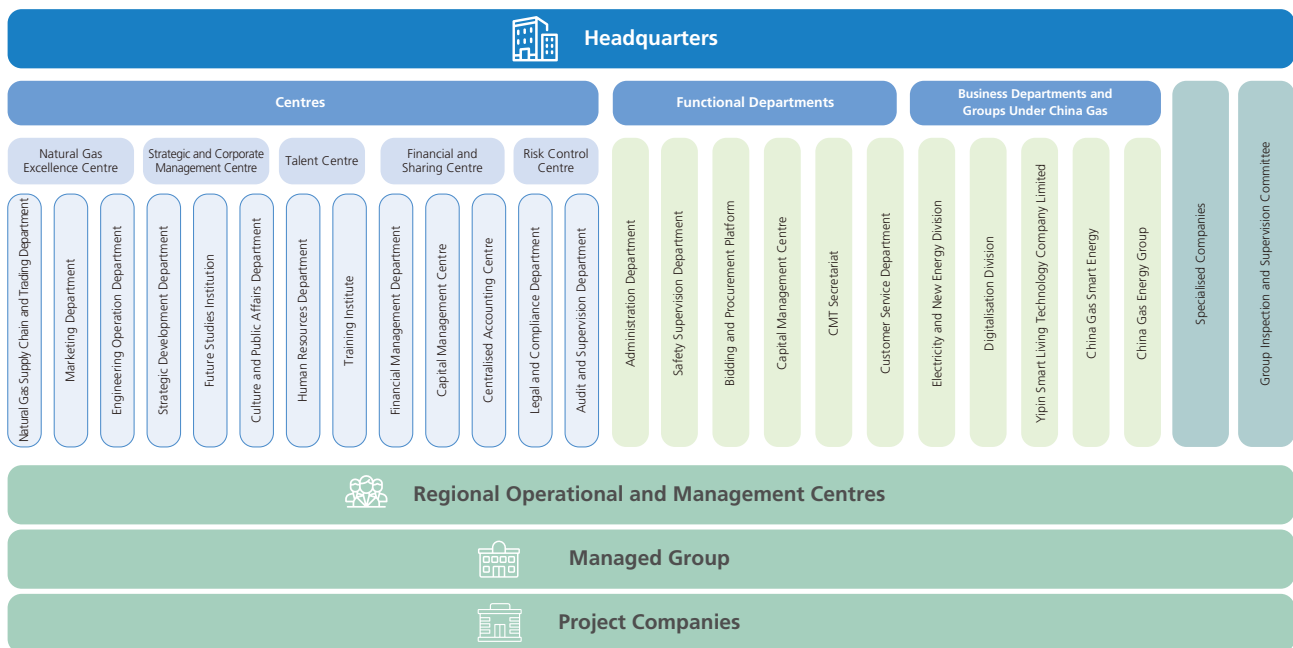
MISSION: CONVERGING IN HARMONY AND BENEFITING COMMUNITIES

China Gas is guided by the philosophy of “Converging in Harmony and Benefiting Communities”. Anchored by its natural gas business, the Company pursues continuous growth and development.



China Gas believes that in leveraging its advantages, capital, talent, and wisdom to achieve harmonious development, by improving living standards, promoting national economic development, fulfilling its social responsibilities, and seeking public well-being, it can create a better life for all.





ORGANISATIONAL STRUCTURE

China Gas has established an organisational structure composed of three tiers, namely the headquarters, the regions, and the front lines. This structure is designed to streamline and refine corporate management, thereby enhancing the Company’s overall operations.



Business Pillars and Their Presence

<p>Piped gas</p> 	<p>China Gas has invested in 662 piped gas projects with concession rights since the initiation of the West-East Gas Pipeline Project and the Sichuan-Shanghai Parallel Gas Pipeline by the State. These projects cover 30 provinces, municipalities, and autonomous regions. Some of the provincial capitals and municipalities covered by these projects include Harbin, Shenyang, Hohhot, Tianjin, Xi’an, Jinan, Hangzhou, Nanjing, Hefei, Wuhan, Nanchang, Chongqing, Guangzhou, Nanning, as well as large and medium-sized cities like Dalian, Qingdao, Jiamusi, Mudanjiang, Jinzhou, Liaoyang, Fushun, Baotou, Baoji, Wuhu, Huainan, Xinyang, Yangzhou, Yichang, Xiaogan, Huanggang, Yiyang, Meizhou, Maoming, Liuzhou, and more. We are the largest cross-regional city piped-gas operator in China.</p>
<p>LPG</p> 	<p>Five dedicated LPG terminals and six large-scale petrochemical product terminal storage and logistics centres have been put into operation along the southeast coast of China. The throughput capacity of the terminal is more than 10 million tons per year, with a total LPG storage capacity exceeding 800,000 cubic metres. Import and distribution of LPG is over 4 million tons per year. In line with the development trend of clean energy and lighter raw materials, China Gas has embarked on a new process in the entire industry chain of liquefied hydrocarbons, showcasing its commitment to sustainability and innovation in the energy sector.</p>

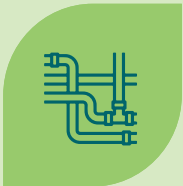
<p>Gas supply for vehicles and vessels</p> 	<p>China Gas has a strong presence in the vehicle and vessel refilling sector with 516 stations either operational or under construction. These stations cater to the refilling needs of more than 200,000 natural gas vehicles daily. The Group has strategically formed alliances with prominent domestic automotive and equipment manufacturers, facilitating the swift progress of gas projects for vehicles and vessels. This focus on expanding refilling infrastructure and collaborating with industry leaders underscores China Gas' commitment to advancing the use of natural gas as a clean and efficient fuel source in transportation.</p>
<p>Integrated low-carbon energy</p> 	<p>China Gas is actively aligning itself with the national strategic direction towards "Carbon Peak and Carbon Neutrality". Leveraging this momentum and favourable conditions, the Company is implementing a holistic approach to energy systems. This strategy involves comprehensive planning across the "generation-transmission-load-storage" spectrum to enable coordinated supply and closed-loop management of electricity, gas, heating, and cooling. In parallel, the Group is intensifying its digital transformation efforts, capitalising on the opportunities presented by new energy developments to seamlessly integrate the "Internet of Things" with "multi-energy integration". This initiative is for a unique and distinctive dual-carbon business ecosystem that embodies the essence of "China Gas". The Company has forged deep partnerships with industry leaders such as China Three Gorges Corporation, State Power Investment Corporation, Baidu, Dongfeng Motor Corporation, LONGi Green Energy, and the Shanghai Environment and Energy Exchange, to drive forward its low-carbon energy endeavours. Riding on these collaborations, China Gas is positioning itself at the forefront of the clean energy transition, contributing significantly to environmental sustainability and energy efficiency in the nation.</p>
<p>Natural gas trading</p> 	<p>Since 2015, China Gas has ventured into the natural gas trading sector and established Zhongran Hongda Energy Trading Company Limited to develop and execute the Group's energy trading strategies. The Company has introduced cutting-edge trading methods, diversified its resource acquisition channels, leveraged synergistic integration, and optimised operational processes. These efforts have resulted in the establishment of a nationwide sales network and a resilient supply chain logistics infrastructure, positioning China Gas as a key player in the energy trading landscape.</p>
<p>Value-added services</p> 	<p>Yipin Smart Living Technology Ltd. ("Yipin Smart Living"), the Group's primary arm of value-added services incorporated in 2015, is a household-oriented tech company of China Gas specialising in grid-based new retail in the private domain backed by stores. Its portfolio stretches from kitchen offerings and safety offerings to other products and services in the traditional segments. Furthermore, its moves are in innovative businesses, where market opportunities are well seized with its promptly-created offerings of home renovation, electronic appliances, household services, top picks and beyond. This is how this very business taps into fresh growth engines and carves out more user needs.</p>

As of 31 March 2024, in 30 provinces, municipalities, and autonomous regions, the Group, which had acquired 662 piped gas projects with concession rights, operated over 516 natural gas (CNG/LNG) vehicle and vessel refuelling stations, over 119 LPG terminal distribution projects, one CBM development project, 32 long-distance natural gas pipeline projects, five LPG terminals, six large petrochemical storage bases, one offshore transportation fleet, and several truck fleets for hazardous goods. The total gas pipeline network is over 550,000 kilometres, with an annual natural gas sales volume of 40 billion cubic metres, over 50 million piped gas and bottled LPG users, and a gas supply covering an urban population of over 200 million.

Natural Gas Business



Investment in **662** piped gas projects covering **30** provinces, municipalities, and autonomous regions



119 LPG terminal distribution projects



1 CBM development project



32 long-distance natural gas pipeline projects



5 LPG terminals



6 large petrochemical storage bases



1 offshore transportation fleet and several truck fleets for hazardous goods



Gas pipeline network of over **550,000** kilometres, with an annual natural gas sales volume of **40** billion cubic metres



Over **50** million piped gas and bottled LPG users, and a gas supply covering an urban population of over **200** million



516 natural gas (CNG/LNG) vehicle and vessel refuelling stations

FY2023/24 PERFORMANCE HIGHLIGHTS

ENVIRONMENTAL



INTEGRATED ENERGY

Signed the industrial and commercial energy storage agreements totalled

112.7 MWh,

leading the domestic gas industry

ENVIRONMENTAL MANAGEMENT

88 project companies with the ISO 14001 Environmental Management System certification

GREEN OPERATION

Launched **21** photovoltaic (PV) projects with a total power generation of

13,856 MWh

Annual PV power generation of the China Gas Building accounted for about **3%** of the total electricity consumption

BIODIVERSITY CONSERVATION

Conducted environmental impact assessment on nine key projects, which covered **320.41**

hectares of operating sites

GREEN FINANCE

The Group's total ESG-related loans of

HK\$9.64 billion

SOCIAL



HEALTH AND SAFETY

Investment in workplace safety reached **RMB2.068 billion**, up to the requirements of the Ministry of Finance and the State Administration of Work Safety (*Administrative Measures for the Extraction and Use of Enterprise Safety Production Expenses*)* (《企業安全生產費用提取和使用管理辦法》)

Work-related injuries per million hours of employees:

0.0077 cases

Work-related injuries per million hours of contractors:

0 case

EMPLOYMENT

38% of employees were females

PRODUCTS AND CUSTOMER SERVICES

Customer satisfaction score reached **91.88**

Customer privacy was integrated into the Group's privacy policy system under risk and compliance management

The installation ratio of the industrial and commercial Internet of Things (IoT) metres reached

32.2%

The installation ratio of residential IoT metres reached

31.8%

SUPPLY CHAIN MANAGEMENT

Number and proportion of local suppliers:

255 suppliers, 100%

Number and proportion of suppliers with the Environmental Management System certification (ISO 14000 series):

240 suppliers, 94.12%

Number and proportion of suppliers obtaining the Occupational Health and Safety Management System certification (ISO 45001)

237 suppliers, 92.94%

Provided ESG capacity enhancement and capability

building training for **103** suppliers, covering **100%** of key suppliers

GOVERNANCE



ESG GOVERNANCE

ESG-related key performance indicators were linked to the remuneration of Directors and senior management

COMPLIANCE OPERATION

10 companies with ISO 37301 Compliance Management System certification

CLIMATE CHANGE MANAGEMENT

Integrated the governance of climate-related risks and opportunities at all levels of the Group and established a sustainability management structure with the Board of Directors at the

highest level
of decision-making

14,293 people who received anti-corruption training;
160,855 hours of anti-corruption training

407 patents, trademarks and copyright applications

Extended **Scope-3** GHG emissions and disclosure to the Group level

Innovative R&D funding of over **RMB230 million**

FY2023/24 MILESTONES

MAY
2023

The first Carbon Peaking and Carbon Neutrality Research Institute in the domestic gas industry was unveiled in Shenzhen.

China Gas led the establishment of the institute with support from the Shanghai Environment and Energy Exchange. A Specialised Committee of Carbon Neutrality was set up. The institute works to integrate top-notch resources in the industry, gather industry experts, support R&D endeavours, and cooperate with various stakeholders to build a green and low-carbon ecosystem.



JULY
2023

Upon assessment by the Oil and Gas Methane Partnership (OGMP) under United Nation Environmental Programme (UNEP) China Gas met the Gold Standard of OGMP 2.0.

China Gas, the first OGMP member among Chinese companies, joined the Partnership on 20 June 2021. Based on OGMP's assessment, the Company achieved the Gold Standard of OGMP 2.0 on 21 July 2023. (OGMP International Methane Emissions Observatory 2023 Report)

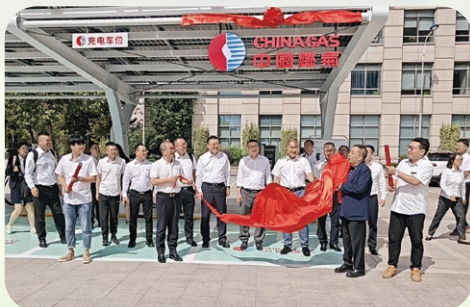
UN
environment
programme

OGMP
Oil and Gas Methane Partnership 2.0

OCTOBER 2023

The first “generation-transmission-load-storage” integrated system of China Gas, Smart Super Charging Station, was unveiled and put into operation at Jiangning Building in Hangzhou.

The Smart Super Charging Station at Jiangning Building integrates a 30kW automatic cleaning photovoltaic carport, 100kWh battery energy storage, and 10 4C electric vehicle charging points into one system. Photovoltaic devices are used to convert solar energy into electricity. An efficient charging control system allows the converted electricity to be rapidly charged into new energy devices such as electric vehicles.



OCTOBER 2023

The first community store directly operated by Yipin Smart Living under China Gas began trial operation in Nanning, Guangxi.

The community stores feature gas services, communication with customers, KOC private community services, door-to-door security checks, sales of low-purchase-frequency product, timely delivery, and other services. This marks the implementation of Yipin Smart Living’s new business model of community stores.



NOVEMBER
2023

China Gas's Smart Gas Integrated Operation and Management Platform won the 2023 Geographic Information Industry Outstanding Project Award (Gold Prize), the highest award of China's Geographic Information Industry.

The Smart Gas Integrated Operation and Management Platform, with safe gas operation and management improvement at its core, consists of the integrated gas geographic information system (GIS) platform, digital operation and management platform, intelligent-station platform, and digital-safety management platform. This system helps to achieve the overall goal of ground-based, efficient, and refined operation and management in the gas industry, covering a wide range of application scenarios, such as dynamic production monitoring, safety monitoring, equipment management, station management, personnel management, and emergency management.



DECEMBER
2023

The second national Customer Service Contact Centre of China Gas (the one in Wuhu) was established and put into operation.

The Wuhu Customer Service Contact Centre provides tailored services to meet users' diverse needs for services. It features systematic integration and multi-party cooperation, harnessing cutting-edge technologies such as big data, artificial intelligence (AI), and voice recognition. It effectively analyses issues submitted by users through the hotline and thoroughly analyses gas companies' connection rates, user satisfaction, timeliness of service orders, user feedback, and complaints, ultimately contributing to various service improvement measures.



ACCOLADES

During the financial year, China Gas received numerous accolades for its investment and achievements in ESG issues. Below are some accolades won by the Group.



2023 Wind's Top 100 Best ESG Practices Among Listed Companies in Greater China



2023 China's Top Runner for Industrial Carbon Peaking



2023 Gold Seal for Contribution in Sustainable Facility by HKQAA





2023 ESG Disclosure Contribution Award by HKQAA



2023 "Carbon Peaking and Carbon Neutrality" Green Development Award for Energy Enterprises by China Business Journal



2023 Geographic Information Industry Outstanding Project Award



2023 SRC Honour for Responsibility and Innovation



MESSAGE FROM THE CHAIRMAN



In the midst of an ever-changing global landscape of energy, the momentum of the energy revolution propels us towards greener solutions, marking a pivotal shift in the industry. At China Gas, our unwavering commitment is to cultivate an energy sector that is more economical, safer, and cleaner. Through the collective dedication of all our employees and the steadfast support of our stakeholders, we have made our way to significant milestones. For the financial year, our core business of natural gas witnessed robust growth, with ongoing expansion of our value-add services and integrated energy business, bolstering our capacity for value creation. As we embrace rapid and compound development, we remain steadfast in embedding sustainable principles into our long-term strategies. This financial year saw us officially grow to be a member of the UN Global Compact (UNGC), which underscores our dedication to social responsibility, steering us towards sustainable, green, and high-quality economic and social development.

The past year saw our enhancements in governance capabilities as we fully integrated compliance management into all aspects of our business. We cemented our sustainable development management systems and explored sustainable production and development models, underscoring our balanced approach towards economic, social, and environmental advancement. In addition, our commitment to business ethics never wavered, fortifying our risk management capabilities and enhancing the efficiency of internal management. These endeavours have laid a strong foundation for China Gas's progressive trajectory.

FY2023/24 also recorded our responsibilities forging ahead with diligence and fortitude. As the gas industry went its way at a crucial juncture, we found ourselves reflecting on how to enhance our management and leverage technology to drive the added value of city gas services. Through moves like the Yipin Smart Living Laboratory, we have established a well-performing quality management system and maintained a record of zero product quality or safety incidents over the past nine years. Additionally, we are committed to providing comprehensive, high-quality services by focusing closely on "complaint management" and "satisfaction management". An example is our closed-loop service experience management system where we guarantee that every customer has access to efficient and convenient gas services.

How we ensured a stable and safe gas supply was a highlight in FY2023/24, underpinned by our unwavering dedication to safety across all of our operations. In the city gas industry, we have embraced the pivotal mission of safeguarding the gas supply, relentlessly striving to provide a satisfactory answer to all stakeholders. To realise this mission, we have instituted a robust mechanism that encompasses city gas development planning, emergency response, gas operations and services, and gas usage. Additionally, our steadfast focus on safety management and continuous training initiatives ensures that every employee is equipped with the requisite knowledge and skills for safe operations and effective emergency-handling skills.

Our steadfast commitment to green development propelled us to spearhead the green transition across diverse sectors in FY2023/24. Aligned with the ambitious "carbon peaking and carbon neutrality" objectives, we spearheaded the creation of a highly efficient and energy-saving industrial operation model, meticulously designed to curtail environmental impact and resource consumption throughout our operations. By harnessing the full spectrum of available resources, we established our own "carbon peaking and carbon neutrality"

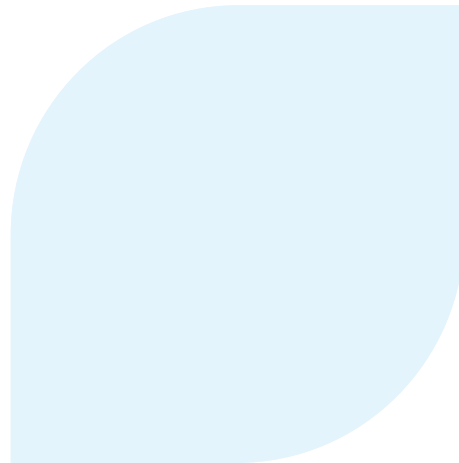


targets, seamlessly integrating them into the Group's overarching strategies for development while crafting a definitive roadmap for green, low-carbon progression. These initiatives underscore our unwavering dedication to realising the "carbon peaking and carbon neutrality" aspirations and propelling the green evolution of societal and economic development. Furthermore, we actively delved into ecological preservation and green finance, seeking collaboration with stakeholders to champion global carbon mitigation and foster sustainable development.

What lied at the heart of our operations in FY2023/24 was talent cultivation and employee growth. Beyond our pursuit of financial prosperity, we placed paramount importance on enhancing employee development and welfare. Central to our strategy is the cultivation of a diverse and inclusive workplace to attract top-tier talents, the optimisation of our compensation and benefits framework, and the reinforcement of our core competitive edges. To cater to the unique learning requirements of our workforce, the operational deployment of the Group's eight regional training and practical operation bases in the financial year provided indispensable infrastructure for talent growth. Furthermore, a spectrum of health and welfare initiatives for employees has been rolled out, alongside an expansion of communication avenues, enriching the overall employee experience with a profound sense of happiness, fulfilment and belonging.

To honour our due share of responsibility as a corporate citizen, we duly fulfilled our mission during the year. With ESG principles woven into the very fabric of our supplier assessments, we fostered responsible supply chain systems and sustainable partnerships. A special highlight is that we played an active role in exploring emissions reduction in the city gas industry, and coal-to-gas initiatives to steer industry advancement. Through the China Gas Charity Foundation, we continued our commitment to public welfare and consistently gave back to the society in the financial year.

Looking ahead, we are setting sail to chart a new course. Navigating this journey, we have full confidence and will team up with our partners to pursue a greener, more harmonious, and more sustainable future that can turbocharge the city gas industry.



1. PURSUING RESPONSIBLE GOVERNANCE FOR ROBUST SUSTAINABILITY

- 1.1 Corporate Governance
- 1.2 Sustainability Governance
- 1.3 Compliance Operation



1. PURSUING RESPONSIBLE GOVERNANCE FOR ROBUST SUSTAINABILITY

PERFORMANCE HIGHLIGHTS

- **10** companies with the ISO 37301 certification of compliance management systems
- **14,293** people who received anti-corruption training and **160,855 hours** of anti-corruption training
- **407** patents, trademarks and copyright applications
- Innovative R&D funding of over **RMB230 million**

SDGs Involved in this Chapter



Material ESG Issues Addressed in this Chapter

- Economic performance
- Corporate governance and operational compliance
- Anti-competitive behaviours
- Business ethics and anti-corruption
- Protection of intellectual property rights
- Protection of customers' privacy and information security

A strong corporate governance system and an ethical business culture are crucial to corporate innovation and sustainability. China Gas is true to these values, continually improving its governance framework, maintaining rigorous business ethical standards, and embracing integrity, transparency, and accountability. The Company also prioritises the interests of stakeholders, as an active contributor to the balanced and sustainable development of the economy, environment, and society.



1. PURSUING RESPONSIBLE GOVERNANCE FOR ROBUST SUSTAINABILITY

1.1 CORPORATE GOVERNANCE

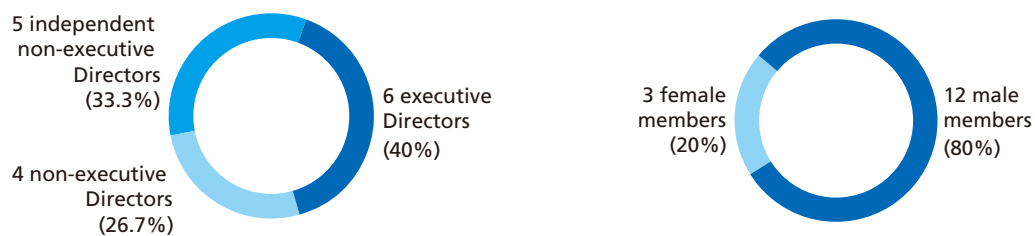
Board Management

China Gas strictly complies with the principles and code provisions of the *Corporate Governance Code* (《企業管治守則》) as set out in Appendix 14 of the *Rules Governing the Listing of Securities* (《上市規則》) on the Stock Exchange of Hong Kong Limited, constantly enhancing its corporate structure and governance practices. By the end of the Reporting Period, the Board has delegated authority to five committees, namely the Executive Committee, the Audit Committee, the Nomination Committee, the Remuneration Committee, and the Corporate Governance and Risk Control Committee (CGRC), to oversee the Company's strategies, set and monitor progress towards related goals, set corporate governance practices and policies, and review internal control and risk management systems.

Under the guidance of the Nomination Committee, the Board develops procedures for nominating and appointing Directors, overseeing Director appointments and succession planning, and evaluating the independence of independent non-executive Directors. Consistent with the *Rules Governing the Listing of Securities*, the Board appoints a minimum of three non-executive Directors, accounting for one-third of the total Board. Moreover, matters falling within the purview of the various professional committees are subjected to review by the Board of Directors following approval by the respective committees, enhancing the supervisory and decision-making functions of independent Directors. In FY2023/24, the Company convened 12 Board meetings.

The Group adheres to a comprehensive approach in nominating and appointing Board members, factoring into gender, age, ethnicity, industry expertise, and cultural and educational backgrounds. This ensures that the Board possesses the diverse range of skills and experiences necessary to fulfill the needs of various business domains. We prioritise promoting gender diversity on the Board by championing female leadership. The Board membership boasts expertise spanning energy and environment, economics and finance, strategic investments, and more, with one non-executive Director and one independent non-executive Director specialising in the energy sector. Furthermore, several Directors have extensive governance experience in risk management. The Group continuously evaluates and monitors opportunities for enhancing Board diversity to elevate corporate governance.

As of the end of the Reporting Period, there were 15 Directors on the Board of China Gas, including:



1. PURSUING RESPONSIBLE GOVERNANCE FOR ROBUST SUSTAINABILITY

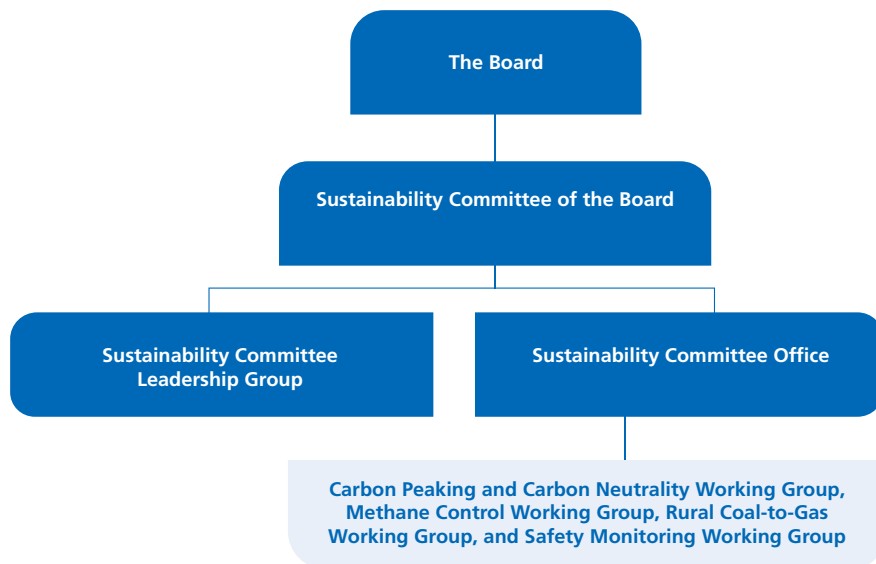
Board Remuneration and Sustainability Performance

In order to strengthen the integration of ESG principles into the Group’s strategy and management, we have integrated ESG-related performance indicators, including operational safety, carbon neutrality, energy conservation, emission reduction, and technological innovation, into our annual performance targets. The Group aligns the performance and remuneration of Directors and senior management to these indicators. The Company conducts an annual value creation assessment of senior management, with ESG indicators playing a key role in shaping the assessment outcomes.

The Group is strategising to introduce ESG performance assessment and incentive measures for functional departments. The initiative involves conducting an annual value-creation assessment focused on indicators like carbon emission management, biodiversity protection, environmental and health safety, renewable energy usage, customer satisfaction, anti-corruption, compliance operation, and governance of climate risks. The outcomes of these assessments will directly impact the total incentives allocated to functional departments, ensuring tangible progress towards key ESG objectives and strengthening the grassroots capabilities of sustainable governance within the organisation.

1.2 SUSTAINABILITY GOVERNANCE Sustainable Development Management System

At China Gas, sustainable development and ESG governance are top priorities on the long-term strategic planning agenda, with a comprehensive sustainable governance structure put in place. The Board along with its specialised Sustainability Committee is responsible for crafting and supervising the Group’s sustainable development strategies and initiatives. They also oversee the coordination and monitoring of ESG and climate-related management efforts to ensure that sustainability and climate action are aligned with the Company’s long-term strategy.



China Gas’s Sustainable Governance Structure

1. PURSUING RESPONSIBLE GOVERNANCE FOR ROBUST SUSTAINABILITY

In 2020, we established a Sustainability Committee to manage and monitor the Group’s sustainability management and ESG governance practices. The Committee is currently chaired by Dr. MA Weihua, an independent non-executive Director of the Company. There, other members include Mr. LIU Ming Hui (executive Director, Chairman of the Board, and President of the Company), Mr. ZHU Weiwei (executive Director and Managing Vice President of the Company), and members from the Audit Committee and the CGRC Committee. Dr. MA was appointed by the United Nations Development Programme (UNDP) China as a Special Advisor and Chairman of the Sustainable Finance Advisory Committee in March 2019. He was also appointed by the UNDP as a member of the Sustainable Impact Investment Global Steering Committee in April 2019.

To enhance the deployment and execution of sustainability initiatives, the Group’s Sustainability Committee takes charge of managing and supervising all related matters. Within this Committee, there exists a Sustainability Committee Leadership Group and a Sustainability Committee Office (including the Carbon Peaking and Carbon Neutrality Working Group, the Methane Control Working Group, the Rural Coal-to-Gas Working Group, and the Safety Monitoring Working Group) to assist in coordinating, implementing, and monitoring our sustainability endeavours.

Sustainability Committee Leadership Group	Office of Sustainability Committee
<ul style="list-style-type: none"> • Oversee overall sustainability planning under the leadership of the Board • Identify and assess sustainability issues, risks and opportunities • Explore sustainability policies and strategies • Review and evaluate the Group’s sustainability performance • Review and optimise the Group’s sustainability management and structure • Supervise and review the performance of the Sustainability Committee Office • Convene meetings to review the Group’s sustainability performance and identify items for improvement 	<ul style="list-style-type: none"> • Allocate resources and coordinate the tasks of the sustainability departments • Perform daily tasks related to the Group’s sustainable development including data collection, reporting, analysis, and auditing of environmental, social, and governance information • Maintain close contact and communication with the Group’s stakeholders • Organise meetings to discuss sustainability report work and review any identified deficiencies • Report relevant work progress to the Sustainability Committee

1. PURSUING RESPONSIBLE GOVERNANCE FOR ROBUST SUSTAINABILITY

Carbon Peaking and Carbon Neutrality Working Group	Methane Control Working Group	Rural Coal-to-Gas Working Group	Safety Monitoring Working Group
Main Duties:			
<ul style="list-style-type: none"> • Assessing the Group's total greenhouse gas emissions and establishing achievable carbon peaking and carbon neutrality goals • Reviewing the Group's GHG emissions and its implementation of emission-reduction measures for the fulfilment of dual carbon goals • Exploring new business opportunities in the carbon peaking and carbon neutrality field and identifying potential areas for business growth 	<ul style="list-style-type: none"> • Verifying the Group's overall methane emissions and setting targets for methane emission reduction • Conducting physical testing and research on methane emissions at the Group's gas facilities and collecting materials of methane emission factors in city gas industry to improve data Transparency • Joining methane emission reduction alliances and organisations to gain industry expertise • Analysing advanced methane emission reduction technologies and updating the Group's implementation plan • Developing technical standards for methane emission reduction to drive industry advancements 	<ul style="list-style-type: none"> • Formulating policies and strategies for the Group's rural gas market development • Coordinating user installations and monitoring progress towards installation Targets • Addressing market-oriented gas pricing and pass-through issues and other urgent and challenging issues in rural areas • Establishing a market-oriented training system and enhancing business Capabilities • Monitoring changes in the macro-economy, gas industry policies, upstream-to downstream industries, retail users and more, to explore policy supports and market opportunities for China Gas's rural business growth 	<ul style="list-style-type: none"> • Identifying national laws and regulations, policy requirements, rules and regulations related to safety, formulating safety principles, plans and standards in line with China Gas' actual situation, and leading the Group's continuous improvement in safety, as well as inspecting health and safety violation incidents towards better safety and regulation violation inspections • Collecting and analysing data on production safety, environmental protection, quality, and occupational health Incidents • Overseeing the Group's quality control and environmental protection, occupational health management • Coordinating safety management activities, conducting inspections, assessments, training, providing guidance and services, and overseeing and collecting information of safety activities

1. PURSUING RESPONSIBLE GOVERNANCE FOR ROBUST SUSTAINABILITY

For the financial year, the Board and its Sustainability Committee convened four meetings, with a primary focus on climate and environmental governance, health and safety, governance and beyond. The discussions during these meetings revolved around strategic reviews of the Group's energy storage and photovoltaic business developments, as well as updates on the transition towards green urban operations. Moreover, in response to the challenges posed by climate change, the Board underwent comprehensive discussion and training on new disclosure guidelines pertaining to climate-related risks and opportunities, ensuring the Company's exchanges and proactive approach to climate change.

Furthermore, to actively respond to the demands of the capital market and highlight our commitment to sustainable development, the Group has participated in internationally recognised ESG ratings such as Morgan Stanley Capital International (MSCI), CDP disclosure, and S&P Global Corporate Sustainability Assessment (CSA) for several consecutive years. In the latest rating cycle, our MSCI ESG rating has been upgraded from BB to BBB, demonstrating our consistent improvement in ESG management and rating performance.

Statement of the Board

In compliance with the *HKEX ESG Reporting Guide*, China Gas has established an effective ESG management mechanism. The Company continually enhances its ESG governance structure and strengthens the Board's engagement in ESG issues to pursue long-term development.

The Board's Oversight of ESG Issues

The Board assumes the overarching responsibility and possesses the final decision-making authority regarding all ESG matters within the Group. To facilitate effective coordination and implementation of sustainability efforts, the Company has established a Sustainability Committee, which oversees the Sustainability Committee Leadership Group (Leadership Group) and the Sustainability Committee Office (Office). The Leadership Group is tasked with identifying significant ESG risks and opportunities that are pertinent to our business operations, evaluating our ESG performance and progress, and approving our *Environmental, Social, and Governance Report* as well as other crucial ESG management policies. Meanwhile, the Office is accountable for allocating resources, implementing routine sustainable development efforts, and communicating effectively about them.

The Board's ESG Management Approaches and Strategies

The Group places a high priority on identifying and analysing ESG risks, considering industry-specific factors, regulatory requirements, and macro policies to understand their potentially significant impacts on the Group. Additionally, the Board has a climate-related issue reporting mechanism and designates responsible persons or committees for the assessment and management of climate-related risks and impacts. The Group also maintains close communication with internal and external stakeholders, assessing material issues annually. By gathering stakeholder opinions, we prioritise sustainability topics and involve the Board in discussions to determine the materiality of issues. Based on these assessments, the Board formulates the Group's ESG strategies and goals.

1. PURSUING RESPONSIBLE GOVERNANCE FOR ROBUST SUSTAINABILITY

The Board Reviews Progress Made Against ESG-Related Goals and Targets

The Board has tasked the Sustainability Committee with regularly reviewing the progress toward ESG-related goals and targets to ensure their effective achievement. The Committee evaluates and discusses the formulation of ESG-related goals and targets, adjusting them to match the evolving external environment and business operations. Authorised by the Board, the Company initiated the collection and disclosure of ESG information in 2023 and has presented a detailed account of the Group's ESG accomplishments for FY2023/2024 in this Report.

Stakeholder Engagement

At China Gas, exchanges with stakeholders are always inclusive, concrete, responsive and impactful, towards a long-lasting exchange mechanism of interaction with stakeholders. At China Gas, it is recognised that major stakeholders include shareholders, investors, creditors, financial analysts, employees, government and regulatory authorities, community groups, customers, business partners, suppliers, etc. In developing our corporate sustainability development plan, we actively consider the opinions of these stakeholders and strive to establish a comprehensive development strategy.

China Gas communicates with various external stakeholder groups through the following communication channels, enabling us to gain a deeper understanding and respond to their expectations and requirements.

Stakeholders	Communication channels	Expectations and requirements	Responses from China Gas
Shareholders, investors, creditors, and financial analysts	<ul style="list-style-type: none"> General meetings Annual reports, interim reports, announcements and circulars Investor roadshows Investor, analyst, and creditor meetings Investor, analyst and creditor visits Phone calls and emails 	<ul style="list-style-type: none"> Excellent performance Continuous and stable growth Clear operational strategy Efficient corporate governance Timely and accurate information disclosure 	<ul style="list-style-type: none"> Good profitability and competitiveness Continuous improvements in corporate governance Regular disclosure of business information

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Stakeholders	Communication channels	Expectations and requirements	Responses from China Gas
Employees	<ul style="list-style-type: none"> • Work conferences / Feature conferences • Training programmes • Employees' congresses • Internal publications • Team building activities • Face-to-face meetings • Complaint mailbox • WeChat groups, official accounts, and other workplace softwares 	<ul style="list-style-type: none"> • Equal employment opportunities • Clear career development and promotion opportunities • Healthy and safe working environments • Comprehensive education and training systems 	<ul style="list-style-type: none"> • Diversified recruitment • Staff events • Care for employee health • Training schemes • Online and offline learning platforms
Government and regulatory authorities	<ul style="list-style-type: none"> • Researches and meetings on special topics • Environmental impact assessment reports • Environmental monitoring reports • Daily reporting and communication • Industry association activities • Relevant forums and exchanges • On-site inspections • Phone calls and emails 	<ul style="list-style-type: none"> • Daily communication • Information reporting • Regular inspection • Thematic presentations • Government-enterprise • Cooperation projects • Participation in the formulation of relevant policies 	<ul style="list-style-type: none"> • Higher safety standards • Better risk management • Compliance with relevant • Laws and regulations • Business activities in line with the needs of the industry and regional economic development • Safe, stable and efficient energy supply models • Active responses to government policies

1. PURSUING RESPONSIBLE GOVERNANCE FOR ROBUST SUSTAINABILITY

Stakeholders	Communication channels	Expectations and requirements	Responses from China Gas
Business partners and suppliers	<ul style="list-style-type: none"> • Supplier conferences • WeChat groups and official accounts • Supplier training programmes • Strategic cooperation plans • Supplier performance communication meetings • Phone calls and emails 	<ul style="list-style-type: none"> • Open and transparent procurement processes • Local sourcing • Fair and equitable tendering 	<ul style="list-style-type: none"> • Open tendering • Supplier management systems • Policies in constant improvement • Management efficiency in constant improvement
Customers	<ul style="list-style-type: none"> • Telephone service hotlines • Community service stations • Online customer service systems • Customer satisfaction surveys • WeChat groups and official account • China Gas “Smart Living” Platform 	<ul style="list-style-type: none"> • Safe and stable energy supply • High-quality and efficient services 	<ul style="list-style-type: none"> • Customer safety checks • Timely responses to customer requests • Quality customer services • Customer satisfaction surveys
Community groups	<ul style="list-style-type: none"> • Press releases and announcements • Community promotion campaigns • Safety and science activities • Social welfare volunteering activities • On-site visits and tours • Stakeholder engagement plans 	<ul style="list-style-type: none"> • Safe operation • Contributions to community development • Public welfare activities • Contributions to a harmonious society • Contributions to public welfare 	<ul style="list-style-type: none"> • Charity donations • Charitable activities • In-depth community building • Help for the poor and the needy • Participation in community volunteer services • Organisation of charity and environmental activities

1. PURSUING RESPONSIBLE GOVERNANCE FOR ROBUST SUSTAINABILITY

Materiality Assessment

The Group conducts regular materiality assessments at least once a year, with questionnaires, interviews of departments, news monitoring, trend analyses, investigations and other means, to identify and update the sustainability issues that are of utmost concern to China Gas's business operations and stakeholders. In FY2023/24, the Group took the following key steps in its materiality assessment:

<p>Step 1: Identify sustainable development issues</p>	<p>In FY2023/24, China Gas conducted a comprehensive review and revision of the Group's list of sustainability issues. A total of 29 issues were identified, which are closely related to the Group's business and its impact. These issues cover six major aspects: economy, environment, society, employees, customers and governance. The analysis of these issues was conducted through ongoing communication with various stakeholder groups.</p>
<p>Step 2: Analyse material issues</p>	<p>To gain a deep understanding of market trends and opinions of internal and external stakeholders and identify the most relevant material issues, we conducted analysis from three perspectives.</p> <p>Regarding stakeholder engagement, we conducted in-depth interviews with internal stakeholders with the assistance of independent consultants. Through effective dialogues, we collected and evaluated stakeholders' opinions, and analysed the expectations, views, and suggestions of internal stakeholders regarding ESG issues. This helped us in identifying the material issues. In addition, through wide distribution of questionnaires, we relentlessly strengthened exchanges and communication with external stakeholders to fully understand their views on sustainable development issues closely related to the business development of China Gas, and incorporated their opinions into the analysis and consideration of major issues in FY2023/24.</p> <p>In terms of benchmarking analysis, we examined the performance of peers in terms of sustainable development. We also considered the expectations of the capital market regarding the gas industry. This ensured that our ESG disclosures aligned with the industry's focuses and trends.</p>
<p>Step 3: Confirm material issues</p>	<p>In FY2023/24, the Group has incorporated the identification and management of ESG issues into its corporate risk management system, and then the Board and management of the Group reviewed and validated the priorities, scopes, boundaries, and completeness of these issues of materiality. After the validation from the materiality analysis by a third-party independent consulting firm, these issues were confirmed and approved as materiality issues for the Group.</p>

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In order to understand the key sustainability concerns of stakeholders, we analyse them alongside the performance of peer companies and presented them in a matrix format. The materiality matrix consists of two dimensions: “Importance to Stakeholders” and “Importance to Corporate Development”, enabling us to consider both stakeholder perspectives and management insights. Following the analysis for this financial year, we identified a total of 29 material issues and ranked them quantitatively. Among these, 17 were deemed highly material, 11 as material, and one as generally material. Subsequent sections will address these identified material issues, showcasing China Gas’s management strategies and performance.



1. PURSUING RESPONSIBLE GOVERNANCE FOR ROBUST SUSTAINABILITY

Subjects	No. of issues	Issues
Others	1	Safe and stable supply of gas
Governance	2	Corporate governance and operational compliance
Employees	3	Occupational health and safety
Customers	4	Customers' health and safety
Governance	5	Business ethics and anti-corruption
Employees	6	Rights and well-being of employees
Employees	7	Training and development
Environment	8	Climate change and greenhouse gas emission management
Environment	9	Disaster/Emergency plans and responses
Customers	10	Customer care and satisfaction
Customers and Environment	11	Consumption and efficiency of resources and energy
Customers	12	Product quality management
Economy and Society	13	Community relation management
Economy	14	Economic performance
Employees	15	Diversity, anti-discrimination and equal opportunity
Society	16	Support for local development
Economy	17	Market position
Customers	18	Supply chain management
Employees	19	Employee communication and satisfaction
Employees	20	Prevention of child labour and forced labour
Economy	21	Innovation and sustainable technologies
Governance	22	Anti-competitive behaviours
Environment	23	Effluents and waste management
Society	24	Respect the rights of local people
Environment	25	Management of projects under construction
Environment	26	Biodiversity
Customers	27	Protection of customers' privacy and information security
Environment	28	Water consumption and efficiency
Customers	29	Protection of intellectual property rights

1. PURSUING RESPONSIBLE GOVERNANCE FOR ROBUST SUSTAINABILITY

During FY2023/2024, we implemented a range of management measures to tackle the top three issues crucial to the Group's long-term business development. We also continued to optimise our business models and management systems to achieve stronger and more sustainable growth:

<p>Type of issue: risk and crisis management</p>	<p>Material issue 1: safe and stable supply</p>	<p>Measures:</p> <ul style="list-style-type: none"> • Carrying out special tasks such as "Thunder Action" and "Hazard Inspection in Industrial, Commercial, and Service Sectors" to thoroughly investigate potential safety hazards among users and make timely rectifications; • Organising specialised safety inspections for hazardous chemicals, special rectification for limited space safety management, the "6.21" major safety inspection and rectification, as well as supervision and inspection of flood control, disaster relief, and supply restoration. • Developing an emergency maintenance mechanism, strengthening management in aspects such as responding to emergencies, preparing safety emergency plans, and preventing third-party construction activities from damaging pipeline networks, thereby enhancing safe and stable gas supply.
<p>Type of issue: corporate governance</p>	<p>Material issue 2: corporate governance and compliance</p>	<p>Measures:</p> <ul style="list-style-type: none"> • Developing and issuing the <i>China Gas Compliance Rating System (Trial)</i>* (《中燃集團合規評級制度(試行)》), and conducting internal legal compliance evaluation and ratings for 19 companies, covering areas such as the anti-dumping and countervailing measures and uniform pricing strategies, legal affairs management, engineering management, and business qualifications; • Carrying out routine legal compliance inspections for 50 companies and urging 350 companies to undertake anti-monopoly self-examinations with their respective company heads signing and confirming the results of the self-examinations.

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<p>Type of issue: well-being, health and safety of employees</p>	<p>Material issue 3: occupational health and safety</p>	<p>Measures:</p> <ul style="list-style-type: none"> Continuously promoting the implementation plan for ISO 45001, ISO 14001, and ISO 9001 system certifications among project companies and commissioning a domestic authoritative third-party certification body for Health, Safety and Environment (HSE) management system certification. Developing an annual key work plan for workplace production, and updating quantifiable objectives related to occupational health and safety to “ensure the rate of work-related injuries per million working hours for both employees and suppliers in five years is within 0.75”. Organising regular workplace production training, safety warning education, safety drills, and safety knowledge introduction, promoting knowledge and policies related to occupational health and safety among employees.
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1.3 COMPLIANCE OPERATION

China Gas has established a thorough risk identification and management system, continues to strengthen business ethics management through promoting the construction of a business ethics system, whistle-blowing management, integrity in procurement and integrity education. Our company maintains a strong focus on intellectual property protection and information security management, to improve overall compliance and operational standards.

In FY2023/24, the Group advanced compliance management by issuing the *Compliance Rating System of China Gas (Trial)** (《中燃集團合規評級制度(試行)》) and conducting internal legal compliance reviews and ratings for 19 companies. The reviews covered various areas including anti-dumping, countervailing, and price regulation, as well as legal affairs, engineering management, and operational qualifications. Every year, all employees are required to make a compliance commitment in black and white based on the *Code of Conduct for Compliance of China Gas** (《中燃集團合規行為準則》), and over 38,000 employees signed the *Employee Compliant Conduct Declaration** (《員工合規行為聲明》) during the Reporting Period. We have also been promoting compliance management system certification, with 10 companies achieving ISO 37301 certification as of 31 March 2024.

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ISO 37301 Compliance Management System
Certification of Zhongran Gas Industrial
(Shenzhen) Co., Ltd.



ISO 37301 Compliance Management System
Certification of Nanning Zhongran City Gas
Development Co., Ltd.

Risk Management

China Gas has created a series of policies and systems for internal risk management, including the *Comprehensive Risk Management System** (《全面風險管理制度》) and the *Risk Control Manual** (《風險控制手冊》). These initiatives are designed for the Group to improve the risk management structure, establish clearly-defined risk reporting mechanisms, define risk management responsibilities at all levels and standardise risk assessment and management processes. We also regularly deliver internal and external risk identification, evaluation, and responses to mitigate the impact of adverse factors.

Risk Governance Structure

The CGRC Committee, operating under the Board, was established to assist the Board in overseeing corporate governance and risk control related to the Group's business operations and financial management, as part of the efforts on efficient risk governance. The CGRC Committee includes all non-executive and independent non-executive Directors. Through an independent internal audit function separated from the Group's management, the committee has assessed the efficiency of the internal control system put in place by management, which encompasses financial, operational, and compliance controls. Moreover, the internal audit is managed by the Audit and Supervision Department, which provides independent assurance to the Board and executive management as to the adequacy and effectiveness of internal compliance for the Group on an ongoing basis. The department follows an annual assessment plan, conducting compliance assessments on the Group's departments and projects each year to ensure the effectiveness of internal control mechanisms, and reports directly to the CGRC Committee on a biannual basis.

1. PURSUING RESPONSIBLE GOVERNANCE FOR ROBUST SUSTAINABILITY

Risk Identification and Management

China Gas has promoted annual internal risk self-assessments to identify fields of risks, and identified risk levels and prioritises them according to their likelihood and impact. Moreover, we have assigned full-time or part-time risk management personnel to project companies, ensuring that risk management responsibilities are clearly defined at the individual level, thereby fully supporting the effective implementation of the risk management system. During the Reporting Period, we identified six kinds of major risks, including policy risks, resource risks, safety risks, ESG risks, business ethics risks, and corporate-image risks. For each category, we have developed response measures and preventive mechanisms to mitigate and manage these risks, effectively reducing potential losses.

Risks	Impacts	Response measures and preventive mechanisms
Policy risks	China's "carbon peaking and carbon neutrality" policies pose pressure and risks for enterprises transitioning to green and low-carbon energy. The emerging risks could significantly impact the Group's business in the long term.	<ul style="list-style-type: none"> We explore and develop new businesses, including natural gas-fired distributed energy resources, PV power generation, distribution and sales of electricity, central heating, charging piles, hydrogen energy, and energy storage.
Resource risks	Natural gas price hikes and insufficient reserves increase resource costs and compromise the stability of gas supply.	<ul style="list-style-type: none"> We advance the implementation of a natural gas strategy and establish long-term collaboration with partners to stabilise the Group's gas supply capacity.
Safety risks	Incidents, illegal construction, or accidents caused by mismanagement threaten employees' health and significantly disrupt the Group's business operations.	<ul style="list-style-type: none"> We have established five monitoring centres, pipeline surveying and mapping companies, and pipeline inspection companies across China, and have hired third-party safety assessment firms to perform their respective roles in terms of operation, monitoring, and inspection so as to enhance safety comprehensively. We have improved occupational health management systems and operating procedures including the <i>HSE Management Manual of China Gas</i>* (《中燃集團HSE管理手冊》), the <i>Procedures for Seven High-risk Operations of China Gas</i>* (《中燃集團七大高危作業一事一流程》), the <i>Implementation Approaches of HSE Management Rating of China Gas's Project Companies</i>* (《中燃集團項目公司HSE管理評級實施辦法》), the <i>China Gas Safety Supervision Centre Management System</i>* (《中燃集團安全監察中心管理制度》), etc.

1. PURSUING RESPONSIBLE GOVERNANCE FOR ROBUST SUSTAINABILITY

Risks	Impacts	Response measures and preventive mechanisms
ESG risks	<p>Inadequate management mechanisms against ESG issues, including climate change and environmental pollution, will affect the effectiveness of ESG risk management. This could result in fines or litigation for violating environmental regulations. This emerging kind of risks may significantly impact the Group's business in the long term.</p>	<ul style="list-style-type: none"> • The Board of Directors, as the highest governing body for the sustainable development of the Group, possesses the ultimate decision-making authority. • The Sustainability Committee is in place to assist the Board in managing sustainability-related matters and enhancing the Group's sustainability performance. • We have formulated the <i>Environmental Policy*</i> (《環境政策》) to define requirements for energy management, greenhouse gas and pollutant emissions, resource utilisation, and waste management. This aims to reduce the environmental risks and impacts from operations and value chain activities. • We have formulated the <i>Climate Change Policy*</i> (《氣候變化政策》) to establish environmental protection goals, so as to reduce greenhouse gas emissions and strive for carbon neutrality by 2050. • We have formulated the <i>Biodiversity Conservation Policy*</i> (《生物多樣性保護政策》) to minimise the indirect impacts of the Group's operations on habitats and to prevent habitat degradation. • Before initiating any project, we follow laws, regulations, and internal policies such as the <i>Environmental Impact Assessment Report Outline*</i> (《環境影響評價報告綱要》) to conduct environmental impact assessments and identify potential environmental impacts and risks.

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Risks	Impacts	Response measures and preventive mechanisms
Business-ethics risks	Misconduct including bribery and corruption	<ul style="list-style-type: none"> We developed anti-bribery and anti-corruption policies, intensified anti-corruption efforts, and conducted anti-corruption training for all employees, and required suppliers to comply with these anti-corruption policies to foster a corporate culture of integrity.
Corporate-image risks	Incidents leading to negative corporate image	<ul style="list-style-type: none"> We cooperate with government departments in emergency response, rescue, measures afterwards and investigations. We improve safety measures and intensify safety inspections to avoid the recurrence of similar accidents.

China Gas is dedicated to promoting an effective risk management culture across the Group. We have established comprehensive risk management processes and strategies, integrating risk criteria into product and service development, and incorporating risk management metrics into financial incentives. We keep the Group informed about updates in relevant regulatory requirements and lead and coordinate relevant seminars and training sessions to the Directors (including non-executive Directors) approximately. In addition, we promote information on risk management principles throughout the Group to make corporate risk management practices more effective. For further details on the Group's risk management, please refer to our Annual Report available on the Group's website (chinagasholdings.com.hk).

Business Ethics Management

China Gas is dedicated to cultivating a corporate image of integrity by maintaining elevated levels of business ethics management. Our continuous efforts involve enhancing our business ethics management system, establishing effective reporting channels, and prioritising integrity in procurement management. Through the promotion of integrity education, we enhance employees' understanding of fair competition and business ethics, fostering to a clean and transparent business environment.

Governance Structure

China Gas has set up an Anti-Corruption Leading Group and the Office of Anti-Corruption Leading Group within the Audit and Supervision Department (the "Anti-Corruption Office"), which are responsible for guiding and supervising the Group's anti-corruption practices and investigating corruption cases respectively. After conducting investigations, the Audit and Supervision Department submits reports on actions taken or accountability to the Group's management for approval. Additionally, the Integrity Inspection and Integrity Affairs positions, which perform oversight duties, maintain close communication and cooperation with modules within the Audit and Supervision Department.

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Institution Development

China Gas adheres to the laws and regulations of the regions where it operates, including the *Law of the People's Republic of China Against Unfair Competition*, the *Supervision Law of the People's Republic of China*, the *Anti-Monopoly Law of the People's Republic of China* (《中華人民共和國反壟斷法》), and the *Prevention of Bribery Ordinance*. We have developed a series of business ethics policies and internal codes of conduct, including the *Anti-Bribery and Anti-Corruption Policy** (《反賄賂和反腐敗政策》), the *China Gas Anti-Monopoly Compliance Management System** (《中燃集團反壟斷合規管理制度》), the *Regulations on Anti-corruption of China Gas** (《中燃集團反腐敗工作條例》), the *Code of Conduct for Compliance of China Gas** (《中燃集團合規行為準則》), the *Internal Supervision and Reporting Management System** (《內部監督舉報管理制度》), the *Integrity and Diligence Manual** (《廉潔勤政手冊》), and the *Bribery Management Implementation Measures of China Gas** (《中燃集團行賄人名單管理實施辦法》). The documents outline the Group's standards on various areas, such as anti-corruption and bribery, anti-discrimination, confidentiality of information, conflict of interest, anti-trust and anti-competition, anti-money laundering, insider trading, and whistleblowing. For more details, please refer to the *Anti-Bribery and Anti-Corruption Policy** (《反賄賂和反腐敗政策》) available on our website (chinagasholdings.com.hk).

The Group adopts a "zero tolerance" approach towards any form of corruption. To clearly define the code of conduct for all employees and external business partners, including suppliers, contractors, subcontractors, agents, joint venture partners, and customers, in business interactions, we have established several guidelines and regulations: the *Code of Conduct for Compliance of China Gas** (《中燃集團合規行為準則》), the *Basic Code of Conduct for Employees** (《員工行為基本規範》), the *Regulations on Anti-corruption of China Gas** (《中燃集團反腐敗工作條例》), the *Regulations on the Supervision and Punishment of Employees' Misconduct of China Gas** (《中燃集團員工失職監察處罰條例》), the *Regulations on Red and Yellow Lines Management of China Gas** (《中燃集團紅黃線管理規定》), and the *Regulations on Employees' Reward and Punishment of China Gas** (《中燃集團員工獎懲條例》). These guidelines set compliance assessment indicators covering administrative compliance, antitrust risk control, and corruption incidents, thereby strengthening anti-corruption constraints and management of subsidiary units. For confirmed cases of corruption and violations of the code of conduct, we follow the internal policies to impose economic penalties (including salary deductions and reductions) and administrative sanctions (including warnings, demerits, major demerits, demotions, dismissals, and terminations). If an employee's actions breach the law, the case will be referred to legal authorities for appropriate action. Furthermore, the Group will implement corrective measures to assess and address the units or departments involved and impacted.

The Group does not engage in any political donations and prohibits employees from supporting, donating to, or sponsoring illegal or internationally prohibited organisations and activities, such as those involved in terrorism, religious discrimination, or gender discrimination. During the Reporting Period, neither China Gas nor its employees participated in any political donations or allocated any funds for political contributions. The total expenditure related to donations to trade associations or tax-exempt groups was approximately RMB1.07 million.

To ensure compliance and uphold business ethics standards, the Audit and Supervision Department strengthens internal oversight based on the *Internal Audit Supervision and Management System** (《中燃集團內部審計監察管理制度》) and other internal policies. The department conducts routine audits covering financial management, business management, and operational management for the Group and its subsidiary project companies, along with regular audits focused on anti-corruption and business ethics standards. The department plans to carry out routine audits covering all subsidiary project companies every three years. By thoroughly assessing the compliance of the Group and its employees with laws, regulations, and internal policies, the Audit and Supervision Department promptly identifies operational risks. It provides recommendations for handling, correcting, and improving any identified issues, and consistently follows up on the implementation of these recommendations by operational management. This process strengthens the Group's risk management and internal audit functions. In FY2023/24, the Group completed routine audits for 256 project companies. Additionally, we conducted regular legal compliance checks for 50 companies, facilitated anti-trust self-inspections for 350 companies, and required company heads to sign off on the self-inspection results.

1. PURSUING RESPONSIBLE GOVERNANCE FOR ROBUST SUSTAINABILITY

Reporting Mechanism

China Gas is committed to establishing clearly-defined reporting channels and handling mechanisms by encouraging employees, suppliers, contractors, and other stakeholders to report any violations through various means, including WeChat, emails, hotline, and letters. Each department has independent reporting channels and handling measures in place to promptly address reports related to corruption and other misconduct. We have developed the *Whistleblowing Policy** (《舉報政策》), the *Whistleblower Protection Policy** (《舉報人保護政策》), and the *Internal Supervision and Reporting Management System** (《內部監督舉報管理制度》) to clarify reporting procedures and protection mechanisms. The Anti-Corruption Office is designated to handle and register reports, directly reporting to the President and Chief Executive Officer to ensure independent handling of cases and the protection of whistleblowers' privacy and safety. All personnel responsible for handling reports receive professional training to ensure strict protection of whistleblower information throughout the process. Any breach of confidentiality will result in strict disciplinary action, and criminal cases will be referred to judicial authorities. For more details, please refer to the *Whistleblowing Policy** (《舉報政策》) available on our website (chinagasholdings.com.hk).

Integrity in Procurement

We integrate the concept of “anti-corruption and integrity” into procurement, reinforcing internal controls while requiring suppliers to adhere to integrity in procurement.

Disciplines for Employee Integrity in Procurement

During the Reporting Period, the Group issued the *China Gas Procurement Violation Accountability Commitment** (《中燃集團採購違規追責承諾書》) and required employees to sign this commitment, thereby strengthening internal controls. The Audit and Supervision Department also conducted routine audits and special investigations. For any action violating the Group's ethical integrity standards in procurement, we will penalise the involved individuals according to the *Employee's Rewards and Punishments Regulations** (《中燃集團員工獎懲條例》), ensuring that the audit is open, transparent, and traceable.

1. PURSUING RESPONSIBLE GOVERNANCE FOR ROBUST SUSTAINABILITY

Agreement with Suppliers on Integrity in Cooperation

Adherence to business ethics is a prerequisite for cooperation with China Gas. The Group's *Implementation Rules for Supplier Access and Inspection of China Gas** (《中燃集團供應商准入與考察實施細則》) and the *Supplier Reward and Punishment Management Measure** (《中燃集團供應商獎懲管理辦法》) stipulate that all suppliers should comply with all regulations and standards set by China Gas during the inspection, bidding, and evaluation. Suppliers are prohibited from bribing inspection personnel, bidding personnel, or members of the evaluation committee, or engaging in any other unethical behaviours. Suppliers found to be in breach of these conduct guidelines will be blacklisted in the Group's supplier management system and will be prohibited from entering China Gas's qualified supplier database for three years. After the three-year period, suppliers may reapply and will be subject to on-site inspection organised by China Gas to determine eligibility for re-entry.

To keep suppliers in adherence to business ethics policies, China Gas implements a series of regulatory measures. We require all suppliers to sign the *Supplier Code of Conduct** (《中燃集團供應商行為準則》), the *Sunshine Audit Agreement** (《陽光審核協議書》), and the *Integrity Commitment Letter** (《廉潔承諾書》), and promote anti-corruption requirements during on-site inspections. Annual contracts with all cooperating suppliers include clauses related to business ethics, clearly stating that employees and their family members, relatives, and friends are prohibited from exploiting their positions to gain any form of benefit. Suppliers must also submit the *Supplier and China Gas Interest and Affiliation Declaration Form** (《供應商與中燃集團利益及關聯關係申報表》). During major holidays, we remind suppliers of our integrity requirements and regulations through various channels, including WeChat, the procurement platform, and the supplier collaboration platform, to prevent bribery and other unethical behaviours.

Integrity Education

In order to bolster integrity among our partners, China Gas offers integrity training sessions and requires all contractors and other business associates to undergo the training before starting collaboration with the Group. Throughout the partnerships, we continuously promote our business ethics standards via regular training sessions or meetings, ensuring that partners are informed about and comply with our anti-corruption culture and specific requirements.

China Gas also places great emphasis on fostering an internal culture of integrity. We provide regular training on integrity for the Board of Directors, management, and all employees (including part-time and contractors), ensuring that they understand the Group's code of conduct and anti-corruption policies. This training strengthens their awareness of the Group's business ethics requirements and their commitment to anti-corruption practices. During the Reporting Period, we required all employees to take all of the online courses on the *Comprehensive Risk Management System** (《中燃集團全面風險管理制度》) and the *Regulations on Red and Yellow Lines Management of China Gas** (《中燃集團紅黃線管理規定》). These courses help employees integrate integrity and risk prevention into their daily work. Additionally, the *Procurement Business Code of Conduct of China Gas** (《中國燃氣集團採購業務行為準則》) was added to the E-learning platform and other training materials to enhance employees' awareness of ethical procurement. We also incorporated audit supervision, integrity in practices, and risk control training into major meeting agendas. During the Reporting Period, we organised six training sessions on integrity promotion and audit risk control.

In FY2023/24, we published 21 articles and videos on the official WeChat Account "Integrity in China Gas". The "Integrity Ding Tips" service account issued 22 articles and policies related to integrity and risk control. On the home page of the office automation (OA) platform, 17 articles and pieces on integrity promotion were published. In total, 45 various promotional pieces were released online, with nearly 130,000 views.

1. PURSUING RESPONSIBLE GOVERNANCE FOR ROBUST SUSTAINABILITY

Case: “Upholding Integrity through Art” Initiative

The Audit and Supervision Department of China Gas organised the “Upholding Integrity through Art” event, with a view to advocate the culture of integrity within the Group. The event sought to encourage every employee to lead by example in their personal and professional lives. The event received support and participation from eight regional management centres, various specialised companies, and departments of the headquarters. This resulted in the submission of over 160 artworks. Ultimately, 23 outstanding pieces from the children’s and adults’ categories were awarded.



Outstanding Artworks on Integrity from the Event

Total hours of anti-corruption training	Unit	FY2023/24	FY2022/23	FY2021/22
Senior management	Hour	5,227	4,984	1,235
Middle-level management	Hour	25,628	13,706	12,353
General staff	Hour	130,000	105,909	86,468

1. PURSUING RESPONSIBLE GOVERNANCE FOR ROBUST SUSTAINABILITY

Intellectual Property Protection

China Gas underscores intellectual property (IP) protection by adhering to relevant laws and regulations such as the *Patent Law of the People's Republic of China* and the *Trademark Law of the People's Republic of China*. The Group has a sound IP management mechanism in place, in which the Legal Internal Audit Department and the Administration Department coordinate and oversee IP management, supervision, and protection matters across all departments. The Group has formulated the *Basic Code of Conduct for Employees** (《員工行為基本規範》), which explicitly prohibits employees from infringing or leaking copyrights. Additionally, we pursue external IP management system certifications to continuously enhance our IP management, thereby uplifting the Group's social image and reputation.



Intellectual Property Management System Certificate of Yipin Smart Living Technology Limited

Case: Patent Knowledge Training at Foshan Yipin Smart Living Electric Co., Ltd.

On 5 March 2024, Foshan Yipin Smart Living Electric Co., Ltd. organised a training session on patent knowledge. The training covered various aspects, including the basic concepts of patents, their importance, techniques for identifying patentable ideas, and the patent application process. This training not only escalated the understanding of the importance of patents among the technical department employees but also helped them learn how to identify and extract patentable ideas and draft related documents. This enhanced their ability to participate in patent-related work and laid a solid foundation for the Company's intellectual property management and strategic planning.



The Training Session on Patent

1. PURSUING RESPONSIBLE GOVERNANCE FOR ROBUST SUSTAINABILITY

Additionally, the Group also drives internal innovation and investment in R&D. We have established a knowledge innovation reward system to boost the number of independent intellectual property rights, so as to promote technological advancements and improve service quality.

Indicator	FY2023/24
Number of patent, trademark, and copyright applications	407
Innovative R&D funding	RMB235,294,953

Information Security Management

Information Security Management System

China Gas is committed to protecting the personal privacy and information security of all stakeholders. We comply with relevant laws and regulations, including the *Cybersecurity 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*, the *E-commerce Law of the People's Republic of China*, and the *Guideline for Internet Personal Information Security Protection*. We have developed and publicly disclosed a *Privacy Policy** (《隱私政策》) and a series of internal information security management systems. Moreover, the implementation of the *Cybersecurity Management Standards** (《網絡安全管理標準》) is linked to the performance of all employees. For policy details, please refer to the Privacy Policy available on our website (chinagasholdings.com.hk). Furthermore, we require all suppliers to sign a *Security Information Responsibility Statement** (《安全信息責任書》) to ensure that they are aware of and comply with the Group's information security regulations.

China Gas has been ISO 27001 certified for its information security management system, demonstrating its commitment to maintaining robust information security practices. The Group has also enlisted third-party assessment agencies to perform tiered protection evaluations for key information systems such as the customer relationship management (CRM) platform and the operations management platform (OMP) to test the effectiveness of internal information protection systems. Additionally, several business systems have attained Level 3 certification for network system security protection, further validating China Gas's dedication to safeguarding information assets.



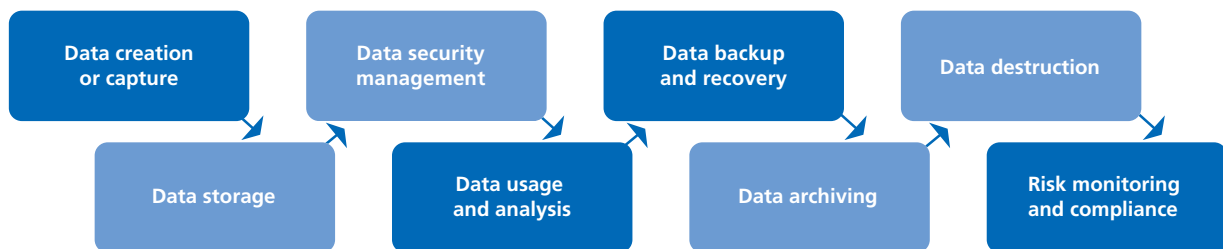
Network System Security Protection Certificate

1. PURSUING RESPONSIBLE GOVERNANCE FOR ROBUST SUSTAINABILITY

At the supervisory level, we have established an information security and cybersecurity governance structure with the Board of Directors as the highest decision-making body. This structure is responsible for formulating and monitoring cybersecurity and information security strategies. Ms. LIU Chang, a Board member and Vice President of the Group, is designated to oversee the Group's cybersecurity strategy. Additionally, the Digital Development Department was formed to monitor the progress of relevant projects, regularly review cybersecurity protection processes, and supervise the implementation of the cybersecurity strategy. Reports on the progress are submitted to the Vice President during weekly meetings. Board members responsible for overseeing information security, the General Manager of the Digital Development Department and other members in charge of the Information Security Department all possess professional experience and skills related to cybersecurity and have obtained the Certification for Cyber Security Competence (CCSC).

Information and Data Security Assurance

To ensure the security of core information and data, the Group implements a series of information security management measures in accordance with ISO 27001 standards. These measures include the application of encryption technologies, firewall protections, and data backups. Additionally, we manage data throughout its entire lifecycle, establish management policies and procedures for access to critical information, enforce authentication processes, and strictly prevent information theft and leakage.



Process of Data Lifecycle Management

To enhance information security risk control, the Group conducts daily, quarterly, and annual security checks. We use industry-leading tools for third-party vulnerability analysis, perform comprehensive asset vulnerability scans, conduct biannual simulated hacker attacks, and perform penetration tests every six months. For identified vulnerabilities, we promptly confirm remediation measures, establish clearly-defined timelines for addressing these issues, and continuously follow up on the remediation process, with retesting included. Additionally, the Group regularly conducts internal audits of data and information security compliance. Based on the importance and privacy of the information, we assess the compliance of the organisation's data processing activities and identify potential risks. Relevant departments are then required to implement corrective actions as needed.

1. PURSUING RESPONSIBLE GOVERNANCE FOR ROBUST SUSTAINABILITY

We have established an information security emergency response and incident reporting process, which includes providing channels for reporting cybersecurity or data privacy concerns. These channels, such as a 24-hour hotline and the “China Gas+” platform, ensure timely handling of any reported information security incidents or data privacy issues. For information security emergency management, we have set up an Information Security Leadership Team responsible for decision-making and handling of emergency incidents, development of information security emergency plans, and the implementation of at least one annual test to assess the effectiveness of the relevant plans, as well record and publication of the summary report of emergency drills and the corresponding improvement measures.

During the Reporting Period, all identified information security vulnerabilities within the Group were rectified, and the total number of data breaches is zero, with no customers or employees affected by such incidents.

Information Security and Cybersecurity Training

The Group conducts regular and diverse information security training annually. Through onboarding information security training for new employees, annual security training sessions, WeChat public account articles, and Cybersecurity Awareness Week, we enhance the information security awareness and emergency response capabilities of all employees. During the Reporting Period, the Group organised information security and cybersecurity lectures for technical personnel at headquarters and employees at project companies during Cybersecurity Awareness Week. These lectures aimed to improve employees’ understanding of information system security, strengthen system protection capabilities, and ensure the stable operation of critical infrastructure.

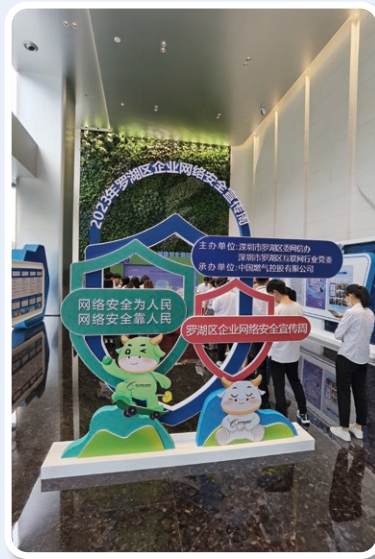


Lecture on Information Security and Cybersecurity

1. PURSUING RESPONSIBLE GOVERNANCE FOR ROBUST SUSTAINABILITY

Case: Jointly Organise Cybersecurity Awareness Week

On 13 September 2023, China Gas, in collaboration with the Cyberspace Administration of Luohu District and the Internet Industry Party Office of Luohu District, jointly organised the Cybersecurity Awareness Week event at the headquarters of China Gas in Luohu District, Shenzhen. During the event, China Gas and Luohu District authorities co-hosted a corporate exhibition, some lectures, and a themed Party course. Additionally, engaging activities for citizens were organised to promote cybersecurity knowledge and raise participants' awareness. This event showcased China Gas's commitment to contributing to cybersecurity by highlighting their initiatives and partnerships in the field.



Exhibition Hall of the Cybersecurity Awareness Week



2. CHAMPIONING PREMIUM QUALITY WITH UNREMITTING EFFORTS

RESPONSIBILITY SPECIAL: DEVELOPING CITY GAS SERVICES AND USHERING IN A NEW CHAPTER

- 2.1 Premium Quality
- 2.2 Exceptional Service



2. CHAMPIONING PREMIUM QUALITY WITH RELENTLESS EFFORTS

PERFORMANCE HIGHLIGHTS

- Improved product quality management system and achieved independent control over product research, production, and sales for Yipin Smart Living
- Value-added services revenue reached **HK\$3,654,898,000** in FY2023/24, accounting for **4.49%** of total revenue
- Built the China Gas Internet of Things (IoT) platform and installed IoT gas meters for over **5 million** users
- China Gas's **second** national Service Contact Centre (the one in Wuhu) was established and officially put into operation
- Customer satisfaction score reached **91.88** in FY2023/24

SDGs Involved in this Chapter



Material ESG Issues Addressed in this Chapter

- Product quality management
- Protection of customers' privacy and information security
- Customer care and satisfaction
- Protection of intellectual property rights
- Customers' health and safety
- Innovation and sustainable technology

China Gas deems creating high-quality products and services as a long-term priority. The Company has established a sound product quality inspection system. Our ongoing measures to improve product performance include strengthening quality management, implementing strict monitoring, and tracing defective products. Guided by customer needs, we actively explore new service models to enhance service quality and efficiency while protecting customer privacy. We also adhere to responsible marketing to deliver superior customer experience and satisfaction. In addition to traditional business, we continuously seek and develop new growth engines, plan long-term product strategies, and stay abreast of technological advancements. By reinforcing technological innovation, we strive to consolidate our leading position in the industry.

2. CHAMPIONING PREMIUM QUALITY WITH RELENTLESS EFFORTS

RESPONSIBILITY SPECIAL: DEVELOPING CITY GAS SERVICES AND USHERING IN A NEW CHAPTER



Over the years, China Gas has actively responded to the national strategies of West-to-East Gas Transmission and Sichuan-to-East Gas Transmission. We should build on the sound momentum and maintain our leading position in terms of city gas scale. Going forward, we will leverage our brand influence to steer the industry towards a new era of high-quality, stable, and rapid development.

Navigating Energy Transition Towards a Clean and Low-Carbon Future

In the process of energy transition, natural gas plays a crucial role as a clean and efficient energy source. City gas, one of the main application scenarios for natural gas, meets the daily energy needs of residents and advances urban infrastructure improvements. With technological progress and policy support, natural gas will occupy a larger proportion of the energy mix, further driving the optimisation and upgrading of energy consumption structures and injecting new momentum into sustainable development.

In recent years, in response to the national call to combat air pollution, China Gas has been vigorously implementing coal-to-gas conversion projects, contributing to the Blue-Sky Protection Campaign. Furthermore, we have actively participated in the initiative of “Building a Beautiful Countryside”. As of the end of 2023, we had connected 7.58 million households and operated over 180,000 kilometres of gas pipelines, effectively improving air quality and accelerating the development of rural infrastructure.

Providing Last-Mile Supply Solutions of Gas to Achieve Full Coverage

Since 2017, China Gas has established strategic partnerships with regions such as Hainan Province, Hubei Province, and Anhui Province to jointly promote the Gas-to-the-Countryside Project and improve living conditions in rural areas. Additionally, the Group has actively advanced the implementation of smart micro gas grid projects in rural areas to ensure that rural households have easy access to gas.

As of the end of the Reporting Period, the Group had 662 piped gas projects with concession rights across 30 provinces, municipalities, and autonomous regions. The gas pipeline network spanned over 550,000 kilometres, serving over 50 million piped gas and bottled LPG users and covering over 200 million urban residents.

Supporting Innovative Applications in Multiple Commercial and Industrial Scenarios

Natural gas, as a clean and efficient energy source, is demonstrating its immense potential for innovation and economic value in various industrial and commercial applications. The Group continuously explores the innovative use of natural gas in these sectors through various demonstration projects, aiming to inject new momentum into industrial and commercial development and promote sustainable economic and social progress.

2. CHAMPIONING PREMIUM QUALITY WITH RELENTLESS EFFORTS



Case: The New Tobacco Curing Process Demonstration Project

In July 2023, China Gas completed three demonstration projects in Yiliang County, Xundian County, and Luquan County of Kunming, Yunnan Province. These projects involved a total of 25 tobacco curing barns, which cured 62 batches of tobacco leaves during the year. The sound operation of these demonstration projects validated the feasibility and advanced process of the new gas-fired tobacco curing technology.

- Yiliang Project included five connected new gas-fired tobacco curing barns. The project adopted a centralised heating model in which multiple wall-mounted heaters were used to heat all barns. Besides, solar energy was integrated into the system to further enhance energy efficiency, reduce carbon emissions, and lower energy costs.
- Xundian Project and Luquan Project consisted of ten connected new gas-fired tobacco curing barns, respectively. A decentralised heating model was used, with each barn independently equipped with a gas-fired hot-water heating system for tobacco curing.

The three demonstration projects achieved an average gas consumption of 0.313 kg per kilogramme of dry tobacco, reaching a leading level compared to similar domestic studies. The new gas-fired tobacco curing barns consumed only 40.95% of the energy required by conventional biomass curing barns per unit of dry tobacco. Compared to conventional biomass curing barns, the new gas-fired barns could save energy remarkably, with an energy-saving rate of 40.85%.



Tobacco Curing Barns of Demonstration Projects

Collaborative Exploration for Clean and Efficient Solutions

In FY2023/24, considering the development status of the biogas project, the Group vigorously researched the trends and development pathways of biomass energy. We compared domestic and international technology and market environments and conducted research on key domestic projects. In this way, we identified the main issues constraining the development of biomass energy in China. The Group engaged in discussions and exchanges with numerous institutions, including the Shanghai Environment and Energy Exchange, domestic biogas associations, international organisations certified for biomass energy, and potential users. We submitted a proposal on building a biogas green certification system in China. This proposal has received support from the Shanghai Environment and Energy Exchange, the Biomass Energy Committee of the China Association for the Promotion of Industrial Development, the Rocky Mountain Institute (RMI) China Programme, prominent domestic biogas development companies, as well as the Development and Reform Commission of Shenzhen.

Enhancing Product Quality and Delivering Superior Services

In strict compliance with national quality standards, China Gas requires upstream gas suppliers to regularly provide natural gas quality inspection reports to ensure piped gas quality at the source. Internally, the Company continuously improves its product quality management system. Yipin Smart Living, a subsidiary of China Gas, has achieved quality control over the entire process of “research, production, and sales”. In addition, the Company prioritises customer experience and service quality. Leveraging technologies such as big data and the Internet of Things (IoT), China Gas continuously enhances service quality. In FY2023/24, by integrating Narrow Band IoT (NB-IoT) with gas industry operations, China Gas’s IoT platform could serve with various functions such as remote meter reading, user self-service payment, and safety warnings to serve users more conveniently.

2. CHAMPIONING PREMIUM QUALITY WITH RELENTLESS EFFORTS

2.1 PREMIUM QUALITY

China Gas is fully aware that enhancing product quality and safety is fundamental to the survival and development of an enterprise and product innovation is a driving force for sustainable operations. Giving top priority to product quality, the Group has established a sound product quality management system and standardised processes for quality inspection and assessment. While upholding quality, we persist in exploring opportunities for product and service innovation. Leveraging existing customers and channels, we proactively explore value-added services to meet the diverse market demands. We harness digitalisation to empower traditional gas businesses, drive green and efficient transformation, and inject new momentum into the enterprise.

Product Quality Management System

China Gas has established a robust product quality management system. Strictly adhering to the GB/T 19001-2016 / ISO 9001:2015 quality management system, we strive to strengthen quality monitoring and assessment while enhancing the monitoring and traceability of defective products. We have strictly complied with relevant national quality standards, such as the *Natural Gas** (《天然氣》) (GB 17820-2018) and the *Code for Design of City Gas Engineering* (GB 50028-2020), to ensure that customers enjoy high-quality gas services and products. Every year, no fewer than 40 project companies obtain triple ISO system certifications (ISO 9000, ISO 45001, and ISO 14001) at the Group level.

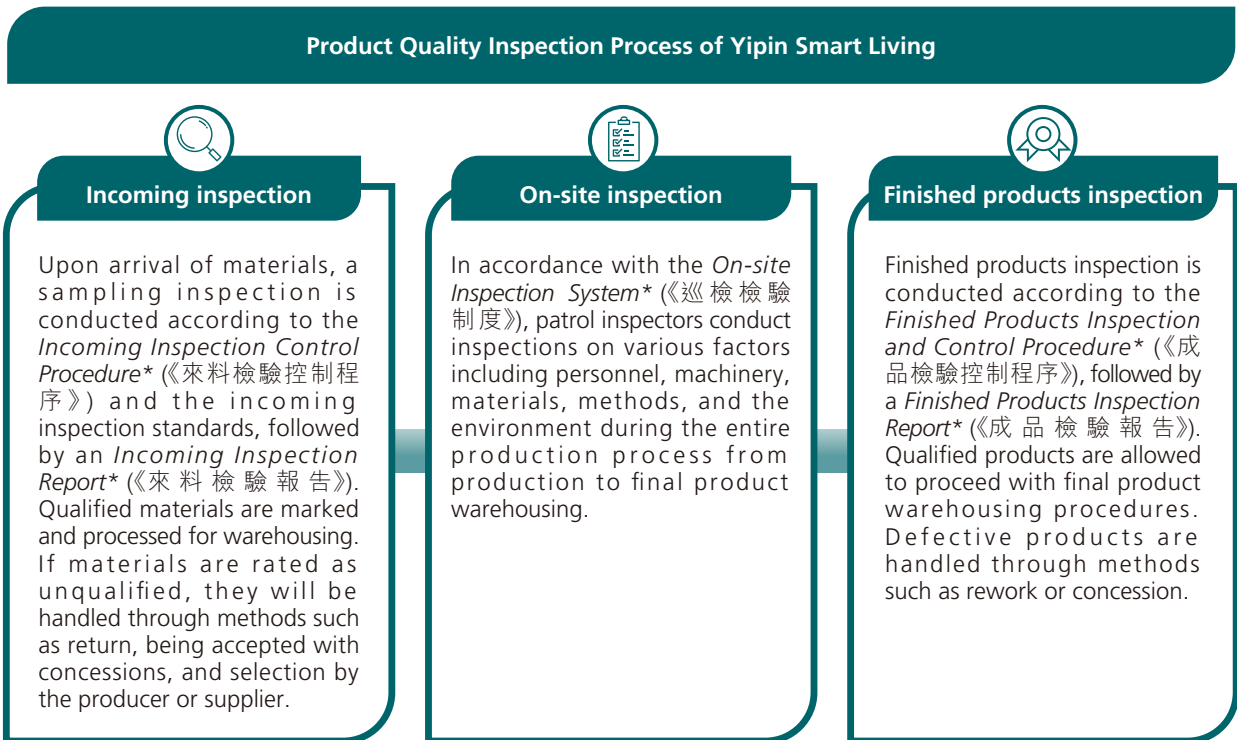
Since the establishment of the Yipin Smart Living Laboratory, China Gas has managed it according to the ISO 17025 Laboratory Management System. Through stringent quality control measures, we have maintained a spotless record of zero product quality and safety incidents over the past nine years. Yipin Smart Living has obtained the GB/T 19001-2016 / ISO 9001:2015 Quality Management System certification from the China Quality Certification Centre (CQC). To date, we have put in place a complete quality management system, which comprises quality manuals, procedure documents, operation guides, various regulations and related record forms. We also conduct internal audits and management reviews in accordance with system requirements. We have developed a complete product quality control process covering all stages of product production. In FY2023/24, Yipin Smart Living achieved fully independent control of product research, production, and sales. Strict control measures were adopted at all stages including raw material procurement, production inspection, and final product warehousing.

Yipin Smart Living has formulated the *Yipin Smart Living Procurement Management Regulation** (《壹品慧採購管理規定》), along with supporting documents, including the *Supplier Introduction and Evaluation Control Procedure** (《供應商引入及評價控制程序》) and the *External Product, Service, and Process Control Procedure** (《外部提供產品、服務和過程控制程序》) to enhance the quality management of incoming materials. The quality of incoming materials is emphasised as a key factor throughout the supplier admission and evaluation processes, and suppliers with significant quality issues are subject to a withdrawal and penalty mechanism. Consequently, in FY2023/24, Smart Living witnessed a steady improvement in the quality of incoming materials from its suppliers. Through the collaboration of the Procurement, R&D, Production, and Quality Departments, we enhance quality control in a seamless and progressive manner. In FY2023/24, the quality of incoming materials from suppliers to Yipin Smart Living showed steady improvement. There were no significant quality incidents or major accidents throughout the year, and our products were well received in the market.

2. CHAMPIONING PREMIUM QUALITY WITH RELENTLESS EFFORTS

Quality Inspection and Assessment

China Gas strictly adheres to standardised operating procedures for quality management. We guide and regulate quality management activities according to established procedures and requirements. Moreover, we have implemented rigorous quality inspection processes and tailored testing procedures based on product type, location, method, and process of production to ensure the stability and reliability of product quality.



China Gas is committed to enhancing its after-sales services. In compliance with the *Product Quality Law of the People's Republic of China* and the *Law of the People's Republic of China on the Protection of Consumer Rights and Interests*, we have offered a three-year guarantee beyond national legal requirements. Yipin Smart Living has implemented a clear operational process for handling retail products with negative feedback. Upon receiving feedback, the Quality Department conducts further testing on product quality issues, provides a product identification report, and proposes a solution.

Moreover, we have implemented a robust product recall mechanism to effectively address any product quality and safety concerns and safeguard the rights and interests of our customers. Yipin Smart Living has formed an emergency response team specifically for product recalls. With clearly defined roles and responsibilities for its members, the team ensures an efficient and well-organised response in the event of a recall.

2. CHAMPIONING PREMIUM QUALITY WITH RELENTLESS EFFORTS

Product Innovation

Value-Added Services

In recent years, China Gas has continuously innovated its value-added products and services, aiming to transform our brand image from a traditional value-added service provider to a one-kilometre life service and community service provider. During the financial year, we focused on delivering value-added services through the omni-channel strategy, thus increasing user coverage, expanding sales channels, and enhancing the foundational grid. Building on our gas utility service network, we persistently pursued innovation. In FY2023/24, the revenue of our value-added services totalled HK\$3,654,898,000, accounting for 4.49% of the total revenue.

Drawing on its public utility foundation and embracing the “big consumption + technology” trend, Yipin Smart Living Technology Company Limited, a subsidiary of China Gas, focuses on the sales and supporting services of gas-related products. The Company strives to establish itself as a new retail technology powerhouse, encompassing traditional sectors like kitchen appliances, security systems, and other products and services. Furthermore, it expands its horizons to include segments such as home renovation, electrical appliance sales, household services, and premium products. It remains committed to delivering exceptional home-focused products and services to its customers.

Case: Yipin Smart Living Laboratory Boosts Product Quality via R&D, Igniting Innovation

Yipin Smart Living has invested nearly RMB10 million in establishing a cutting-edge R&D and manufacturing laboratory, dedicated to bolstering the quality of its proprietary products. The laboratory adheres strictly to ISO 17025, CNAS management requirements, and CNAS laboratory management requirements, aiming to secure CNAS accreditation by FY2025/26, thereby ensuring its authority and reliability. With a continuous upgrade of its facilities, the laboratory has enhanced its experimental testing capabilities, accuracy, and efficiency. It now boasts over 200 pieces of advanced testing equipment, capable of comprehensively testing gas water heaters, wall-mounted boilers, gas stoves, and more.

In FY2023/24, Yipin Smart Living Laboratory accelerated its R&D efforts, updated equipment, and strategised patent portfolios, ultimately unveiling several cutting-edge products such as high-capacity water purifiers, two-star disinfection cabinets, and energy-efficient cooktops. This marked a significant milestone in achieving a self-reliant production and sales cycle. Additionally, the laboratory secured 24 intellectual property filings, further showcasing its formidable prowess in technological innovation.



Yipin Smart Living Laboratory

2. CHAMPIONING PREMIUM QUALITY WITH RELENTLESS EFFORTS

Digital Development

China Gas harnesses innovative digital technologies to enhance its operations, aiming to spearhead the green transformation of traditional industries. In the natural gas sector, the Group provides users with compressed natural gas infrastructure and operates gas refilling stations equipped with essential facilities such as natural gas compressors, pipeline flow meters, gas storage equipment, dehydration units, and gas detection alarm systems. Building on traditional natural gas stations, we have actively developed the China Gas Digital Smart Gas Operation Platform. Focusing on intelligent and safe operations, this platform is able to monitor operational conditions in real-time through IoT devices on the pipeline network. It goes hand in hand with the gas GIS system to achieve informatisation of operations management, station management, and safety management. By managing gas pipeline data dynamically, the platform provides reliable support for planning, design, construction, operation, and evaluation.

We have also established the China Gas IoT Platform, which combines the Narrow Band IoT (NB-IoT) with gas industry operations. This platform enables remote meter reading, self-service payment, real-time monitoring, and safety warnings. Besides, it can enhance operational efficiency and refined management while improving the overall business environment and user satisfaction in cities. We have relentlessly driven the installation and widespread adoption of smart meters. By 31 March 2024, the Group (excluding non-controlling entities) had deployed over 5 million smart IoT gas meters, achieving a 31.8% installation rate for residential IoT meters and a 32.2% rate for commercial and industrial IoT meters. These digital innovations, including IoT remote meter reading and visual AI safety monitoring, have saved up to RMB44 million of costs. Notably, the Group has achieved a 100% smart meter deployment in the Hengyang Science City's incremental power distribution network project.



China Gas's IoT Platform

2. CHAMPIONING PREMIUM QUALITY WITH RELENTLESS EFFORTS

In the LPG business, enhancing market compliance is essential. In the future, top enterprises that adhere to stringent regulations and embrace digitalisation will have the chance to reshape the market landscape. By leveraging digital and IoT technologies, we have effectively capitalised on this opportunity. In FY2023/24, we helped to improve the regional market through a unified platform for bottled LPG distribution, unified management, and standardised operations. The Group has established an innovative model of direct operation. Under this model, LPG storage stations of gas filling and distribution are responsible for delivery, management, and relevant services. With the aid of IoT and digital technologies, we have developed an intelligent information management system characterised by cylinder archives, filling records, sales real-name registration, and household safety inspections. By equipping project companies with IoT-based smart filling equipment, smart valves, and an LPG business sharing platform (a third-party digital platform), we have materialised the full lifecycle traceability and information tracking of LPG cylinders and filling quality.

Case: Smart Plus Gas: Intelligent and Digital Technologies Aiding in the Renovation of Ageing Pipelines

The renovation of ageing pipelines is a key livelihood and development project that the nation has heavily invested in. China Gas has proactively integrated “Smart Plus Gas” into the renovation project of ageing pipelines in the urban area of Xiaogan, Hubei Province. This initiative aims to advance dynamic supervision, interconnection, and data sharing of city gas pipelines and facilities, thus facilitating the digitalisation, networking, and intelligent construction of the city’s gas pipeline network. The ultimate goal is to achieve “one map for pipeline data and one platform for command and control”.

The project team fully leveraged the professional talent and innovative technologies of the Group, regional offices, managed groups, and project companies. 1,100 IoT monitoring devices and nearly 100 smart inspection devices were installed. These devices enable comprehensive, automated monitoring, and are equipped with waterproof and explosion-proof functions, thus supporting all-weather, multi-scenario applications. The project integrated the operational data of Xiaogan’s city smart gas system, enhancing regulatory coordination and data sharing capabilities. The operational data generated will create more digital economic value in the future. During the project, China Gas emphasised intrinsic safety in gas operations and constructed a “Smart Gas” platform for government supervision and enterprise operation. This platform provides digital support for safe enterprise operations as well as government supervision. Through government-enterprise co-construction and sharing, China Gas utilised digital means to improve management and operational efficiency and strengthen prevention and control capabilities. This project has transformed actions of gas safety management from passive response to proactive prevention, thereby enhancing overall management standards and ensuring the safe and stable operation of city gas.



Smart Gas Management Platform for Urban Area of Xiaogan

2. CHAMPIONING PREMIUM QUALITY WITH RELENTLESS EFFORTS

2.2 EXCEPTIONAL SERVICE

Improving the quality of products and services is crucial for the Group to survive and thrive. Embracing a “customer-centric” approach, we have established a robust service quality assurance system and set goals of “service delivery in the first year, business integration in the second year, and industry leadership in the third year”. Actively diversifying value-added services, we aim to comprehensively enhance China Gas’s customer service operation capabilities. Concurrently, we have implemented a series of stringent internal regulations and measures to bolster the security of customer and consumer data. We are also enhancing complaint-handling mechanisms, elevating customer satisfaction, and creating exceptional customer experiences.

Service Quality Assurance System

The Group has established a customer service centre in strict accordance with the *Product Quality Law of the People’s Republic of China* (《中華人民共和國產品質量法》), the *Law of the People’s Republic of China on the Protection of Consumer Rights and Interests* (《中華人民共和國消費者權益保護法》) and internal regulations such as the *Customer Service Management System** (《客戶服務管理制度》) and the *Regulation on the Repair, Replacement, and Return Responsibility for Certain Goods** (《部分商品修理、更換、退換責任規定》) (referred to as the new “Regulation on Three Guarantee”). The customer service centre is tasked with providing value-added product after-sales services, conducting employee training and service assessments, standardising service processes, improving service quality, and fulfilling the “Three Guarantees”. In FY2023/24, Yipin Smart Living obtained a series of qualifications related to product health and safety, such as the *Qualification for Gas Appliance Installation** (《燃氣燃燒氣具安裝資質》), the *Occupational Health and Safety Management System Certification** (《職業健康安全管理體系認證證書》), *Environmental Management System Certification** (《環境管理體系認證證書》), and *Quality Management System Certification** (《質量管理體系認證證書》), ensuring that all gas appliance products comply with relevant national standards.

Product Maintenance Management: We have offered a three-year free maintenance policy beyond national legal requirements. If consumers encounter any issue related to product quality within the warranty period, we will provide effective solutions, including repair, replacement of parts, or even exchange for a new one based on depreciation. In addition, we provide one-time free home installation services and use installation materials that meet national standards. Throughout the service process, we clearly inform consumers of warranty periods, fee standards and other information, enabling them to enjoy a worry-free shopping experience.

2. CHAMPIONING PREMIUM QUALITY WITH RELENTLESS EFFORTS

Customer Service Management: To better serve our extensive consumer base, we have launched the 95007 China Gas National Service Hotline. Focusing on complaint management and satisfaction management, we aim to achieve closed-loop service experience management. We are also committed to building a one-stop intelligent service platform for all channels and scenarios. By providing users with professional services on a 24/7 basis, we strive to enhance customer satisfaction. During the reporting year, based on its existing 23 decentralised call centres and over 100 self-built call centres, China Gas established and put into operation its second national service contact centre – Wuhu Customer Service Contact Centre, which is responsible for its operations in East China, South China, Southwest China, and other regions. Adhering to the principles of perfect experience, unified standards, and intelligent service, we strive to make the Customer Service Hotline 95007 a “golden business card” of the public utility industry services.

Product Emergency Management: China Gas is dedicated to enhancing the business environment by optimising basic services. We make clear commitments to providing essential services such as payment, ignition, and maintenance within specified timeframes. Upon receiving user complaints and public feedback, we promptly engage with users and develop timely solutions. We have dedicated teams to follow up on these issues and established a comprehensive assessment mechanism. Furthermore, we have implemented a robust emergency response mechanism. Upon receiving an emergency repair request, we pledge to arrive at the scene within 30 minutes and promptly assess the situation. To ensure the effectiveness of emergency repairs, we have established both national and local emergency response channels. Based on specific circumstances, we select the most suitable emergency response plan to ensure swift action in emergency situations.

2. CHAMPIONING PREMIUM QUALITY WITH RELENTLESS EFFORTS

Case: Meeting Users' Gas Demands Through Multiple Measures

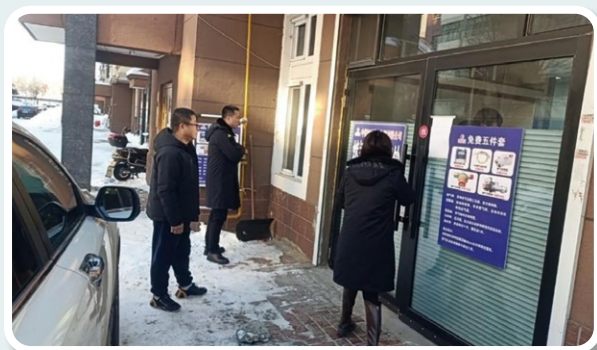
As the service life of city gas facilities increases, safety hazards in the gas pipelines of old residential areas become more prevalent, posing risks to residents' gas usage safety. To enhance residents' quality of life and ensure the secure and steady provision of city gas, the Group has taken various measures to upgrade and renovate ageing gas facilities.

➤ Extending Service Hours and Launching Online Appointments

As the renovation of ageing facilities progresses, our service centres experienced a significant increase in customer numbers and business volume. Facing this, several branches of China Gas have launched online appointment platforms, which avoid long waiting time for users. Besides, the business hours of some service centres have been extended from 8:00 AM – 5:00 PM to 6:30 AM – 7:00 PM, which has received positive feedback from both the government and users.

➤ Mobile Service Centres in Communities

To alleviate the pressure caused by the increasing number of customers resulting from renovation projects and to enhance the business environment, some regional customer service departments launched "Mobile Service Centres". This initiative is aimed at expediting project progress and promptly and effectively addressing any challenges encountered during the ongoing five renovation projects.



Mobile Service Centre Launched by China Gas

2. CHAMPIONING PREMIUM QUALITY WITH RELENTLESS EFFORTS

Customer Privacy Protection

The Group much prioritises customer privacy protection. We strictly adhere to customer privacy agreements and regulations on personal information usage and embed customer privacy into the Group's privacy policy framework for risk and compliance management. To reinforce and enhance the awareness and capabilities of employees in privacy protection, we have introduced the "Network and Information Security Awareness Training"* 《網絡與信息安全意識培訓》 as a mandatory course for new employees at the headquarters of the Group. This initiative is to bolster overall customer information security.

In terms of information confidentiality, the Group has issued the *Code of Conduct for Compliance of China Gas** (《中燃集團合規行為準則》), which explicitly prohibits collecting organisational or personal information through fraud, deception, or other illegal means. The code stipulates that information collected, stored, and used lawfully or by agreement shall be kept strictly confidential and shall not be sold to third parties. Moreover, the Group has included user information confidentiality obligations in gas contracts. The Group published the official document *Strengthening the Confidentiality of User Privacy** (《加強用戶隱私保密》), which included the No.363 *Notice on Standardising the Behaviour of External Provision of User Data Information** (《關於規範對外提供用戶數據信息行為》), to re-emphasise and standardise the external provision of user information. This document specifies the applicable scenarios, recipients, and approval processes, further enhancing the standardised management of customer information security and providing guidance on the usage of customer information.

Case: Yipin Smart Living Implements Privacy Protection Policy to Strengthen Customer Data Security

In the era of big data, the importance of customer privacy protection and personal information security has become increasingly prominent. Against this background, Yipin Smart Living formulated the *Privacy Policy of Yipin Smart Living** (《壹品慧隱私政策》) and the *User Service Agreement of Yipin Smart Living** (《壹品慧用戶服務協議》). We strictly implement product and/or service functions in accordance with the agreements, and ensure the proper use of customers' personal information collected. For example, we employ technological means to de-identify or anonymise data, thus safeguarding the privacy of customer information. In instances where there is a need to use customer personal information for purposes not explicitly stated in the agreement or to use information originally collected for specific purposes for other reasons, we will seek the customer's consent and authorisation beforehand to ensure the compliance of information usage. Besides, our privacy policy clearly informs customers about how to collect and use the information, as well as the measures adopted to protect and store it. In terms of information security, we openly disclose potential security risks to customers and provide relevant preventive measures. Considering the flow of information in the global context, we explicitly inform customers about the possibility of their personal information being transferred globally, thus ensuring customers' right to be informed and their right to choose regarding information flow.

2. CHAMPIONING PREMIUM QUALITY WITH RELENTLESS EFFORTS

In terms of user data collection, the Group has implemented a series of proactive measures to ensure consumer information security and privacy protection.

Countermeasures	
Institution	<ul style="list-style-type: none"> Establish a sound customer information security management system, which includes management of employees' internet behaviours, terminal security management, document encryption management, laptop security management, backup management, and audit management, to ensure the security and confidentiality of customer information at all stages, such as collection, storage, processing, usage, transmission, and disposal.
Technology	<ul style="list-style-type: none"> Utilise identity verification and access control technologies: Ensure that only authorised personnel can access customer information to prevent unauthorised access and data leaks. Deploy network security devices: Install firewalls, intrusion detection systems, and other tools to prevent network attacks and the intrusion of malicious software. Conduct regular security vulnerability scans and risk assessments: Identify and act on potential security vulnerabilities in time to enhance system security.
Employee	<ul style="list-style-type: none"> Strengthen employee awareness and training on information security: Provide training to deepen employees' understanding of the importance of protecting customer information and raise their awareness of information security. Implement confidentiality agreements and assessment systems: Sign confidentiality agreements with all employees and regularly conduct information security assessments to ensure compliance with information security regulations. Enforce penalties for unauthorised disclosure of customer information in line with the employee handbook, confidentiality agreements, and other regulations: Impose criticism, warnings, demerits, probation, demotion, or termination of employment on the organisation, department, or employee involved based on the severity of the misconduct. If the disclosure results in financial losses, the responsible party must compensate for the damages. If criminal activities are suspected, relevant authorities will be notified for further investigations and legal actions.
Physical Security	<ul style="list-style-type: none"> Strengthen security management of data centres and office areas: Adopt physical security measures such as access control and surveillance to prevent unauthorised access and damage. Ensure equipment security: Conduct regular inspections and maintenance of computers, telephones, and other devices in call centres to prevent information leaks caused by equipment failures.

2. CHAMPIONING PREMIUM QUALITY WITH RELENTLESS EFFORTS

In terms of privacy protection, the Group strictly adheres to the privacy protection policy to ensure that customers have complete control over their personal information. We explicitly promise that customers have the right to decide how their personal information is collected, used, retained, and processed, as well as the right to choose whether to consent or opt out. Customers can request access, correction, or deletion of their personal information or transfer of such information to other service providers at any time. We also clearly inform customers of the retention period of their data to ensure transparency in data management and protection of customer rights. If customers discover any personal information leakage, they can submit complaints or reports to China Gas through email, phone, and other channels. Upon identifying any personnel violating privacy-related regulations, we will adopt a zero-tolerance policy and take disciplinary actions.

Responsible Marketing

The Group consistently upholds a highly responsible attitude. In strict accordance with the *Advertising Law of the People's Republic of China** (《中華人民共和國廣告法》) and other relevant laws and regulations, we ensure that our advertising content is truthful, accurate, and clear without exaggerating product performance or misleading consumers. We also emphasise the ethical and cultural implications to prevent any adverse social impact. Besides, we strictly comply with national standards and regulations on product labelling. Our labels clearly indicate key information such as product name, model, specifications, production date, and manufacturer, allowing consumers to fully understand product details and make informed purchasing decisions.

Under the principle of responsible marketing, the Group has implemented a series of measures to provide consumers with transparent, accurate, and comprehensible product information, thus ensuring fair and just transactions. During the Reporting Period, the Group did not receive any allegations or legal disputes regarding misleading or fraudulent product and service information. We were not involved in any violations related to marketing.

To actively practise the principle of responsible marketing, the Group launched the China Gas Customer Service Channels Account, the WeChat official account of the China Gas Customer Service 95007 WeChat official account, and China Gas Customer Service Livestream during the Reporting Period. Through innovative promotional methods such as short videos and live streaming, we effectively enhanced users' safety awareness and gas usage skills. Besides, the Customer Service Department organised various activities, including the "Warm Winter Action" for gas safety, the "Thunder Action" for indoor hazard rectification, the Safety Production Month, and the Fire Safety Publicity Month, to improve users' self-protection capabilities.

Customer Satisfaction Improvement

Customer satisfaction is a ceaseless pursuit of China Gas. The Group continuously enhances compliance in service quality management, improves the handling mechanism of customer complaints, and increases customer satisfaction with our products and services through smooth customer feedback channels. We have formulated the *China Gas Group Staff Service Code** (《中燃集團員工服務規範》) to standardise employee requirements, clarify customer service procedures, and ensure timely responses to customer needs. Moreover, we employ external professional instructors to conduct training and continuously improve our employees' professional skills.

2. CHAMPIONING PREMIUM QUALITY WITH RELENTLESS EFFORTS

Customer Complaint Handling

Our customers can file a complaint through online and offline channels. Online complaint channels include the national service contact centre, online official accounts and mini-programmes, local hotlines provided by some project companies, and complaint escalation. Offline complaint channels are mainly represented by our service centres. The complaint handling process is as follows:



Customer Complaint Handling Procedure

We promptly summarise customer feedback and complaints. Through such measures as internal training and process optimisation, we continuously strengthen internal improvements and management and improve service quality and customer satisfaction. Each quarter, the headquarters customer service team calculates the number and completion rate of escalated complaints. These figures are also disclosed as service quality indicators to assess the timeliness of complaint handling by project companies. During the Reporting Period, the Group received 1,306 consumer complaints nationwide, up by 60% year-on-year. The complaint resolution rate remained at 99%, which was the same as that in FY2022. The top three business types with the highest increase in complaints were payment, gas ignition, and installation, all of which are attributed to normal business growth. In FY2023/24, China Gas centralised its call centre operations into the National Service Contact Centre, making user feedback channels more accessible and complaint data more centralised and refined. During the Reporting Period, the after-sales system of the Group recorded zero complaint.

2. CHAMPIONING PREMIUM QUALITY WITH RELENTLESS EFFORTS

Satisfaction Survey

In order to better understand customer opinions regarding its products and services, China Gas regularly surveys customer satisfaction surveys and evaluates its service quality. During the Reporting Period, 163 project companies conducted customer satisfaction surveys and received a total of 7,750 questionnaires. The satisfaction score was 91.88.

	FY2023/24	FY2022/23
Number of project companies that conducted customer satisfaction surveys	163	165
Total number of surveys conducted ¹	7,750	6,135
Survey result (score) ²	91.88	92.10
Problems identified during the survey	<ol style="list-style-type: none"> 1. Customers requested more online payment channels and self-service payment channels; 2. Customers sought more transparent pricing; 3. Customers provide feedback regarding difficulties in contacting the hotline and transferring to manual service via the hotline, and elderly customers find the self-service voice menu complex; 4. Customers hoped for a more friendly service attitude and better services; 5. Customers wanted more efficient door-to-door services and less promotional behaviours. 	<ol style="list-style-type: none"> 1. Customers generally expressed their wish to increase online top-up and business processing channels; 2. Customers hoped to improve the timeliness of services such as business outlets and door-to-door services; 3. Customers expected customer service personnel to improve service attitudes and services.

¹ Scope of customer satisfaction measurement: As required by the Group, eight regions shall be covered on a quarterly basis. The scope of coverage includes commercial, industrial, and residential users of China Gas.

² Calculation method for satisfaction score: The user satisfaction score is derived from the arithmetic average of overall satisfaction scores in various scenarios. Satisfaction evaluations are based on a 10-point scale, with scores ranging from 1 to 10 (unsure/disagree). For multiple-choice questions, evaluations are based on whether the description matches ("Yes") or not ("No"). Scores are determined accordingly (Yes, No, and Unsure).

Unit of satisfaction data: Satisfaction data for the current year is represented by percentage. Satisfaction scores are categorised into overall satisfaction, regional satisfaction, satisfaction of each project company, and detailed satisfaction scores. The overall satisfaction score is calculated by averaging scores from various regions, business scenarios, and specific indicators, which are then converted into percentages.

2. CHAMPIONING PREMIUM QUALITY WITH RELENTLESS EFFORTS

	FY2023/24	FY2022/23
Improvement measures for identified issues:	<ol style="list-style-type: none"> 1. Conducted satisfaction surveys, design targeted improvement measures, and supervised staff behaviour enhancements. 2. Added service efficiency as a key performance indicator to customer service performance evaluation. 3. Clarified and disclose fee explanations and pricing standards in service centres. 4. Conducted follow-up on work orders and verified staff charges and invoice issuance. 5. Cooperated with property management companies, convenience stores, and community stores, increasing the deployment of self-service terminals, and expanding the coverage of self-service payment options. 6. Set up a National Service Contact Centre, integrating the 95007 calls, and systematically enhancing call answering rates and hotline service quality. 7. Customer service training initiatives included: (1) Raising customer service awareness: regularly organising internal training sessions to enhance the staff's service awareness and expertise; (2) Improving customer service skills: providing professional skill training, including communication techniques, emotional management, and problem-solving abilities. 	Released and reported the survey results of each quarter, and supervised the backward regions/project companies to focus on solving customer dissatisfaction and solving service problems.



3. SAFEGUARDING GAS SAFETY WITH GREAT CARE

- 3.1 Safety Management
- 3.2 Work Safety
- 3.3 Safety Technology
- 3.4 Capacity Building
- 3.5 Stakeholder Management
- 3.6 Gas Supply Stability



3. SAFEGUARDING GAS SAFETY WITH GREAT CARE

PERFORMANCE HIGHLIGHTS

- **88** project companies under operational control obtained three external certifications, namely ISO 9001, ISO 14001, and ISO 45001. The revenue of these project companies accounted for **62.49%** of the Group's total
- A total of **147** major project companies were qualified in the China Gas Health, Safety and Environment (HSE) management system audits
- China Gas's Smart Gas Integrated Operation and Management Platform won the 2023 China's Geographic Information Industry Outstanding Project Award (**Gold Prize**) and was selected as an **excellent case** for collaborative transformation of digitalisation and greenisation in 2023
- Reduced the number of traffic accidents by more than **39%** year-on-year by promoting the Group's traffic safety management system

SDGs Involved in this Chapter



Material ESG Issues Addressed in this Chapter

- Disaster/Emergency plans and responses
- Product quality management
- Occupational health and safety
- Innovation and sustainable technologies
- Market position
- Safe and stable supply of gas

China Gas prioritises safety operation and management as a key focus. The Company is dedicated to enhancing its safety management systems, with a particular emphasis on addressing the underlying issues related to work safety through a three-year campaign. Additionally, we are committed to continuously innovating safety technologies, strengthening safety training, improving emergency management procedures, and promoting safety awareness among employees, customers, and stakeholders. These initiatives are all geared towards ensuring gas supply stability.

3. SAFEGUARDING GAS SAFETY WITH GREAT CARE

3.1 SAFETY MANAGEMENT

China Gas has implemented a robust safety management system and improved safety regulations. The Company has placed strong emphasis on obtaining external ISO safety management system certification and promoting internal HSE management system compliance. We have formulated safety policies such as “Prevention Foremost, Safety First” and “Integrated Management and Responsibility of All Employees”, along with safety control objectives of “Zero Violation of Regulations, Zero Injury and Zero Accidents”. We enforce safety responsibilities and take safety measures for management, employees, contractors, and customers. These measures are delivered for preventing and addressing major safety risks to ensure the secure operation of the Company.

Management Regulations

China Gas is diligently committed to complying with key national laws and regulations such as the *Work Safety Law of the People’s Republic of China*, the *Fire Protection Law of the People’s Republic of China*, and the *Law of the People’s Republic of China on Prevention and Control of Occupational Diseases*. In alignment with domestic and international standards like ISO 45001, ISO 9001, and safety production standardisation, we have developed internal guidelines that encompass the entire organisation, including the *Health, Safety and Environment (HSE) Management Manual of China Gas** (《中燃集團健康、安全與環境(HSE)管理手冊》) and the *HSE Rating Inspection Standards** (《HSE評級檢查標準》), as well as the *China Gas HSE Management Manual** (《HSE管理手冊》) for each project company. These guidelines cover various aspects of safety management, such as production and operation safety, gas usage safety, operational safety, contractor safety, transportation and storage safety, occupational health, and emergency management, ensuring the well-being of our employees and contractors. Regular safety assessments of leadership performance are conducted, with health and safety performance linked to the evaluation of senior executives to effectively manage safety risks.

Management System

China Gas, together with its subsidiaries, has implemented a robust safety management system and set up five safety supervision centres tasked with conducting HSE safety system reviews and safety inspections. In FY2023/24, the Group initiated an action to enforce safety management regulations, mandating all project companies to re-evaluate their current business operations and critical risk control measures. Following these assessments, they are required to update their existing safety management system regulations, thereby strengthening the core of safety management on an ongoing basis.

3. SAFEGUARDING GAS SAFETY WITH GREAT CARE

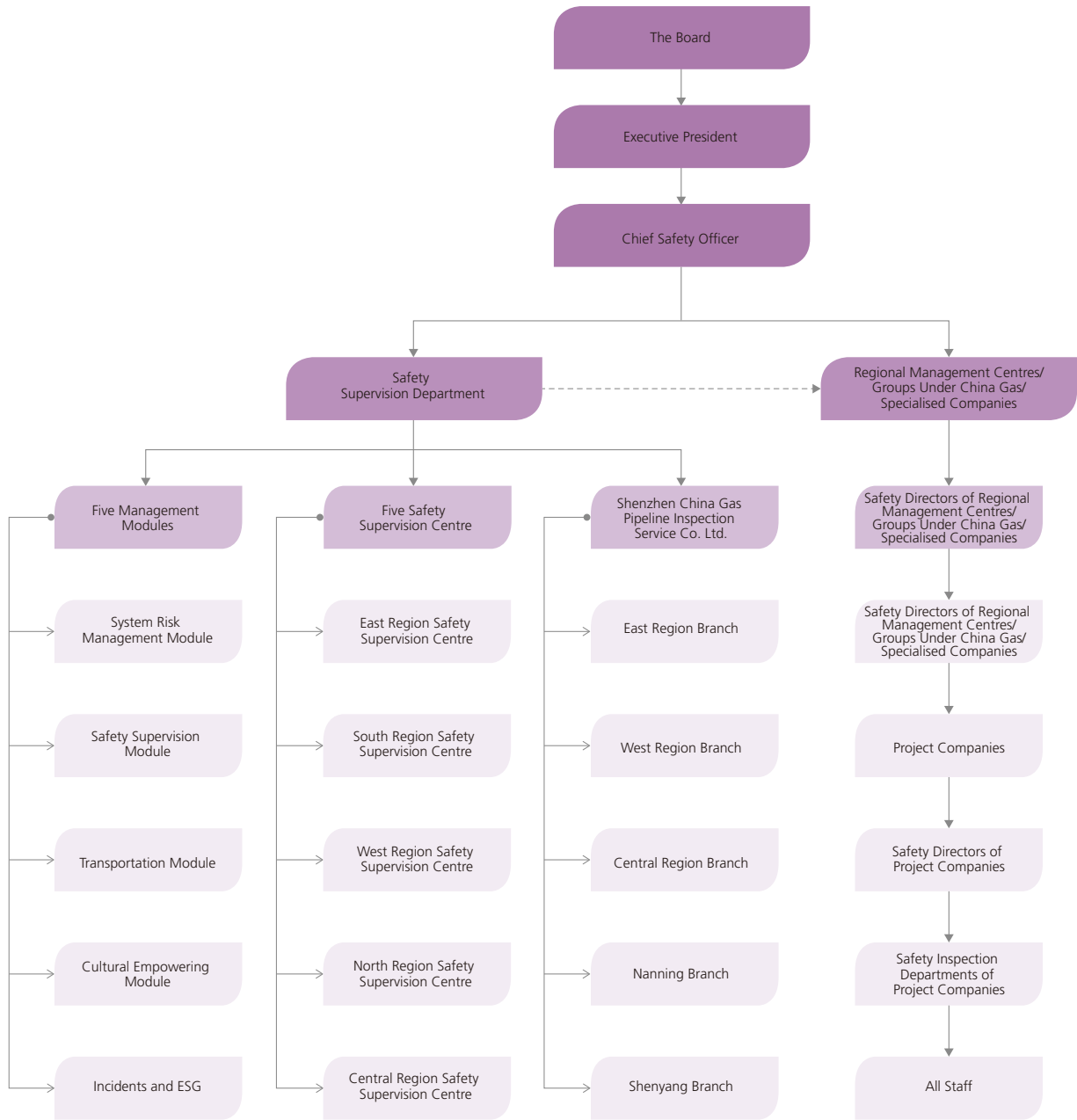
Safety Management Organisational Structure

The Workplace Safety Committee is the highest decision-making body for safety management at China Gas. Under the guidance of the Board of Directors, the Committee is chaired by a Board leader and co-chaired by the Group's CMT leaders. Its members include heads of departments at the Group's headquarters, general managers of regional management centres, general managers of business units, general managers of specialised companies, and national-level experts on gas safety. The primary duties of the Workplace Safety Committee are to implement national work safety policies, laws, and regulations; regularly convene committee meetings to review safety work reports from various units; research and decide on major safety matters for the Group; inspect the completion of annual safety work; establish a sound work safety organisation structure; and ensure work safety investments.

The Group's Workplace Safety Committee has established a Workplace Safety Committee Office, with the Safety Supervision Department acting as the executive body for the Group's safety management. This department comprises five management modules, five safety supervision centres, and Shenzhen China Gas Pipeline Inspection Service Co., Ltd. The five supervision centres oversee the implementation of safety policies, conduct HSE inspections and ensure compliance. Shenzhen China Gas Pipeline Inspection Service Co., Ltd. focuses on detecting gas pipeline leaks within the Company's operational scope, meeting the Group's inspection tasks and operational targets, and proposing preventive measures to eliminate leakage risks based on the risk assessments.

In line with the Group's overarching principles of "Supervision, Inspection, Assessment, Training, Guidance, and Service", the Safety Supervision Department is tasked with overseeing the Group's safety management. This is accomplished through a three-tier supervision system that includes the Group, regional management centres (business units and specialised companies), and project companies. The department carries out safety inspections, comprehensive evaluations, and HSE system audits, to ensure compliance with the principle of "the person in charge of the industry, business, and production being responsible for safety". This involves managing industry safety, business safety, and production operations safety to enforce primary responsibilities at all levels, elevate the Group's safety management standards, and mitigate the risk of significant incidents.

3. SAFEGUARDING GAS SAFETY WITH GREAT CARE



Organisational Structure of Safety Supervision

3. SAFEGUARDING GAS SAFETY WITH GREAT CARE

Safety Management System Certification

To improve environmental, health, and safety management across the board, the Group has obtained both internal and external system certifications for its systems and has put into effect a range of occupational health and safety policies. These actions help us effectively handle risks related to health and safety in the workplace and improve our safety management practices.

For external systems, China Gas consistently advances the obtainment of ISO 45001, ISO 14001, and ISO 9001 system certifications across its project companies. We collaborate with reputable third-party certification bodies in China for the certification of our HSE management systems. Since June 2021, such companies have conducted system certifications for the Group's headquarters and its project companies, which covered major business segments such as city gas and LPG. As of the end of March 2024, all 88 project companies under operational control of China Gas had been ISO 9001, ISO 14001 and ISO 45001 certified. These project companies account for 62.49% of the Group's total revenue.



ISO 45001 of Guangzhou China Gas



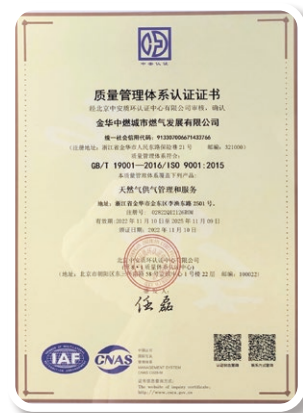
ISO 45001 of Nanjing China Gas



ISO 45001 of Baise China Gas



HSE Management System Certification of Jinhua China Gas



Quality Management System Certification of Jinhua China Gas

3. SAFEGUARDING GAS SAFETY WITH GREAT CARE

For internal systems, China Gas has created and advanced an internal certification system that aligns with its operational needs, leading to both internal and external safety management certifications. The China Gas Health, Safety, and Environment (HSE) management system conforms to the standards of the three certifications, as well as the requirements of domestic and international laws and regulations, and the Group's specific circumstances. This system was rolled out Group-wide in 2020, now with full coverage across all Group entities.

Improving its HSE management system remains a top priority for China Gas. We conduct HSE system audits and certifications, creating the effect of stimulating the intrinsic motivation for HSE development and improving its efficiency. The certification process for China Gas's HSE management system is as follows. First, each project company conducts an internal audit annually to identify issues related to safety management and system development. Second, operation and management groups or regional management centres conduct annual internal HSE audits of project companies within their jurisdiction, review issues identified during the internal audits, and provide targeted assistance. Every three years, the safety supervision centres audit project companies within their jurisdiction. The Group will review this and issue the China Gas HSE Management System Certificate. In FY2023/24, the Group released two management regulations for audits and certification. Certification standards include "no safety liability accidents, no penalties from local governments, no internal penalties from the Group, and effective implementation of system requirements". During the year, 327 project companies filed applications for certification audit, with 147 project companies certified.



Training of China Gas HSE System



Certification of China Gas HSE System

Safety Target

The Group has set safety targets of "zero violation of regulations, zero injury, and zero accident", extending to contractors. Continuous monitoring and evaluation of safety indicators like "near-miss incidents" and "attendance of safety training", are conducted to assess safety performance and ensure safety responsibility goals are met. During FY2023/24, the Group documented 352 near-miss incidents related to leaks in above-ground gas equipment and auxiliary facilities on the user side, with corrective actions taken by the project companies involved. The Safety Supervision Department analysed the response strategies for identified leaks, sharing key issues at the Safety Committee meetings to enhance prevention measures. Extensive safety training for all employees was organised through the "e-Learning" platform of the OA system, which ensured that 100% of employees received general safety training, all practitioners held certifications from national and Group entities, and 100% of safety management personnel were certified upon training and testing.

3. SAFEGUARDING GAS SAFETY WITH GREAT CARE

Each fiscal year, the Group develops a key comprehensive work safety plan and establishes measurable occupational health and safety targets to enhance protection and services for employees and stakeholders throughout the value chain. Collaborating with project companies, quantifiable annual targets related to health, safety, and environmental protection are set, supported by specialised management systems to ensure effective goal fulfillment. In FY2023/24, the Group continued its non-zero goal from the previous year, namely “ensuring that the rate of work-related injuries per million working hours for both employees and suppliers in five years is within 0.75”. This effort is to further encourage self-improvement in HSE performance and better realise China Gas’s safety policy and commitment of “Prevention Foremost, Safety First” and “Integrated Management and Responsibility of All Employees”.

➤ Safety Targets Set for FY2024/25:

- ✓ Eliminate safety incidents rated as material or above and prevent incidents rated as general safety responsibilities
- ✓ Strengthen the inspection and rectification of hazards and achieve a 100% rectification rate for major hazards
- ✓ Continuously promote the audits and certification of HSE management systems in project companies
- ✓ Achieve a 100% coverage rate for rating inspections in project companies
- ✓ Ensure that the usage rate of the project company’s alarm system reaches or exceeds 90%

China Gas has implemented a safety performance system where all employees’ safety responsibilities are enforced through work-related safety performance evaluations, employee safety scoring, and HSE management ratings for project companies. Safety management performance is tied to compensation, rewards, penalties, and leadership advancement for senior executives and department managers. Additionally, the safety behaviours of employees and safety management of project companies are linked to the employees’ compensation, during the fulfillment of safety initiatives and target goals. Notably, during the Reporting Period, China Gas reported zero employee fatality or safety incident, underscoring the effectiveness of these safety measures.

3. SAFEGUARDING GAS SAFETY WITH GREAT CARE

Safety Management Performance

Indicator	Unit	FY2023/24	FY2022/23	FY2021/22
Work safety investment	HK\$ billion	2.3	2.4	2.2
Number of people receiving safety training (general managers or safety management personnel)	attendance	1,515	1,456	1,021
Number of people receiving safety training (employees)	attendance	29,267	20,757	12,840
Number of safety emergency drills	time	9,171	8,720	4,573
Number of work-related fatalities	case	0	0	1
Lost days due to work-related injury	day	70	130	285
Number of work-related injuries per million hours – employees	case per million man hours	0.0077	0.0091	0.0092
Number of work-related injuries per million hours – contractors	case per million man hours	0	0	0

3.2 WORK SAFETY

China Gas follows the safety principle of “three controls and three necessities” and has developed production operation guidelines including the *City Gas Transmission and Distribution Management System** (《城市燃氣輸配管理制度》), the *CNG, LNG, and L-CNG Gas Stations Production and Operation Guidelines** (《CNG、LNG、L-CNG加氣站生產運營指引》), and the *Production and Operation Repair System Construction Guidelines** (《生產運營搶修體系建設指引》). The Company enhances the responsibility system with principles including “unification of the power and responsibility, dual responsibilities for one post, joint management by all staff, and accountability for negligence”. Continuous improvements are made to establish a robust safety risk prevention, control, and hazard investigation system. Through these measures, we constantly enhance basic management capabilities, on-site management capabilities, and emergency response capabilities. In FY2023/24, the Group issued the *Notice on Releasing Summary Report on the Three-Year Action Plan for Special Rectification of Work Safety by China Gas Group** (《中燃集團安全生產專項整治三年行動計劃工作總結報告》) and the *Key Points of China Gas Group on Work Safety in FY2024** (《關於發佈中燃集團2024財年安全生產工作要點的通知》). We coordinated the implementation of the three-year action plan for safety production improvement and vigorously promoted HSE system audits and certifications to ensure high-quality development of the Group.

3. SAFEGUARDING GAS SAFETY WITH GREAT CARE

Safety Supervision

The Group maintains strict compliance with relevant national laws and regulations concerning health and safety, including the *Work Safety Law of the People's Republic of China*, the *Social Insurance Law of the People's Republic of China*, and the *Regulations on the Administration of City Gas** (《城鎮燃氣管理條例》). We have formulated internal regulations such as the *China Gas Safety Supervision Regulations** (《中燃集團安全監察規程》), the *China Gas Safety Supervision Centre Management System** (《中燃集團安全監察中心管理制度》), the *China Gas Group Risk Classification and Control Work Guidelines** (《中燃集團風險分級管控工作指引》), and the *China Gas Hazard Source Management System** (《中燃集團危險源管理制度》). A three-tier supervision system and a health and safety risk management system have been implemented within the organisation. The Safety Supervision Department is responsible for overseeing work safety and ensuring that all units adhere to the principle of “the person in charge of the industry, business, and production being responsible for safety”. This approach helps prevent major safety liability accidents. Departments responsible for engineering, operations, customer services, LPG, and transport of hazardous goods will organise and supervise risk management at project companies. These departments also develop risk identification and evaluation guidelines and conduct risk classification and management within their respective fields.

Risk Supervision and Prevention

The Group continuously enhances its safety risk management by conducting internal audits of the China Gas HSE Management System and external verifications of the Occupational Health and Safety Management System. These regular audits help to review the performance of safety management, prevent major safety risks, and ensure a safe and stable workplace within the Group.

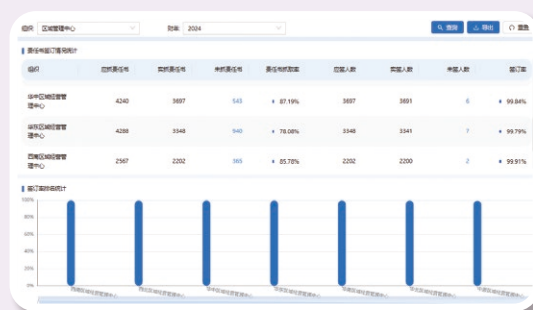
- Internal audit: The Group conducts annual HSE management rating inspections covering all business segments and project companies. For project companies that have obtained China Gas HSE Management System certification, at least one internal audit and management review are carried out each year to actively implement safety responsibilities and control measures.
- External verification: Project companies that have obtained external certifications such as the three certifications and work safety standardisation are subject to annual reviews by independent third parties, including assessments of the effectiveness of policy implementation in work safety management. Project companies under businesses such as city gas and LPG conduct safety evaluations, detect hazards regarding occupational diseases, and provide occupational health examinations for relevant positions as required by laws and regulations. All project companies under the Group willingly accept various HSE inspections carried out by governmental bodies or third-party entities representing the government.

3. SAFEGUARDING GAS SAFETY WITH GREAT CARE

Case: Safety Digital Integrated Management Platform Helps to Improve Safety Supervision Efficiency

In FY2023/24, the Group made continuous updates to the safety responsibility module and HSE rating inspection module of the Safety Digital Integrated Management Platform Plan. By strengthening safety supervision and analytical measures, the Group effectively established a safety responsibility indicator database for key business modules, such as city gas, LPG, engineering construction, transport of hazardous goods, and the supply chain. All functions have signed the responsibility statements. To date, the system has served a total of 751 companies (including subsidiaries) and 34,768 users.

In September 2023, the Group introduced the *Assessment Methods for the Safety Digital Integrated Management Platform Plan and the Safety Responsibility Management System** (《長鳴鐘計劃暨安全履職管理系統考核辦法》). Utilising methods like public announcements on the OA homepage, quarterly performance evaluations for safety leaders, and safety scoring, the Group performed safety assessments for units and personnel through the system. A total of 186 deductions were made from the performance scores of safety leaders in project companies, and 2,493 safety scores were assigned to individuals who did not effectively use the system.



Retrieval and Signing of Responsibility Statement on Safety Performance

Risk Identification and Response

In accordance with applicable regulations and policies of the Group, project companies perform risk identification and evaluation every six months, along with quarterly risk inspections. These activities encompass aspects like gas station operation management, supply and sales services, and engineering construction to pinpoint significant safety risks. The Company has developed the *Project Company Risk Assessment and Control Measures List** (《項目公司風險評價及管控措施清單》) to enforce risk control measures, focusing on engineering technology, management systems, training and education, individual labour protection, and emergency response. China Gas has identified the following major health and safety risks:

3. SAFEGUARDING GAS SAFETY WITH GREAT CARE

Risks	Cause and severity of consequence	Countermeasures
High-risk jobs at construction sites	Insufficient awareness of work risks among high-risk staff and improper wearing of protective equipment, resulting in work-related injuries.	<ul style="list-style-type: none"> • Convene work safety meetings and offer training sessions to promote occupational health and safety among employees • Procure qualified personal protective equipment (PPE) as labour protection supplied with regular inspections and maintenance • Enforce the requirement for operators to wear appropriate safety equipment during work
Risks in customer safety management	Inadequate investigation of hidden dangers, poor ventilation at the operation site, and improper maintenance, resulting in gas leakage and explosion.	<ul style="list-style-type: none"> • Equip with inspection instruments and assist users to install alarm devices • Strictly implement and document operating procedure • Require employees to work with valid certificates and receive regular training
Risks in gas pipeline network facilities	Ageing of natural steel gas pipes and severe corrosion and cracking, leading to pose risks such as gas leakage and explosions, and resulting in financial losses.	<ul style="list-style-type: none"> • Strictly control new construction projects and phase out unqualified gas pipelines in entering operation • Provide safety knowledge and training to employees • Develop emergency plans for gas leakage incidents

Emergency Management

The Group places great emphasis on emergency management and continuously improves its emergency management system. In accordance with the *China Gas Safety Accident Management System** (《中燃集團安全事故管理制度》), the Group has developed internal policies such as the *China Gas Group Emergency Response Plan** (《中燃集團突發事故應對預案》), the *China Gas Emergency Drill Management System** (《中燃集團應急演練管理制度》), and the *Project Company Emergency Plan Preparation Guidelines of China Gas** (《中燃集團項目公司生產運營突發事件應急預案編製指引》). Through emergency drills, emergency repairs, and public emergency management, the Group consistently strengthens its capacity to respond to and manage unexpected incidents. Aligned with the Group's standards for emergency repair system development, 417 project companies of China Gas have initially obtained emergency response capabilities.

3. SAFEGUARDING GAS SAFETY WITH GREAT CARE

Case: Accident Prevention through Drills

China Gas actively conducts a variety of emergency drills to enhance gas emergency management and response capabilities as well as prevent and mitigate accidents. These efforts are to strengthen users' awareness of gas safety and ensure the safety of gas usage.

In October 2023, Nanjing China Gas, in collaboration with the government and businesses, organised a gas safety emergency drill with the theme "Swift Action to Prevent Accidents". During the drill, employees demonstrated the functions of three natural gas tools to residents and provided guidance on using fire extinguishers. The aim of this initiative was to improve residents' emergency preparedness and equip them with the skills to effectively manage emergency situations.

In December 2023, Nanning China Gas, in collaboration with multiple government departments, organised an emergency rescue drill to prevent carbon monoxide poisoning at an agricultural market. The objective of this drill was to enhance public awareness of emergency response to carbon monoxide poisoning and familiarise them with the appropriate procedures to minimising harm and protect more individuals. Additionally, Nanning China Gas carried out widespread on-site promotional campaigns in schools, communities, and businesses across the urban area. They conducted a total of 137 on-site promotional events and eight emergency drills, distributing over 8,000 safety information brochures to the public.

In March 2024, the Kungao Branch of Baotou Gas Company, in partnership with the government and local hospitals, conducted a gas-safety-knowledge training session and a gas leak emergency drill. The training session included safe gas usage, emergency response techniques, and common hazard scenarios. This initiative improved the ability of government and enterprises to cooperate in handling emergencies, offering valuable insights and guidance for future emergency response and rescue operations.



Swift Action to Prevent Accidents



Nanning China Gas Emergency Drill at Agricultural Market

3. SAFEGUARDING GAS SAFETY WITH GREAT CARE

Case: Orderly Restoration of Safe Gas Supply Amid Rainstorm in North China

During the severe flooding that struck Hebei Province in August 2023, resulting in the damage of gas pipelines in numerous regions, the Company promptly mobilised personnel and resources for emergency rescue operations. The Group's headquarters distributed over 3,000 gas regulators, deployed dozens of long-distance laser methane leak inspection drones, provided new household pipeline materials for tens of thousands of households, and allocated emergency disaster relief funds of over RMB10 million. Over 5,000 employees actively participated in the rescue and disaster relief missions. Thanks to these concerted efforts, no secondary gas-related disasters have been reported to date.

During the emergency response period, the emergency repair team utilised long-distance laser methane leak inspection drones to monitor the natural gas concentration at gas supply stations that had been submerged by floodwaters and their surrounding areas. In critical areas, they employed drone-based 3D point cloud modelling to obtain visual data on essential flood control zones. This innovative use of technology demonstrated the effectiveness of modern tools in disaster relief operations.



Drone Inspection at Beiliuzhuo Gas Station in Baoding City



Gas Workers Repairing Coal-to-Gas Pipelines

3. SAFEGUARDING GAS SAFETY WITH GREAT CARE

3.3 SAFETY TECHNOLOGY

China Gas prioritises safety technology innovation and has established multiple digital safety management platforms to bolster safety measures. These platforms, namely the Smart Gas Integrated Operation and Management Platform, the Safety Digital Integrated Management Platform, the Traffic Safety Management System, and the Engineering Visualisation System are instrumental in mitigating safety risks across operational safety, safety performance management, traffic safety, and engineering quality safety domains. By harnessing the power of digital technology, China Gas works to facilitate safe and efficient operations throughout the organisation.

➤ Smart Gas Integrated Operation and Management Platform

The Smart Gas Integrated Operation and Management Platform of China Gas is dedicated to enhancing gas safety operations and management improvement. This information management system integrates GIS, digital operation management, intelligent stations, and safety digitalisation. The aim is to help achieve the overall goals of appropriate, efficient, and refined operation and management in the gas industry. Besides, this platform covers various business applications such as production dynamics, safety monitoring, equipment management, station management, personnel management, and emergency management. By dynamically managing existing businesses, including city gas, rural and township gas, gas stations, thermal power, and LPG, the platform realises process integration and advanced data sharing. As an industry benchmark, it provides structural guidance for the construction of digital systems for other gas groups. In November 2023, the platform won the 2023 China's Geographic Information Industry Outstanding Project Award (Gold Prize) and was selected as an excellent case for the collaborative transformation of digitalisation and greenisation in 2023.



2023 China's Geographic Information Industry Outstanding Project Award (Gold Prize)



Excellent Case for Collaborative Transformation of Digitalisation and Greenisation

In recent years, China Gas has been at the forefront of developing pilot projects for city-level smart gas. In Wuhu, Anhui, the Company has established a comprehensive smart gas platform with smart stations as the highlight and city gas and gas stations as the core. In Shiyan, Hubei, the Company has built an intelligent full-process management system for early warning and emergency response, thus streamlining emergency management and response procedures. These projects have garnered widespread acclaim from relevant authorities at the ministerial, provincial, and municipal levels, as well as industry experts, showcasing China Gas's advanced digital capabilities in ensuring safe operations, supply-demand balance, and exceptional management.

3. SAFEGUARDING GAS SAFETY WITH GREAT CARE

Case: Pilot Project of the Ministry of Housing and Urban-Rural Development in Wuhu, Anhui

In response to the government’s call to accelerate the construction of new urban infrastructure, China Gas has proactively explored a comprehensive solution for “smart gas”. Partnering leading technology companies such as Huawei, Hikvision, and Jinghu, China Gas has developed a pilot smart gas project in Wuhu. This project included a comprehensive and integrated platform capable of leveraging digital technology to conduct real-time dynamic monitoring and remote management of gas stations in the dimension of on-site environment, equipment status, and relevant data. This approach ensures the safe and stable operation of gas stations while reducing operating costs and improving operating efficiency.

The Wuhu Intelligent Gas Management System is safe, efficient and user-oriented. Empowered by cutting-edge technologies such as the Internet of Things (IoT), multi-dimensional geographic information, big data, and artificial intelligence (AI), the system focuses on city gas and gas stations. With three pillars of safe operation, gas source allocation and convenient services, the system covers the whole source-network-terminal process, thereby enhancing gas management standards. In terms of safe operation, the source-network-terminal security data is aggregated and analysed for automatic warning to realise digital intelligence in security management. In terms of gas source scheduling, through insights into gas consumption trends and matching supply, sales, and inventory data, it delivers refined scheduling of gas sources. In terms of collaboration with the government, it is fully connected with the government-side city lifeline, Sharp Eyes (Xueliang Project), hazardous goods transportation, and other systems, as a demonstration project of urban operation and management. By digitalising various key business processes of the gas pipeline network and stations, the system is able to realise more intelligent and precise control over daily operations, ultimately ensuring the stability and safety of gas operations.



Wuhu Intelligent Gas Management System

3. SAFEGUARDING GAS SAFETY WITH GREAT CARE

➤ The Alarm System: Safety Digital Integrated Management Platform

In FY2023/24, China Gas furthered its moves in enhancing its Safety Digital Integrated Management Platform of the alarm system; further evaluated the functions launched, as well as dramatically updated the safety responsibility module, the HSE rating inspection module, and the direct reporting module for transport of hazardous goods.

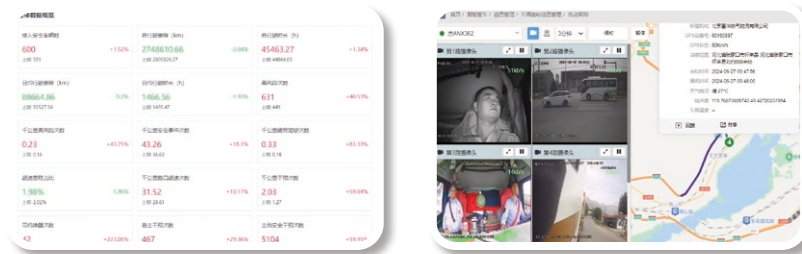
- ✓ Direct Reporting System: In FY2023/24, 39 transport of hazardous goods companies under China Gas provided safety responsibility information on transport of hazardous goods online on a daily basis. This approach enabled real-time inspection and supervision at various management levels, including hazardous-goods transport companies, business groups, regions, and the Group. Hence, the Group's safety responsibilities for hazardous-goods transport can be fulfilled. Through the digital transformation, we have established a safety management mechanism for hazardous-goods transport. The mechanism has significantly improved the safety management performance of hazardous goods transport over the past two years.
- ✓ Safety Responsibility System: In FY2023/24, the safety responsibility module was equipped with the safety responsibility indicator library for key business modules, including city gas, LPG, engineering construction, hazardous-goods transport, and supply chain. The responsibility letter has been signed for all functions.

3. SAFEGUARDING GAS SAFETY WITH GREAT CARE

➤ Traffic Safety Management System

In FY2023/24, all vehicles owned by companies under China Gas started to operate with the Traffic Safety Management System. On top of the 1,100 hazardous-goods transport vehicles, 4,365 non-hazardous goods transport vehicles were also registered in the system. The adoption of online vehicle management facilitated comprehensive traffic safety oversight. Throughout the year, a total of 574,600 vehicle records were generated, contributing to a noteworthy reduction of over 39% year-on-year in the number of the Group's traffic accidents as compared to the previous year.

- ✓ **Transport Vehicle Monitoring System:** In FY2023/24, China Gas integrated the independent vehicle dynamic monitoring platforms of 43 hazardous article transport companies into a unified monitoring platform. Dedicated personnel were assigned to provide guidance and reminders on the driving behaviour on 576 vehicles on a 24/7 basis. A monitoring information work group was also set up to promptly correct unsafe driving behaviours, effectively preventing accidents involving hazardous goods transport. Statistics show that this platform helped to reduce behaviours that hindered safe driving by 60% and hazardous goods transport accidents rated as general and above by 67%.



Transport Vehicle Monitoring System

- ✓ **Vehicle and Driver Management:** China Gas is always committed to promoting comprehensive traffic safety management. We have developed a closed-loop safety management system for vehicles and personnel, including system registration, training and certification, vehicle use approval, and performance evaluations. In FY2023/24, we offered training to full-time and part-time drivers and 9,944 people obtained driving licences. A total of 17 special traffic safety training sessions were offered through the system, and 156,000 people received online training to improve their driving knowledge and skills.



Training for Full-time and Part-time Drivers

3. SAFEGUARDING GAS SAFETY WITH GREAT CARE

➤ Engineering Visualisation System

The Engineering Visualisation System, tailored for critical construction processes, is designed to ensure project quality and safety while empowering frontline workers. The system is equipped to oversee pivotal processes and high-risk operations, providing a range of closed-loop management functions for engineering safety and quality. These functions include safety inspections, spot checks on quality, and issue rectification. By facilitating the reporting of safety inspections and quality spot checks, the system bolsters control over the safety and quality aspects of engineering construction.

➤ LPG Business Sharing Platform

2023 marked the inaugural year of safety regulation in the LPG industry. China Gas, through market integration, has achieved unified regulation and safe operation of bottled LPG. With the aid of the digital platform, we have realised full-process control of steel cylinders and closed-loop management of hazards. Through these efforts, we have enhanced the efficiency of safety regulation and the intrinsic safety of the industry, thus ensuring the healthy and sustainable development of the LPG market.

- ✓ Improve the safety management structure by establishing a Safety Committee, appointing safety leaders, safety inspectors, full-time inspectors for the digital platform, and regional safety inspectors; implement safety responsibilities at all levels to facilitate safety management.
- ✓ Implement the “Six Unifications” and “One Supervision” system; unify cylinder ownership, filling, brand, distribution, safety inspection, and service, as well as emergency maintenance hotlines; supervise full-process traceability of cylinder information including filling, sales, distribution, safety inspection and usage via the digital and smart technology platform.
- ✓ Strengthen government-enterprise cooperation, standardise the supervision of the bottled gas market, establish a standardised bottled gas management mechanism, promote the rectification of potential hazards at the user side, encourage the use of products of intrinsic safety, and enhance user-end intrinsic safety.
- ✓ Integrate the use of IoT-based smart gas filling equipment, smart valves, and the LPG Business Sharing Platform System (or third-party digital platform systems) by project companies; achieve full-process and full-lifecycle traceability of LPG cylinders and filling quality, as well as information tracking and management.



LPG Business Sharing Platform

3.4 CAPACITY BUILDING

China Gas convenes regular work safety meetings to disseminate knowledge and policies related to occupational health and safety among employees. Through various activities such as safety training, safety warning education, safety drills, popularisation of safety knowledge, the Work Safety Month, and the Fire Prevention Publicity Month, the Company comprehensively enhances the safety awareness and emergency response capabilities of employees and users. Through various endeavours, we have constituted a robust “firewall” for gas safety.

Safety Training

During FY2023/24, the Group carried out 7,379 safety training sessions with a cumulative attendance of 305,315. Specifically, there were 43 sessions on hazardous chemical transportation safety, 5,377 sessions on the Safety Month, 1,071 sessions on fire safety, 862 sessions on traffic safety, 14 sessions on empowering safety supervision personnel, and 12 sessions on safety control series.

Case: Empowering a Safety-Oriented Team for the New Journey

In August 2023, safety managers from all levels of regional operation management centres in East China gathered in Nanjing to receive a three-day safety training session. The training is to comprehensively enhance the professional competence of the safety management team. During the event, a monthly safety meeting was also held. The training, which was held online and offline, covered ten courses including the *Safety Leadership** (《安全领导力》), the *Safety Inspection Practise** (《安全监察实务》), the *Traffic Safety Management** (《交通安全管理》), the *Management of Seven High-Risk Operations** (《七大高危作业管理》), and the *Analysis of Gas Accident Cases** (《燃气事故案例分析》). Over 80 participants attended the training for course learning and experiencing sharing. The course *Safety Leadership* was taken by 278 people online. All participants passed the safety management empowerment training examination. This empowerment training effectively strengthened the basic safety knowledge and safety responsibility awareness of safety managers, thus driving the long-term operation of the work safety management system in East China.



Empowerment Training for Safety Management in East China

3. SAFEGUARDING GAS SAFETY WITH GREAT CARE

Case: Conducting Specialised Traffic Safety Training to Raise the Safety Awareness of Full-time and Part-time Drivers

In FY2023/24, China Gas issued the China Gas Circular 2023 (309), specifically the *Notice on Launching the 2023 Traffic Safety Promotion Month Activities** (《關於開展2023年「交通安全宣傳月」活動的通知》). These activities were to further raise the safe driving awareness of full-time and part-time drivers and hold them accountable for safe driving. Throughout the year, a total of 17 specialised traffic safety training sessions were conducted using the Traffic Safety Management System.

In December 2023, Baotou China Gas held the Traffic Safety Promotion Month training for full-time and part-time drivers. The training covered regulations such as traffic laws and rules. By watching traffic accident cases and hearing the analysis, these drivers improved their defensive driving skills and raised their awareness of regular vehicle inspections and safe usage. The winter emergency supply and vehicle safety contingency plans were further improved.



“Traffic Safety Promotion Month” Training for Full-time and Part-time Drivers in FY2023

Safety Education

China Gas always gives top priority to the safety of the public gas usage and actively engages in various gas safety education initiatives in coordination with events like Work Safety Month and the Fire Prevention Month. These activities are to continuously promote gas safety knowledge among employees and the public and ensure the safety of gas usage. In FY2023/24, the Group organised a total of 9,171 safety drills, including double-blind drills, fire safety emergency drills, Safety Month drills, and Fire Prevention Month drills. In addition, a total of 8,941 safety education activities were organised, including the “6.13” campaign (work safety speeches by top management), gas safety promotion during the Safety Month (through online media and WeChat official accounts), and traffic accident warnings during the Traffic Safety Month. A total of 1.4 million copies of safety promotion materials, articles, or videos were distributed.

3. SAFEGUARDING GAS SAFETY WITH GREAT CARE

Case: Work Safety Month Themed “Safety Awareness and Emergency Handling for All”

In June 2023, during the 22nd National Safety Production Month, China Gas took proactive measures by organising a special rectification campaign for gas safety and the gas safety promotion action in “enterprises, rural areas, communities, schools, and households”. These efforts were designed to enrich employees’ safety knowledge and raise users’ awareness of gas safety. Hence, it would further solidify the concept of safe development and improve the Company’s safety standards of the organisation.

- ✓ China Gas Hongda organised a series of diverse and informative activities during the Safety Production Month to meet its business development needs and safety management requirements. These activities included the “Safety Cup” knowledge competition, emergency drills, and safety training. On 13 June, all employees of China Gas Hongda attended the “6.13” Work Safety Warning Conference of the Group. During the event, they watched the accident warning videos and studied typical work safety accident cases to deepen their understanding of work safety responsibilities. On 14 June, the company held the “Safety Cup” knowledge competition covering items such as the *Work Safety Law** (《安全生產法》), the *HSE Management System** (《HSE管理體系》), and the *Defensive Driving Techniques** (《防禦性駕駛技術》). On 15 June, a comprehensive emergency drill for LNG tanker leakage was conducted to improve employees’ rapid response, emergency handling, and coordinated combat capabilities in the face of emergencies. After training, these employees also gained practical experience in dealing with such incidents.
- ✓ Xiangyang China Gas organised emergency fire drills for tank leaks and collaborated with the community to carry out LPG emergency drills and safety briefings. Besides, the Company partnered with multiple organisations to hold a Safety Publicity and Consultation Day and offered door-to-door gas inspections to eliminate safety hazards. These activities significantly enhanced citizens’ fire safety awareness and their ability to handle emergencies in daily life.



“Safety Cup” Knowledge Competition of China Gas Hongda



Gas Extinguishing Emergency Drill by Xiangyang China Gas

3. SAFEGUARDING GAS SAFETY WITH GREAT CARE

Case: Launching Fire Prevention Publicity Month to Ensure Gas Safety for Numerous Households

In November 2023, China Gas initiated the nationwide “Prevention First, Life Foremost” Fire Prevention Publicity Month campaign across the nation. China Gas, along with its subsidiaries, actively collaborated with local government agencies and fire departments to organise innovative publicity activities and establish service teams of volunteers. Through the popularisation of gas safety knowledge in enterprises, rural areas, communities, schools, and households, the campaign sought to raise public awareness of gas safety and improve their emergency response capabilities, thus building a robust “firewall” for gas safety.

- ✓ Xiaogan Zhongya, a gas company of China Gas, distributed gas usage handbooks and brochures to educate citizens on gas safety knowledge, leak detection skills, and emergency response methods. Live broadcasts of the event garnered over 160,000 views online, with more than 3,000 participants offline.
- ✓ Baijiang Xinan Gas, in collaboration with the Education Bureau, conducted gas safety training for representatives from 126 primary schools, middle schools, and kindergartens within the jurisdiction. The training covered national gas rectification requirements, basic knowledge of LPG terminal products, and emergency response methods for bottled LPG leaks.
- ✓ Nanning China Gas joined the Guangxi Firefighting Public Welfare Alliance and demonstrated gas equipment such as IoT meters, gas alarms, metal corrugated pipes, gas shut-off valves, and self-closing valves at the firefighting exhibition booth to attract public participation.
- ✓ Yuan’an China Gas was awarded as one of the “Top 10 Firefighting Volunteer Service Teams” in Yichang City. RUAN Rongyun, the head of the Safety Supervision Department, was selected as one of the “Top 10 Firefighting Volunteers” in Yuanan County. The firefighting volunteer service team of the company actively participated in and contributed to local firefighting activities.
- ✓ Jinzhou China Gas Energy fulfilled its firefighting safety responsibilities in all positions. The company was awarded the “2023 Advanced Unit for Firefighting Work” by the Linghe District Fire Safety Committee.



Jinzhou China Gas Awarded “Top 10 Firefighting Volunteer Service Teams”

3. SAFEGUARDING GAS SAFETY WITH GREAT CARE

3.5 STAKEHOLDER MANAGEMENT

China Gas has established an HSE system to effectively manage the work safety of various stakeholders. Its efforts involve the development of internal regulations, such as the *Supplier Code of Conduct of China Gas** (《中燃集團供應商行為準則》) and the *Contractors' Management Policy of China Gas** (《中燃集團承包商行為準則》), and it integrates all stakeholders involved in the Group's production and operational sites into a unified management system. The *HSE Management Manual of China Gas** (《中燃集團HSE管理手冊》) clearly stipulates the qualification review, safety training, safety supervision, and safety assessment of contractors. Additionally, business contracts or cooperation agreements explicitly outline the responsibilities, obligations, and requirements for both parties regarding HSE management.

During the implementation phase, the Construction Engineering Group of China Gas, a subsidiary of China Gas, employs a three-tier management model of "Construction Engineering Group – Contractors – Construction Team". This model guarantees full-process oversight of contractors' safety and quality from shortlisting review, process control to delivery inspection and acceptance. The project department designated by Construction Engineering Group is tasked with overseeing daily management and maintaining the stability of the supply chain.

Contractor Safety Management Goals

The Group places a high priority on the safety of its supply chain. Besides setting safety management goals and evaluation indicators for contractors, they are mandated to complete to undergo pre-job safety training. Project companies conduct monthly safety performance assessments of contractors and strictly enforce a "blacklist" system to strengthen ongoing contractor safety management practices.

Objectives and assessment indicators for engineering contractor safety management	Objectives for pre-job safety training for engineering contractors
1. No serious injury or fatality	1. 100% three-level safety education rate for new hires and safety education rate for transferred employees
2. No work safety accidents resulting in economic losses of RMB50,000 or more	2. 100% certification of project leaders, full-time safety management personnel, and special operation personnel
3. No safety accidents caused by quality problems, and no significant quality incidents due to fraud or illegal operations	3. 100% signing rate of work safety responsibility statements
4. No administrative penalties imposed for work safety violations	4. 100% on-duty rate of safety management personnel as planned, meeting the requirements of construction safety management
5. 100% utilisation rate of safety protection supplies (safety helmets, safety belts, etc.)	
6. Electrical equipment used all in good condition and all equipped with safety protection devices	
7. 100% disclosure rate of safety technologies	
8. 100% handling rate of injury insurance	

3. SAFEGUARDING GAS SAFETY WITH GREAT CARE

Contractor Safety Training

In FY2023/24, the Group continued its safety and pre-job training initiatives for engineering contractors, with programmes designed to accommodate seasonal changes, holidays, and routine management needs. Throughout the year, we organised 2,786 routine safety training sessions, with a total attendance of 38,270 people. For pre-job training, we mandated that all construction teams and new personnel undergo three-level safety education and pass an examination before starting work. Additionally, daily pre-shift safety education was required prior to entering the site of work. We conducted 1,259 sessions of three-level safety education with a total attendance of 8,930 and 85,772 pre-shift safety education sessions with a total attendance of 545,919.

Category	Unit	FY2023/24	FY2022/23
Attendance of contractor safety training	attendance	593,119	535,437
Number of hours of safety training for contractors	hour	1,425,142	1,286,545
Number of contractors receiving safety training	contractor	1,072	968
Coverage rate of safety training	%	100%	100%

3.6 GAS SUPPLY STABILITY

China Gas rigorously complies with the *Regulations on the Administration of City Gas** (《城鎮燃氣管理條例》) and other national laws and regulations, alongside internal standards like the *City Gas Transmission and Distribution Management System** (《城市燃氣輸配管理制度》). We carry out city gas planning and emergency response, gas operation and service, gas use, protection of gas facilities, prevention and treatment of gas safety accidents, and related management activities. Comprehensive safety inspections are conducted at least once a year to fully guarantee the safe and stable supply of gas.

In FY2023/24, we launched targeted initiatives such as the “Thunder Action” and the “Commercial and Industrial Safety Hazard Inspections” to thoroughly investigate and address user safety hazards promptly. The Group conducted a total of 15,410 fire safety inspections. Moreover, we undertook special safety inspections for hazardous materials, rectification efforts for confined space safety management, the “21 June” comprehensive safety checks and rectifications, as well as flood control and disaster relief supervision checks, during which we identified 4,623 safety hazards and achieved a 100% rectification rate of safety hazards.

➤ Rectification and Management of Transmission Shortage

In order to ensure gas supply stability, China Gas has formulated the *Rectification and Management Procedures for Transmission Shortage** (《輸差整治管理規程》) and implemented four rectification measures, namely rectification of transmission shortage due to gas pipeline network, measurement inaccuracies, data handling errors, and gas theft. The Company has implemented a two-level transmission and loss management mechanism. Specifically, the project operation departments of the headquarters are responsible for rectification, and various units implement the transmission shortage plan and the accountability assessment of its indicators at all levels. This approach is to reduce safety hazards and economic losses caused by gas leaks while also minimising environmental impact. Meanwhile, the Group issued the *Technical Regulations for Gas Flow Meter Selection** (《中燃集團燃氣流量表選型技術規程》) to strengthen the management of gas meter selection of various users and further improve the effectiveness of rectification of transmission differences.

3. SAFEGUARDING GAS SAFETY WITH GREAT CARE

➤ Leakage Detection and Prevention Mechanism

The Group places great emphasis on the safety of the gas pipeline networks. To achieve this, China Gas has formulated internal policies such as the *China Gas Inspection Guidelines for Gas Pipeline and Ancillary Facilities** (《中燃集團燃氣管道及附屬設施巡查指引》), the *China Gas Pipeline Leak Inspection and Investigation Guidelines** (《中燃集團管網泄漏檢測及排查指引》), the *China Gas Third-party Construction Guidelines** (《中燃集團第三方施工指引》), the *China Gas Pipeline Network Inspection Management Guidelines** (《中燃集團燃氣管網巡線管理工作指引》), and the *China Gas Guidelines for Prevention of Damaged Accidents (Incidents) in Gas Pipeline Facilities** (《中燃集團防止燃氣管道設施被破壞事故(事件)工作指引》). An internal patrol system has been established to enhance the efficiency of gas pipeline inspections. This system enables project companies to comprehensively gain information about gas transmission and distribution. In the event of a failure, the system enables rapid and accurate fault location and timely initiation of emergency repairs. During emergencies, the system aids the dispatch centre in rapidly determining the optimal plan for opening and closing valves. Furthermore, the system also facilitates rapid response and disposal of city gas pipeline network accidents, shortening repair time and minimising losses caused by the incident.

➤ Repair and Maintenance Mechanism

The Group has formulated several internal policies to regulate and manage pipeline network maintenance, emergency repairs, natural gas spherical tanks, and safety valves. These policies include the *Guidelines for Emergency Repair in the Production and Operation of China Gas Group's Project Companies** (《中燃集團項目公司生產運營搶修指引》), the *Guidelines for the Construction of Emergency Repair System in the Production and Operation of China Gas Group** (《中燃集團生產運營搶修體系建設指引》), and the *Management Standards for the Operation and Maintenance of Gas Facilities** (《燃氣設施運行及維護管理標準》). A three-level production operation emergency repair management system has been established, involving the group, regional operation management centres/operation management groups, and project companies. This system clarifies the emergency repair responsibilities at each level and ensures accountability. Moreover, the Group has set emergency management systems such as the *China Gas Group Emergency Repair System Construction Work Guidelines** (《中燃集團搶險維修體系建設工作指引》) and the *Third-Party Construction Damage Incident (Accident) Management and Assessment Measures** (《中燃集團防止燃氣管道設施被破壞事故(事件)工作指引》). Further measures are taken to enhance management in areas such as responding to emergencies, drafting emergency plans, and preventing damage to pipelines from third-party construction activities. Through these efforts, we have improved the security and stability of gas supply.

➤ Pipeline Network Reconstruction Mechanism

The Group continuously strengthens the rectification of pipeline hazards. To this end, we thoroughly clean and renovate old cast iron pipelines. We install remote leakage detection devices in older pipelines, prone pipe sections, and valve wells for monitoring on a 24/7 basis. This approach ensures the intrinsic safety of pipelines and auxiliary equipment, reduces gas leaks, and minimises safety risks. Even if a leak occurs, China Gas can respond immediately to reduce methane emissions.

3. SAFEGUARDING GAS SAFETY WITH GREAT CARE

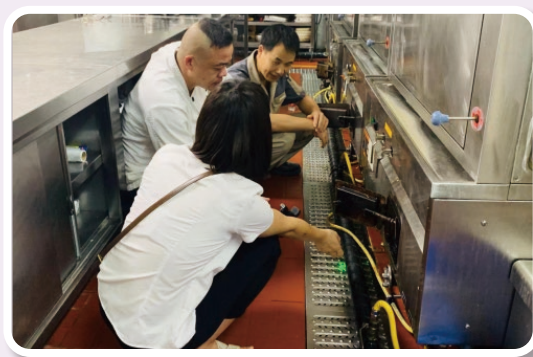
Case: Implementing Special Gas Safety Rectification Action to Ensure Safe Gas Usage

In 2023, China Gas moved fast to carry out special gas safety rectifications and awareness campaigns targeting “enterprises, rural areas, communities, schools, and households”. These initiatives helped promptly address gas safety hazards, enhance users’ awareness of safe gas practices, and safeguard lives and property. From May to June, China Gas launched the ‘Thunder Action’ across more than 30 provinces, municipalities, and autonomous regions. The action focused on intensive inspections and hazard rectifications for gas users. By 30 June 2023, over 50,000 primary gas safety hazards had been rectified, effectively mitigating accident risks and ensuring gas supply for users.

Safety Promotion: We promoted gas safety through online media channels and offline visits. Over 800 safety messages related to the “Thunder Action” were published online. More than 2,500 sessions were held in “enterprises, rural areas, communities, schools, and households.” Over 2 million gas safety brochures were distributed.

Safety Training and Drills: Haixing China Gas, in collaboration with government departments, organised the gas pipeline leak emergency drill in 2023. This measure effectively improved the emergency response team’s preparedness and emergency handling capabilities in the face of emergencies.

Hazard Inspection: On 23 June 2023, all employees of Zhangjiajie China Gas conducted a thorough inspection of key densely populated areas such as barbecue restaurants, night markets, commercial streets, urban complexes, farmers’ markets, hospitals, and schools. They issued hazard rectification notices for all identified issues. On 24 June 2023, all employees of Qinzhou China Gas conducted an unannounced inspection of industrial and commercial users. The inspection covered 539 catering users, four complexes, 103 residential users, four stations, and 16 old communities, identifying a total of 84 various hazards. This action ensured a hazard rectification of full coverage.



Special Gas Safety Rectification Action



4. CAMPAIGNING ENVIRONMENTAL PROTECTION FOR GREEN CO-EXISTENCE



RESPONSIBILITY SPECIAL: EMBRACING A GREEN FUTURE AND BUILDING A LOW-CARBON PATH TOGETHER

- 4.1 Environmental Management
- 4.2 Green Construction
- 4.3 Green Operation
- 4.4 Biodiversity Conservation
- 4.5 Environmental Advocacy
- 4.6 Green Finance
- 4.7 Response to Climate Change

4. CAMPAIGNING ENVIRONMENTAL PROTECTION FOR GREEN CO-EXISTENCE

PERFORMANCE HIGHLIGHTS

- Signed energy storage agreements totalled **112.7 MWh**, leading the domestic gas industry
- Launched **21** PV projects with a total power generation of **13,856 MWh** and purchased **536,518 MWh** of green electricity
- **88** project companies obtained ISO 14001 Environmental Management System certification
- Annual PV power generation of the headquarters building accounts for about **3%** of the total electricity consumption
- Implemented a methane emission detection plan for **16 types** of assets under five categories, passed the OGMP assessment on 21 July 2023, and met the **Gold Standard** of OGMP 2.0
- The Group's total ESG-related loans equivalent to **HK\$9.64 billion**

SDGs Involved in this Chapter



Material ESG Issues Addressed in this Chapter

- Climate change and greenhouse gas emission management
- Effluents and waste management
- Consumption and efficiency of resources and energy
- Biodiversity
- Water consumption and efficiency
- Management of projects under construction

Embracing the concept of green development, China Gas actively aligns with the SDGs and the national “carbon peaking and carbon neutrality” strategy. We have systematically created a comprehensive environmental management system that focuses on key areas such as energy conservation, emission reduction, water resource protection, emissions control, and promoting green office practices. Moreover, we prioritise biodiversity conservation, environmental advocacy, and green finance initiatives. To deliver our commitment to taking effective measures that address climate change, we collaborate with both upstream and downstream partners. Together, we strive towards a low-carbon and sustainable future that is more resilient to environmental challenges.



RESPONSIBILITY SPECIAL: EMBRACING A GREEN FUTURE AND BUILDING A LOW-CARBON PATH TOGETHER

Facing the urgent challenges of global climate change, China has incorporated “carbon peaking and carbon neutrality” into its national development strategy, signalling a shift towards green development. As the largest provider of integrated clean energy services across regions in China, China Gas recognises the changing energy landscape and the need for a transition to low carbon solutions. Seizing this opportunity, we are proactively exploring systematic, digitalised, and market-oriented management and operational models. Setting goals for carbon peaking and carbon neutrality, we are expanding into new energy and low-carbon sectors while enhancing our traditional gas business. We are also actively expanding into new energy and low-carbon businesses. By fostering a green and low-carbon value chain, our aim is to lead the way in transforming China’s energy structure towards sustainable, eco-friendly development.

Deepening Carbon Management through Seven Major Carbon Reduction Actions

China Gas has set its goal to reach carbon peaking and carbon neutrality, which are now key parts of the Group’s development plan. We are dedicated to achieving carbon peaking by 2030 and ensuring carbon neutrality in all our operations by 2050. To be in tune with our business needs, we have established a robust carbon management framework and charted a green and low-carbon growth trajectory. Moreover, we have mapped “Seven Actions” to drive carbon reduction efforts, with the aim of minimising the carbon emissions generated by our operations.

Seven Major Carbon Reduction Actions

Green energy	➤ Actively promote the integrated application of green energy sources such as PV, wind power, hydrogen energy, and biomass energy. Gradually build a clean, low-carbon, safe and efficient energy structure.
Energy-saving innovation	➤ Review business operations comprehensively and explore energy-saving and carbon reduction potential in each business. Promote energy efficiency through strategies such as energy gradient and multi-energy utilisation in integration, replacement of energy-extensive facilities and equipment, and energy recycling.
Low-carbon logistics	➤ Build a smart logistics system, optimise the supply chain and vehicle dispatching, and reduce carbon emissions caused by vehicle idling. Maximise the use of clean energy vehicles, such as electric vehicles and hydrogen vehicles, while ensuring safety.
Intelligent operation	➤ Utilise the IoT to perceive energy network data on a real-time basis. Drive intelligent decision-making and scheduling to improve operational efficiency and reduce carbon emissions during operations.
Methane emission control	➤ Promote the transformation of old pipeline networks, optimise engineering technology and production operations, strengthen methane emission control monitoring of gas pipelines and storage facilities, and explore the construction of a smart city gas pipeline network operation system.
Net zero pathway	➤ Explore and implement Carbon Capture, Utilisation, and Storage (CCUS) projects. Focus on Chinese Certified Emission Reduction (CCER) development projects to achieve carbon offsets. Establish a carbon asset management system to oversee the implementation of emission reduction strategies for enhanced carbon management capabilities.
Green ecosystem	➤ Integrate green and low-carbon requirements into procurement, driving upstream suppliers to improve their green development capabilities. Undertake low-carbon transformation in urban and rural areas, providing customers with optimised energy allocation and intelligent carbon reduction solutions.

4. CAMPAIGNING ENVIRONMENTAL PROTECTION FOR GREEN CO-EXISTENCE

Developing Integrated Energy Business to Promote Low-carbon Transition of the Value Chain

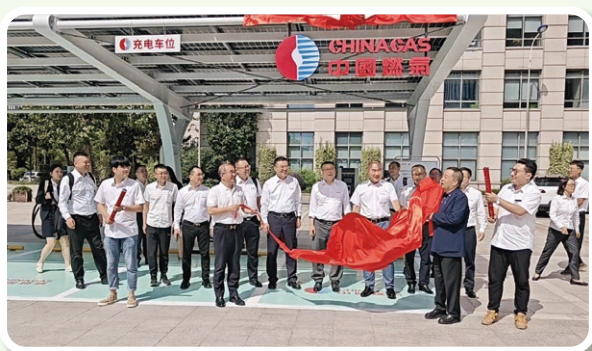
China Gas advances integrated energy utilisation with its presence in multiple fields focusing on “generation-transmission-load-storage”. Through organic growth, we aim to enhance our market share in the integrated energy business. Our goal is to achieve coordinated supply and closed-loop management of electricity, gas, heat, and cooling systems, offering users high-efficiency integrated energy solutions. We are also intensifying our efforts in digitalisation. By capitalising on the emerging new energy trends, we are integrating the IoT with “multi-energy integration”, to develop a unique dual-carbon business ecosystem with distinctive China Gas characteristics.

Throughout the financial year, China Gas has been actively advancing the green and low-carbon transformation, with a focus on key areas like energy storage systems, distributed PV power generation, charging infrastructure, building-integrated photovoltaics (BIPV) power generation, and virtual power plants (VPPs), as detailed in our new energy business blueprint. We have diversified our integrated energy portfolio by delving into near-zero carbon/zero carbon project refurbishments across various industries, services, and other sectors. Our efforts have led to the successful implementation of low-carbon projects that empower our downstream customers to save energy and reduce emissions contributing to the promotion of green and low-carbon development.

- Integrated PV & Solar Energy Storage and Charging: China Gas promotes electricity and new energy development in China, with a focus on distributed PV investment and construction in the Yangtze River Delta, the Pearl River Delta, and more innovative applications of “PV+” system. During the Reporting Period, the Group carried out a total of 21 PV projects, with total electricity generation amounting to 13,856 MWh and green electricity purchases amounting to 536,518 MWh.

Case: China Gas’s First “Generation-Transmission-Load-Storage” Integrated System – Inauguration and Operation of the Smart Super Charging Station at Jiangning Building of its Business Management Group in Hangzhou

China Gas’s inaugural integrated solar storage and charging demonstration station in Hangzhou commenced operations in October 2023. This cutting-edge facility incorporates PV canopies, energy storage systems, and charging infrastructure. With advanced power generation technology and a sophisticated charging control system, it offers fast charging services for electric vehicles and other new energy devices. The project features intelligent energy flow management, enabling the storage of surplus power or the release of stored energy and grid electricity during peak demand periods to optimise energy consumption. Equipped with cleaning robots and a digital management system, this smart supercharging station exemplifies a novel multi-business scenario for China Gas. It combines photovoltaic, energy storage, and charging infrastructure projects, showcasing their innovative approach to sustainable energy solutions.



Smart Super Charging Station at Jiangning Building

4. CAMPAIGNING ENVIRONMENTAL PROTECTION FOR GREEN CO-EXISTENCE

- **Energy Storage:** In FY2023/24, China Gas actively promoted the deployment and construction of energy storage facilities in key regions such as the Yangtze River Delta, Pearl River Delta, and Central China. We entered into contracts for energy storage totalling 112.7 MWh and contracts for non-storage integrated energy efficiency totalling 109 MWh. These efforts effectively helped to improve energy efficiency and facilitate energy transition.
- **VPPs:** By establishing a load-side VPP platform, China Gas is able to manage and monitor renewable energy generation, energy storage stations, and extensive demand-side resources in a centralised manner. This platform facilitates diverse participation in VPPs, aggregation of flexible loads, and friendly interaction among “generation-transmission-load-storage” elements. While reaping foundational returns from the “generation-transmission-load-storage” model, we deeply participated in electricity market transactions and advanced the Group’s transformation from traditional energy management to green energy operation. In FY2023/24, we formulated the *Feasibility Study Report for the Construction of the China Gas Virtual Power Plant Platform** (《中燃集團虛擬電廠平台建設可行性研究報告》). We are currently in the process of identifying pilot cities and assessing the feasibility of pilot city operations, laying the groundwork for the implementation of VPP pilot projects.
- **Biomass Energy:** In FY2023/24, China Gas took various measures to deepen its research into biomass energy supply technologies and expand into overseas energy markets. We conducted comprehensive research on domestic biomass direct combustion, gasification technologies, biomass gas and carbon co-production technologies, and related projects. Based on the research, we summarised our findings in the biomass energy system. In terms of technical support for biomass project development, we provided steam supply solutions for multiple projects. Looking ahead, we will continue to advance biomass energy utilisation projects, explore technologies such as biomass oil production and biomass gas supply for kilns, and facilitate the efficient utilisation and market expansion of biomass energy resources.
- **Industrial Heat Pumps:** In FY2023/24, China Gas actively engaged in the R&D of industrial high-temperature heat pumps and their application in industrial scenarios. We conducted energy utilisation surveys in several industrial parks to explore the integration of heat pump applications with other integrated energy solutions. Currently, we have developed multiple waste heat recovery and heating technology solutions and have made progress in the development of high-temperature heat pumps.
- **Hydrogen Energy:** China Gas is comprehensively deploying its hydrogen energy business and advancing R&D and applications of hydrogen production, storage, and transportation. In terms of hydrogen energy manufacturing, the Group is utilising hydrogen by-products from LPG chemical projects to produce purified hydrogen and cooperating with China National Offshore Oil Corporation (CNOOC) to research, develop, and apply skid-mounted natural gas hydrogen production technology. Moreover, in collaboration with leading PV enterprises, China Gas conducts research on hydrolysis hydrogen production technology for PV power generation. In terms of hydrogen energy storage and transportation, China Gas applies its extensive experience in CNG and LNG storage and transportation processes, along with its professional transportation fleets, to study and apply hydrogen energy storage and transportation technology. In terms of hydrogen energy application, China Gas builds integrated energy supply stations for oil, gas, electricity and hydrogen by taking advantage of its nationwide business network, extensive user base and 516 gas filling stations.

As delineated in our future development blueprint, the Group will vigilantly track shifts in national policies and view them as our guiding directives. We will persistently fine-tune our carbon peaking and carbon neutrality strategy, enhance our proficiency in researching low-carbon technologies and fostering innovative products, and streamline the deployment of new energy and integrated energy ventures. Through close collaboration with partners, we aim to chart innovative pathways for low-carbon transformation towards a greener and more sustainable future.

4. CAMPAIGNING ENVIRONMENTAL PROTECTION FOR GREEN CO-EXISTENCE

4.1 ENVIRONMENTAL MANAGEMENT

China Gas remains steadfast in its environmental management system by establishing and periodically evaluating environmental objectives, conducting environmental risk identification, assessments, and management. This approach ensures that the ethos of green development permeates all activities, including project construction, production, and operation, thereby underpinning sustainable growth. Throughout the Reporting Period, China Gas was not subject to any administrative penalties stemming from violations of environmental laws and regulations that had a substantial impact on the Group.

Environmental Management System

China Gas abides by the *Environmental Protection Law of the People's Republic of China*, the *Law of People's Republic of China on Environmental Impact Appraisal*, the *Air Pollution Prevention and Control Law of the People's Republic of China* and the *Air Pollution Prevention and Control Law of the People's Republic of China* and other pertinent environmental laws and regulations. The Company has also formulated and disclosed the *Environmental Policy** (《環境政策》) that is applicable to the entire Group and its subsidiaries. This policy is designed to mitigate the risks and impacts associated with operations, facilities, business facility utilisation, distribution and logistics, due diligence, mergers and acquisitions, as well as product and service delivery on the environment. Moreover, all suppliers, contractors, joint ventures, and other business partners providing products and/or services to the Group are subject to this policy. For more information, please refer to the *Environmental Policy** (《環境政策》) published on our website (chinagasholdings.com.hk).

China Gas has established internal environmental management systems for all business units and subsidiaries. The Company has formulated the *Guidelines for the HSE Management System** (《HSE管理體系工作指引》) with reference to the ISO 14001 standard, and the *China Gas Environmental and Social Management System** (《中燃集團環境與社會管理制度》) in accordance with the *Safeguard Policy Statement** (《保障政策聲明》) of Asia-Pacific Development Bank and relevant applicable laws and regulations. These systems primarily cover pollution prevention and control, green construction, green office practices, biodiversity conservation, protection of material and non-material cultural resources, and enhanced environmental advocacy.

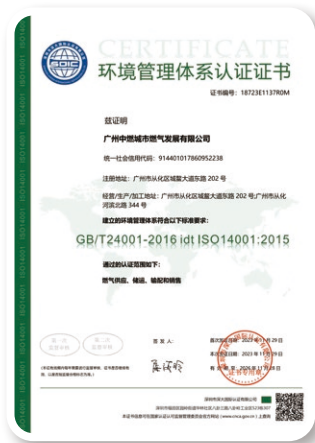
In order to ensure the effective implementation of the environmental management system, China Gas conducts group-wide environmental management system audits. Additionally, the Company evaluates its *Environmental Policy** (《環境政策》) on an annual basis to assess its implementation and efficacy. The assessment results are presented to the Sustainability Committee, enabling timely responses and any required revisions to further enhance environmental performance.

4. CAMPAIGNING ENVIRONMENTAL PROTECTION FOR GREEN CO-EXISTENCE

Environmental Governance Structure

At China Gas, the Board serves as the supreme decision-making authority regarding environmental matters. The Company has established a Sustainability Committee under the purview of the Board of Directors. The committee is tasked with supporting the Board in supervising the execution of environmental policies and enhancing environmental performance. It also regularly reports to the Board and provides recommendations on significant environmental decisions. Furthermore, the Committee includes a leading group (comprising senior management and executives) to efficiently coordinate and execute environmental management initiatives.

China Gas has been active in obtaining environmental management system certification. As of 31 March 2024, 88 project companies, whose revenue accounted for 62.49% of the Group's total, had obtained the Environmental Management Systems (EMS) Certification (ISO 14001).



ISO 14001 EMS Certification of Guangzhou China Gas City Gas Development Company Limited







ISO 14001 EMS Certification of Hangzhou China Gas City Gas Development Company Limited

4. CAMPAIGNING ENVIRONMENTAL PROTECTION FOR GREEN CO-EXISTENCE

Environmental Management Target

The Group has set the following environmental management targets and is striving to achieve them:

Environmental target	Target description
 Carbon emission target	<ul style="list-style-type: none"> To reduce carbon emissions intensity by 50% by 2030 compared with 2021 level To achieve carbon peak by 2030 To achieve carbon neutrality in its own operation by 2050³ To control the methane emissions intensity of the Group's own operating assets to within 0.15% by 2050
 Energy usage efficiency target	<ul style="list-style-type: none"> To reduce energy use intensity continuously
 Water usage efficiency target	<ul style="list-style-type: none"> To reduce water consumption by 16% with 2020 as the baseline year and 2025 as the target year
 Waste reduction target	<ul style="list-style-type: none"> To improve the collection and integration process of waste data continuously

To support the achievements of its environmental objectives, China Gas enhances the environmental management practices of all its business units and subsidiaries. The Company is dedicated to offering training programmes for employees to increase their awareness of the environmental implications of their daily tasks. Moreover, China Gas conducts educational and public activities to deepen comprehension of our environmental management policies and effects among internal and external stakeholders. These efforts are designed to minimise environmental risks and impacts as much as possible.

³ The business scope covers city gas business, value-added services, China Gas energy business, electric power and new energy business, digital development business, etc.

4. CAMPAIGNING ENVIRONMENTAL PROTECTION FOR GREEN CO-EXISTENCE

4.2 GREEN CONSTRUCTION

China Gas advocates for a closed-loop environmental risk management approach throughout the entire project lifecycle, from planning and design to construction, operations, and maintenance. Through a series of environmental protection measures including environmental impact assessment (EIA), environment-friendly design, and environment monitoring, it makes every effort to minimise the negative impact of engineering project construction and operations on the environment.

Project phase	Management measures
 <p>Planning and design</p>	<ul style="list-style-type: none"> • Environmental Impact Assessment: Before carrying out all projects, China Gas strictly follows the statutory process of EIA and implements the <i>Environmental Impact Assessment Report Outline</i>* (《環境影響評價報告綱要》) and the <i>Engineering Construction Risk Management and Control Guidelines</i>* (《工程建設風險管控指引》) formulated by the Group to identify potential environmental impacts and risks and develop response measures and protection plans. We invite third-party assessors to conduct EIA or Social Impact Assessments (SIAs), and promptly implement, follow up, and improve our response measures and protection plans based on the assessment results; • Environment-Friendly Materials and Processes: The steel pipes of the Group are all pre-coated with anti-corrosion layers to reduce the painting at the construction site and reduce the emission of volatile organic compounds (VOCs) pollutants at the construction site.
 <p>Construction</p>	<ul style="list-style-type: none"> • Waste Management: We push on construction site cleaning and garbage disposal to ensure regulated discharge of waste; during earthwork excavation, we backfill the original soil and recycle the mud through construction; • Noise Control: We strictly implement the prevention and control plan for construction noise pollution; scientifically arrange the construction time; and lay out and use construction machinery properly (such as using low-noise equipment); • Dust Control Measures: Dust control measures are taken for materials stacking during construction, including covering, watering, and spraying covering agents to reduce the impact of dust; • Land Greening: We actively implement environment restoration and re-greening measures after the completion of the project.
 <p>Operations and maintenance</p>	<ul style="list-style-type: none"> • Innovative Energy-saving Management Technologies: We promote the installation of leakage alarm systems by customers, and the use of automatic solenoid valve linkage for leakage alarm and remote cut-off at the outlet pipes by users in high-rises, to monitor potential emissions and energy use in real time; • Environmental Emergency Response Management: We develop environmental emergency response management systems and plans, clarifying measures, processes, and responsibilities to actively respond to potential environmental accidents or emergencies.

4. CAMPAIGNING ENVIRONMENTAL PROTECTION FOR GREEN CO-EXISTENCE

Case: Green Construction of Gas Pipeline Project in Pukou, Nanjing

During the construction of the gas pipeline project for the CSR Corporation Limited's medium voltage connection line in Pukou, Nanjing, China Gas adhered strictly to the construction blueprint and acceptance standards. The Company implemented measures such as backfilling, and compacting soil, transporting demolished concrete pavement and other collected construction wastes to the government-designated disposal sites, covering soil for transportation with canvas, and sprinkling water to control dust. China Gas is dedicated to preventing or reducing adverse effects of construction activities on the environment by ensuring compliance with construction requirements and executing practices such as soil backfilling, waste management, and dust control measures.



A Sprinkler Flushes the Road to Control Dust

4.3 GREEN OPERATION

China Gas is actively engaged in systematic carbon reduction and energy management, with efforts to enhance water resource management, emissions control, and methane emission control. The Company also promotes green office practices and endeavours to increase employee awareness regarding sustainable development. Furthermore, China Gas focuses on advancing the R&D, application, and cooperation of low-carbon technologies to facilitate the green and low-carbon transformation of the value chain and society as a whole.

Carbon Emission Management

China Gas has formulated a series of policy documents including the *Carbon Management Manual** (《碳管理手冊》), *Carbon Management Procedure Document** (《碳管理程序文件》), *Control Procedures of Carbon Management Objectives** (《碳管理目標控制程序》), *Control Procedures of GHG Emission Source Identification, Accounting and Reporting** (《溫室氣體排放源識別與核算報告控制程序》), *Control Procedures of Data Collection for Carbon Management** (《碳管理數據收集控制程序》), *Control Procedures of Carbon Management Training** (《碳管理培訓控制程序》), and *Control Procedures of Carbon Management Monitoring, Measurement, and Analysis** (《碳管理監視測量和分析控制程序》) to provide guidance for the comprehensive implementation of carbon management.

4. CAMPAIGNING ENVIRONMENTAL PROTECTION FOR GREEN CO-EXISTENCE

In this financial year, China Gas carried out a comprehensive review of its carbon management system and delivered the *Carbon Management Review Report** (《碳管理評審報告》). This report assessed the Company's carbon management policy, progress towards targets, as well as the compliance and effectiveness of the carbon management system's operation. China Gas took proactive measures to address any identified issues, and made continuous efforts to improve carbon emission reduction performance. Furthermore, the Company collaborated with third-party organisations to obtain carbon asset management certification, conduct annual carbon emission accounting, undergo internal and external reviews, and carry out compliance evaluations. China Gas received a certificate for its carbon management system evaluation in September 2023.



Carbon Management System Certification



Demonstration Organisation for Implementation of Carbon Management System Standard



2022-2023 Excellent Case Certificate of EATNS Carbon Management System

4. CAMPAIGNING ENVIRONMENTAL PROTECTION FOR GREEN CO-EXISTENCE

In FY2023/24, the greenhouse gases generated during the Group's operations mainly came from fossil fuels consumed in operations, fugitive emissions during the transmission or transportation of natural gas and petroleum gas, as well as non-renewable electricity consumed by project companies on distributed thermal power business for external heating and operations.

Indicator	Unit	Major sources	FY2023/24	FY2022/23
Scope 1: Direct GHG emissions (Internal use)	tCO ₂ e	Fossil fuels consumed in operations, fugitive emissions during the transmission or transportation of natural gas and petroleum gas	77,034.87	79,186.73
Scope 1: Direct GHG emissions (Integrated energy business)	tCO ₂ e	Consumption by project companies of thermal power business for external heating	182,797.66	152,357.78
Scope 2: Indirect GHG emissions	tCO ₂ e	Consumption of non-renewable electricity during operation	102,121.06	106,205.14
Scope 3: Other indirect GHG emissions	tCO ₂ e	Air travel by employees	891.91	410.85
		Purchased goods and services	12,017,923.37	–
		Upstream transportation and distribution	572,426.40	–
		Use of sold products	43,156,800.00	–
Total GHG emissions	tCO ₂ e		56,109,995.26	338,160.50
Total GHG emissions (excluding the integrated energy business)	tCO ₂ e		55,927,197.60	185,802.72

In the management of electricity transmission and distribution, we adopt measures to enhance the reliability of the transmission and distribution system and reduce its losses, with a view to achieving customer satisfaction in terms of service quality, safety and reliability, while avoiding cost increases and unnecessary GHG emissions. In FY2023/24, the SAIDI and the line loss data⁴ for the Group's transmission and distribution systems are shown as follows:

Indicator	Unit	110kV		10kV
		Transmission line	Distribution network	
System average interruption Duration index (SAIDI) ⁵	hour	0		2.10
Line losses ⁶	%	0.60		2.87
Technical allocation line losses ⁷	%	0.50		2.50

⁴ The system average interruption duration index and line loss data for the transmission and distribution system were sourced from the Hengshan Science City supply area (commissioned in October 2022).

⁵ System Average Interruption Duration Index (SAIDI) is the average duration of interruptions per customer service, measured in time units (hours) over a one-year period, and is equal to the sum of all customer interruption durations divided by the total number of customers served.







⁶ 'Line losses' calculation method: The line loss of the 110kV transmission line is equal to the difference between the measured value of the 110kV line and the value on the outgoing side of the 110kV main transformer, divided by the value on the outgoing side of the 110kV main transformer; The line loss of the 10kV distribution network is equal to the difference between the 10kV metered value at the checkpoint and the value on the low-voltage side of the 10kV transformer, divided by the value on the outgoing side of the 10kV transformer.

⁷ 'Technical allocation line losses' calculation method: The technical allocation line loss of the 110kV transmission line is equal to 110kV line resistance times current and voltage, plus the calculated losses from the main transformer, all divided by the total transmission energy; The technical allocation line loss of the 10kV distribution network is equal to 10kV line resistance times current and voltage, plus the calculated losses from the transformer, all divided by the total supply energy.



4. CAMPAIGNING ENVIRONMENTAL PROTECTION FOR GREEN CO-EXISTENCE

Methane Emission Control

Methane emission control is a crucial aspect of reducing emissions in city gas. China Gas has implemented a stringent regulatory framework to control methane emissions, which includes a methane monitoring, reporting, and verification system. We have established a dedicated methane control working group to comprehensively promote methane emission verification and experimental research on methane emissions from gas facilities. We have taken a series of methane control measures to effectively prevent methane leakage and emissions during production and operations. China Gas expects to achieve a maximum of 16% methane emission reduction per year by employing the following measures:

Methods for methane emission control	Specific measures
 Intrinsic safety management of equipment	<ul style="list-style-type: none"> Strengthen the renovation of old pipelines and planned equipment and facilities maintenance of stations and pipeline network to ensure the intrinsic safety of pipelines and ancillary equipment, and strengthen the inspection of pipelines and ancillary facilities to prevent third-party damage and reduce gas leakage.
 Anti-corrosion layer inspections and management of cathode protection systems	<ul style="list-style-type: none"> Enhance the effective management of cathode protection systems for steel pipes and increase the frequency of anti-corrosion layer inspections to reduce leakage due to pipeline corrosion.
 Emission control during pipeline connection and maintenance	<ul style="list-style-type: none"> Utilise indirect replacement methods during pipeline connection and maintenance to reduce methane emissions.
 Remote real-time leak monitoring	<ul style="list-style-type: none"> Install remote leakage detection devices on pipelines, pipe sections, and valve wells to enable 24-hour monitoring, ensuring immediate responses to leaks to reduce methane emissions.
 Application of leakage detection equipment	<ul style="list-style-type: none"> Deploy PPB-level vehicle laser methane leakage detection vehicles and Bei Dou high-precision positioning devices to proactively identify and handle leakage points.
 Application of BOG recycling technology	<ul style="list-style-type: none"> Recycle boiled off gas (BOG) released by LNG transport tankers and gas storage facilities to reduce methane emissions during storage and transportation.

4. CAMPAIGNING ENVIRONMENTAL PROTECTION FOR GREEN CO-EXISTENCE

Methods for methane emission control	Specific measures
 <p data-bbox="261 571 528 674">Application of digital and intelligent technology and systems</p>	<ul data-bbox="592 513 1428 653" style="list-style-type: none"> • Utilise information technology such as supervisory control and data acquisition (SCADA) platform, inspection system, and GIS system to monitor business scenarios and send early warnings in real time to improve leak response speed.
 <p data-bbox="268 763 518 827">Employee training and awareness enhancement</p>	<ul data-bbox="592 735 1428 799" style="list-style-type: none"> • Provide professional training to employees on the impact of methane on the environment to enhance their environmental awareness.

China Gas is an active member of both domestic and international methane emission reduction alliances and organisations. The objective is to exchange knowledge and insights from advanced industry practices within and outside China to foster mutually beneficial green development. As the first Chinese business to join the Oil and Gas Methane Partnership (OGMP) under the United Nations Environment Programme (UNEP), China Gas meets the rigorous “Gold Membership” criteria. The Company has devised comprehensive scientific and actionable medium-to-long-term strategies for reducing methane emission reduction, with the goal of enhancing China’s oil and gas sector’s methane emission management to a higher standard. Furthermore, China Gas is dedicated to sharing expertise and technologies with fellow members globally, actively advancing research and advocacy for methane emission standards based on leading global practices. This includes the gradual establishment of an emission factor database for China’s city gas transmission and distribution system.

4. CAMPAIGNING ENVIRONMENTAL PROTECTION FOR GREEN CO-EXISTENCE

Case: China Gas Has Successfully Passed the Evaluation and Reached the Gold Standard of OGMP2.0

OGMP was first launched in 2014 and is the only international environmental protection organisation and Climate and Clean Air Coalition (CCAC) dedicated to methane-related multi-stakeholder initiatives worldwide. Its emission reduction targets have covered the upstream, midstream, and downstream areas of the oil and natural gas industry. The organisation has brought together governmental organisations, international organisations, non-governmental organisations, and excellent industry-leading enterprises. Currently, there are 62 membership units from five continents, collectively representing oil and gas production that makes up 30% of the world's total output. Membership units are obligated to declare their own emission reduction targets and undergo periodic evaluations. This initiative is designed to heighten awareness of methane emissions and garner increased global attention to support worldwide ecological and environmental preservation efforts. In order to meet the Gold Standard, China Gas has promised OGMP that by 2025, the methane emission intensity of its operating assets will be controlled within 0.15%.

OGMP is highly rigorous and professional on reporting and data reviews. Within two years in OGMP, China Gas actively coordinated its resources to advance OGMP-related efforts. In this financial year, we have formulated the *Implementation Plan for OGMP Methane Emission Detection of China Gas Holdings Limited** (《中燃集團OGMP甲烷排放檢測實施方案》), carried out methane emission detection plans for five major categories and 16 assets, and conducted methane emission accounting for transmission and distribution systems and long-distance pipeline assets. The Company has also deployed multiple experimental research plans, including long-distance pipelines, municipal pipeline network, pressure regulating and metering stations, distribution stations, CNG gas supply stations, and LNG gasification stations. On 21 July 2023, China Gas successfully passed the OGMP evaluation and reached the Gold Standard of OGMP 2.0, which means that China Gas has not only achieved quality improvement and a leap in methane emission reduction efforts, but also become an operator in line with globally recognised methane Gold Standard, becoming part of the global network of excellent peers.

In addition, as a member of the Methane Emission Control Alliance of Chinese Oil and Gas Companies, China Gas is dedicated to fostering the exchange of technology and experience in methane emission control among alliance enterprises, as well as between the alliance and other enterprises in and out of China. The Company actively carries out research and advocacy for methane emission control standards, promotes the standardisation and transparency of industry emission data, and disseminates best practices from Chinese oil and gas companies. These efforts aim to encourage collaborative industry action towards reducing methane emissions.

4. CAMPAIGNING ENVIRONMENTAL PROTECTION FOR GREEN CO-EXISTENCE

Low-carbon Operation Mode

China Gas actively pursues low-carbon transformation of its operating fleet and has formulated the *China Gas Vehicle Management System** (《中燃集團車輛管理制度》) to provide clear guidance for the allocation, updating, and procurement management of vehicles for its subsidiaries. When purchasing vehicles, we prioritise economy vehicles with small engine displacements. Additionally, we actively advocate for the replacement of fuel vehicles with electric ones, gradually working towards achieving a green transformation of the fleet. We intend to replace administrative fuel vehicles with electric ones gradually, with the proportion of 50% and 100% by 2025 and 2029, respectively. In addition, we have established a smart logistics system, optimised the supply chain and vehicle scheduling, and maximised the use of clean energy vehicles such as electric vehicles and hydrogen-powered vehicles on the premise of safety. Meanwhile, we have accelerated our moves in green transportation, promoted the construction of supporting facilities such as charging stations, and assisted in the development of a low-carbon logistics ecosystem. We have also actively taken actions for low-carbon transformation in the office buildings. We are continuously increasing the proportion of renewable energy use and decreasing carbon emissions generated by our own electricity consumption. This is achieved through the energy-saving renovation of air conditioning systems within buildings, the development of distributed photovoltaics, the promotion of BIPV, wind power and other new energy generation projects. During the Reporting Period, the annual PV power generation of the China Gas Building accounted for about 3% of the total electricity consumption.

Case: Energy-saving Renovation of Buildings and PV Deployment and Construction Contribute to China Gas' Low-carbon Transformation

China Gas conducted energy-saving renovations with the multi-split air conditioning units at the China Gas Building, adding evaporation and condensation modules to outdoor air conditioning units to improve the energy efficiency ratio of multi-split air conditioners. The project was completed on 30 April 2023 and a third-party organisation has verified that it can achieve an average comprehensive power saving rate of 24.63%. Furthermore, China Gas has registered the completion of a BIPV project and an embedded PV project of approximately 145kW at the China Gas Building. We are actively promoting the construction of rooftop PV projects totalling approximately 588kW by our subsidiaries and branches in Fujian, Shaanxi, Guangxi, Hunan, and other regions.

4. CAMPAIGNING ENVIRONMENTAL PROTECTION FOR GREEN CO-EXISTENCE

Energy Usage Management

China Gas is committed to building and improving an energy management system. It has set energy management goals including energy consumption of transportation vehicles of hazardous goods and station operations. It monitors and reviews energy consumption in operational links to be promptly updated on the energy consumption situations and adjust energy consumption plans accordingly. We improve energy utilisation efficiency and energy conservation and emission reduction benefits by adopting comprehensive measures, including focusing on the upgrading and renovation of old equipment, optimising technological processes, introducing green and energy-saving designs and adopting low-carbon energy applications. In addition, we provide training on energy management for the operation modules and production and operation leaders of project companies, continuously enhancing their awareness of energy conservation and emission reduction. During the Reporting Period, the total direct energy consumption of the Group was 4,407,894.46 GJ, with energy intensity of 0.003 GJ/GJ of energy sold, which was mainly derived from natural gas, petrol, diesel, LPG, heavy oil and purchased electricity used for daily operations and transportation.

Statistics of direct energy consumption in FY2023/24:

Fuel	Unit	Consumption in FY2023/24	Consumption in FY2022/23
Petrol	ton	7,096.55	7,546.69
Natural gas for internal use	m ³	15,567,876.98	14,236,803.05
Natural gas consumed by integrated energy business	m ³	89,677,457.85	75,325,451.71
Diesel	ton	3,663.56	4,101.51
LPG	ton	69.84	27.83
Heavy oil	ton	743.57	1,295.62
Kerosene	ton	0	0.02

Energy	Unit	Consumption in FY2023/24	Consumption in FY2022/23
Non-renewable electricity consumption	kWh	183,407,070.82	174,078,248.26
Renewable electricity consumption	kWh	485,374.30	380,500.00

4. CAMPAIGNING ENVIRONMENTAL PROTECTION FOR GREEN CO-EXISTENCE

Water Resource Management

China Gas has been enhancing its water management system and has set water management objectives. We are committed to reducing water consumption by 16% with 2020 as the baseline year and 2025 as the target year. This objective has been broken down into targets to be achieved by different operation sites:

- The standard for administration buildings: 70 litres per person per day;
- The standard for water consumption in dispatch centres, office buildings of stations, customer service centres and some other offices: 100 litres per person per day;
- The water replenishment standard for gas boilers: Less than three tons per month; and
- The water replenishment standard for fire reservoirs: Less than five tons per month.

To achieve its water conservation targets, China Gas has implemented a water efficiency management plan that involves all employees. We have established water utilisation systems and processes, as well as implemented various water conservation management measures in projects and offices:

- Use recycled water for natural gas compressors, ice makers, sprinkler systems, and other water consumption appliances to improve water efficiency;
- Install facilities for rainwater collection to recycle water;
- Adopt induction-type faucets and flushing devices to save water;
- Regularly inspect and maintain water pipes, valves, and other facilities to reduce water waste caused by leakage;
- Select easy-to-grow, drought-resistant plants, and develop a reasonable watering schedule based on the plant type, season, and environmental conditions to reduce water waste during the green plant maintenance;
- Post water conservation signs, conduct employee training and strengthen publicity on environmental protection to raise employees' environmental awareness and responsibility.

4. CAMPAIGNING ENVIRONMENTAL PROTECTION FOR GREEN CO-EXISTENCE

During the Reporting Period, the total water consumption of the Group was 2,901,566.03 tons; the water consumption intensity was 1.82 kg/GJ of energy sold.

Water consumption by source	Unit	FY2023/24	FY2022/23
Municipal water supply or other water facilities	ton	2,722,189.64	2,577,736.25
Groundwater	ton	69,772.39	52,639.46
Surface water	ton	85,660.00	104,833.00
Sea water	ton	23,944.00	19,367.70
Total	ton	2,901,566.03	2,754,576.41

China Gas strictly adheres to relevant laws and regulations, including the *Air Pollution Prevention and Control Law of the People's Republic of China*, and consistently enhances its water pollution prevention and control system. By following the principles of "focusing on source control, strengthening monitoring methods, adopting centralised wastewater treatment, and improving emergency response system", the Company actively works to control and prevent potential water environment pollution. China Gas ensures that the impacts of its activities on water align with national standards and requirements through various measures to prevent and control water pollution:

- Strengthen the collection and treatment of wastewater, and regularly inspect wastewater treatment devices and wastewater tanks to prevent leakage of production and domestic wastewater and avoid pollution to the water environment in the surroundings;
- Take anti-seepage measures for the wastewater treatment devices, wastewater tanks and garbage bins, and construct rain and wastewater diversion systems within the stations;
- Establish special emergency plans for water sources, formulate water pollution prevention and control systems and processes, clarify the obligations of each department, and monitor water quality; in case of a water pollution accident, activate emergency plans promptly, identify and cut off pollution sources, and escalate the extent and scope of pollution;
- Adopt wastewater treatment technologies such as the biological treatment and membrane technology to treat and recycle wastewater, so as to recycle water resources and reduce water stress and water waste;
- Provide employees with training on water conservation to enhance their environmental awareness and sense of responsibility, thereby further reducing the risk of water pollution.

4. CAMPAIGNING ENVIRONMENTAL PROTECTION FOR GREEN CO-EXISTENCE

The Group's wastewater mainly includes production wastewater, equipment washing wastewater and employees' domestic wastewater. During the Reporting Period, the Group's total wastewater discharge was 1,421,876.00 tons.

Wastewater discharge by destination	Unit	FY2023/24	FY2022/23
Municipal wastewater treatment plants or other wastewater treatment facilities	ton	893,526.65	1,534,041.66
Groundwater	ton	80,208.07	12,129.17
Surface water	ton	447,972.27	58,068.48
Sea water	ton	169.00	0
Total	ton	1,421,876.00	1,604,239.31

Emissions Management

Waste Gas Management

China Gas strictly complies with relevant laws and regulations including the *Air Pollution Prevention and Control Law of the People's Republic of China*, the *Integrated Emission Standard of Air Pollutants*, and the *Emission Standard of Air Pollutants for Boiler*. It has taken multiple measures to control waste gas emissions, including strengthening the maintenance and renovation of old equipment, optimising engineering technology, and promoting the use of clean energy and clean energy appliances (such as developing natural gas boilers, biomass boilers, and heat pumps and implementing the "coal-to-gas conversion" project) in production and operations, in a bid to reduce the consumption of traditional fossil fuels and keep reducing waste gas emissions in business operations.

Statistics of direct gas emissions:

Waste gas emissions	Unit	Emission in FY2023/24	Emission in FY2022/23
Particulate Matter (PM)	ton	21.18	28.96
Sulphur Dioxide (SO ₂)	ton	6.22	9.52
Nitrogen Oxides (NO _x)	ton	97.07	133.05

Waste Management

Strictly complying with relevant laws and regulations, including the *Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste* (《中華人民共和國固體廢物污染環境防治法》), China Gas has established its waste management systems, set waste reduction goals, and adopted resource utilisation measures such as waste sorting, reduction, and recycling to improve the overall resource utilisation efficiency and minimise the adverse effects of operational activities on the environment.

4. CAMPAIGNING ENVIRONMENTAL PROTECTION FOR GREEN CO-EXISTENCE

Material consumption statistics:

Material	Unit	Consumption in FY2023/24	Consumption in FY2022/23
LPG cylinder	pcs	289,138	266,877
Lubricant	ton	85.83	33.73
Paper product/cardboard	ton	201.41	641.72
Plastic	ton	0.64	6.05
Styrofoam	ton	114.87	344.32
Odorant	ton	308.40	344.32

Waste generation and disposal:

Waste	Sources of waste	Disposal method	Unit	Generation in FY2023/24	Generation in FY2022/23
Non-hazardous waste	Mainly comprises waste from offices, non-hazardous parts produced during the manufacturing and maintenance of gas appliances, and a small amount of waste generated from cleaning of the gas transmission pipelines, etc.	Regular transportation and disposal by the environmental hygiene department after collection	ton	21,350.75	22,427.15
Hazardous waste	Mainly comprises waste batteries, waste lamps, waste machinery oil, hazardous and expired chemicals and hazardous metals from the waste circuit boards of gas appliances, etc.	Entrusting recycling units with relevant qualifications for compliant disposal	ton	71.10	77.34

Case: Handling and Effective Utilisation of Excess Inventory of Materials

China Gas moves fast to handle the excess inventory of materials. The Company organises relevant departments to conduct in-depth research and analysis on key backlogged categories, based on which we produce classified response methods as well as handling and utilisation plans, and reuse the excess inventory through multiple ways. For example, to handle the PE pipe fittings, one of the key backlogged categories, the bidding and procurement management department collaborated with multiple departments to conduct multiple rounds of research and analysis, prepared and published some documents and work guidelines including the *Classification and Handling Measures for Backlogged PE Pipe Fittings** (《庫存PE管件分類處置辦法》), and organised the *Research Project of Classification and Handling of Backlogged PE Pipe Fittings** (《積壓PE管件分類處理研究項目》), making every effort to promote the effective utilisation of backlogged materials. Throughout this financial year, the Company conducted impairment calculations on backlogged materials of nearly 400 project companies, and encouraged the organisations with property rights to attach more importance to and support the redistribution of backlogged materials, to reduce material scrapping and waste generation while improving material efficiency.

4. CAMPAIGNING ENVIRONMENTAL PROTECTION FOR GREEN CO-EXISTENCE

Green Office

China Gas promotes green office practices and aims to establish a resource-conserving corporate culture among its employees. The Company has formulated the *7S Office Environmental Management System** (《7S辦公環境管理制度》) promoting office environmental management following the principles of “Sort, Set in order, Shine, Standardise, Sustain, Safety and Save”. Meanwhile, we cooperate with Fuji Xerox to implement the *Office Printing Improvement Programme** (《辦公文印改善方案》), encouraging employees to develop good printing habits and promoting the use of environment-friendly consumables and equipment. In addition, in this financial year, the Company has issued the *China Gas Management Regulations on Business Travel** (《中燃集團出差管理規定》) to regulate employees’ business travel and reception behaviours, and implemented a series of green office measures to promote resource recycling and reduce energy consumption and greenhouse gas emissions.

- Strengthen energy conservation: Save electricity in the office by adjusting and controlling air conditioning;
- Advocate green office habits: Encourage employees to print on both sides of the paper to reduce paper usage and encourage them to share office supplies to improve the utilisation rate of office supplies;
- Promote paperless office: Keep optimising electronic office systems, promoting video conferencing, and reducing business travels.

Case: Building a Remote Mobile Office Platform and Operating with the Concept of Green Office

China Gas has introduced a dedicated remote mobile office platform called “China Gas+”, to offer employees mobile and integrated remote office solutions. This platform supports flexible work modes, facilitates efficient communication, and encourages information sharing among employees. This platform has effectively integrated collaborative tools including online conferencing, instant messaging, document editing and sharing, task management, and scheduling to meet the daily office needs of employees within the Group. The total number of online conferences on this platform this year exceeded 72,000. The effective implementation of remote work and online conferencing has, to some extent, reduced the demand for offline meetings, commuting, and business travels for employees, facilitating the reduction of GHG emissions and the implementation of green office concepts.

4. CAMPAIGNING ENVIRONMENTAL PROTECTION FOR GREEN CO-EXISTENCE

4.4 BIODIVERSITY CONSERVATION

China Gas is dedicated to safeguarding biodiversity by reducing or mitigating the potential adverse effects and risks of its operations and supply chain activities on natural habitats, important habitats, reserves, and biodiversity. The Company enhances its biodiversity conservation system, reinforces efforts in eco-environment protection, conducts biodiversity risk identification and management, and advocates environmental protection through various channels. These initiatives aim to raise stakeholders' awareness of environmental protection and support the promotion of harmonious coexistence between human and nature.

During the Reporting Period, China Gas conducted environmental impact assessments on nine key projects, which covered 320.41 hectares of operating sites. The Company diligently monitored and maintained environmental protection measures for all of these projects.

Biodiversity Conservation System

China Gas has formulated the *Biodiversity Protection Policy** (《生物多樣性保護政策》), which clearly stipulates that when selecting the routes and sites during project design, we should try to bypass environmental reserves of residential areas, water sources, cultural relics, natural forests, etc.; We should develop special protection plans for animals and plants and consider setting proper water conservation measures to prevent soil and water loss, in a bid to maintain the living environment of local animals, plants, and microorganisms and protect ecological balance. Meanwhile, based on the *Supplier Code of Conduct** (《供應商行為準則》), we call on suppliers to actively carry out and invest in ecological protection practices such as biodiversity conservation, river clearing, afforestation, and rare species protection, comply with the requirement of no deforestation, and take measures such as planting grass and trees on land with greening conditions to reduce the time of land exposure.

Biodiversity Risk Assessment

China Gas proactively identifies and manages risks associated with its business activities that could impact biodiversity and ecosystems, particularly in ecologically sensitive areas where pipeline engineering projects may lead to changes in the land surface environment.

4. CAMPAIGNING ENVIRONMENTAL PROTECTION FOR GREEN CO-EXISTENCE

Environmental factors	Construction phase								Operation phase				
	Construction belt cleaning	Pipe trench excavation	Pipe crossing	Station construction	Pipeline pressure test	Construction access road	Vehicle-based transport	Pipeline overhaul	Equipment operation	Pipeline operations	System overpressure venting	Operational exception incident	
Soil erosion	●	■	▲	▲		▲							
Surface vegetation	■	■		●		●						●	
Air quality	▲	▲	▲	▲	▲	●	▲	●	▲	●	●	■	
Acoustic environment		●	▲	●	●	●	●	●	▲	●	●	■	
Surface water			●									●	
Groundwater			▲		▲							▲	
Wildlife	●	▲				▲	▲					■	
Soil quality		▲				▲							
Natural landscape	▲	▲	▲	▲		▲						▲	

Note: ■ Major impact ▲ Minor impact ● No obvious impact

Environmental and Biodiversity Risks during Construction and Operations of Engineering Projects

4. CAMPAIGNING ENVIRONMENTAL PROTECTION FOR GREEN CO-EXISTENCE

To minimise the impact of construction on the ecological environment, China Gas conducts environmental impact and biodiversity risk assessments on all high-risk projects, and has developed response measures for identified biodiversity risks to reduce the impact of construction and operations on the environment.

Risk category	Risk description	Risk response and mitigation measures
Impact on biodiversity	Land damage, water pollution and wildlife habitat destruction may occur during the gas exploitation process, which may affect the stability of local ecosystems and species diversity.	<ul style="list-style-type: none"> • Conduct biodiversity assessments, establish wildlife conservation areas and develop special protection plans; • Strengthen eco-environment monitoring and take measures to protect the ecosystem; • Adopt ecological restoration techniques to restore damaged ecosystems; • Result in net increases or no net decrease in biodiversity through compensatory measures including biodiversity offsetting.
Impact on terrestrial wild animals	Construction and operation activities may damage the habitats of wild animals and affect their food chains and migration routes. In addition, natural gas pipelines may cause adverse effects on wild animals such as collision and accidental injury.	<ul style="list-style-type: none"> • Take multiple measures to protect important wildlife habitats, including establishing reserves, developing animal and plant protection plans, and preparing special plans. Refine the protection measures in strict accordance with the approved construction plans, including reserving access roads to protect trees and seedlings, and taking directional drilling for crossing in such areas as fish ponds;
Impact on wild plants	The roots of plants and soil may be damaged during the gas exploitation process, which may affect the growth and reproduction of plants. In addition, construction and transportation activities may damage plant communities and affect the stability of the ecosystem and species diversity.	<ul style="list-style-type: none"> • Greening along the pipelines and pipeline network and in the stations shall be carried out in accordance with the principles of “matching sites with trees, and matching sites with grass”. Compensation measures will be taken to offset the necessary occupation of forest resources, including conducting vegetation restoration by replanting plants following the planting principles; • Restore the affected animal habitats and rescue the animals in need of immediate assistance; • Carry out cooperation in wild plant cultivation and research to promote the recovery and growth of wild plant populations.

4. CAMPAIGNING ENVIRONMENTAL PROTECTION FOR GREEN CO-EXISTENCE

Risk category	Risk description	Risk response and mitigation measures
Permanent site impact	Natural gas pipeline construction needs to occupy land resources, which may have a permanent impact on the local ecosystem and species diversity. In particular, the occupation of wildlife habitats may result in a reduction in the number and diversity of local species.	<ul style="list-style-type: none"> Bypass ecological redline areas when selecting project site, arrange a reasonable layout, and minimise land acquisition while meeting the requirement of normal and safe distance; Provide ecological compensation to offset inevitable land occupation and carry out greening and renovation for occupied wasteland and construction sites.
Impact on the agricultural ecology	Pipeline construction may damage farmland water conservancy and irrigation systems, affecting agricultural production and the stability of the ecosystem. In addition, the gas exploitation process may pollute the soil and water and affect the health of local agricultural production and the ecosystem.	<ul style="list-style-type: none"> Assess the impact of construction on irrigation systems, promote measures to protect water sources, and take measures to protect farmland surrounding the construction area; Actively adopt ecological restoration techniques to restore damaged ecosystems, such as setting up cut-off walls on pipelines, and installing drainage pipes and sowing grass seeds on slopes for slope protection after restoring the original appearance of field ridges.
Impact on farmland	The construction process may damage farmland soil, water sources and crops, affecting local agricultural production and the stability of the ecosystem.	
Impact on farmland irrigation system	The construction process may damage irrigation channels and water sources and affect the supply of water resources in farmland. This may lead to poor crop growth, thus affecting agricultural production and the health of local ecosystems.	
Impact on soil environment	The gas exploitation process may pollute the soil and water and affect the health of the local ecosystem and agricultural production. In addition, pipeline construction may damage the soil structure and quality and affect soil's rigidity, and at the same time, the impact of construction waste on the soil environment, affect the growth of local vegetation and the stability of the ecosystem.	
		<ul style="list-style-type: none"> Timely restore the surface and soil after the completion of the project to reduce soil erosion; Grow plants in all reclamation areas to restore the ecological environment, and select suitable plant species that have economic and ornamental value according to the local environmental conditions, making every effort to keep the restored ecosystem the same as the original ecosystem.

4. CAMPAIGNING ENVIRONMENTAL PROTECTION FOR GREEN CO-EXISTENCE

Case: Biodiversity Conservation Measures of China Gas in Huanggang High-Pressure Pipeline Network Renovation Project

The Huanggang High-Pressure Pipeline Network Renovation Project (East-West Line) is a key infrastructure project to enhance the natural gas supply in Huanggang and its surrounding areas, involving the construction and renovation of multiple gas pipelines. Therefore, during the construction and operations, the project team has taken a series of environmental and ecological protection measures:

- In terms of preventive measures, a detailed EIA was conducted during the planning phase of the project, including assessing the impact of the project on terrestrial ecology, aquatic ecology, biodiversity, and functional structure of the ecosystem. We also tried to avoid construction in ecologically sensitive areas. For example, based on on-site surveys, quadrat surveys, interviews, and specimen identification in the early stages of the project, we had come to the conclusion that there were no plants under special protection by the state, nor were there any ancient trees or precious trees distributed within the evaluation scope of this project.
- In terms of emission reduction measures, the project adopts stringent emission management procedures during the construction to reduce the emissions of construction waste and waste gas, in a bid to mitigate the impact on air quality and the ecosystem. For example, the project requires that the groundwater level, water quantity, and water quality within the construction scope should be monitored; pipeline laying should be conducted with high quality and quality materials should be used to avoid accidents such as pipeline rupture, as well as pollution of groundwater caused by waste and scrap materials in the rush for repairs.
- In terms of renewal and restoration measures, the project adopts ecological restoration measures in the construction-affected areas, including growing local plants and trees to improve biophysical functions and ecosystem productivity. For example, after construction, effective measures such as restoration through manual efforts and greening for bank reinforcement are taken to mitigate and restore environmental impacts, in a bid to rebuild the aquatic and wetland ecosystems. Based on the analysis of natural conditions such as soil and climate in the areas where the pipelines pass, tree planting and grass growing are also adopted to accelerate vegetation restoration.

4.5 ENVIRONMENTAL ADVOCACY

For years, China Gas has been actively implementing environmental protection advocacy and strengthening its practices of corporate social responsibility. We promote greening plans in the office areas for a green office environment and actively participate in biodiversity conservation education. Diverse environmental protection publicity campaigns and public welfare actions are organised to enhance the ecological protection awareness of our employees and the public, aiming to facilitate the joint development of enterprises and society towards a sustainable future.

4. CAMPAIGNING ENVIRONMENTAL PROTECTION FOR GREEN CO-EXISTENCE

- Office greening: We incorporate greening design principles into our operating environment and focus on greening in the office and living areas. Ornamental evergreen trees are planted around the office buildings. We also set flowerbeds and small gardens.
- Biodiversity conservation education: We promote education on awareness of biodiversity conservation among all employees and biodiversity conservation measures in the project locations, committed to protecting the ecological environment and promoting sustainable development. Through internal training, publicity, and public education activities, we try to enhance the awareness of biodiversity conservation among employees and the public.
- Environmental protection publicity campaigns and public welfare actions: During project construction and operations, China Gas attaches importance to carrying out environmental education activities, guiding employees and the public to understand and pay attention to the natural ecological environment, and enhancing their ecological protection awareness and sense of responsibility. Through internal environmental protection publicity and education activities, we make continuous efforts to raise employees' awareness of environmental protection and encourage them to practise resource conservation and low-carbon lifestyles. Meanwhile, we actively establish platforms for communication with the government, media, the public, and other stakeholders, and we also participate in environmental protection and public welfare activities. We also spread environmental protection concepts and our practical achievements to the public through diversified channels, including the official website, WeChat Official Account, and news media, in a bid to raise public awareness of environmental protection and improve public engagement.

4. CAMPAIGNING ENVIRONMENTAL PROTECTION FOR GREEN CO-EXISTENCE

Case: Baotou Gas Co., Ltd Launched a Voluntary Tree-planting Campaign on the Tree-Planting Day

On 12 March 2024, the Second Party Branch of Baotou Gas Co., Ltd., along with the Party Branch of Qingshi Branch and Beijia Community, jointly launched a Themed Party Day activity, with the theme of “Ten Miles of Spring Breeze • Planting Trees with You” (春風十里 • 正「植」有你). The Party members who participated in this event attentively listened to a popular science overview on forestry, the history of Tree-Planting Day, and tree characteristics and planting techniques. Subsequently, the participants enthusiastically engaged in environmental protection actions including picking up garbage and cigarette butts and organising bicycles. They also did watering and weeding to create a healthy environment for trees. In this voluntary campaign, the company fully leveraged the exemplary and leading role of Party members and cadres, who safeguard the green space with actions, to encourage more people to develop and improve their awareness of ecological civilisation.



Voluntary Tree-planting Campaign

4.6 GREEN FINANCE

China Gas is actively exploring diversified green financial tools and sustainable financing channels. It acquires green financing through green bonds and green loans, investing the proceeds in qualified green projects to help society and the Group to achieve long-term sustainable development. The Group has linked indicators such as energy and emissions, employee training, and gender issues with the SDGs in various overseas financing arrangements. It also delivers infrastructure services and generates local employment opportunities in rural areas. As of 31 March 2024, the Group’s ESG-related loans had reached an equivalent of HK\$9.64 billion.

4. CAMPAIGNING ENVIRONMENTAL PROTECTION FOR GREEN CO-EXISTENCE

- Sustainability-linked loan: China Gas initiated a sustainability linked loan of RMB300 million in accordance with relevant standards including the *Sustainability-Linked Loan Principles* (《可持續發展關聯貸款原則》) (SLLP) (March 2022), UN SDGs (《聯合國可持續發展目標》), and the *Performance Standards on Environmental and Social Sustainability* (2012) (《環境和社會可持續性績效標準》(2012年)) (International Finance Corporation, IFC), which has already been linked with the Company's sustainability performance goals, which means that from 2022 to 2024, the increase of China Gas's investment in the new renovation projects for the old natural gas pipeline network should be no less than 700 kilometres per year in length. The loan aims to support China Gas in implementing long-term sustainability strategies and has obtained the green assessment certification report provided by the Lianhe Equator⁸ for this sustainability-linked loan.
- Social responsibility syndicated loan: In June 2022, China Gas Capital Management Co., Ltd., a wholly-owned subsidiary of China Gas, signed a three-year social responsibility syndicated loan agreement at an equivalent amount of US\$500 million with multiple overseas banks. This project, as the first social responsibility syndicated loan in the Greater China region, has innovatively combined the Group's rural coal-to-gas projects in Northern China and the UN SDGs, and incorporated compliance and performance clauses of social responsibility loans based on the international "Green Finance Loan Framework" principles. This syndicated loan agreement can not only optimise the Group's debt structure, reduce financing costs, and strengthen cooperation with banks, but also demonstrate China Gas's commitment to promoting win-win development for society and the Group, laying a solid foundation for the Group to achieve high-quality and sustainable development strategies. The project has won the Outstanding Award for Green and Sustainable Loan Issuer – Visionary Social Responsibility Framework Award and the Pioneering Organisation in Climate Disclosure Planning granted by Hong Kong Quality Assurance Agency, along with the Annual Award for Best Social Responsibility Loan granted by *The Asset* of Hong Kong.
- Green medium-term notes⁹: In October 2022, China Gas's wholly-owned subsidiary incorporated in China successfully issued the first green medium-term notes of RMB1 billion with a term of 3+2 years of the gas industry in the interbank bond market in China. The proceeds will mainly be used to promote methane management, including investment in pipeline network inspection and testing, equipment maintenance, and other areas to reduce methane emissions. On 25 April 2023, the Group obtained the assessment certification from Lianhe Equator for the 2022 Series 1 green medium-term notes. It was certified that those notes would remain at G1¹⁰ in green rating so long as any of the Notes remain outstanding.
- Medium-term notes (Rural Revitalisation): In active response to the national Rural Revitalisation strategy, China Gas issued the 2023 Series 1 medium-term notes (Rural Revitalisation) in September 2023, further promoting the Company's green finance practices. The actual issued amount of the bonds is RMB1.5 billion, of which no less than 30% is planned to be used for the construction of the Rural Revitalisation linked project, Coal-to-Gas Project in Leting, Tangshan, Hebei, to facilitate the optimisation of the energy structure in rural areas, the use of clean energy, and the improvement of the quality of rural living environment.

⁸ Lianhe Equator Environmental Impact Assessment Co., Ltd. (hereinafter referred to as "Lianhe Equator") was established in 2015. It is a subsidiary of Lianhe Credit Information Service Co., Ltd., one of the largest credit information service institutions in China. It is primarily engaged in green bond third-party certification, green financial advisory work, and environmental impact assessments. It is one of the first green bond assessment and certification institutions registered by the Green Bond Standard Committee through the market-based assessment.

⁹ Green notes refer to commercial bills issued, acquired, transferred, traded, and financed by the parties involved in supporting economic activities such as response to climate change, environmental improvement, resource conservation and efficient utilisation, and ecosystem protection. Medium-term notes are one of the types of green bonds.

¹⁰ G1 is the highest green rating, indicating excellent performance of green bonds in terms of green rating of investment projects, use and management of raised funds, project evaluation and screening, information disclosure and reporting, and industrial policies.





4. CAMPAIGNING ENVIRONMENTAL PROTECTION FOR GREEN CO-EXISTENCE

4.7 RESPONSE TO CLIMATE CHANGE

China Gas actively addresses the challenges posed by climate change. Referring to the disclosure recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and the International Financial Reporting Standards – Climate-related Disclosures (IFRS S2), as well as the HKEX’s *Guidance on Climate Disclosures* 《氣候信息披露指引》, the Group incorporated the climate change into its strategic planning and management practices, implementing climate change management from four aspects: governance, strategy, risk management, and metrics and targets. We also conduct in-depth physical climate risk assessments on major project companies to identify the impact of climate risks on the Group’s business and formulate appropriate plans to mitigate the impact of climate risks, in a bid to achieve sustainable development.

Governance

To respond to the impacts and challenges presented by climate change, the Company has integrated the governance of climate-related risks and opportunities across all levels of the Group. China Gas has integrated the governance and established a sustainability management framework with the Board of Directors as the highest decision-making level, which is also applicable to the management of climate change-related risks and opportunities. Please refer to the “Sustainability Management” section of this report for details on the sustainability management framework.

Climate Change Risks Management Structure	
 <p>Board of Directors</p>	Responsible for coordinating sustainability efforts and has supreme decision-making power over related efforts, making decisions about, deploying, and guiding material issues and strategies on sustainability, including climate risk-related issues.
 <p>Sustainability Committee</p>	In charge of monitoring the significance of climate-related issues and developing strategies to reduce losses caused by climate-related risks, ensuring that the Group reports climate change-related goals and performance in an accurate and transparent way.
 <p>CGRC Committee</p>	Mr. JIANG Xinhao (independent non-executive Director), Chairman of the CGRC Committee of the Group, is also responsible for strengthening climate-related risk management, conducting internal risk assessments, and identifying the impact of related risks on our business under the leadership of the Board of Directors.
 <p>Sustainability Committee Leadership Group and Sustainability Committee Office</p>	Assist the Sustainability Committee in coordinating, executing, and supervising the sustainability-related efforts of the Group to make them effectively coordinated and implemented.

4. CAMPAIGNING ENVIRONMENTAL PROTECTION FOR GREEN CO-EXISTENCE

The Board of Directors convenes a minimum of four regular meetings annually. The Sustainability Committee is tasked with reporting to the Board regarding discussions on climate-related risks and the identified opportunities. Throughout this financial year, the meetings centred on in-depth deliberations concerning climate and environmental governance issues. The Board has undergone extensive training on the new climate-related disclosure standards this year to strengthen their comprehension of the responsibilities and obligations associated with climate change-related positions. This initiative aims to ensure that China Gas can proactively address and respond to the challenges. In addition, to effectively manage and promote the achievement of climate change-related risk goals, we link ESG performance indicators such as carbon neutrality, energy conservation and emission reduction to the performance and remuneration of Directors and senior management. Meanwhile, we set ESG performance appraisals and incentives for each functional department, and include indicators such as carbon emission management and climate risk governance in their annual value creation evaluation.

China Gas has formulated the *Climate Change Policy** (《氣候變化政策》), which serves as a guide for its climate change responses. For more details, please review the *Climate Change Policy** (《氣候變化政策》) posted on the Group's website (chinagasholdings.com.hk).

Strategies

China Gas conducts climate scenario analysis to accurately pinpoint relevant climate risks. These assessments cover physical and transition climate risks. Physical climate risks include strong winds, cyclones, flooding, extreme temperatures, and extreme precipitation. By referencing the IPCC's Representative Concentration Pathways (RCPs), particularly RCP2.6 and RCP8.5, which represent warming scenarios below 1.5°C and 4°C, China Gas evaluates the severity, likelihood, and vulnerability of these risks across short-term, medium term, and long-term timeframes. Moreover, China Gas considers the short-term (0-5 years), medium-term (5-10 years), and long-term (over 10 years) effects on climate risks.

4. CAMPAIGNING ENVIRONMENTAL PROTECTION FOR GREEN CO-EXISTENCE

Risk type	Risk	Impact on business, strategy, and financial planning	Time span	Mitigation and adaptation measures	Risk level
Physical risk (acute risk)	Fluvial flooding	<ul style="list-style-type: none"> The rise of water exacerbates flood disasters, damages assets and infrastructure and increases the cost of repairing damaged facilities It causes the interruption of operations and result in a decrease in revenue 	Medium to long term	<ul style="list-style-type: none"> Make every effort to prevent flooding and step up inspection of infrastructure for leakage and drainage Explore business interruption insurance to cover all potential and actual losses 	Very high
	Coastal flooding	<ul style="list-style-type: none"> The rise of water exacerbates flood disasters, damages assets and infrastructure and increases the cost of repairing damaged facilities It causes the interruption of operations and result in decrease in revenue 	Medium to long term	<ul style="list-style-type: none"> Make every effort to prevent flooding and step up inspection of infrastructure for leakage and drainage Explore business interruption insurance to cover all potential and actual losses 	Very high
	Extreme precipitation	<ul style="list-style-type: none"> The growing number of days with heavy rainfall and the increase of the rainfall lead to a higher risk of flooding in infrastructure and increased costs of repairing damaged facilities It causes the interruption of operations and result in a decrease in revenue 	Medium to long term	<ul style="list-style-type: none"> Make every effort to prevent flooding and step up inspection of infrastructure for leakage and drainage Explore business interruption insurance to cover all potential and actual losses 	High

4. CAMPAIGNING ENVIRONMENTAL PROTECTION FOR GREEN CO-EXISTENCE

Risk type	Risk	Impact on business, strategy, and financial planning	Time span	Mitigation and adaptation measures	Risk level
	Strong wind/ cyclone	<ul style="list-style-type: none"> Heavy rain may cause extensive waterlogging and result in service (gas supply and transmission) interruption and a decrease in revenue It causes infrastructure (gas pipelines and gas supply facilities) damage, and increase maintenance and reinforcement costs 	Short term	<ul style="list-style-type: none"> Develop strong wind/ cyclone response plans Enhance protective measures, carry out regular inspections and reinforce facilities to eliminate potential hazards Explore business interruption insurance to cover all potential and actual losses 	Very high
	Landslide and mudslide	It increases the risk of infrastructure (gas pipelines and gas supply facilities) damage and service (gas supply and transmission) interruption, leading to higher maintenance costs and decreases in revenue	Short term	<ul style="list-style-type: none"> Closely monitor the condition of slopes and roads during the rainy season Regularly inspect and reinforce infrastructure 	Medium
	Drought	It causes water scarcity, reduces business operational efficiency, and results in a decrease in revenue	Long term	<ul style="list-style-type: none"> Implement water-saving measures and improve water efficiency 	Very low
Physical risk (chronic risk)	Sea level rise	It increases the risk of flooding, sea water erosion and other damages, causes damages to assets and infrastructure and delays in operations, increases the costs of repairing damaged facilities, and results in decreases in revenue	Long term	<ul style="list-style-type: none"> Evaluate the emergency management procedures Provide relevant training to enhance employees' awareness of responding to such disasters as floods 	Potential risk

4. CAMPAIGNING ENVIRONMENTAL PROTECTION FOR GREEN CO-EXISTENCE

Risk type	Risk	Impact on business, strategy, and financial planning	Time span	Mitigation and adaptation measures	Risk level
	Extreme temperature	<p>Extreme heat:</p> <ul style="list-style-type: none"> • It affects the health of employees who work outside, causing heat stress-related diseases, reduce productivity and increase lost workdays • Overheating accelerates the ageing of the equipment and reduces its durability and overall productivity <p>Extreme cold:</p> <ul style="list-style-type: none"> • Frozen soil causes buried pipes to lift, resulting in safety hazards and increasing expenditure on pipeline network renovation to respond to extreme cold 	Long term	<p>Extreme heat:</p> <ul style="list-style-type: none"> • Strengthen employees' awareness of heat stress-related diseases by guiding them with policies and providing them with drills • Provide more cooling facilities for employees • Use more heat-resistant materials in equipment • Implement manual intervention to cool the equipment and facilities <p>Extreme cold:</p> <ul style="list-style-type: none"> • Develop emergency response plans for winter operations • Strengthen pipeline inspections • Install insulation equipment including electric heat tracers, and water bath boilers, and purchase antifreeze and some other materials 	Medium

4. CAMPAIGNING ENVIRONMENTAL PROTECTION FOR GREEN CO-EXISTENCE

Risk type	Risk	Impact on business, strategy, and financial planning	Time span	Mitigation and adaptation measures	Risk level
	Global warming	<ul style="list-style-type: none"> • It results in more extremely hot days, affects the health of employees and the durability of equipment, and results in a decline in overall productivity • It leads to an increase in the frequency of extreme weather (e.g. strong winds/cyclones, extreme precipitation, etc.), resulting in damage to assets and infrastructure, interruption of operations, revenue decreases and financial losses 	Long term	<ul style="list-style-type: none"> • Strengthen employees' awareness of heat stress-related diseases by guiding them with policies and providing them with drills • Provide more cooling facilities for employees • Use more heat-resistant materials in equipment 	Medium

4. CAMPAIGNING ENVIRONMENTAL PROTECTION FOR GREEN CO-EXISTENCE

Risk type	Risk	Impact on business, strategy, and financial planning	Time span	Mitigation and adaptation measures	Risk level
Transition risk	Policy and legal risk	<ul style="list-style-type: none"> The country will limit the use of fossil fuels in its businesses. It is necessary to further adjust the production energy mix, develop renewable energy, and set more aggressive energy conservation and emission reduction goals to fulfil local government requirements It tightens carbon market quotas or imposes carbon tax that increases operating costs and strategic risks The tightening of various laws and regulations will increase the cost of data monitoring and disclosure of China Gas, and bring information disclosure related compliance risks The Group is required to effectively manage the environmental performance of its business and ensure the compliance of its business; otherwise, it may face litigation risks 	Medium to long term	<ul style="list-style-type: none"> Stay in tune with market trends and government policies 	High

4. CAMPAIGNING ENVIRONMENTAL PROTECTION FOR GREEN CO-EXISTENCE

Risk type	Risk	Impact on business, strategy, and financial planning	Time span	Mitigation and adaptation measures	Risk level
	Market risk	The setting of Carbon Peaking and Carbon Neutrality Goals and the improvement of laws and regulations related to emission reduction have facilitated the use of renewable energy, and the market and customers are increasingly favouring green economy and electrical products	Medium to long term	<ul style="list-style-type: none"> Implement energy conservation measures Prioritise the use of renewable energy while developing new projects 	Medium
	Reputational risk	The potential damage to a company's reputation could have a knock-on effect on the customers' perception of the brand. As customers' interest in green products and services increases, maintaining the existing business model may hinder the retention of existing customers and the development of new customers	Medium to long term	<ul style="list-style-type: none"> Track customer satisfaction and the Group's reputation 	Medium

After conducting the risk assessment, the Group undertook a financial impact assessment for Wuhu China Gas to delve deeper into the influence of climate risks on the operations of the project companies. This assessment aimed to examine the effects of climate risks on the company's pertinent business activities and assets, including an exploration of their potential financial implications.

4. CAMPAIGNING ENVIRONMENTAL PROTECTION FOR GREEN CO-EXISTENCE

The Case of Financial Impact Assessment of Wuhu Project

In recent years, Wuhu China Gas has been actively expanding its operation in distributed energy, gas power generation, centralised heating, and electricity sales. The Company has achieved significant milestones including the establishment of two natural gas city gates, construction of three high-pressure spherical tanks capable of storing 180,000 m³ of natural gas, one LNG storage tank capable of storing 2.8 million m³ of natural gas, and two emergency peak shaving gasification stations. It has built a LNG production line with a capacity of 100 tons per day. It has nine CNG stations, six LNG refuelling stations, and over 1,600 pressure regulating stations, tanks, and cabinets; It has laid down 3,080 kilometres of municipal high-, medium-, and low-pressure gas pipelines, as well as gas pipelines for courtyards, involving diverse and highly representative businesses.

Risk		Expected impact	Financial impact analysis
Extreme temperature	Extreme heat	<p>Significant impacts:</p> <ul style="list-style-type: none"> • Extension of project construction cycle • Hazards to employees' health <p>General impacts:</p> <ul style="list-style-type: none"> • Impact on sales of natural gas • Increase of LNG gasification • Damage to equipment and facilities 	In FY2022/23, the expenses for heatstroke prevention and cooling measures, as well as relief supplies for employees of Wuhu Project Company amounted to approximately RMB430,000.
	Extreme cold	<p>Significant impacts:</p> <p>Damage to equipment and facilities</p> <p>General impacts:</p> <p>Impact on sales of CNG and LNG</p> <p>Impact on construction and maintenance</p>	<ol style="list-style-type: none"> 1. The cost for replacement of electric heat tracers for pressure regulator heating, water bath boilers for BOG/EAG heating during LNG gasification, and antifreeze for CNG compressors is approximately RMB197,000 per year. 2. In the event of a snowstorm, the financial investment for strengthening facilities and equipment such as house and gas station roofs would amount to approximately RMB30,000.
Flooding		<p>Significant impacts:</p> <p>Disruption of pipeline operation</p> <p>General impacts:</p> <p>Damage to stations and transportation facilities</p>	<ol style="list-style-type: none"> 1. In response to heavy rainfall and flooding, there were frequent pipeline inspections, emergency pumping, 24/7 monitoring of dams to prevent pipe bursts and other emergency actions, which increased labour costs by approximately RMB105,000. 2. Heavy rainfall caused soil erosion, and pipelines needed to be reburied and covered with more soil. The cost of construction and maintenance for this was approximately RMB70,000.
* Please refer to the table "Strategies – Climate-related Risks and Opportunities" for relevant response strategies			

4. CAMPAIGNING ENVIRONMENTAL PROTECTION FOR GREEN CO-EXISTENCE

In the future, we will keep analysing the effects of climate risks thoroughly and assess their financial impacts from various angles. We will also broaden the range of our assessments gradually. We will extensively evaluate how climate risks might significantly affect our future business models, products, operating costs, and supply chain resilience, as well as the opportunities and expenses associated with securing funding. This will ensure that China Gas would be well-equipped to tackle the challenges brought about by climate change.

Risk Management

To enhance our capacity to address climate-related risks, we regularly monitor and review risk management methods. We plan to integrate climate change risks into our risk management framework and conduct thorough evaluations on various climate-related risks in our planning, such as climate change impacts and GHG management, as well as resource and energy efficiency. Furthermore, we will conduct regular reviews and monitoring of climate-related physical and transition risks. We will refine and adapt strategies and plans to mitigate climate change risks based on assessment findings. This includes emission reduction measures, efficient resource utilisation, and supply chain diversification to minimise the influences of risks on our businesses. Meanwhile, we plan to incorporate climate adaptation factors into the design schemes of engineering projects, continuously improving the sustainability and climate resilience of new projects. In the future, China Gas will continue to enhance employees' awareness and understanding of climate change risks through training and awareness raising campaigns to increase their engagement and sense of responsibility in risk management. We will establish a monitoring and reporting mechanism to report our climate-related risk management measures and achievements to stakeholders. We will also conduct financial impact assessments of our businesses and strategies based on the results of climate change scenario analysis in the financial year 2024/25, and develop response strategies for climate change mitigation and adaptation based on our business development strategies.

Metrics and Targets

To address the significant challenges posed by climate change, China Gas published the *China Gas Carbon Neutrality Action Report** (《中國燃氣碳中和行動報告》) in 2022 as one of its responses focusing on GHG emission reduction. The report outlines seven key actions, namely green energy, energy-saving innovation, low-carbon logistics, intelligent operation, methane emission control, net zero pathway and green ecosystem, and three major commitments:

- ✓ To reduce carbon emission intensity by 50% by 2030 compared with the 2021 level
- ✓ To achieve carbon peak by 2030
- ✓ To achieve carbon neutrality in its own operation by 2050

We routinely assess the Group's carbon emissions to track our progress, identify unexplored carbon reduction opportunities, and formulate carbon reduction initiatives towards carbon neutrality.



5. EMBRACING A PEOPLE-ORIENTED APPROACH FOR JOINT VALUE CREATION

- 5.1 Employee Rights
- 5.2 Training and Development
- 5.3 Occupational Health and Safety
- 5.4 Employee Care



5. EMBRACING A PEOPLE-ORIENTED APPROACH FOR JOINT VALUE CREATION

PERFORMANCE HIGHLIGHTS

- Furthered school-enterprise cooperation and maintained strategic partnerships with **13** colleges and universities
- Established and put into use the **eight** regional training bases, providing key support for enhancing employees' professional skills and building teams
- Founded a Talent Development Institute, updated business plans, and created a training matrix and relevant programmes for **four key areas**, including leadership training, employee training and certification, business empowerment, and development of digital platforms
- Put in place systematic certification standards for **four types** of service groups (business lines) and **16 types** of jobs

SDGs Involved in this Chapter



Material ESG Issues Addressed in this Chapter

- Rights and well-being of employees
- Occupational health and safety
- Training and development
- Diversity, anti-discrimination and equal opportunity
- Prevention of child labour and forced labour
- Communication with employees and their satisfaction

As a people-focused organisation dedicated to achieving excellence, we prioritise safeguarding employees' rights and interests through ample training and development initiatives. Moreover, we enhance their physical and mental well-being by cultivating a comfortable and productive workplace. Demonstrating care for our employees is paramount to us. We have implemented effective communication channels and a robust welfare system to ensure the warmth and support for them, with all employees in collaboration towards a brighter future.

5. EMBRACING A PEOPLE-ORIENTED APPROACH FOR JOINT VALUE CREATION

5.1 EMPLOYEE RIGHTS

Equal rights are the primary focus at China Gas when it comes to employee management. We adhere to legal employment standards to safeguard the rights and interests of all employees. Talent recruitment and retention play a crucial role in our workforce management. Hence, we provide competitive salaries, attractive benefits, and promising development opportunities to attract outstanding talent and retain them within the organisation. Collaboration between educational institutions and the Company continually enriches our talent pool, injecting energy into the Company. Through an incentive-based salary structure, we ensure that each employee's efforts are duly acknowledged and rewarded, enabling them to contribute effectively to our overarching strategy and drive business expansion.

Fair Employment

We rigorously comply with various laws and regulations, including the *Labour Law of the People's Republic of China*, *Labour Contract Law of the People's Republic of China*, the *Law of the People's Republic of China on Promotion of Employment*, *Provisions of the State Council on Working Hours of Employees** (《國務院關於修改〈國務院關於職工工作時間的規定〉的決定》), *Unemployment Insurance Regulation of the People's Republic of China* (《中華人民共和國失業保險條例》), *Regulation on Work-Related Injury Insurances** (《工傷保險條例》), etc. Moreover, we uphold the stipulations of the *Social Insurance Law of the People's Republic of China*, encompassing provisions on the Group's legal responsibilities for illness, work-related injuries, maternity, medical care, retirement, and death insurance for our employees. In addition to legal compliance, we adhere to our *Equal Rights and Interests Policy** (《平等權益政策》). Aligned with the guidelines outlined in the *China Gas Human Resources Management Manual** (《中燃集團人力資源管理手冊》) and the *China Gas Recruitment Management System** (《中燃集團招聘管理制度》), we implement strategic recruitment practices to attract top-tier talents, foster employee engagement, provide competitive salaries and benefits, and strive to establish ourselves as an equitable and socially responsible enterprise.

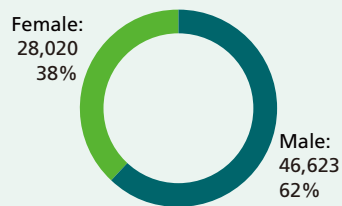
Throughout our recruitment procedures, we maintain a stringent stance against discrimination based on gender, race, age, religion, health, marital status, family status, and other factors. We have a zero-tolerance policy concerning forced labour, child labour, and individuals using counterfeit identity documents. The *China Gas Compliance Code of Conduct** (《中燃集團合規行為準則》) explicitly prohibits discriminatory or unfair treatment based on an employee's race, ethnicity, religious beliefs, gender, social status, position, physical health condition, or sexual orientation. Under our *Equal Rights and Interests Policy*, employees are guaranteed freedom from harassment and discrimination. All new hires undergo training that covers equal rights, anti-discrimination measures, harassment prevention, and guidelines outlined in the *China Gas Compliance Code of Conduct** (《中燃集團合規行為準則》), the *Equal Rights and Interests Policy** (《平等權益政策》), and *China Gas Employee Reward and Punishment Regulations** (《中燃集團員工獎懲條例》). Employees have the option to report or expose any potentially illegal or non-compliant behaviour anonymously or with their real identity to the Audit and Supervision Department or the Legal and Compliance Department via written, oral, or email channels. The department receiving the report should respond promptly, follow up, and address the issue according to the rules and regulations of the Group and the corresponding unit, while also ensuring the confidentiality of the report and the whistleblower. Incidents such as workplace misconduct, personal attacks, false accusations, disruptive behaviours, workplace sexual harassments, or any other violations leading to legal actions are handled decisively under the *China Gas Employee Reward and Punishment Regulations** (《中燃集團員工獎懲條例》). Immediate corrective measures are implemented followed by audits and penalties for the individuals involved. In FY2023/24, there were no reported cases of employee discrimination and harassment, and no incidents of being penalised for violating laws and regulations related to labour security, child labour, or forced labour.

Our *China Gas Supplier Code of Conduct** (《中燃集團供應商行為準則》) mandates that suppliers ensure all staff are employed voluntarily, and refrain from discriminatory practices in hiring, remuneration, promotion, rewards, training opportunities, termination, and other employment aspects based on factors such as gender, race, age, religion, health, marital status, and family status. Emphasis is placed on the strict prohibition of child labour and forced labour. Suppliers are expected to adhere to relevant laws and regulations concerning minimum wages, working hours, rest periods, freedom of association, collective bargaining, and respect employees' rights to engage in collective bargaining.

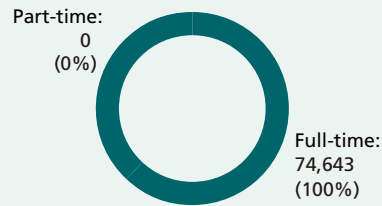
5. EMBRACING A PEOPLE-ORIENTED APPROACH FOR JOINT VALUE CREATION

As of 31 March 2024, China Gas had a workforce of 74,643 individuals, including 4,931 employees from ethnic minority backgrounds.

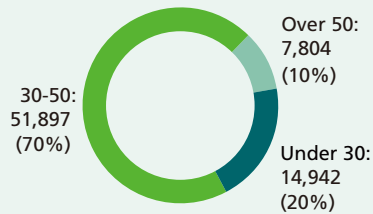
Employee statistics by gender



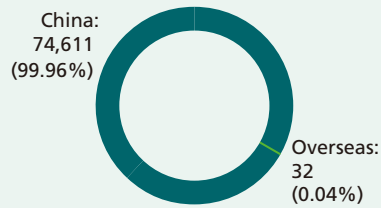
Employee statistics by employment type



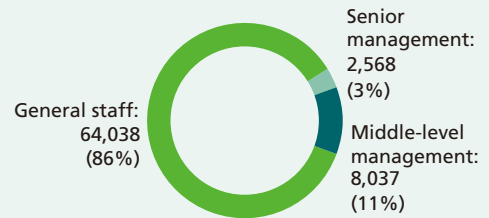
Employee statistics by age



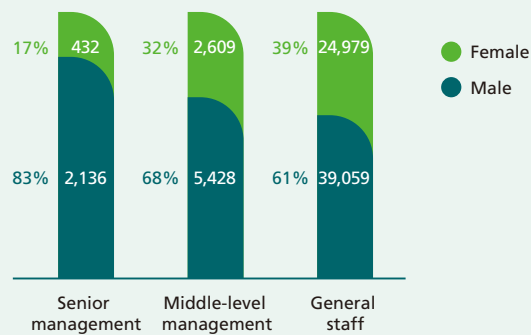
Employee statistics by region



Employee statistics by rank



Number and proportion of male and female employees by rank



5. EMBRACING A PEOPLE-ORIENTED APPROACH FOR JOINT VALUE CREATION

Employee Statistics by Ethnicity

Indicator	Unit	FY2023/24
Proportion of employees of Han Nationality in all management positions	%	94.7
Proportion of ethnic minority employees in all management positions	%	5.3

China Gas is dedicated to offering female employees enhanced prospects for career advancement and the expression of their ideas. Our goal is to broaden avenues for them to assume more influential positions in management and decision-making processes. In terms of employee advancement and growth, we are committed to enhancing the training and selection process for female leaders, guaranteeing a specific representation of women in key leadership positions within significant departments.

Statistics of Female Employees

Indicator	Unit	FY2023/24
Proportion of female employees in all management positions	%	17
Proportion of female employees in top management positions	%	25
Proportion of female employees in junior management positions	%	17
Proportion of female employees in STEM-related positions	%	5

China Gas upholds the principles of “openness, equity, and fairness” and has developed the *Recruitment Management System** (《招聘管理制度》), the *Human Resources Management Manual** (《人力資源管理手冊》), and other structured systems to cultivate and sustain a proficient workforce, ensuring that individuals are placed in suitable roles. Our recruitment efforts are in diverse channels including campuses, the broader society, our website, and our WeChat official account, cultivating a workforce of experience and expertise. Collaborations with research institutions and government bodies aid in talent acquisition, including recruiting professionals and interns, as well as rehiring retired experts. In FY2023/24, the Group’s average recruitment cost per full-time equivalent hour stood at RMB23.02.

5. EMBRACING A PEOPLE-ORIENTED APPROACH FOR JOINT VALUE CREATION

Case: Furthering School-Enterprise Cooperation to Upgrade Talent Reserve

China Gas actively promotes school-enterprise cooperation, leveraging resources from both academia and industry to train and attract talents that align with the future needs of the industry. The Company has established strategic partnerships with 13 colleges and universities, implementing targeted training programmes that facilitate a deeper understanding of the requirements of both sides and effectively channel fresh graduates to opportunities at China Gas.

In FY2023/24, China Gas highlighted its corporate culture at Wuhan Gas & Heat School by launching the *China Gas Corporate Culture Lecture** (《中燃企業文化講座》) for trainees from the 2022 and 2023 classes. This initiative was to instil the values and ethos of the Company among the future workforce. Since 2016, China Gas has been collaborating with Hebei Normal University and established China Gas Institute of Technology. This partnership has fostered deep cooperation in areas such as student employment and research. Looking ahead, China Gas intends to further explore collaborations in HR development, business and technical cooperation, market operation partnership, and sharing of event-based resources to drive innovation and growth in the industry.



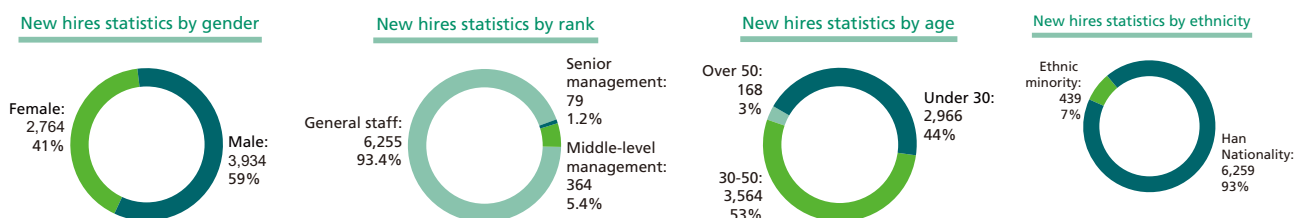
2023 Opening Ceremony of China Gas Institute of Technology



Corporate Culture Lecture at Wuhan Gas & Heat School

5. EMBRACING A PEOPLE-ORIENTED APPROACH FOR JOINT VALUE CREATION

Statistics of new hires and employee turnover of the Group in FY2023/24 is as follows:



Employee Turnover Statistics by Gender, Age, Ethnicity, and Rank

Indicator	Unit	FY2023/24
Employee turnover rate	%	11
Employee voluntary turnover rate	%	10
Employee turnover	/	8,583
Male employee turnover rate	%	12
Male employee turnover	/	5,559
Female employee turnover rate	%	11
Female employee turnover	/	3,024
Turnover rate of employees under 30	%	20
Turnover of employees under 30	/	3,012
Turnover rate of employees aged 30–50	%	9
Turnover of employees aged 30–50	/	4,528
Turnover rate of employees over 50	%	13
Turnover of employees over 50	/	1,043
Han employee turnover rate	%	11
Han employee turnover	/	7,976
Ethnic minority employee turnover rate	%	12
Ethnic minority employee turnover	/	607
Senior management turnover rate	%	11
Senior management turnover	/	275
Middle-level management turnover rate	%	7
Middle-level management turnover	/	579
General staff turnover rate	%	11
General staff turnover	/	7,729

5. EMBRACING A PEOPLE-ORIENTED APPROACH FOR JOINT VALUE CREATION

Employee Remuneration

Adhering to the *Labour Law of the People's Republic of China* and the principle of equal pay for equal work, China Gas has implemented an incentive-based remuneration system that is in line with operational needs, strategic growth, and business diversification. Our approach entails offering competitive compensation to our staff, which is commensurate with their performance and tenure, thereby acknowledging and valuing the contributions of each employee. We are dedicated to fostering equal pay and providing equitable opportunities for career advancement for both male and female employees.

Our comprehensive remuneration packages encompass a range of benefits, such as paid holidays, pension contributions, social insurance, and housing provident funds, among others. We take performance and personal ability as the factors of salary management, and adjust the salary standard when appropriate. This enables us to maintain, engage, and incentivise the salary management system that is attractive to our employees.

- We formulate corresponding remuneration tables according to the salary levels in different regions and markets to ensure that all employees can enjoy fair and reasonable remuneration and benefits and are committed to promoting employees to engage themselves in work.
- Eligible employees may also receive discretionary bonuses, rewards, and stock options based on the Group's financial performance and their individual achievements. We emphasise employee incentives and care by increasing the salary standard for employees of mid-to-high-level and adjusting the bonus system to make benefits more accessible.

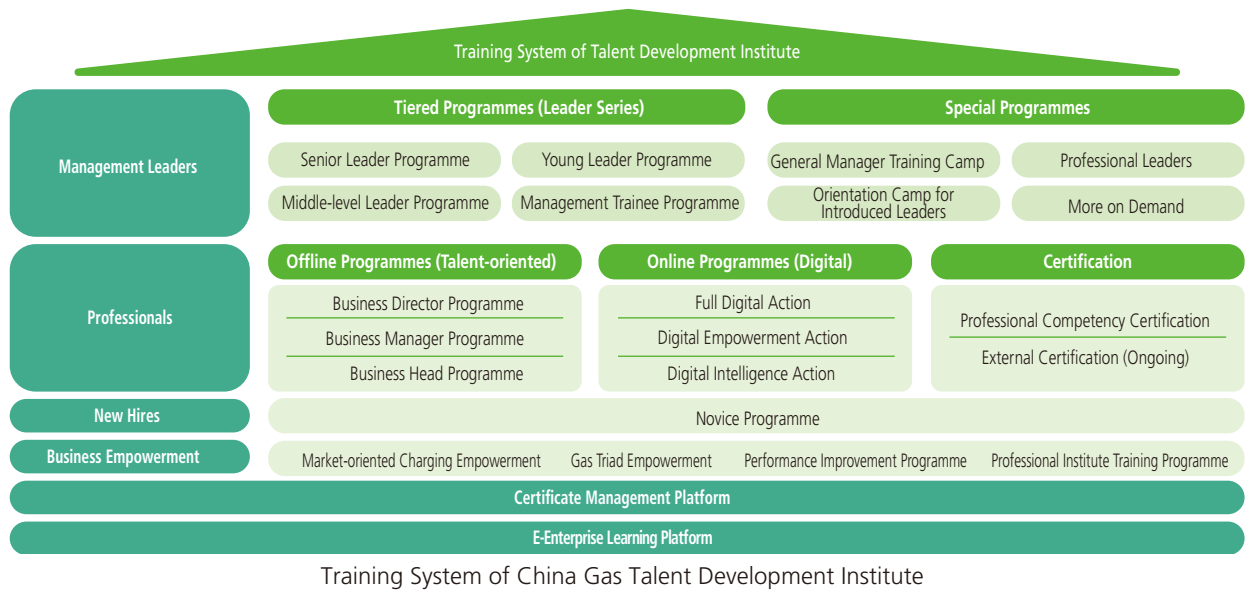
Aligned with the *China Gas Compliance Code of Conduct** (《中燃集團合規行為準則》) and business compliance management and control standards, our Legal and Compliance Department has established compliance assessment metrics for the 13 units within the Group. These metrics encompass adherence to environmental regulations, pollution liability, anti-monopoly regulations, business ethics, as well as other ESG-related criteria. They are intricately linked to the annual fiscal performance evaluation of the organisation. Notably, any identified legal risk highlighted by these indicators can affect the annual performance evaluations of departments or units, subsequently influencing the bonus allocation at year-end. In FY2023/24, we enhanced the design and updated the framework for total salary control and the remuneration system holistically.

5. EMBRACING A PEOPLE-ORIENTED APPROACH FOR JOINT VALUE CREATION

5.2 TRAINING AND DEVELOPMENT

Recognising the integral connection between the growth of our employees and the advancement of the Group, our Talent Development Institute is committed to delivering a diverse array of top-tier training programmes, encompassing leadership development, professional skills enhancement, and foundational training for recruits. These initiatives are designed to empower employees at various career stages to embark on a journey of self-improvement. Our robust promotion and incentive framework provide clear pathways and a wide array of career opportunities. Our workforce is encouraged to enhance their skills continuously through job competency certification programmes, fostering internal motivation and driving their career development.

Employee Training



To ensure that our employees remain abreast of industry trends and continuously enhance their skills and capabilities, China Gas has instituted a dedicated Talent Development Institute and comprehensive training system that spans across four key areas, and encompasses six dimensions.

- In leadership training, we offer Tiered Programmes (Executive Series) and customised Special Programmes.
- In employee training, we have the offline Talent Series and the online Digital Series training programmes. In addition, we carry out external certification, internal job competency certification, and training for new hires (Novice Programme).
- In business empowerment, we have training programmes dealing with business pain points such as market-oriented charging, gas triad empowerment, and performance improvement.
- In platform building, we have a Certificate Management Platform and the E-Enterprise Learning Platform.

In FY2023/24, China Gas launched and put into use eight regional training bases. These bases serve as hubs for regional leadership training, improvement of vocational skills, professional certification programmes, vocational skill competitions, mentorship programmes, and more. Thanks to these efforts, we have significantly expanded the scope and reach of our training and certification initiatives, providing key support for enhancing employees' professional skills and building teams.

5. EMBRACING A PEOPLE-ORIENTED APPROACH FOR JOINT VALUE CREATION



In FY2023/24, we launched the following key training programmes:

Type	Name	Audience	Coverage	Content and results	Image
Leadership training	FY2023/24 General Manager Training Camp	Group leaders	390 participants attended the on-site training and more than 630 attended the online training, engaging all the Group's leader teams.	<ul style="list-style-type: none"> The training camp was held at one main venue and three sub-venues, focusing on empowering specific areas such as city gas services, new retail services, and new energy services. The training covered multiple empowerment modules, including interpretation of policies from the Two Sessions, leadership exploration, advocacy for change, research on industry trends, and cultural experience, totalling ten special courses. Training satisfaction reached 96%. 	
	FY2023/24 Young Leader Programme	Outstanding young leaders of the Group from the eight regions	246 participants attended the training.	<ul style="list-style-type: none"> The core target was to train employees and produce more general managers and heads of functional lines in grassroots project companies. There were four core training methods, including intensive training, effective mentorship, key experiences, and project defence, with nearly 30 professional courses in a period of six months. After the final assessment, a total of 195 participants qualified to enter the Group's N+1 young leader talent pool. 	
	FY2023/24 Senior Leader Programme	CMT, regional general managers, functional department heads of the headquarters, and other senior executive teams	41 participants attended the training.	<ul style="list-style-type: none"> The core target was to develop solutions to strategic problems by getting everyone on the same page and promoting collective efforts. The two core topics of talent team building and organisational control were highlighted to collectively empower senior leaders. A total of 12 group reports were generated and agile project teams were set up for related business topics for continuous application of the research results. 	

5. EMBRACING A PEOPLE-ORIENTED APPROACH FOR JOINT VALUE CREATION

Type	Name	Audience	Coverage	Content and results	Image
Employee professional skills development programme	Business Director Programme: Market-Oriented Charging Empowerment Training Camp	Management from the eight regions	112 participants attended the training, 97% of whom were directors or in higher positions.	<ul style="list-style-type: none"> The target was to improve the Company's market-oriented charging indicators. The trainees were guided to produce 112 execution plans. The best ten market-oriented charging strategies were collected and published to help business teams integrate strategic resources. 	
	Business Director Programme: Gas Triad Empowerment Training	General managers of the eight regional management centres, market development leaders, and general managers of project companies	102 participants attended the training.	<ul style="list-style-type: none"> Through business discussions, the combination of teaching and training, and situational drills, various forms of discussions, evaluations, and assessments were conducted regarding the interpretation and implementation of the price pass-through mechanism between the upstream and downstream natural gas players. Role simulation under various business scenarios was pioneered in the spirit of hands-on practice. A total of 45 price pass-through implementation plans from all participating companies were produced, with a pass rate of 99% in the end-of-training assessment and a post-training satisfaction rate of 98%. 	
	Business Head Programme: Gas Station Head Special Training Camp	Gas station heads from the eight regions	512 participants attended the training, which covered 100% of the station heads in the Group's natural gas segment.	<ul style="list-style-type: none"> Training was conducted on building professional ability and team management ability to meet the job requirements for station heads. Eight key products were developed through online learning and on-the-job assignments, including a full set of standardised work manuals for station heads, best practices in station management improvement and optimisation, and five types of practical tools for station management. 	

5. EMBRACING A PEOPLE-ORIENTED APPROACH FOR JOINT VALUE CREATION

Type	Name	Audience	Coverage	Content and results	Image
Business empowerment training	Performance Improvement Programme	Personnel from the headquarters, regions, business management groups, and project companies (horizontally); leaders of various businesses, project teams, headquarters, regions, and pilot project companies (vertically)	48 participants attended the training, which covered five core business lines.	<ul style="list-style-type: none"> Key Business Value Chain Mapping, Key Gap and Pain Point Analysis, Designing Performance Improvement Plans, Performance Improvement Tool Development, and other core topics were covered. Eight types of standards including the <i>Construction Team Personnel Arrangement and Review*</i> (《施工隊伍人員配置及審查》), five processes including <i>Data Requirement Changes*</i> (《數據需求變更》), and four plans including <i>Market Engineering Project Implementation*</i> (《市場工程項目制實施》) were generated as the final deliverable. 	
	Special Camp on the Learning Map for Key Positions in the Beidou Project	Business leaders from regional and project companies	73 participants attended the training, which covered seven business lines and ten key positions.	<ul style="list-style-type: none"> A series of results were achieved, including the <i>Work Process and Task List*</i> (《崗位工作流程和任務清單》), the <i>Professional Knowledge List for Positions*</i> (《崗位專業知識清單》), and the <i>Position Curriculum System*</i> (《崗位課程體系》) for the ten key positions, as well as the next-step course development plans. 	

During FY2023/24, China Gas undertook a comprehensive risk prevention and control study across the Group to promote an effective risk culture, enhance employees' risk management awareness, and standardise their work behaviours. As part of this initiative, the Talent Development Institute introduced industry policies and corporate regulation learning programmes related to workplace safety, risk control, and system implementation. These programmes included guidelines such as *Workplace Safety Accident Penalty Regulations** (《生產安全事故罰款處罰規定》), *China Gas Workplace Safety Red and Yellow Lines Penalty Standards** (《中燃集團安全生產紅黃線處罰標準》), and *China Gas Legal Management System** (《中燃集團法務管理制度》). These materials were disseminated to all employees through the E-Enterprise Learning Platform. Remarkably, a total of 267,373 participants from various business units engaged in these learning activities, achieving a commendable 100% training coverage rate. This concerted effort underscores our commitment to instilling a culture of safety, risk awareness, and regulatory compliance across the organisation.

FY2023/24 witnessed significant training and development participation for our workforce. A total of 74,643 employees actively engaged in training programmes, collectively accruing 4,575,616 hours of training. This remarkable effort resulted in achieving 100% coverage of our employee base. Moreover, during the Reporting Period, the average expenditure per person in the realm of employee training and development amounted to RMB501.

5. EMBRACING A PEOPLE-ORIENTED APPROACH FOR JOINT VALUE CREATION

Total Number of Trained Employees and Training Hours

 **74,643**

 **4,575,616** hours

Number of Trained Employees and Training Hours by Gender

Number of male employees trained

 **46,623**

Number of female employees trained

 **28,020**

Total training hours for male employees

 **2,858,429** hours

Total training hours for female employees

 **1,717,187** hours

Average training hours for male employees

 **61.31** hours

Average training hours for female employees

 **61.28** hours

Number of Trained Employees and Training Hours by Rank

Number of trained senior management employees

2,568

Number of trained middle-level management employees

8,037

Number of trained general staff

64,038

Total training hours for senior management employees

155,968 hours

Total training hours for middle-level management employees

492,449 hours

Total training hours for general staff

3,927,199 hours

Average training length for senior management employees

60.74 hours

Average training length for middle-level management employees

61.27 hours

Average training length for general staff

61.33 hours

Number of Trained Employees and Training Hours by Age

Number of trained employees under 30

14,942

Number of trained employees aged 30–50

51,897

Number of trained employees over 50

7,804

Total training hours for employees under 30

916,080 hours

Total training hours for employees aged 30–50

3,181,165 hours

Total training hours for employees over 50

478,371 hours

Average training length for employees under 30

61.31 hours

Average training length for employees aged 30–50

61.30 hours

Average training length for employees over 50

61.30 hours

Average Training Hours by Training Type

Average length of leadership training

58.61 hours

Average length of employee professional skills development training

61.69 hours

Average length of business empowerment training

59.04 hours

5. EMBRACING A PEOPLE-ORIENTED APPROACH FOR JOINT VALUE CREATION

Career Development

Each year, China Gas conducts regular job suitability assessments for employees across different levels of the organisation, including senior management, middle-level employees, and general staff. The performance assessment cycle aligns with the financial year timeline. At the onset of the cycle, both the assessor and the assessee engage in thorough communication to establish and confirm the assessment plan, objectives, and standards. Throughout the cycle, continuous dialogue and interaction between the assessor and the assessee are maintained to monitor performance, understand task progress, objectively, and address any challenges or opportunities promptly and accurately. This collaborative approach ensures that effective measures are taken to support employees in achieving their objectives and enhancing their performance within the organisation. Upon the conclusion of the assessment cycle, it is imperative for the assessor to deliver comprehensive feedback to the assessee. This feedback encompasses the assessment results, highlighting notable achievements, identifying areas for improvement, and providing conducive suggestions for growth and development. By sharing these insights and recommendations, the performance evaluation process aims to recognise and promote outstanding employees while also optimising the allocation of human resources within the organisation.

To enhance the assessment, reward, punishment and incentive mechanism at China Gas, a structured approach is implemented to fully engage and motivate the operators within the regional management centres. This involves the Group and key individuals in regional operations and management centres, as well as those responsible for specific roles within the project companies, signing operation target responsibility letters and safety target management responsibility letters. By formalising these commitments, individuals are held accountable for achieving operational and safety targets. Furthermore, the results of these assessments directly influence the year-end performance bonuses of the relevant employees. This linkage between performance evaluation and financial rewards incentivises employees to excel in their roles, drive operational efficiencies, prioritise safety measures, and contribute to the overall success of the organisation. By aligning individual performance with organisational goals and outcomes, China Gas aims to cultivate a performance-driven culture that values accountability, excellence, and continuous improvement across all levels of the workforce. During FY2023/24, China Gas revamped its performance assessment by adjusting indicators and weights based on the previous year. Each operating unit developed strategic maps and focused on core tasks, with the mechanism covering all employees and incorporating a competitive ranking system for incentives.

5. EMBRACING A PEOPLE-ORIENTED APPROACH FOR JOINT VALUE CREATION

To ignite employees' intrinsic motivation for learning and career advancement, fully examine and bolster the professional competency of new hires, transferred workers, and current employees, and effectively reduce production and operational safety risks, China Gas has employee professional competency certification in place. In 2023, the Group formulated and issued the *China Gas Group Full Industry Job Competency Certification System Plan** (《中燃集團全業態履職能力認證體系規劃》) as a road map for implementing professional competency certification from FY2023/24 to FY2025/26, which will be rolled out according to the following steps:



Steps for Implementing the China Gas Professional Competency Certification System



China Gas Professional Competency Certification

China Gas has seamlessly integrated the job competency certification into its human resources rank and remuneration system. This means that the results of the certification will be factored into both ranking and salary adjustments. This strategic approach empowers every facet of talent management within the organisation, ensuring that employee development and performance are closely aligned with career advancement and compensation. By the end of FY2023/24, China Gas had established comprehensive certification standards for four service groups (business lines) and 16 positions. A total of 19,082 certifications were awarded to employees within these groups, with 15,875 new certifications issued during the financial year. The initiative ensured that all employees in these positions were certified, with any incompetent employees being replaced as necessary.

5. EMBRACING A PEOPLE-ORIENTED APPROACH FOR JOINT VALUE CREATION

5.3 OCCUPATIONAL HEALTH AND SAFETY

China Gas is dedicated to fostering a healthy, positive, and vibrant work environment for employees, by encouraging sports participation and organising team-building activities, which is not only a good way to spend their time but also promotes exchange and collaboration among teams. We also offer mental health sessions to enhance stress management, enhance mental resilience, and promote well-being among employees.

Physical and Mental Health

China Gas prioritises the physical and mental well-being of its employees, striving to cultivate a healthy and positive work environment. Various activities such as badminton, table tennis, basketball, dance, yoga, and aerobics classes were held from time to time based on the workload. Employees are encouraged to do more sports, enriching their off-duty life, and enhancing their physical fitness.

The Group prioritises work-life balance for employees and has proposed measures in its *Equal Rights and Interests Policy** (《平等權益政策》) to promote a healthy workplace culture and flexible working hours without hindering business operations. Headquarters feature new facilities like gyms and activity rooms, with weekly activities scheduled to encourage a healthy lifestyle amidst busy schedules. While encouraging employees to stay healthy, the Group highly values employees' mental health and stress management at work. All employees can attend psychological stress relief courses such as flower arranging as well as exams to get professional qualification certificates for free. By working with local communities, universities, etc., we provide employees with the opportunities to attend psychological lectures on emotional catharsis and non-violent communication skills. In response to special weather conditions such as high heat and cold weather, the Group's Employee Care Committee, China Gas Charity Foundation, and the trade union will carry out consolation activities, providing frontline employees with heatstroke prevention and cooling, cold protection and warming supplies, as well as food and beverages, improving the work environment and conditions for employees.

5. EMBRACING A PEOPLE-ORIENTED APPROACH FOR JOINT VALUE CREATION



Case: Fun Sports Day

The FY2023/24 China Gas Fun Sports Day fell in December 2023. The event saw active participation from all employees at the Shenzhen headquarter, enterprise groups, business departments, specialised companies, and the South China Regional Management Centre, with a total of 25 department units forming 18 teams to compete on the field. This event not only provided a platform for employees to showcase their talents and enhance friendships but also allowed them to experience the power of teamwork and the importance of hard work in a happy environment. At the end of the day, employees had a stronger sense of belonging and unity, and they would love their work and life even more.



China Gas Fun Sports Day



Case: Nonviolent Communication* (《非暴力沟通》)

It is crucial to assist employees in comprehending the intrinsic logic and ways of thinking in communication and to enhance their ability for effective communication. In December 2023, the Group's union, in collaboration with the Sungang Sub-district Office in Luohu District, Shenzhen, invited professional lecturers with more than ten years of experience in education and training to attend a special lecture on nonviolent communication skills. More than 80 people from the headquarters and the eight regions participated in the event both online and offline. This training not only allowed employees to master communication skills but also helped them understand the power and value of solving problems through nonviolent communication. Employees, both online and offline, expressed that they would start communications based on objective facts, sincerely accept the feelings of others, create a smooth communication environment in the workplace, and build good relationships among colleagues.



Nonviolent Communication* (《非暴力沟通》) Seminar

5. EMBRACING A PEOPLE-ORIENTED APPROACH FOR JOINT VALUE CREATION

5.4 EMPLOYEE CARE

Effective communication plays a vital role in promoting unity within the China Gas team and boosting employee engagement. We continuously improve our internal communication channels and feedback systems to ensure that employee voices are heard and their concerns addressed. Based on employee welfare, we have a comprehensive welfare system in place, which encompasses subsidies, family-friendly policies, special care initiatives, and support measures for women's care. The aim is to build a symbiotic, win-win relationship between the Company and our employees so that we can promote long-term development together.

Employee Communication

The Group respects employees' freedom to organise or participate in trade unions' selection and enforcement to protect their rights and ensure employees enjoy freedom of association and robust rights protection. As of 31 March 2024, the total number of employees participating in the labour union was 74,611.

The Group has established a robust communication mechanism to better understand the needs of our employees, through close and trust-building interactions. We have implemented a suggestion column on our office automation (OA) platform, allowing employees to express their suggestions and opinions regarding corporate management and sustainable development. When employees encounter challenges or have questions related to work and personal life, they can share their concerns in the platform's exchange forum zone, where relevant responsible individuals from our professional departments will provide answers. Through internal media channels such as our WeChat accounts, "China Gas Home" and "the China Gas WeChat official Account", as well as our broadcasted programmes "New Vision with a Blue Flame* (《藍焰新視野》)" and "Blue Flames You and Me* (《藍焰你我他》)", we release the latest news on operations, management, strategies, and targets to keep employees informed, also with numerous staff activities promoting employees of all regions for their better and most up-to-date understanding of the latest trends and the Group's future orientations as well as objectives. Various departments of China Gas regularly organise democratic life meetings, which enhance self-understanding and recognition, strengthen internal trust and integration within the team, and help optimise and improve the business of each department through criticism and self-criticism, team-building games, and business theme seminars.

Furthermore, we have established a platform for complaints and whistleblowing. The Audit and Supervision Department conducts fair, impartial, and transparent investigations for each complaint. Investigation results are then reported to the management as necessary, and feedback is provided to the complainant, demonstrating the Group's commitment to maintaining and respecting the legitimate rights and interests of employees. We also collect employee requests through the "Letter Box to the Presidents" and WeChat groups, strengthening communication between management and employees.

5. EMBRACING A PEOPLE-ORIENTED APPROACH FOR JOINT VALUE CREATION

Employee Benefits

As employee protection and welfare are of vital importance, we put in place a competitive system with comprehensive employee benefits and supportive policies, which are implemented as part of our commitment to creating a friendly workplace.

We have systems such as the *China Gas Employee Care and Welfare Manual** (《中燃集團員工關懷福利手冊》) and the *China Gas Employee Care and Welfare Management System** (《中燃集團員工關懷福利管理制度》) to ensure scientific and rational welfare management. In accordance with local conditions, national guidelines, and the Company's requirements, we implement corresponding welfare programmes, including but not limited to the following:

- **Welfare and Subsidies:** We provide our employees with various types of welfare subsidies, including seniority allowance, holiday bonuses, marriage and childbirth subsidies, supplementary commercial insurance premiums, medical coverage, and meal allowances. The Group is committed to providing more opportunities for our employees to enjoy these benefits and creating an encouraging work environment.
- **Family-Friendly Employment:** We recognise that employees have family responsibilities outside offices. To create a family-friendly work environment, we have implemented policies for employee localisation and leader localisation. These policies help maintain team stability and facilitate resource complementation among teams. Paid caregiver leave is also provided for employees who need to participate in family care. All these measures allow employees to work more comfortably while balancing their family obligations. The Group's Employee Care Committee also regularly organises activities such as Parent-Child Summer Camps and Employee Family Fun Days to enhance communication between employees and their families, promoting mutual development between the Group and its employees.
- **Care for Special Employees:** We consider every employee as an essential part of our organisation. The Group is committed to supporting employees and their families, while encouraging the staff to care for and support those in need facing difficulties. To address the actual needs of employees, we have implemented several provisions and programmes, including the *Interim Provisions on Employee's Wedding, Burial, Work-related Injuries, and Visits to Major Diseases** (《員工婚、喪、工傷、重病慰問暫行規定》), *Headquarters Staff Care Programme** (《總部員工關懷方案》), and *Staff Care Committee Assistance Application Guide** (《中國燃氣員工關愛委員會關愛救助申請指引》). These initiatives allow us to assist employees facing illness or coming from low-income families, demonstrating our commitment to supporting them and overcoming challenges in life together.
- **Protection of Rights and Interests of Female Employees:** The Group is dedicated to creating a supportive work environment and favourable conditions for female employees. We strictly adhere to relevant laws and regulations, such as the *Law on the Protection of Women's Rights and Interests* (《中華人民共和國婦女權益保障法》) and the *Special Rules on the Labour Protection of Female Employees* (《女職工勞動保護特別規定》). We provide equal career development opportunities for female employees and ensure their full protection through maternity and lactation leave regulations. Those who are pregnant for seven months or more and those during breastfeeding can clock in one hour later or clock off one hour earlier on workdays. China Gas reserves positions for employees on parental leave and encourages their re-entry into the Company, ensuring that their career development and remuneration remain unaffected.

Time of Paid Leave for Employees Needing to Participate in Family Care for FY2023/24

Time of employee maternity and nursing leave for FY2023/24	46,710 hours
Time of employee paternity leave for FY2023/24	31,800 hours

5. EMBRACING A PEOPLE-ORIENTED APPROACH FOR JOINT VALUE CREATION

Case: Talent Housing Allocation

To further improve the welfare system, enhance the life of employees, and address their basic housing needs, China Gas launched the third talent housing allocation in January 2024, with more than 100 employees from headquarters participating in the selection. The record number and quality of talent houses symbolised the Group's stronger emphasis on the welfare of outstanding talents. The event was strongly supported by the Shenzhen municipal government, showing the importance placed on providing excellent services, optimising the environment for growth, and attracting outstanding talents. It also highlighted the recognition of the Group's concept of an employee-anchored future, allowing the enterprise and its employees to share the benefits of development.



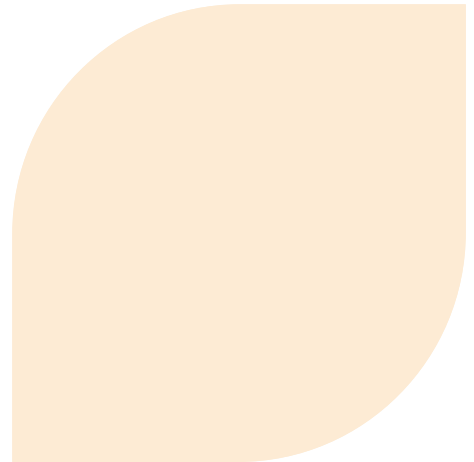
Talent Housing Allocation

Case: China Gas 2023 Employee Family Fun Day

To enhance communication and allow employees' families to closely experience the Company's development and the work environment for their loved ones, China Gas held the 2023 Employee Family Fun Day in May 2023. Nearly 100 family members from 30 families of the headquarters employees participated in the event. The family members visited the China Gas building, toured the exhibition hall, studio, and gym, had fun playing interactive games, and tasted delicious food, experiencing the China Gas culture. The event further increased the recognition and understanding among employees and their family members, boosting employees' sense of belonging and pride.



China Gas 2023 Employee Family Fun Day



6. PROMOTING PUBLIC WELFARE FOR HARMONIOUS COMMUNITIES

RESPONSIBILITY SPECIAL: RESPONDING TO NATIONAL STRATEGIES AND GIVING BACK TO SOCIETY

- 6.1 Supply Chain Management
- 6.2 Industry Exchange and Cooperation
- 6.3 Public Welfare



6. PROMOTING PUBLIC WELFARE FOR HARMONIOUS COMMUNITIES

PERFORMANCE HIGHLIGHTS

- Conducted ESG capacity building and training for **103** suppliers, ensuring **100%** coverage of our significant suppliers
- Established the first Carbon Peaking and Carbon Neutrality Research Institute in the national gas industry
- Donated **HK\$2.097 million** to public welfare projects

SDGs Involved in this Chapter



Material ESG Issues Addressed in this Chapter

- Supply chain management
- Community relation management
- Respect the rights of local people
- Support for local development
- Market orientation

China Gas consistently embraces the mission of “Converging in Harmony and Benefiting Communities,” upholding corporate social responsibility. We drive innovation in gas supply technology, models and business strategies, to support national agendas such as Rural Revitalisation and the Hangzhou Asian Games. Our active involvement in community development and public welfare endeavours cultivates harmonious relationships with residents and local communities. Leveraging our industry expertise, we optimise supply chain operations and promote collaboration across sectors, working hand in hand with the society to achieve sustainable development goals.

6. PROMOTING PUBLIC WELFARE FOR HARMONIOUS COMMUNITIES



RESPONSIBILITY SPECIAL: RESPONDING TO NATIONAL STRATEGIES AND GIVING BACK TO SOCIETY

China Gas proactively engages with national programmes, by spearheading the “rural coal-to-gas conversion” projects for cleaner air and Rural Revitalisation. We are also committed to supporting key national events like the Asian Games while driving the digital transformation of our gas transmission pipeline network to boost urban safety with “smart gas” solutions. These endeavours are geared towards enhancing the safety and convenience of urban life for the public, reinforcing our corporate responsibility through meaningful social involvement.

Combating Coal-to-Gas Challenges and Cementing Progress in the “Blue Sky Protection Campaign”

China Gas has been actively addressing the national imperative of air pollution control since 2016, through the initiation of rural coal-to-gas conversion projects. Under the banner of “National Mission, China Gas’s Responsibility,” we established a “Coal-to-Gas Conversion Command Centre”* (氣代煤總指揮部) to strategically drive the “coal-to-gas” initiatives. By the end of 2023, the Company successfully executed 237 “coal-to-gas” projects, serving 7.58 million users and maintaining over 180,000 kilometres of gas pipelines. This transformation has facilitated enhanced gas consumption levels and improved quality of life for more than 40 million rural residents in northern China, equivalent to advancing their living by five to 10 years. Through our engagement in the natural gas sector, we have significantly contributed to the reduction of carbon dioxide emissions by more than 280 million tons, playing a pivotal role in air pollution control and Rural Revitalisation efforts across China.

During FY2022/23, with the issuance of *Notice on Entering into Mid- to Long-term Natural Gas Contracts by Enterprises in 2022** (《關於組織簽訂2022年天然氣中長期合同的通知》), *Notice on Entering into Mid-term to Long-term Natural Gas Contracts by Enterprises in 2023** (《關於組織簽訂2023年天然氣中長期合同的通知》), and *Supplemental Notice on Entering into Mid- to Long-term Natural Gas Contracts in 2023** (《關於2023年天然氣中長期合同簽訂的補充通知》) by the National Development and Reform Commission (“NDRC”), calling for upstream gas source enterprises, governments, and gas companies to jointly ensure sufficient, stable and steady gas supply at low prices for coal-to-gas projects in rural areas of North China. In October 2023, propelled by the People’s Government of Hebei Province, a coalition of local governments at various levels in Hebei, along with China Gas and numerous other companies collaboratively entered into a residential heating supply guarantee agreement. This agreement delineates the supply assurance responsibilities of both enterprises and government entities, aiming to collectively tackle “non-resource-based gas shortage”. It addresses the long-standing challenge of securing gas supply in regions under the replacement of coal with gas, ensuring a comfortable winter for rural residents and safeguarding the progress made in the “Blue Sky Protection Campaign”. The Group holds a prominent position covering roughly 40% of the market in Hebei’s rural areas undergoing the coal-to-gas transition, catering to over 4 million customers with activated gas service. By the end of October 2023, all 79 of China Gas’s coal replacement branches in Hebei had successfully finalised supply guarantee agreements for the current winter season and the upcoming spring demonstrating a commitment to reliable gas provisions.

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Additionally, China Gas has developed the *Emergency Plan for Ensuring Winter Gas Supply in the North China Region** (《華北區域冬季保供應急工作方案》) to ensure the safety of natural gas supply for users under replacement of coal with gas during the FY2023/24 heating season. The Company is mobilising nationwide resources to prepare for winter gas supply by implementing measures such as ensuring gas supply sources and volumes, securing funds, organising emergency gas repair training, conducting inspections for leakage of gas transmission pipeline network, and promoting gas safety awareness among households, with a focus on safety, gas sources, funding, and customer service. Looking ahead, China Gas will continue to uphold the direction of market-oriented reform and development of the natural gas sector, strengthening the execution and enforcement of gas supply contracts, ensuring contract-based emergency preparedness and supply security, and steadfastly advancing the implementation of the Rural Revitalisation strategy and winter clean heating projects in the North China region. These efforts aim at securing the “Blue Sky Protection Campaign” reform gains.

Smart Utility Tunnel for Gas Supply, All-Around Protection for the “Hangzhou” Asian Games

During the 2023 Asian Games, China Gas made significant contributions in lighting the sacred flame, implementing a smart gas utility tunnel, and providing gas supply and centralised heating for the event venues. Hangzhou Zhongran* (杭州中燃) invested over RMB4 million to install five medium-pressure pipelines spanning nearly ten kilometres within the Asian Games Village’s utility tunnel. These pipelines integrated various utilities including gas, electricity, water supply, and communication lines. Throughout the Reporting Period, they successfully completed the digital transition and upgrade of the gas supply system in Hangzhou. This upgrade effectively ensured a reliable energy supply for approximately 280,000 residents and over 1,500 businesses in the Qiantang and Xiaoshan Districts.

Supporting the Flame Ignition and Central Heating for the Asian Games Village Hotel: To ensure the smooth burning of the Asian Games’ sacred flame, Hangzhou Baijiang Energy Co., Ltd.,* (杭州百江能源有限公司) a subsidiary of China Gas, provided LPG as the fuel and conducts repeated drills and inspections of LPG users along the torch relay route to ensure absolute safety. Shenzhen China Gas Thermal Development Group Company Limited* (深圳中燃熱力發展集團有限公司), another subsidiary of China Gas, leveraging its expertise in city heating project technology, invested nearly RMB10 million in the centralised heating project for the third phase of the Asian Games Village and supported the Village’s supporting facilities with a coverage area of nearly 50,000 square metres.

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Initiating a Retrofit to Ensure Safe and Stable Gas Supply for the Asian Games: With the announcement of the Asian Games' hosting, Hangzhou Zhongran* (杭州中燃) initiated targeted gas infrastructure upgrades for 18 venues. A smart retrofit of the Hezhuang Gas Supply Station* (河莊供氣站) was prioritised, integrating digital technology for real-time monitoring and remote management of the site's environment, appliances, and data, ensuring precise safety oversight. An Integrated Operations Centre (IOC) platform, powered by GIS and other advanced software, offered continuous surveillance with laser methane leak detection, gas flow monitoring, and alerts. It also featured acoustic deterrence for security, AI-assisted supervision in high-risk areas, and personnel identification, safeguarding gas supply for the Games at the source.



Smart Gas Station – Hangzhou Hezhuang Gas Supply Station* (河莊供氣站)

Establishing a Smart Pipeline Network System for the Asian Games Village: China Gas actively harnessed its digital expertise to develop a pipeline network simulation system and a smart gas OMP in response to a “Green, Smart, Economical and Ethical” Asian Games, managing the gas transmission pipeline network and emergency incidents intelligently. The integrated mapping data, unified management processes, and comprehensive monitoring networks formed a streamlined framework that was pivotal in ensuring the smooth and secure operation of the Asian Games village. The underground utility tunnel system in Hangzhou's Asian Games Village stood as the city's most extensive and systematic to date, ranking among the most advanced newly-developed underground utility tunnel systems in China. This critical infrastructure acted as the “lifeline” of the Village, underpinning its seamless and reliable functioning throughout the event.

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The smart gas OMP, leveraging the digital twin technology, seamlessly integrates three-dimensional geographic information, equipment operation data, environmental information, safety prevention details, video imagery, warning signals, and management information. This integration allows for centralised processing of equipment and facilities, gas transmission pipeline networks, gas supply, and anomaly detection, creating a “Digital Map of Gas Transmission Pipeline Network”. This approach effectively elevates safety management and emergency response efficiency, minimising the impact of potential accidents. Furthermore, the gas pipeline hydraulic simulation system employs automated modelling to analyse pipeline pressure, flow rates, velocities, and localised pressure loss distributions. It simulates emergency response scenarios, formulates rational production scheduling plans based on varying external environmental conditions, and develops pipeline network construction and planning schemes in line with regional economic development and energy demands. These functions effectively bolster emergency response capabilities and ensure gas supply stability.



Integrated Management Platform for the Smart Gas Utility Tunnel of Hangzhou Zhongran* (杭州中燃)

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During the event, there were smart gas laser inspection vehicles for irregular patrols offline, emitting lasers from vehicle roofs and front bumpers and collecting air samples to detect methane and ethane, ensuring timely identification of potential gas leaks.



Smart Gas Laser Inspection Vehicles of China Gas

“Metamorphosis: City Transformed by the Games.” China Gas was steadfast in ensuring gas supply stability, gas safety, centralised heating, and smart gas initiatives, robustly safeguarding the security of the Hangzhou Asian Games and promoting Hangzhou’s development. This showcased the Group’s commitment to a low-carbon, green, diverse, and inclusive business landscape, as well as its responsible and safety-first corporate image. Moving forward, China Gas will continue to leverage its professional strengths, closely align with national strategies and societal needs, and contribute to harmony of the society.

6. PROMOTING PUBLIC WELFARE FOR HARMONIOUS COMMUNITIES

6.1 SUPPLY CHAIN MANAGEMENT

China Gas firmly believes that the delivery of quality and efficient services and products hinges critically on close collaboration with suppliers. The Group is dedicated to establishing long-term and stable partnerships with excellent suppliers, aiming to jointly improve the management and comprehensive strengths, and achieve high-quality and sustainable development. We strive to create a fair and orderly business partner ecosystem that promotes win-win cooperation, thereby establishing a robust and sustainable supply chain.

Supplier Management System

Incorporating the *Law of the People's Republic of China on Bid Invitation and Bidding*, the *Law of the People's Republic of China Against Unfair Competition*, and other relevant regulations, we have established comprehensive systems such as the *Supplier Management System of China Gas** (《中燃集團供應商管理制度》), the *Supplier Access and Evaluation Implementation Rules of China Gas** (《中燃集團供應商准入與考察實施細則》), and the *Supplier Code of Conduct** (《供應商行為準則》). These systems define the management responsibilities of various departments, regional management centres, specialised companies, groups under China Gas, and project companies within China Gas, establish systematic and standardised procedures for supplier access and inspection, as well as supplier assessment and review, while also outlining the rights and obligations of suppliers. All suppliers must register on the SRM of China Gas and undergo access approval. Centralised procurement material suppliers will not be “qualified” unless they undergo the access investigation and pass the relevant approval processes of the Group.

Supplier Access

During the supplier screening process, we focus on suppliers' performance in compliance, sustainability, and service quality:

We prioritise partnerships with leading suppliers that align with our sustainable development philosophy to ensure the traceability and sustainability of the products and services provided by our suppliers with regard to environmental and social considerations. In addition, suppliers with ESG-related qualifications and third-party certifications (such as ISO 14001 and ISO 45001) are prioritised. For new suppliers seeking access to supply important materials, obtaining certifications for both environmental management and occupational health and safety management systems is a prerequisite for access.

In terms of governance, all suppliers shall obtain relevant licences and certifications as required by the Company, sign the *Integrity Commitment** (《廉潔承諾書》) and the *Sunshine Audit Agreement** (《陽光審核協議書》), and abide by the *Supplier Code of Conduct** (《供應商行為準則》) as a prerequisite for cooperation.

Regarding business relevance, there are distinct categories of suppliers, such as goods suppliers, service suppliers, and engineering solution suppliers. We develop criteria and procedures specific to the business relevance of each category and define the documentation required for certification for each category of supplier.

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As of 31 March 2024, 255 suppliers have completed centralised procurement certification through the China Gas Bidding and Procurement Network.

Supplier Statistics

Total number of suppliers certified by the China Gas Bidding and Procurement Platform

255

Number of suppliers participating in the annual audit

280

Number of Suppliers by Geographical Region

East China

92

Northeast China

16

North China

58

Northwest China

8

Central China

12

Southwest China

26

Southern China

19

Central Plains

24

Supplier Screening

Total number of Tier-1 suppliers

100

Total number of Tier-1 significant suppliers

29

Percentage of total spending by Tier-1 significant suppliers

79.50%

Total number of non-Tier-1 significant suppliers

58

The Number and Proportion of Suppliers with Certifications

The number of suppliers with ISO 14000 series certification

240

The proportion of suppliers with ISO 14000 series certification

94.12%

The number of suppliers with ISO 45001 certification

237

The proportion of suppliers with ISO 45001 certification

92.94%

6. PROMOTING PUBLIC WELFARE FOR HARMONIOUS COMMUNITIES

Supplier Evaluation

Beyond enforcing a fair access system, the Group dedicates attention to the daily performance oversight of suppliers, instituting a performance control framework consistent with the standards of China Gas. We have developed a structured approach to supplier performance auditing and assessment, underpinned by the relevant management systems, standards, and business procedures.

In FY2023/24, the Group updated and implemented the *Detailed Implementation Rules for Supplier Assessment and Evaluation of China Gas** (《中燃集團供應商考核與評價實施細則》) based on the *Supplier Management System of China Gas** (《中燃集團供應商管理制度》), establishing a supplier assessment, evaluation, and tiered management mechanism. The tiered management operates on the principle of “Quantitative Evaluation and Dynamic Management”. There are four distinct tiers of suppliers shortlisted for China Gas, namely “Qualified”, “Suspended”, “Terminated”, and “Blacklisted”, according to their performance in assessment results, quality inspections, annual on-site and documentation audits, and feedback from our business departments, with dynamic adjustments made as necessary.

Adhering to the *Supplier Management System of China Gas** (《中燃集團供應商管理制度》), we conduct annual audits of our suppliers, particularly those involved in centralised procurement, with each assessment result remaining valid for one year. In FY2023/24, the Group carried out a centralised annual audit for suppliers in the SRM system engaged in centralised procurement, encompassing 280 suppliers across key areas, including 87 significant suppliers, covering materials, services, engineering, and engineering services. Upon compiling the audit findings from respective responsible persons, we withdrew centralised procurement privileges from 25 suppliers. In response, we formulated corrective actions and improvement plans for 16 suppliers and strengthened our oversight measures. The outcomes will be pivotal in determining future collaborative arrangements.

We conduct annual on-site inspections of selected qualified centralised procurement suppliers to assess their management proficiency, technical proficiency, and business continuity. The inspection methods and protocols align with our supplier access assessment procedures. In FY2023/24, the Group carried out unannounced inspections on 22 suppliers, covering 35 centralised procurement categories, encompassing 65% of our suppliers and 98% of the total procurement value.

The management of bidding samples lays the groundwork for quality assurance and oversight. We delegate testing of materials and equipment that adhere to high standards and have minimal influence on production to reliable third-party institutions. When dealing with non-standard products and equipment that significantly impact operations, we orchestrate comprehensive on-site evaluations of bidding samples, involving various departments across the Group, and enlist third-party institutions to validate our assessments. These evaluations prioritise the alignment of product performance with operational requirements, emphasising reliability, stability, and safety. Drawing from the testing outcomes, we mandate suppliers to introduce necessary adjustments and improvements to enhance product quality and performance.

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Supplier Assessment Indicator and Performance

Supplier compliance rate	On-time delivery rate	Outgoing quality control rate	Excellent supplier ratio
100%	91%	95%	95%
Total number of suppliers assessed	Percentage of significant suppliers among all suppliers assessed	The number of suppliers assessed with substantial actual or potential negative impacts	The number of suppliers requiring corrective actions following the assessment
280	31%	20	16

Supplier Risk Management

During supplier access, inspection, assessment, and evaluation, China Gas proactively identifies, assesses, and evaluates supplier risks, encompassing ESG risks. We take a holistic approach to considering risks, encompassing those stemming from suppliers' countries or regions, industries, and goods or services. Furthermore, we regularly monitor fluctuations in diverse risk factors, and swiftly adapt our supplier screening and review criteria accordingly.

For common materials, the Group conducts thorough on-site supervision and audits of suppliers' pivotal quality control points by organising unannounced inspections and setting up capability benchmarks for suppliers in high-risk categories. This approach effectively mitigates significant risks in product installation and performance. We continuously refine the process quality control of copper valves which plays an important role in ensuring gas safety, with the *Copper Valve Quality Control Plan** (《銅閥門質量控制計劃》) developed after sorting out personnel, equipment, and processes. The production process is subject to quality control, effectively mitigating potential quality risks. We intend to apply the risk management expertise gained from key categories to the double-layer butt-welded powder steel pipes.

Furthermore, the Group strengthens supplier risk management and control through the digital SRM system launched in early December 2023, which automatically flags potential risks among suppliers and promptly issues rectification notices to those requiring attention. Our Tendering and Procurement Management Department performs regular risk assessments of all suppliers on the platform, alerting for expired qualifications and suspending cooperation with suppliers who fail to renew necessary certifications timely. This robust approach ensures the authenticity and validity of suppliers' qualifications, thereby mitigating potential risks.

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Supplier Punishment

China Gas has set out the *China Gas Supplier Reward and Punishment Management Measures** (《中燃集團供應商獎懲管理辦法》) to standardise supplier performance and compliance. This policy defines penalties for suppliers' misconduct and mandates all business departments to document any of their misconduct during business transactions and feedback their behaviours with responsibilities clarified, ensuring that they comply with the ESG requirements including business ethics, environmental protection, and health and safety in our Supplier Code of Conduct. Our approach to managing suppliers' violations is structured around four tiers of disciplinary actions: "Warning", "Suspending", "Phasing Out", and "Blacklisting". These actions are determined by evaluating suppliers' performance in procurement, annual assessments, quality inspections, annual reviews, and feedback from collaborations. Phased-out suppliers are excluded from China Gas' qualified supplier pool for two years across all related procurement organisations and categories. Those placed on the "blacklist" face a three-year ban from our qualified supplier pool.

Concurrently, the Group sends out improvement notices to suppliers identified with issues through the SRM, detailing the necessary corrective and preventive measures. Suppliers that implement these measures within the given time frame and satisfy our quality criteria upon re-evaluation will be "Qualified". Should they be unqualified or dissatisfy our management criteria during the follow-up inspections, they will be phased out. In FY2023/24, China Gas phased out four suppliers.

Number of Suppliers Terminated in FY2023/24



4

Suppliers terminated in FY2023/24

Sustainable Supply Chain

China Gas rigorously manages and monitors its suppliers' ESG performance to further promote sustainable development across the value chain. The Chief Executive Officer (CEO) and the core management team lead the highest level of decision-making and oversight for suppliers' ESG management and capability enhancement initiatives. The Tendering and Procurement Management Department and other functional departments compile and revise supplier management systems, supervise and manage suppliers' and contractors' ESG performance, and establish clear guidelines for the Company's suppliers in four key areas, including employee relations, health and safety, environmental protection, and business ethics.

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ESG-related Requirements for Suppliers of China Gas

1 Employee relations	<ul style="list-style-type: none">• Ensure that all employees are employed of their own free will and prohibit any discrimination based on gender, race, age, health, or other related factors;• Avoid child and forced labour, with no restrictions on personal liberty;• Comply with all applicable laws and regulations regarding minimum wages, working hours, and rest periods;• Respect employees' freedom of association and their right to engage in collective bargaining.
2 Health and safety	<ul style="list-style-type: none">• Provide a safe and healthy workplace;• Obtain, maintain, and renew all necessary health and safety permits, and abide by related regulations that are applicable.
3 Environmental protection	<ul style="list-style-type: none">• Obtain, maintain, and renew all necessary environmental permits, approval documents and registration certificates;• Comply with all applicable laws and regulations relating to pollutants; reduce or eliminate the generation and emission of pollutants from the source;• Adopt preservation and replacement measures to reduce the consumption of energy, water, and natural resources, thereby decreasing GHG emissions;• Actively initiate and invest in public welfare projects such as biodiversity protection, afforestation, and the protection of rare species, follow the requirement of no deforestation, and reduce the time during which soils are left as bare lands.
4 Business ethics (Chapter I with More Details)	<ul style="list-style-type: none">• Require all our suppliers to formulate anti-corruption policies, and prohibit them from corruption or dishonesty;• Promote fair trade and competition for a healthy collaborative relationship.

We also regularly organise training on China Gas procurement management requirements and ESG capacity building for our suppliers. This year, 103 suppliers participated in our ESG capacity building and improvement training sessions, achieving a 100% coverage rate for significant suppliers. In FY2023/24, we initiated our first Supplier Quality Representative Training at our headquarters to upgrade quality management from the source, with 23 quality representatives from 18 key material and equipment suppliers attending. Having completed their training and passed comprehensive assessments, they were certified as "Supplier Quality Representatives of China Gas". They will act for and on behalf of us to uphold internal quality management standards within respective supplier organisations. Looking ahead, China Gas will further reinforce its commitment to ESG principles in supplier management, particularly in on-site assessments for new suppliers and collaborative processes with centralised procurement suppliers.

6. PROMOTING PUBLIC WELFARE FOR HARMONIOUS COMMUNITIES

Case: ESG Capacity Improvement Training for Suppliers of China Gas Contributes to Quality Development of the Gas Industry's Eco-Chain

In the context of China's "carbon peak and carbon neutrality" policy and in alignment with the pursuit of high quality and sustainable development, there is an increasing focus on ESG core concepts such as ecological environmental protection, social responsibility fulfilment, and governance enhancement. China Gas, while strengthening its ESG capabilities, keenly focuses on ESG competencies across its supply chain, spanning both upstream and downstream operations. In March 2024, the *ESG Capacity Improvement Training for Suppliers of China Gas** (《中燃集團供應商ESG能力提升培訓》) organised by the Tendering and Procurement Management Department was held at our headquarters, with more than 140 participants including over 100 centralised procurement suppliers and all employees of the Tendering and Procurement Management Department. The experts delved into the concept, evolution, and policy trends of ESG, and elucidated its impact, significance, and roadmap planning. This significantly strengthened their understanding of the crucial role ESG plays in enterprises and laid the foundation for enhancing ESG governance and implementing the ESG philosophy.



ESG Capacity Improvement Training for Suppliers of China Gas

Meanwhile, China Gas places particular emphasis on driving the green transformation of the value chain, and has set up green procurement standards to actively promote carbon reduction among upstream partners:

- Require suppliers to provide data on product carbon emissions, promote the establishment of carbon emission management systems by suppliers, and facilitate the implementation of carbon reduction actions by suppliers;
- Require or advocate suppliers to set carbon neutrality-related targets, carbon reduction and emission control targets, energy use efficiency, etc., as scoring items in bidding documents to guide suppliers to actively fulfil carbon neutral targets;
- Require or advocate suppliers to be engaged in internationally organised CDP questionnaires, ESG rating and TCFD report disclosure, etc., to guide them to improve their carbon management;
- Jointly conduct low-carbon themed activities or relevant training with suppliers to raise their awareness and competency of carbon reduction.

In addition, we have adopted a policy that prioritises local sourcing. By nurturing long-term relationships with suppliers, choosing suppliers on a regional basis, favouring those with local manufacturing facilities in similar cases, and optimising delivery routes, we significantly reduce the environmental footprint associated with producing and transporting goods.

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6.2 INDUSTRY EXCHANGE AND COOPERATION

The Group recognises the critical role that industry exchange, business cooperation, and Industry-University-Research (IUR) cooperation play in fostering ongoing innovation and progress within the gas sector. To that end, we proactively engage in a wide array of industry exchanges to champion the safe operation and smart construction of gas utilities. We strengthen our partnerships with industry associations and research bodies to jointly pursue studies in green natural gas certification and the creation of the Carbon Peaking and Carbon Neutrality Research Institute, dedicated to charting environmental-friendly and low-carbon development pathways for the gas industry. Moreover, we prioritise the IUR cooperation, working alongside universities on research initiatives and talent development programmes that robustly underpin the gas industry's relentless innovation and growth.

Industry Exchange

China Gas, a council member of the China Gas Association, has been actively expanding its ecosystem of scientific and technological research within the industry. We have continuously strengthened communication and exchanges with relevant industry organisations, explored new technologies, and proactively promoted the forward development of the gas industry.

Case: The Group Participates in the China Gas Association Standards Working Committee 2023 Annual Meeting and the Seminar on Safety Operation and Smart Construction of Gas Utilities

On 1 August 2023, the Group participated in the China Gas Association Standards Working Committee 2023 Annual Meeting and the Seminar on Safety Operation and Smart Construction of Gas Utilities. Mr. WANG Yonghao, Deputy General Manager of the Centre of Excellence and General Manager of the Marketing Department, and Mr. QIAN Wenbin, Chief Engineer of China Gas Design Institute and Assistant to General Manager of the Engineering Operation Department, attended a seminar titled the *Research on the Scope and Grade of City Gas Distribution Services* (《城市燃氣配氣服務範圍及等級研究》). The China Gas Association and the NDRC Price and Cost Research Centre organised this event. During the seminar, they sought to secure a fair and reasonable development space for gas companies. Additionally, they discussed how to differentiate the management levels, social responsibilities, and brand effects of various gas companies through their service quality during cost supervision and audits to promote the healthy development of the gas industry.



Mr. QIAN Wenbin Delivers a Speech at the Seminar

6. PROMOTING PUBLIC WELFARE FOR HARMONIOUS COMMUNITIES

Case: The Group Participates in the Ninth China Smart Gas Development Forum

On 31 August 2023, China Gas participated in the Ninth China Smart Gas Development Forum, with Executive Director and Vice President Ms. LIU Chang giving the opening address. During the event, China Gas Association, China Gas, and other relevant industry organisations as well as key enterprise representatives, joined in the opening ceremony for the “Haining City Gas Safety Project”. This initiative collectively advocates for the advancement of safety projects for city infrastructure lifelines. As China Gas’s digital operations are experiencing significant growth, the Company is committed to working closely with its ecosystem partners, leveraging state-of-the-art digital technologies for continuous innovation and driving the effective establishment of industry systems.



China Gas Participates in the Ninth China Smart Gas Development Forum

Furthermore, our research on green natural gas certification has led to the completion of an internal report titled the *Status and Recommendations for Biogas Industry Development in China* (《我國生物燃氣產業發展的情況及建議》). This suggests that promoting green certification may support the growth of the domestic biogas sector. To advance this initiative, we partnered with the Shanghai Environment and Energy Exchange to host a “Symposium on Green Certification and Trading System Development of Biogas” on 31 October 2023 in Shanghai. The event brought together top industry experts and leading enterprises to explore the progress of green certification for biogas within China.

6. PROMOTING PUBLIC WELFARE FOR HARMONIOUS COMMUNITIES

Case: Establishing the First Carbon Peaking and Carbon Neutrality Research Institute in China's Gas Industry

In May 2023, the Zero Carbon Research Institute (the "Institute"), the first Carbon Peaking and Carbon Neutrality Research Institute in the national gas industry, was officially inaugurated in Luohu District, Shenzhen. Spearheaded by China Gas Holdings Limited ("China Gas"), the Institute was jointly established with Shanghai Environment and Energy Exchange ("SEEE") and features a specialised committee for carbon neutrality in the gas industry. By integrating top resources in the industry, the Institute aims to build a green and low-carbon ecosystem in collaboration with various stakeholders. The Institute is committed to pioneering the nation's first "Carbon Neutrality Database for Gas Industry Chain", the "Carbon Peaking and Carbon Neutrality Smart Database for Gas Industry", and the industry's first "Capacity Building Centre for Carbon Neutrality or Carbon Emission Reduction in Gas Industry". Its core missions encompass emission reduction strategies, consultation on carbon reduction, carbon management systems, capacity building for carbon neutrality, white paper insights, and developing technologies and projects for carbon reduction. It further curates a carbon emission database to support downstream users with services like carbon inventory, footprint analysis, and labelling. The Institute also explores innovative carbon finance solutions.



Establishment of the Zero Carbon Research Institute

6. PROMOTING PUBLIC WELFARE FOR HARMONIOUS COMMUNITIES

Business Cooperation

China Gas is dedicated to advancing green technology R&D through active collaboration with top enterprises across various industries. With a focus on critical areas of green and low-carbon development like biomass energy, photovoltaics (PV), hydrogen energy, and decentralised wind power, the Company coordinates research efforts in green technology to improve the accessibility of such technology. This initiative aims to offer robust assurances and substantial backing for the transition towards a low-carbon economy.



Researching, developing, applying and promoting PV technology

China Gas has entered into comprehensive strategic cooperation agreements with leading companies in the field of new energy, including LONGi, Three Gorges Corporation, State Power Investment Corporation (SPIC), and Yunnan Investment Group. These partnerships aim to promote the research, development, application, and promotion of new energy technologies, particularly in areas such as distributed PV, BIPV, household PV system, etc.



Cooperating with China National Offshore Oil Corporation (CNOOC) to promote hydrogen energy technology R&D

China Gas is advancing the hydrogen energy sector on all fronts by actively promoting the R&D technology as well as the practical implementation of hydrogen production, storage, and transportation technologies. This involves collaborating with CNOOC to explore, develop, and implement skid-mounted natural gas-to-hydrogen technology, joining forces with prominent PV enterprises to innovate and apply hydrogen production by hydrolysis of PV power generation and investigating the utilisation of hydrogen storage and transportation methods.



Cooperating with industrial partners to promote the development and application of high-temperature heat pump scenarios

China Gas is actively engaged in R&D of industrial high-temperature heat pumps and their applications in industrial scenarios. The Company has carried out energy consumption surveys in several industrial parks, including Qingdao Huangdao District, Ji'nan Zhangqiu Diaozhen Chemical Industrial Park, and Tianjin Tiangang Steel, to investigate the application scenarios of heat pumps in industrial parks and the integration of other comprehensive energy scenarios. In the realm of scenario development, we have completed multiple exhaust heat recovery and heating technology projects, such as the exhaust heat recovery from Methanol to Olefins (MTO) at Zhongyuan Oilfield, the power generation transformation from exhaust heat at Shandong Guoming Ductile Iron Pipes, and the exhaust heat recovery from high-temperature heat pumps for steam supply at Jiuling Lithium. Concurrently, we have made advancements in high-temperature heat pump R&D, with the assembly of experimental prototype units completed.

6. PROMOTING PUBLIC WELFARE FOR HARMONIOUS COMMUNITIES

Industry-University-Research (IUR) Cooperation

The Group values cooperation with universities, driving R&D and application of new technologies through joint research initiatives and talent development programmes. The IUR cooperation strengthens our R&D capabilities while ensuring the nurturing of top-tier technical professionals. Our partners for technological exchange and cooperation in FY2023/24 are as follows:

No.	Type of partners	Partners	Technological exchange and cooperation direction
1	Industry associations	China Association for the Promotion of Industrial Development (CAPID) Biomass Energy Industry Promotion Association (BEIPA)	Engaged in technological exchange in biomass energy as a member.
2		China Biogas Society (CBS)	Engaged in technological exchange in biomass energy as a member.
3		Chinese Society for Environmental Sciences	Organic solid waste disposal and resource utilisation conference.
4	Universities	Guangzhou Institute of Energy Conversion, Chinese Academy of Sciences (CAS)	Organised the Heating Groups and the Electricity and New Energy Business Department to review research outcomes from the Guangzhou Institute of Energy Conversion, CAS. Engaged in in-depth exchanges and discussions covering a range of subjects, including efficient heat extraction technology from medium-deep geothermal wells, biomass gasification combined heat and power systems, dynamic ice thermal storage technology, as well as R&D equipment for utilising energy from biogas residue post anaerobic digestion of kitchen waste.
5		Shanghai Jiao Tong University	Delved into the intricacies of food processing technology, focusing on the temperature-humidity regulation and drying techniques characterised by energy efficiency, low-carbon footprint, and smart technology, which served as the preliminary groundwork for applying for national innovation projects.
6		Technical Institute of Physics and Chemistry, CAS	CO ₂ heat pumps, energy towers, and other technologies.

6. PROMOTING PUBLIC WELFARE FOR HARMONIOUS COMMUNITIES

6.3 PUBLIC WELFARE

The Group consistently upholds its mission of “Converging in Harmony and Benefiting Communities”, diligently fulfilling its duties as a corporate citizen. It contributes to society by leveraging its strengths, actively innovates gas supply technology, models, and business strategies, and plays an active role in Rural Revitalisation. The Group is dedicated to enhancing communities and fostering the healthy development of society. In the process of project investment and development, the Group takes into account the interests of community development and local people in project development, committed to achieving harmonious coexistence with communities carried with local communities. During the Reporting Period, total donations (including the valuation of in-kind donations) for public welfare projects were HK\$2.097 million.

Contributing to Rural Revitalisation

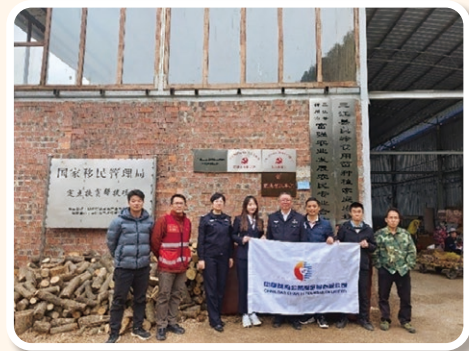
The comprehensive promotion of Rural Revitalisation is an important task to build a strong agricultural country in the new era. In January 2024, the Central Committee of the Communist Party of China and the State Council officially published the *Opinions on Learning and Applying the Experience from the “Green Rural Revival Programme in Zhejiang Province” to Effectively Promote Comprehensive Rural Revitalisation* (《關於學習運用「千村示範、萬村整治」工程經驗有力有效推進鄉村全面振興的意見》), unveiling a “Road Map” for the national Rural Revitalisation strategy. It highlights the ongoing efforts to strengthen industrial and employment support while outlining various models for industrial convergence and integrated development. The goal is to enhance overall progress by making breakthroughs in key sectors. China Gas is highly conscious of its mission and responsibilities, actively aligning with the national strategy for Rural Revitalisation. The Company is dedicated to consolidating and expanding the successes of poverty alleviation, thereby supporting Rural Revitalisation and boosting local employment.

6. PROMOTING PUBLIC WELFARE FOR HARMONIOUS COMMUNITIES

Case: The China Gas Charity Foundation Carries Out Rural Revitalisation and Educational Assistance in Sanjiang, Guangxi

In March 2024, the China Gas Charity Foundation's assistance team visited Tongle Miao Township, Sanjiang Dong Autonomous County, Liuzhou, Guangxi Zhuang Autonomous Region, to carry out surveys and follow-ups on the targeted assistance for Rural Revitalisation and rural education. During the Reporting Period, the Group donated 352 low-frequency cervical therapy devices, valued at RMB70,400, to the Tongle Township Health Centre, schools, and other institutions in Sanjiang County. Additionally, the assistance team revisited the Liangchong Village edible mushroom cultivation base established with the support of China Gas. After several years of steady development, the base has achieved a considerable scale and is improving steadily. The base's Ganoderma Lucidum cultures have been well-received in the market. Each year, it sells about 100,000 edible Auricularia Mushroom Spawns (Auricularia Mushroom Spawns), with an annual net profit exceeding RMB200,000. This has led to the local employment of over 60 villagers, realising dual growth in industry and employment.

Furthermore, we are dedicated to backing targeted assistance programmes in Sanjiang. By collaborating with local government entities, schools, and village groups in Tongle Township, we are proactively exploring new innovative approaches to provide support. By harnessing the region's rich natural resources, our goal is to bring Sanjiang's unique eco-agricultural goods to wider markets, nurturing a rural industry that highlights entrepreneurial prospects for the local community. This serves as a model for local entrepreneurship, opening up new avenues for villagers to boost their incomes and attain prosperity.



China Gas Charity Foundation Carries Out Rural Revitalisation and Educational Assistance in Sanjiang, Guangxi Zhuang Autonomous Region



Donation Ceremony

6. PROMOTING PUBLIC WELFARE FOR HARMONIOUS COMMUNITIES

Case: Yipin Smart Living Develops Geographically Indicative Agricultural Products to Promote Rural Revitalisation

In response to the call for Rural Revitalisation and the trend towards higher consumer standards, Yipin Smart Living, a new retail platform within China Gas' microgrid private domain, utilises its "One Signature Product in One Key City" initiative to drive the revitalisation of rural economies. This strategy meets the increasing demands of consumers for product origin and quality assurance.

Yipin Smart Living implements an innovative business model that combines online and offline channels (social media and physical stores). By utilising streaming sales, Key Opinion Consumer (KOC) endorsements, grid-based household promotion, and brand advertising, the platform offers sales resources based on social media and networking for agricultural products with short lifecycles and relatively unstable supply.

- "Guanxi Pomelos" live streaming saw an explosion in sales in two hours, achieving 1,100 sales per hour;
- "Yangcheng Lake Hairy Crabs" achieved a sales volume exceeding RMB1.08 million after being launched at Yipin Smart Living;
- 5,000 boxes of "Chifeng Golden Kernel Corns" were sold out within two days.

Yipin Smart Living's "One Signature Product in One Key City" initiative has successfully tackled issues such as seasonal sales fluctuations, storage and transportation difficulties, lack of standardisation, and limited sales channels for agricultural products. This initiative has significantly increased the added value benefits and brand strength of these products. By introducing quality and standardised agricultural products to consumers, Yipin Smart Living has pioneered a range of geographically indicated products exclusively to its brand, establishing a new benchmark for e-commerce platforms in supporting Rural Revitalisation.



The Yipin Smart Living Team Traces the Origin of Yangcheng Lake Hairy Crabs



The Yipin Smart Living Team Traces the Origin of Authentic Cuixiang Kiwifruits in Chenggu County, Hanzhong

6. PROMOTING PUBLIC WELFARE FOR HARMONIOUS COMMUNITIES

Supporting Public Welfare with Practical Actions

China Gas established the China Gas Charity Foundation in 2014. The Foundation integrates its products and services with philanthropic efforts, aligning with China Gas' development strategy. It upholds the core principle of "bringing love to the outside and caring for the inside" and the belief that "public welfare for all is the real public welfare." By leveraging the unique characteristics of China Gas, the Foundation actively explores public welfare mechanisms and contributes to the Company's development strategy. It plays a vital role in various charitable initiatives, including support for underprivileged groups, flood control, safety publicity events and environmental education. Throughout the Reporting Period, the Group achieved significant milestones across different charitable sectors, encompassing charitable donations, community investments, and business-driven initiatives as follows:



Case: China Gas Charity Foundation Sponsors 20 Low-Income Families to Participate in the Christian Action's 3-Legged Charity Walk Event

On 13 May 2023, the China Gas Charity Foundation sponsored 20 low-income families to participate in the "3-Legged Charity Walk" held at the Clearwater Bay Golf & Country Club. Two participants completed a 3.5-kilometre journey in a 3-legged race format to foster empathy for the daily struggles encountered by children from grassroots communities. The Charity Walk aimed to raise funds for underprivileged children, with the proceeds going towards providing life support such as food assistance, after-school care, rehabilitation therapy, and special education for underprivileged children.



China Gas Charity Foundation holds the "3-Legged Charity Walk" Event



Children Participate in Public Welfare Activities

6. PROMOTING PUBLIC WELFARE FOR HARMONIOUS COMMUNITIES

Case: The China Gas Charity Foundation Joins Hands with Hong Kong Family Welfare Society (HKFWS) to Organise the “Farewell to Firefly Night” Event

The China Gas Charity Foundation joined hands with HKFWS Shun Lee Service Centre to organise the “Farewell to Firefly Night” event on 30 June 2023. Professional guides led children aged 4-12 and their parents on a firefly exploration at the Tai Po Kau Nature Reserve. The organisers aimed to enhance children’s comprehension of the natural world and cultivate positive attitudes towards environmental protection and ecological conservation.



Professional Guides Lead Children in a Firefly Exploration at the Tai Po Kau Nature Reserve



Fostering Children’s Connection with Nature and Boosting Eco-awareness

6. PROMOTING PUBLIC WELFARE FOR HARMONIOUS COMMUNITIES

Building Community Culture

China Gas has consistently demonstrated its dedication to social responsibility by proactively working with the media and collaborating with governmental entities to promote community cultural development. These efforts aim to create a safer, improved and more harmonious living environment for residents. In FY2023/24, we concentrated our efforts on establishing the “China Gas Media Alliance Programme”, an initiative designed to strengthen our relationships with the media and cultivate a positive and healthy community culture. Adhering to the principles of “Coordinated Planning, Tiered Accountability, and Regional Management”, the Group’s Culture and Public Affairs Department developed and issued the *Management System for Maintaining Media Relations of China Gas** (《中燃集團媒體關係維護管理制度》). Comprehensive training and guidance throughout the Group to ensure the system’s effective adoption supported this initiative. Furthermore, the Group extended invitations to leading media agencies to take tours at our project sites, including significant developments in the East China region. Mr. LIU Ming Hui, Chairman of the Board and President of the Company, was invited to have face-to-face communication with the media. We also arranged for media delegations to explore the Hangzhou Asian Games Village, highlighting our contributions to the Village’s seamless operations and offering insights into our ongoing dedication to fostering a robust community culture. The media delegation was guided to initiate a series of special reports, effectively disseminating the Group’s new business model in areas such as technology empowerment, green and low-carbon practices, and diversified development.



China Gas’ Media Tour in FY2023/24

Furthermore, the Company and its subsidiaries have strengthened community cultural initiatives with strong policy support and financial backing, achieved through enhanced communication and collaboration with governmental entities. In the face of energy-related challenges and market dynamics, the Group is committed to nurturing strong relationships with governments at all levels, instituting a comprehensive three-tier government-business relationship management structure encompassing the headquarters, regional management centres, and operational groups or project companies. We regularly update our operational and management activities to local party committees, governments, people’s congresses, and political consultative conferences, actively nurturing and sustaining this vital government-business relationship. By actively cultivating and maintaining government-enterprise connections, we participate in strategic public relations (PR) activities to foster a favourable and conducive business environment for regional development.

6. PROMOTING PUBLIC WELFARE FOR HARMONIOUS COMMUNITIES



Mr. HUANG Yong, Executive Director and Executive President of China Gas Meets the Leaders of the Development and Reform Commission of Jiangxi Province

Through leveraging government-media collaboration, China Gas has improved its corporate image and social influence, injecting new vitality and depth into community culture development. Looking ahead, the Group will persist in strengthening communication and collaboration with government and media organisations, collectively advancing community culture and fostering a more harmonious living environment for residents.

Participating in Volunteer Services

Throughout its history, China Gas has remained dedicated to public welfare initiatives, guided by the belief of “public welfare for all as the real public welfare” to contribute to society. The Group has formed a volunteer service team to inspire employees to actively participate in volunteer services and contribute to community development. During the Reporting Period, the volunteer service team took part in a range of activities such as gas safety awareness campaigns and charitable assistance efforts.

6. PROMOTING PUBLIC WELFARE FOR HARMONIOUS COMMUNITIES

Case: Joining the Volunteer Service Team and Guarding City Gas Safety

China Gas has significantly contributed to society through active involvement in volunteer fire protection services. During the Reporting Period, our subsidiaries have proactively collaborated with local governmental bodies and fire services to carry out extensive gas safety campaigns both online and offline. We have implemented focused programmes in businesses, rural areas, communities, schools, and households to raise public awareness of gas safety and improve emergency response capabilities, establishing a robust “safety defence” against gas-related risks. With the dedicated guidance of staff and volunteers, citizens have acquired a deeper and more professional understanding of gas safety measures and equipment installation.



Volunteers from China Gas Promote Gas Safety in the Community

Case: Employees of China Gas across Various Regions Participate in Charitable Assistance Activities

During the Reporting Period, companies in various regions organised or took part in charitable assistance activities. China Gas branches in Nanning, Pizhou, Yichang, Shanwei, Meizhou, Baotou, Zhangjiajie, and Danjiangkou conducted blood donation drives to promote kindness and compassion. Huating Branch participated in the local “Caring for Sanitation Workers” sports shoe donation ceremony. Yulin Branch organised a “5·8 Humanitarian Public Welfare Day” charitable donation event. The Shenxian Branch launched a volunteer service activity to support the college entrance examination.



The Blood Donation by China Gas' Employees

APPENDIX

ESG CONTENT INDEX

HKEX ESG Reporting Guide Content Index

Subject Areas, Aspects, General Disclosures and KPIs	Description	Relevant Chapter or Other Explanation	Page Number
A. ENVIRONMENT			
Aspect A1: Emissions			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environmental Protection, ESG Policy List	96,184
KPI A1.1	The types of emissions and respective emissions data.	Green Operation, ESG Performance Table	102,110,191
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tons) and, where applicable intensity (e.g. per unit of production volume, per facility).	Green Operation, ESG Performance Table	102,191
KPI A1.3	Total hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Green Operation, ESG Performance Table	111,192
KPI A1.4	Total non-hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Green Operation, ESG Performance Table	111,192
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Environmental Management, Green Construction, Green Operation	98-106
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Green Operation	110-111

Subject Areas, Aspects, General Disclosures and KPIs	Description	Relevant Chapter or Other Explanation	Page Number
Aspect A2: Use of Resources			
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Green Operation, ESG Policy List	110,184
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).	Green Operation, ESG Performance Table	102,191
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Green Operation, ESG Performance Table	109,192
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Green Operation	98-106
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Green Operation	98,108-109
KPI A2.5	Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced.	Green Operation	111
Aspect A3: The Environment and Natural Resources			
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Environmental Management, ESG Policy List	96,184
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Management	96-106
Aspect A4: Climate Change			
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Response to Climate Change	121
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Response to Climate Change	121

APPENDIX

Subject Areas, Aspects, General Disclosures and KPIs	Description	Relevant Chapter or Other Explanation	Page Number
B. SOCIAL			
Employment and Labour Practices			
Aspect B1: Employment			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employee Rights	133,138
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Employee Rights, ESG Performance Table	134,193
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employee Rights	134,193
Aspect B2: Health and Safety			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Occupational Health and Safety	66
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Occupational Health and Safety, ESG Performance Table	72,193
KPI B2.2	Lost days due to work injury.	Occupational Health and Safety, ESG Performance Table	72,193
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Occupational Health and Safety	72

Subject Areas, Aspects, General Disclosures and KPIs	Description	Relevant Chapter or Other Explanation	Page Number
Aspect B3: Development and Training			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Training and Development	139
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Training and Development, ESG Performance Table	143,194
KPI B3.2	The average training hours completed per employee by gender and employee category.	Training and Development, ESG Performance Table	143,194
Aspect B4: Labour Standards			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Employee Rights, ESG Policy List	133,185
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Employee Rights, ESG Policy List The Group regularly reviews its employment practise to ensure compliance with applicable laws and regulations in preventing child and forced labour.	133,185
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Employee Rights The Group has zero tolerance towards such practise. Violations are subject to internal disciplinary actions or handled by relevant authorities.	133

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Subject Areas, Aspects, General Disclosures and KPIs	Description	Relevant Chapter or Other Explanation	Page Number
Operating practices			
Aspect B5: Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management	158
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management, ESG Performance Table	159,190
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.	Supply Chain Management	158
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitoring methods.	Supply Chain Management	158
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management	158
Aspect B6: Product Responsibility			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Premium Quality The Group has not identified material concerns in its operations regarding advertising and labelling matters, thus dedicated policies are not in place. There are no laws and regulations that have a significant impact on the Group regarding health and safety, advertising, labelling and privacy matters relating to products and services provided by the Group.	50
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Premium Quality	50

Subject Areas, Aspects, General Disclosures and KPIs	Description	Relevant Chapter or Other Explanation	Page Number
KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	Exceptional Service	55
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Premium Quality	50
KPI B6.4	Description of quality assurance process and recall procedures.	Premium Quality	50-51
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Exceptional Service	55
Aspect B7: Anti-corruption			
General Disclosure	Information: (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.	Compliance Operation	32
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.	Compliance Operation, ESG Performance Table	37,190
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Compliance Operation	38
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Compliance Operation	36-38
Community			
Aspect B8: Community Investment			
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Social Responsibility	170
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Social Responsibility	173
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Social Responsibility, ESG Performance Table	173,194

APPENDIX

CHINA GAS ESG POLICY LIST

Policy name	Corresponding HKEX ESG Guidelines
<i>Environmental Policy</i>	A1 Emissions, A2 Use of Resources, A3 The Environment and Natural Resources, A4 Climate Change
<i>Carbon Management Manual</i>	A1 Emissions
<i>Carbon Management Procedure Document</i>	A1 Emissions
<i>Control Procedures of Carbon Management Objectives</i>	A1 Emissions
<i>Control Procedures of GHG Emission Source Identification, Accounting and Reporting</i>	A1 Emissions
<i>Control Procedures of Data Collection for Carbon Management</i>	A1 Emissions
<i>Control Procedures of Carbon Management Training</i>	A1 Emissions
<i>Control Procedures of Carbon Management Monitoring, Measurement, and Analysis</i>	A1 Emissions
<i>China Gas Vehicle Management System</i>	A1 Emissions, A2 Use of Resources
<i>7S Office Environmental Management System</i>	A2 Use of Resources
<i>Office Printing Improvement Programme</i>	A2 Use of Resources
<i>China Gas Environmental and Social Management System</i>	A3 The Environment and Natural Resources, B8 Community Investment
<i>Biodiversity Protection Policy</i>	A3 The Environment and Natural Resources
<i>HSE Management System Work Guidelines</i>	A3 The Environment and Natural Resources
<i>Environmental Impact Assessment Report Outlines</i>	A3 The Environment and Natural Resources
<i>Engineering Construction Risk Management and Control Guidelines</i>	A3 The Environment and Natural Resources
<i>Climate Change Policy</i>	A4 Climate Change
<i>Equal Rights and Interests Policy</i>	B1 Employment
<i>Human Resources Management Manual</i>	B1 Employment, B4 Labour Standards
<i>Recruitment Management System</i>	B1 Employment, B4 Labour Standards
<i>Management Method for Cadre Allocation</i>	B1 Employment
<i>Responsibilities and Annual Targets of Headquarter Departments, Business Departments and Specialised Companies</i>	B1 Employment

Policy name	Corresponding HKEX ESG Guidelines
<i>Responsibilities and Annual Targets of Regional Management Centres</i>	B1 Employment
<i>Responsibilities and Annual Targets of Project Companies</i>	B1 Employment
<i>Quarterly Performance Appraisal Programme for Management Level at Regional and Project Companies</i>	B1 Employment
<i>Safety Management System</i>	B2 Health and Safety
<i>Occupational Health Management System</i>	B2 Health and Safety
<i>Management System for Safety Exercise</i>	B2 Health and Safety
<i>Dangerous Source Management System</i>	B2 Health and Safety
<i>Management System for Safety Accident</i>	B2 Health and Safety
<i>Safety Monitoring Centre Management System</i>	B2 Health and Safety
<i>Assessment Methods for the Safety Digital Integrated Management Platform Plan and the Safety Responsibility Management System</i>	B2 Health and Safety
<i>Management System of Employees Safety Scorecard</i>	B2 Health and Safety
<i>Management System of Safety Experience Feedback</i>	B2 Health and Safety
<i>Management System of General Manager Pre-employment Safety Appraisal of Project Company</i>	B2 Health and Safety
<i>Management System of Safety Performance Evaluation for Various Positions</i>	B2 Health and Safety
<i>Regulation of Safety Supervision</i>	B2 Health and Safety
<i>Interim Provisions on Employee's Wedding, Burial, Work-related Injuries and Visits to Major Diseases</i>	B2 Health and Safety
<i>Headquarters Staff Care Programme</i>	B2 Health and Safety
<i>Staff Care Committee Assistance Application Guide</i>	B2 Health and Safety
<i>Risk Classification and Control Guidelines</i>	B2 Health and Safety
<i>Production and Operation Emergency Response and Preparation Guidelines for Project Companies</i>	B2 Health and Safety
<i>China Gas HSE Management Manual</i>	B2 Health and Safety

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Policy name	Corresponding HKEX ESG Guidelines
<i>HSE Rating Inspection Standards</i>	B2 Health and Safety
<i>Procedures for Seven High-risk Operations of China Gas</i>	B2 Health and Safety
<i>Construction Safety Guidelines</i>	B2 Health and Safety
<i>Regulations of Safety Supervision</i>	B2 Health and Safety
<i>Implementation Plan of HSE Management Rating for Project Companies</i>	B2 Health and Safety
<i>Implementation Plan of Safety Supervision and Training</i>	B2 Health and Safety, B3 Development and Training
<i>Implementation and Management of Safety Supervision and Inspection</i>	B2 Health and Safety
<i>Training and Management System</i>	B3 Development and Training
<i>Employees' Code of Conduct</i>	B4 Labour Standards, B6.3 Description of Practices Relating to Observing and Protecting Intellectual Property Rights, B7 Anti-corruption
<i>Implementation Rules for Supplier Access and Inspection of China Gas</i>	B5 Supply Chain Management
<i>China Gas Suppliers' Code of Conduct</i>	B5 Supply Chain Management
<i>Sunshine Audit Agreement</i>	B5 Supply Chain Management
<i>Integrity Commitment Letter</i>	B5 Supply Chain Management
<i>China Gas Supplier Reward and Punishment Management Measures</i>	B5 Supply Chain Management
<i>Operational Management System</i>	B6 Product Responsibility
<i>Production and Operation Emergency Repair Maintenance Management System</i>	B6 Product Responsibility
<i>Notice on Releasing Summary Report on the Three-Year Action Plan for Special Rectification of Work Safety by China Gas</i>	B6 Product Responsibility
<i>Incoming Inspection System</i>	B6 Product Responsibility
<i>On-site Inspection System</i>	B6 Product Responsibility
<i>Finished Products Inspection System</i>	B6 Product Responsibility

Policy name	Corresponding HKEX ESG Guidelines
<i>Rectification and Management Procedure for Transmission Loss</i>	B6 Product Responsibility
<i>Technical Regulations for Gas Flow Metre Selection</i>	B6 Product Responsibility
<i>China Gas Group Emergency Repair System Construction Work Guidelines</i>	B6 Product Responsibility
<i>Third-Party Construction Damage Incident (Accident) Management and Assessment Measures</i>	B6 Product Responsibility
<i>Township Gas Transmission and Distribution Management</i>	B6 Product Responsibility
<i>China Gas Inspection Guidelines for Gas Pipeline and Ancillary Facilities</i>	B6 Product Responsibility, B2 Health and Safety
<i>China Gas Pipeline Leak Inspection and Investigation Guidelines</i>	B6 Product Responsibility, B2 Health and Safety
<i>China Gas Third-party Construction Guidelines</i>	B6 Product Responsibility, B2 Health and Safety
<i>Guidelines for Emergency Repair in the Production and Operation of China Gas Group's Project Companies</i>	B6 Product Responsibility, B2 Health and Safety
<i>Operation and Maintenance Management Standards for Gas Facilities</i>	B6 Product Responsibility, B2 Health and Safety
<i>CNG, LNG and L-CNG Gas Stations' Production and Operation Management Standards</i>	B6 Product Responsibility, B2 Health and Safety
<i>Guidelines for Home Safety Inspection Management for Gas Users</i>	B6 Product Responsibility, B2 Health and Safety
<i>Management Guidelines for Gas Pipeline Network Inspection</i>	B6 Product Responsibility, B2 Health and Safety
<i>Emergency Response Plan</i>	B6 Product Responsibility, B2 Health and Safety
<i>Customer Service Management System</i>	B6 Product Responsibility
<i>Regulation on the Repair, Replacement, and Return Responsibility for Certain Goods</i>	B6 Product Responsibility
<i>Customer Complaint Handling Principles</i>	B6 Product Responsibility
<i>China Gas Group Staff Service Code</i>	B6 Product Responsibility
<i>Call Centre Management Regulations</i>	B6 Product Responsibility

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Policy name	Corresponding HKEX ESG Guidelines
<i>Privacy Policy</i>	B6 Product Responsibility
<i>Strengthening the Confidentiality of User Privacy</i>	B6 Product Responsibility
<i>China Gas Compliance Code of Conduct</i>	B7 Anti-corruption
<i>Compliance Rating System of China Gas (Trial)</i>	B7 Anti-corruption
<i>Anti-bribery and Anti-corruption Policy</i>	B7 Anti-corruption
<i>Anti-corruption Work Regulations of China Gas</i>	B7 Anti-corruption
<i>Regulations on the Supervision and Punishment of Employees' Misconduct of China Gas</i>	B7 Anti-corruption
<i>Employees' Rewards and Punishments Regulations</i>	B7 Anti-corruption
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<i>Internal Supervision and Reporting Management System</i>	B7 Anti-corruption
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<i>China Gas Red and Yellow Lines Management Regulations</i>	B7 Anti-corruption
<i>Comprehensive Risk Management System of China Gas</i>	B7 Anti-corruption
<i>Integrity and Diligence Handbook</i>	B7 Anti-corruption
<i>Whistleblowing Policy</i>	B7 Anti-corruption
<i>Whistleblower Protection Policy</i>	B7 Anti-corruption
<i>Charitable and Community Activities Management Policy</i>	B8 Community Investment
<i>Management System for Maintaining Media Relations of China Gas</i>	B8 Community Investment

ESG PERFORMANCE TABLE

FINANCIAL PERFORMANCE

HK\$'000

	For the year ended 31 March		
	FY2023/24	FY2022/23	FY2021/22
Direct economic value generated			
Revenue	81,410,133	91,988,445	88,225,193
Other income	1,212,899	1,373,913	1,378,291
Share of results of associates	297,253	344,838	920,714
Share of results of joint ventures	398,389	(100,983)	514,583
Economic value distributed			
Staff costs	4,320,091	4,333,831	4,134,311
Other costs ¹¹	69,351,791	78,561,421	72,060,228
Finance costs	2,121,753	1,855,358	1,456,530
Dividends	2,991,470	2,992,185	3,062,449
Taxation ¹²	1,192,547	1,235,969	2,188,817
Profit attributable to non-controlling interests	667,948	820,940	1,120,834
Charitable donations	2,097	5,437	7,853
Economic value retained			
Retained for China gas sustainable operation and development	2,670,977	3,801,072	7,007,759

OPERATIONAL PERFORMANCE

	Unit	FY2023/24	FY2022/23	FY2021/22
Number of piped gas projects	No.	662	661	660
Total number of long-distance natural gas transmission pipelines	No.	32	32	32
Total length of natural gas pipelines	km	554,755	551,688	525,461
Number of CNG/LNG refilling stations for vehicles and vessels	No.	516	533	533
Number of LPG distribution projects	No.	119	106	106
Total natural gas sales volume	million m ³	41,698.4	39,249.1	36,703.2
Total LPG sales volume	million ton	3.996	4.132	4.268

¹¹ Represents other costs and other gains and losses but excludes depreciation and amortisation for the year.

¹² Represents current income tax but excludes deferred tax for the year.

APPENDIX

SUPPLIER OVERVIEW

	Unit	FY2023/24	FY2022/23	FY2021/22
Cumulative number of centralised suppliers certified by China Gas Bidding and Procurement Platform	No.	255	224	302

BUSINESS ETHICS

	Unit	FY2023/24	FY2022/23	FY2021/22
Number of concluded legal cases regarding corrupt practices	No.	1	0	0

ENVIRONMENTAL PERFORMANCE

	Unit	FY2023/24	FY2022/23	FY2021/22
Greenhouse gas (GHG) emissions¹³				
Scope 1 (direct emissions) – Internal use	tCO ₂ e	77,034.87	79,186.73	73,153.11
Scope 1 (direct emissions) – Integrated energy business	tCO ₂ e	182,797.66	152,357.78	139,664.05
Scope 2 (energy-related indirect emissions) ¹⁴	tCO ₂ e	102,121.06	106,205.14	90,430.27
Scope 3 (other indirect emissions) ¹⁵	tCO ₂ e	55,748,041.68	410.85	23.76
Scope 3 – Air travel by employees	tCO ₂ e	891.91	410.85	23.76
Scope 3 – purchased goods and services	tCO ₂ e	12,017,923.37	–	–
Scope 3 – Upstream transportation and distribution	tCO ₂ e	572,426.40	–	–
Scope 3 – Use of sold products	tCO ₂ e	43,156,800.00	–	–
Total GHG emissions	tCO ₂ e	56,109,995.26	338,160.50	303,271.18
Total GHG emissions (excluding integrated energy business)	tCO ₂ e	55,927,197.60	185,802.72	163,607.13
GHG intensity ¹⁶	kgCO ₂ e/GJ of energy sold	0.23	0.21	0.20
GHG intensity (excluding integrated energy business)	kgCO ₂ e/GJ of energy sold	0.11	0.12	0.11
Direct gas emissions				
Particulate matter (PM)	ton	21.18	28.96	54.40
Sulphur dioxide (SO ₂)	ton	6.22	9.52	20.67
Nitrogen oxides (NO _x)	ton	97.07	133.05	188.80

¹³ In FY2023/24, the data of the Group was calculated according to the *Environmental, Social and Governance Reporting Guide* (《環境、社會及管治報告指引》) of the HKEX and other international references.

¹⁴ Scope 2 GHG emissions primarily originate from the indirect GHG emissions generated by the non-renewable electricity consumed in the Group's operations. In FY2023/24, the Group adopts the electricity emission factor of 0.5568 kg CO₂/kWh as specified in the *Announcement of the Ministry of Ecology and Environment and the National Bureau of Statistics of China on the Release of the 2021 Electricity Carbon Dioxide Emission Factor** (《生態環境部、國家統計局關於發佈2021年電力二氧化碳排放因子的公告》) issued on 12 April 2024.

¹⁵ The quantification of Scope 3 GHG emissions is guided by the *GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard* (《溫室氣體核算體系：企業供應鏈(範圍三)核算與報告標準》). In FY2023/24, the Group's Scope 3 GHG emissions were from business travel (air travel by employees), purchased goods and services, upstream transportation and distribution, and the use of sold products. In FY2022/23 and FY2021/22, only Scope 3 GHG emissions from air travel by employees were reported. Therefore, the Group's total GHG emissions in FY2023/24 have increased to some extent compared to FY2022/23 and FY2021/22.

¹⁶ The GHG intensity and its (excluding integrated energy business) data disclosed by the Group in FY2023/24 encompass GHG emissions from Scope 1 and Scope 2, exclusive of Scope 3.

APPENDIX

	Unit	FY2023/24	FY2022/23	FY2021/22
Energy Consumption				
Petrol	ton	7,096.55	7,546.69	5,108.74
Natural gas for internal use	m ³	15,567,876.98	14,236,803.05	15,357,872.35
Natural gas –	m ³			
Integrated energy business		89,677,457.85	75,325,451.71	69,049,694.42
LPG	ton	69.84	27.83	150.53
Diesel	ton	3663.56	4,769.62	3,966.38
Heavy Oil	ton	743.57	1,724.97	1,334.15
Fuel oil	ton	0	0	0
Kerosene	ton	0	0.02	0.30
Electricity (non-renewable energy)	kWh	183,407,070.82	174,078,248.26	148,222,038.31
Electricity (renewable energy)	kWh	485,374.30	380,500.00	337,440.80
Total energy consumption ¹⁷	GJ	4,407,894.46	3,817,229.65	3,540,441.42
Total energy consumption (excluding integrated energy business)	GJ	1,214,614.70	1,135,003.30	1,081,685.38
Energy intensity	GJ/GJ of energy sold	0.003	0.002	0.002
Energy intensity (excluding integrated energy business)	GJ/GJ of energy sold	0.001	0.001	0.001
Material use				
LPG cylinder	No.	289,138	266,877	400,397
Antifreeze oil	barrel	0	0	0
Lubricant	ton	85.83	33.73	44.23
Paper product/cardboard	ton	201.41	641.72	933.48
Plastic	ton	0.64	6.05	23.66
Wood board	ton	0	0	10.35
Styrofoam	ton	114.87	344.32	340.98
Odorant	ton	308.40	344.32	236.10
Water consumption				
Total water consumption	ton	2,901,566.03	2,754,576.41	2,451,087.55
Water consumption intensity	kg/GJ of energy sold	1.82	1.72	1.63
Wastewater and waste				
Total wastewater discharged	ton	1,421,876.00	1,604,239.31	1,399,728.91
Non-hazardous waste generated ¹⁸	ton	21,350.75	22,427.15	22,820.10
Non-hazardous waste generation intensity	ton/employee	0.29	0.29	0.29
Hazardous waste generated ¹⁹	ton	71.10	77.34	78.69
Hazardous waste production intensity	ton/employee	0.001	0.001	0.001
Environmental compliance				
Environmental regulatory non-compliances	No.	0	0	0

¹⁷ Energy consumption is calculated based on the conversion factors provided in the *China Energy Statistical Yearbook 2019* (《中國能源統計年鑑—2019》).

¹⁸ The non-hazardous waste generation data waste was obtained through estimation.

¹⁹ The hazardous waste generation data was obtained through estimation.

EMPLOYMENT

	Unit	For the year ended 31 March		
		FY2023/24	FY2022/23	FY2021/22
Total number of employees	people	74,643	77,335	78,690
By employment type				
Full-time	people	74,643	77,335	78,690
Part-time	people	0	0	0
By gender				
Male	people	46,623	49,800	49,920
Female	people	28,020	27,535	28,770
By age				
Under 30 years old	people	14,942	19,042	19,053
30–50 years old	people	51,897	50,149	50,515
Above 50 years old	people	7,804	8,144	9,122
By rank				
Senior management	people	2,568	2,673	2,708
Middle-level management	people	8,037	8,282	8,259
General staff	people	64,038	66,479	67,723
By ethnicity				
Han	people	69,712	71,820	73,594
Ethnic minorities	people	4,931	5,515	5,096
Male-to-female ratios by rank				
Senior management				
Male	%	83	85	85
Female	%	17	15	15
Middle-level management				
Male	%	68	69	69
Female	%	32	31	31
General staff				
Male	%	61	63	62
Female	%	39	37	38

APPENDIX

HEALTH AND SAFETY, TRAINING AND DEVELOPMENT, AND LABOUR PRACTICES

	Unit	FY2023/24	FY2022/23	FY2021/22
Health and safety				
Number of work-related injuries ²⁰	No.	1	2	3
Serious work-related injuries (excluding fatalities ²¹)	No.	0	0	1
Number of work-related fatalities	No.	0	0	1
Number of occupational disease cases	No.	0	0	0
Number of disability injuries	No.	0	0	0
Rate of work-related injuries ²²	/	0	0	0
Serious work-related injury rate (excluding fatalities ²³)	/	0	0	0
Work-related fatality ²⁴	/	0	0	0
Lost working days due to work-related injury	day	70	130	285
Total working hours	hour	130,036,875	126,980,930	109,100,088
Total working hours				
Employee training rate	%	100	100	100
Total training hours	hour	4,575,616	4,683,904	3,806,734
Average training length per employee	hour	61.30	60.57	48.39
Labour practices				
Number of violation cases related to employment or labour regulations	No.	0	0	0
Number of violation cases related to child labour or forced labour	No.	0	0	0
Number of discrimination cases related to gender, ethnicity, age and health during recruitment	No.	0	0	0

COMMUNITY INVESTMENT

	Unit	FY2023/24	FY2022/23	FY2021/22
Number of volunteers	people	44,189 ²⁵	1,689 ²⁶	15,146
Hour of voluntary services	hour	262,424 ²⁷	2,523	2,652
Number of beneficiaries	people	12,261	50,916 ²⁸	300
Charitable donations	HK\$	2,097,000	715,624	14,170,203

²⁰ Work-related injuries include work-related fatalities and serious work-related injuries.

²¹ Serious work-related injuries (excluding fatalities) refer to those work-related injuries which caused the workers to fail or have difficulty recovering to their pre-injury state within six months.

²² Rate of work-related injuries = (Total number of work-related injuries/Total working hours) x 200,000.

²³ High-consequence work-related injury rate (excluding fatalities) = (Total number of serious work-related injuries (excluding fatalities)/Total working hours) x 200,000.

²⁴ Work-related fatality = (Total number of fatalities as a result of work-related injury/Total working hours) x 200,000.

²⁵ Starting from FY2023/24, the statistical scope of the number of volunteers has been expanded.

²⁶ The participation of volunteers in FY2022/23 has been recalculated and optimised for republication.

²⁷ Starting from FY2023/24, the statistical scope of the hours of voluntary service has been expanded.

²⁸ In FY2022/23, there was a large number of beneficiaries benefiting from charity and volunteering activities, which was only an estimated number.

ASSURANCE REPORT



INDEPENDENT ASSURANCE OPINION STATEMENT

Statement No: SRA-HK 812336

China Gas Holdings Limited

ESG Report 2023/24

The British Standards Institution is independent of China Gas Holdings Limited and its subsidiaries (hereafter referred to as "China Gas" collectively in this statement) and has no financial interest in the operation of China Gas other than for the assessment and assurance of China Gas ESG Report 2023/24 (the "Report").

This independent assurance opinion statement is prepared on the basis of review by the British Standards Institution of ESG Report 2023/24 presented by China Gas. The review does not extend beyond such information and is solely based on it. In performing such review, the British Standards Institution has assumed that all such information is complete and adequate.

Scope

The scope of engagement agreed upon with China Gas includes the following:

1. The assurance scope is consistent with the description of China Gas Holdings Limited ESG Report 2023/24. The Report is in accordance with the Appendix C2 Environmental, Social and Governance Reporting Guide ("ESG Reporting Guide") of the Rules Governing The Listing of Securities issued by The Stock Exchange of Hong Kong Limited (the "HKEX") and Social Sciences and the Sustainable Development Goals ("SDGs") of the United Nations.
2. In accordance with Type 1 Moderate Level of Assurance as defined in the AA1000 Assurance Standard V3 ("AA1000AS V3"), BSI evaluates the nature and extent of China Gas's adherence to four reporting principles of Inclusivity, Materiality, Responsiveness and Impact in preparing the Report. Therefore the reliability of specified sustainability performance information/data disclosed in the Report has not been evaluated.

Opinion Statement

We conclude that the Report provides a fair view of China Gas's sustainability plan and performance in the reporting year. The Report subject to assurance is free from material misstatement based upon evaluation within the limitations of the scope of the assurance, the information and data provided by China Gas and the samples taken. Based on our work carried out during the assurance process, nothing has come to our attention that causes us to believe that data and information stated in the Reporting Organization's ESG Report is not correctly presented or with omission in any material respects or that Inclusivity, Materiality, Responsiveness and Impact based on AA1000 criteria are not correctly addressed. We believe that the environmental, social and governance general disclosures and key performance are fairly represented in the Report.

Our work was carried out by a team of sustainability report assurers in accordance with the AA1000AS V3. We planned and performed this part of our work to obtain the necessary information and explanations. We considered China Gas has provided sufficient evidence that the ESG report is considered acceptable in meeting the principles as set out in AA 1000 AP (2018).

This statement was prepared in Chinese and translated into English for reference only.

Issue Date: 2024-07-19

Effective Date: 2024-07-19

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APPENDIX

ASSURANCE REPORT

Statement No: SRA-HK 812336

Methodology

Our work was designed to gather evidence on which to base our conclusion.

We undertook the following activities:

- A top level review of issues raised by external parties that could be relevant to China Gas's policies to provide a check on the appropriateness of statements made in the Report.
- Discussion with senior executives on China Gas's approach to stakeholder engagement. We had no direct contact with external stakeholders during this assurance process.
- Interview with staff involved in sustainability management, report preparation and provision of report information.
- Review of key organizational developments.
- Review of supporting evidence for claims made in the Report, and
- An assessment of China Gas's reporting and management processes concerning reporting against the principles of Inclusivity, Materiality, Responsiveness and Impact as described in the AA1000 Accountability Principles 2018 Standard ("AA1000AP (2018)").

Conclusions

A review against the AA1000AS V3 principles of Inclusivity, Materiality, Responsiveness and Impact is set out below:

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that data and information stated in the Reporting Organization's ESG Report is not correctly presented or with omission in any material respects or that Inclusivity, Materiality, Responsiveness and Impact based on AA1000 criteria are not correctly addressed.

We considered China Gas has provided sufficient evidence that the ESG report is considered acceptable in meeting the principles as set out in AA 1000 AP (2018).

Assurance Level

The Type 1 Moderate Level of Assurance provided in our review is defined by the scope and methodology described in this statement.

Responsibilities

It is the responsibility of China Gas's senior management to ensure that the information being presented in the Report is accurate. Our responsibility is to provide an independent assurance opinion statement to stakeholders giving our professional opinion based on the scope and methodology described.

Ability and Independence

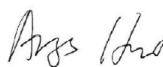
The assurance team was composed of Lead Assurer and Assurer, who are experienced in the industrial sector, and trained in a range of sustainability, environmental and social standards including GRI Series Standards, AA1000, HKEX ESG Reporting Guide, ISO 14064, ISO 14001, ISO 50001, ISO 45001, ISO 9001, etc. British Standards Institution is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI Fair Trading Code of Practice.

For and on behalf of BSI



Michael Lam - Managing Director Assurance, APAC

Verifier of the Report



Angus Huo
Lead Assuror

Issue Date: 2024-07-19

Effective Date: 2024-07-19

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