



濱海投資有限公司
BINHAI INVESTMENT COMPANY LIMITED

(Incorporated in the Bermuda with limited liability)

(於百慕達註冊成立之有限公司)

Stock Code 股份代號 : 2886



2020

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

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1. About this Report

This Environmental, Social and Governance Report (this “**Report**”) provides an up-to-date overview of Binhai Investment Company Limited (the “**Company**”) and its subsidiaries’ (hereinafter collectively the “**Group**” or “**Binhai Investment**”) sustainable development in 2020, mainly addressing material issues relating to the Group’s sustainability development that stakeholders concern themselves with. This Report aims to provide key stakeholders with a better understanding of the Group’s sustainability development concepts, measures, and performance. This Report is intended to be read in conjunction with this Annual Report (in particular the “Corporate Governance Report” contained within), providing a comprehensive overview of the Group’s environmental, social, and governance performance.

1.1. Scope of this Report

The Group’s core businesses include the construction of gas pipeline networks, gas pipeline installation service, sales of piped natural gas, gas passing through service and sales of bottled natural gas, and these are primarily based in Tianjin, Beijing, Hebei Province, Shandong Province, Jiangsu Province, Hunan Province, Hainan Province, and Zhejiang Province. Unless remarked otherwise, this Report contains information pertaining to the Group’s direct operations in mainland of the People’s Republic of China (the “**PRC**”), which includes the head office in Tianjin and subsidiaries in various provinces and cities. Unless otherwise stated, the information and data disclosed in this Report covers the period from 1 January 2020 to 31 December 2020 (the “**Reporting Period**”).

1.2. Reporting Framework

The Group has prepared this Report in accordance with the *latest Environmental, Social and Governance Reporting Guide* under Appendix 27 of the *Main Board Listing Rules* (the “**Listing Rules**”) of the *Stock Exchange of Hong Kong Limited* (“**HKEX**”). This Report adheres to the reporting principles of the *Environmental, Social and Governance Reporting Guide*, and complies with the mandatory disclosure requirements and “Comply or Explain” provisions therein.

1.3. Reporting Principles

The following reporting principles have been applied in the preparation of this Report:

- **Materiality:** The process for disclosing material issues in this Report and how they were assessed are described in Chapter 2.2
- **Quantitative:** Details of the methodologies of emissions and energy consumption used in this Report can be found in Chapter 7
- **Consistency:** The methodologies used in this Report are generally consistent with those used in previous years. Where there are changes in relevant factors such as methodologies or key performance indicators, they are indicated in Chapter 7

1.4. Reporting Statement

This Report introduces the Group’s concepts, actions taken, and results achieved within the Reporting Period. The information disclosed within the Report is sourced from the Group’s documents and statistics. The Board is responsible for the reliability, accuracy, objectiveness and completeness of the information. This Report has been prepared in Traditional Chinese and English. Should there be any discrepancies between the two versions, the Traditional Chinese version shall prevail.

1.5. Feedback

Thanks to various stakeholders' participation and support in the preparation of this Report, the Group is able to better understand its progress toward sustainable development. For any further information on environmental, social and governance aspects, please refer to the Company's website (www.binhaiinv.com). The Company looks forward to receiving your valuable comments and feedback, and this may be directed to: prd@binhaiinv.com.

2. About the Group

The Group is principally engaged in investments and operations of city gas pipeline networks, gas pipeline installation service, sales of piped natural gas, gas passing through service and sales of bottled natural gas in mainland of the PRC. Binhai Investment has always strived to expand the gas market in the PRC, and was one of the first foreign-funded enterprises in the public utilities industry in the PRC. Over the last decade or so, the Group has been committed to aligning with the national policy of the PRC as a priority, providing clean energy for industrial and commercial users, as well as urban citizens.

2.1. Sustainable Development Management

The Group deeply recognises the importance of Environmental, Social and Governance (“**ESG**”) internal control and risk management, and that a good internal control and risk management system is closely linked to the sustainable development of an enterprise. The Board assumes full responsibility for the Group's ESG strategy and reporting content. The Group established an ESG Reporting Leading Group and ESG Reporting Working Group to manage and implement sustainability related matters, both of which regularly report to the Board.

The ESG Reporting Leading Group is led by the general manager and comprises senior management, whose responsibilities include determining the ESG reporting work plan, and reviewing the reporting framework and content. The ESG Reporting Working Group is led by the Board of Directors office and comprises key staff from relevant departments, whose responsibilities include: formulating the ESG reporting work plan, preparing the reporting framework, organising team members to compile and collate information, and preparing the first draft of the report.

The Group has established a risk management and governance system and regularly evaluates and continuously monitors its effectiveness in protecting the interests of the Group and its shareholders and prompting the Group's sustainable development. The Group's risk management and governance system incorporates the identification, assessment and management of ESG risks, and focuses on nine categories of risks, namely financial risks, safety risks, compliance risks, market risks, gas source risks, cost risks, engineering risks, asset risks and human resources risks. The management conducts active and effective communications with various departments to ensure a comprehensive identification of material risks, and to assess the probability of occurrence and degree of impact, and to formulate corresponding risk response strategies. The Group's Internal Control and Legal Department issues risk management reports annually to the Risk Committee under the Board to analyse the major risks and summarise the risk response solutions. The ESG Reporting Leading Group and the ESG Reporting Working Group regularly collect and consolidate ESG-related information, identify and assess the ESG risks involved and make recommendations on risk responses, and report to the Board in the form of issue reports.

The Board participates in the oversight of ESG issues by reviewing and identifying material ESG issues for the Group, regularly reviewing ESG-related issues and reviewing annual ESG reports etc. Based on the Group's overall safety management program and the progress of its implementation, the Board reviews the results of safety management work periodically (including the actual safety investment, results of management and areas for improvement) and determines safety management principles, safety investment and other issues for the next period in the Board meetings. The Group will continue to improve its sustainable development management, set relevant ESG targets and review the progress regularly.

2.2. Stakeholder Participation

Ongoing communication with stakeholders is an integral part of the Group's daily operations, and an important way to examine potential risks and business opportunities. The Group's key stakeholders include shareholders, government and regulators, customers, employees, business partners, suppliers, media, and the surrounding communities.

Key Stakeholders	Communication Channels
Shareholders	Annual Reports, Interim Reports, Public Announcements, Press Releases, Annual General Meetings, Individual and Group Meetings
Government and Regulators	Government Meetings, Regulations, Assessments, Questionnaire, Site Visits
Customers	Customer Meetings, Customer Satisfaction Surveys
Employees	Company and Departmental Meetings, Annual Staff Meetings, Questionnaires, Internal Mails
Business Partners and Suppliers	Business Partner Meetings, Questionnaires, Seminars, Site Visits
Media	Press Releases, Interviews and Announcements
Surrounding Communities	Media Conferences, Charitable Activities, Donations, Interviews

In 2020, the Group reviewed and adjusted from the existing list of ESG issues in accordance with the latest *ESG Reporting Guide* of the HKEX, mainly updating and supplementing the existing list to enable a more complete and inclusive coverage of relevant issues in the list of ESG material issues.

Subsequently, the Group collected opinions from the management of the head office and subsidiaries on the importance of each ESG issue, and the Board conducted the final determination and prioritization of the materiality of ESG issues. The updated list of material ESG issues is as follows:

Environmental Aspect	Social Aspect (Employee Management)	Social Aspect (Operating Practices)
Clean Energy Use	Talent Development and Management	Safe and Stable Gas Supply

Energy Efficiency	Career Development of Employees	High Quality Products and Services
Environmental Protection at Construction Sites	Employee Health and Safety Management	Improvement of Customer Satisfaction
Establishing a Green Office System	Protection of Employee Rights and Benefits	Supply Chain Environmental and Social Risk Management
Management of Exhaust Emission	Diversity of Welfare Policies	Screening and Managing Suppliers
Addressing Climate Change		Anti-corruption

Through the process of materiality assessment, Binhai Investment has strengthened its understanding and management of material ESG issues, allowing it to be well poised to seize ESG related opportunities and reduce ESG-related risks. Following the careful consideration and corresponding actions taken by the Group's management against these material issues, the contents of this Report will revolve around these material issues and actions taken by the Group. We look forward to maintaining our communication with all stakeholders to continuously understand the issues material to them, whilst enabling the Group to better review its own progress towards sustainable development.

3. Green Development

Leveraging on its long experience in the industry, its safe and trustworthy service quality, its professional expertise as well as the close relationship with the local government, Binhai Investment has a coverage of gas businesses that encompasses seven provinces and two municipalities across the PRC, and strives to become a top integrated energy service provider nationwide. Following the energy plan under the 14th Five-Year Plan and the confirmation of "Carbon-neutrality" goals by 2060, the domestic demand for clean energy grows rapidly. In line with national policy guidelines and the multi-pronged market reform of natural gas, the Group has leveraged the advantages of mixed ownership reforms to further actively promote the supply, utilisation and promotion of gas, and is committed to playing a role in environmental protection through inputting sustainable development efforts more effectively. At the same time, with the overall objective of energy saving and emission reduction, the Group ensures that energy consumption matches the Group's growth scientifically, while taking effective measures to achieve efficient resource utilisation.

In its daily operations, the Group strictly complies with laws and regulations of the PRC and the place of operation relating to the emission of exhaust gases and greenhouse gases, discharges into water and land, and generation of hazardous and non-hazardous waste. During the Reporting Period, the Group did not have any non-compliance incidents relating to the abovementioned aspects (Please refer to Chapter 8 for a detailed list of laws and regulations).

3.1. Promoting Clean Energy Use

The Group attaches great importance to environmental protection and takes the establishment of China Oil & Gas Pipeline Network Corp ("**PipeChina**") as an opportunity to actively promote the popularisation of clean energy, to increase the utilisation rate of pipeline networks in the service locations, to undertake projects such as "gas-fired boilers", "smart energy", "Beijing-Tianjin-Hebei coal

to gas", and to provide compressed natural gas (CNG) and liquefied natural gas (LNG), vehicle gas refuelling, LNG ship refuelling. In the future, the Group will shoulder its mission, and continue to promote the popularisation and development of clean energy.

During the Reporting Period, the Group had around 173,400 coal-to-gas customers and recorded sales volume of piped natural gas of 1.763 billion cubic metres of natural gas, equivalent to replacing 2.345 million tonnes of coal, so as to reduce pollutant emissions and promote clean energy use.

3.2. Environmental Protection in Operation

The Group fully advocates for sustainable operations. In order to implement actions for environmental protection, the Group has been closely monitoring and doing its utmost to reduce the nuisance and pollutant emissions caused during its operations. At the same time, the Group also carries out gas passing through service through PipeChina, so that multiple gas sources can be accessible from a single source point, thereby reducing the environmental impact caused by the installation of pipelines and the earthworks through avoiding the construction of transmission pipelines.

The Group's impacts on the ecological environment are mainly reflected in the mechanical noise pollution, small amount of residual soil waste and atmospheric emissions generated during the installation of pipelines and in earthworks. To reduce these impacts during construction, the Group has formulated *Safety Management Regulations for Construction* and *Safety Management Regulations for Engineering Construction*, which specify the environmental protection requirements during construction and are implemented by the engineers of the Group's subsidiaries and personnel from construction units. Relevant specific measures include:

- In order to reduce residual earthwork generated during construction works of gas pipeline connections, backfill methods are used. For the earthwork generated from other processes, it is handed over to third parties authorised by local municipal and environmental departments for further processing. Vehicles transporting sand or soil are required to seal loads to prevent leakage and spillage, and dispose of them at designated points in accordance with the requirements of local authorities. Soil on site which cannot be dumped or disposed in a timely manner must be stockpiled and covered;
- Construction sites that are located on major roads or places that local authorities require to have enclosed construction must be provided with a continuous barrier of at least 1.8 metres in height, leaving no gaps;
- Effective directional drills are adopted in drilling works, improving drilling accuracy and minimising unnecessary destruction to the land;
- No burning of toxic and hazardous construction chemicals at construction sites;
- To address atmospheric emissions generated from mechanical operations, the Group strictly requires the use of machinery with tail gas emissions that meet environmental monitoring requirements. To reduce the use of power generators, the Group encourages the temporary use of electricity during construction processes, and machinery that make use of clean energy;
- When constructions occur at night, the equipment that generate noise pollution is required to be placed to the side away from residential areas. Noise levels are prohibited to exceed 55 decibels between 10 pm and 6 am the following day. Under special circumstances and progress

requirements, noise reduction and sound insulation measures are taken, or work is prohibited altogether. Where construction sites are located near residential areas, vehicles entering and exiting sites in the evening are strictly prohibited from honking their horns, and required to lightly onload and offload cargo;

- Construction work that may generate noise and environmental pollution should be suspended during university entrance examinations, high school entrance examinations, major holidays and special requests from local authorities.

Due to the nature of the Group's business, some natural gas will be released during the construction of pipelines and operation stages. In order to reduce the environmental impacts and increase operational safety level, the Group has adopted new technologies to reduce the release of natural gas in pipeline network: during the construction stage of pipelines, new technologies such as in-service pipeline welding and opening and PE pipe clamping are adopted to reduce the release of natural gas. During the operation stage, each subsidiary is equipped with intelligent infrared detectors and anti-corrosion layer detection technology to reduce the occurrence of natural gas leaks in both the precautionary and control aspects. At the same time, the Group has reserved openings at the preliminary planning stage based on the forecast of potential markets to reduce natural gas discharges arising from the construction of the main pipeline network at a later stage.

During the Group's operations, different types of waste are generated, mainly including used waste meters, used pipes, used odourant waste drums and used batteries. Used waste meters and steel pipes are major wastes generated in pipe-connection works and operation. The relevant handling procedures are as follows: used meters are classified and treated according to the types of meter. The batteries in the integrated circuit cards of meters are dismantled and treated by waste type, to prohibit the re-entry of declared used waste meters to the market. Used waste meters must be compressed or drilled and photographed for documentation. Under the supervision of the Operating Centre, used meters are subject to strict approval and declaration before being discarded and sold for recycling. The remaining gas in the waste steel pipes must be fully discharged with the use of nitrogen or water, and treated properly alongside with valve chambers and other objects. Where necessary, this should be performed by sealing and disassembling of wastes to ensure safety. All information concerning the replacement of steel pipes and location of old steel pipes must be reported to the relevant government department for filing. Used batteries and used odourant waste drums will be handled by third-party companies. The revenue from recycled waste must be credited in a ledger in accordance with the Group's rules.

In order to reduce the waste generated during operations, the Group has adopted various measures, including: adopting new technologies to extend the lifetime of pipelines, such as strengthening the level of anti-corrosion, advancing inspection, replacing with PE pipes and other measures to reduce waste generation. The number of odourant waste drums will mainly increase with the increase of the Group's gas supply volume. In order to reduce the generation of the odourant waste drums, the Group has tested the odourant content of natural gas through intelligence equipment in real time, so as to add in an appropriate amount of odourant liquid.

The Group's total consumption of natural gas for domestic and operational use in 2020 is approximately 1.045 million cubic metres. The main source of carbon dioxide emissions is natural gas for operational use. It is used to heat up the natural gas being delivered through the pipelines, to prevent the creation of ice blocks due to low temperature after regulating the pressure, thereby ensuring safe operation of gas supply equipment. In order to reduce the carbon dioxide emissions,

while the temperature of natural gas at the outlet of the pressure regulator remains above the dew point, the Group strictly controls the temperature of boilers and reasonably adjusts the start-up and shutdown of boilers to reduce the amount of gas used for operation.

3.3. Establishing a Green Office System

On the basis of the Group's strict compliance with national and local governments' management requirements related to the emission of exhaust gases and greenhouse gases, discharges into water and land, and the generation of hazardous and non-hazardous waste, the Group has established a green office system, and has further refined and implemented policies in all the above areas. The Group issued the *Guidance on the Standardisation of Office Premises* and updates it from time to time, which includes various recommendations on energy saving and emission reduction and promotes the use of green raw materials in the construction and renovation of office premises. At the same time, the Group monitors the costs of water, electricity and fuel through annual and monthly expense budgeting, formulates annual and monthly expense plans and strictly controls them, formulates assessment measures and creates reward and punishment system for relevant units based on the achievement of the expenses.

The Group pays attention to the resources it consumes, regularly monitors the consumption of electricity, water, natural gas, and other resources used during the daily operations of its offices, strengthens management methods to reduce water and electricity consumption, and strengthens the control of the budgeting management centre on resources consumption. It follows *Guidance on the Standardisation of Office Premises*, actively renovates the water facilities in old offices, and gradually replaces existing old and inefficient electrical equipment, so as to achieve the goal of reducing energy consumption while meeting the needs in offices.

In terms of electricity consumption, the Group prioritise the use of energy-efficient LED lightings and electrical equipment with efficient energy use, and requires staff to switch off electronic equipment and office air-conditioning that are not in use during non-working hours. Through adopting a Central Control and Monitoring System (CCMS) and Building Management System (BMS), the Group divided the office lighting into several zones, installed automatic lighting control in different zones and used energy-efficient lighting devices, to enhance the lighting efficiency. In terms of heating, ventilation and air conditioning control, the Group installed variable speed drives and pumps and fans that are adjustable to actual needs, avoided installing air-conditioners in areas with direct sunlight, and regularly cleaned the filters of air-conditioners and draught fan to further increase energy efficiency. In 2019, in response to the Group's growth demand, the head office increased the office and canteen areas etc., and consulted professional designers to optimise the overall electrical system. In 2020, the Group also enhanced its property management model by requiring administrators to pay attention to the usage status of electrical appliances in the office and to switch off electrical equipment when not needed.

The Group pays undivided attention to conserving water usage and promotes the use of water saving devices such as water saving valves and taps, and strictly controls daily water expenses. To achieve the Group's goal of efficiently using water resources, the following measures are implemented: (1) arranging a maintenance officer to conduct regular checks on water meter readings and to carry out leakage tests of concealed water pipes; (2) installing dual flush toilets; (3) installing urinals and water tabs with water-saving labels and infra-red sensors; (4) installing water-saving taps in sinks; (5) advocating water-saving through emails, posters, intranet and memos placed in toilets; (6) regularly providing employees with environmental protection-related training courses; and (7) strongly

advocating for the use of water saving equipment by promoting water optimising facilities during construction, renovation and repair works. In the Reporting Period, the Group does not face any issues in water sourcing.

To reduce the environmental impacts of office waste, the Group has strengthened the cooperation with office equipment suppliers to implement full lifecycle management of office equipment. The Group has also required administrators to check office equipment regularly so as to conduct preventive management and immediate repair to ensure the facilities are safe and long lasting. The Group promotes the repairing and reuse of old electronic appliances, recycles obsolete equipment collectively and bans the random disposal of office equipment, to reduce the generation and environmental impacts of electronic wastes. Office wastes are sorted and processed by type. Used ink cartridges are recycled by suppliers. Used plastic bottles are sent to recycling company for further processing. Hazardous wastes such as batteries, electronic wastes and mercury-containing light tubes are collected by the Group's property management company, and sent to a third-party for sorting and processing.

In the process of gradually promoting the standardisation of office premises, the Group strengthens the use and replacement of environmental-friendly materials and facilities, advocates the principles of selecting low-carbon and low-energy consumption materials. The Group has put the optimisation of various types of office premises in batches on the agenda of the Group's 14th Five-Year Plan. Currently, the Group's head office has taken the lead in replacing LED energy-saving lightings, water-saving taps and water-saving toilets and so on, which will be gradually promoted to its subsidiaries.

In terms of vehicle management, the Group intensifies its vehicle reform and actively phases out and replaces the Group's old vehicles, reducing the number of corporate vehicles year by year. The Group also issued the *Administrative Measures for Business Travel* and updates it from time to time, to encourage the Group's field staff to commute green by using public transport. At the same time, the Group formulated the *Administrative Measures for Drivers*, requiring drivers to maintain their vehicles and drive scientifically. The Group also strengthens drivers' training, formulates annual and monthly driver training plans, and improves the service standards of drivers. The Group gradually promotes the driving inspection platform, monitors travel trajectory and fuel consumption levels of the Group's vehicles, so as to avoid non-essential use of vehicles, and to reduce fossil fuel consumption and related greenhouse gas emissions.

At the same time, the Group increases its publicity and leverages its platform of supplying green energy to advocate energy conservation and environmental protection principles to the Group's employees and customers, including the reduction of indirect greenhouse gases emissions caused by energy consumption in households, offices and industrial operation, and minimising water wastage.

3.4. Actively Tackling Climate Change

The Group understands the physical risks climate change can bring, such as extreme weathers, as well as transition risks brought by relevant policy changes. Therefore, the Group evaluates the impacts of climate change continuously and formulates the prevention and risk response policies and strategies, such as *the Contingency Plan for Natural Disaster Risks* and *Safety Management Regulations for Engineering Construction*, devoted to continuously enhancing the Group's ability to respond to related risks and to seize the climate-related opportunities, thus better tackling climate change.

Major Climate Risks	Description	Responses

Physical Risks	Climate change may bring potential risks to project construction.	<ol style="list-style-type: none"> 1. For major projects, the Group employs professional institutes to conduct comprehensive assessments on its hydrological, geological and climate conditions of the projects during preliminary stage and to publish professional reports, so as to forecast the potential risks brought by climate change factors to projects, and conducts targeted risk prevention measures accordingly.
Natural Disasters	Natural disasters such as typhoons, rainstorms, floods and freezing weathers can cause damages to gas equipment and facilities and affect gas supply.	<ol style="list-style-type: none"> 1. Before natural disasters, special safety checks are conducted on the fragile areas of gas equipment. Gas equipment will be rectified, reinforced, protected and repaired when discovering any safety hazards, to ensure it can withstand the risks of natural disasters. 2. The <i>Contingency Plan for Natural Disaster Risks</i> is formulated and updated. Purchase of emergency supplies is made annually. 3. The Group organises employees to participate in natural disaster safety trainings and drills. Their ability to respond to natural disasters are increased after continual trainings and rehearsals, to ensure operational and security work can be proceeded normally under extremely cold weathers. 4. The Group's fixed assets are insured, so as to minimise the potential damage by natural disasters and transfer the potential risks through insurances.
Extreme Weathers	Extreme weather can affect construction quality and safety and cause threats to employee safety	<ol style="list-style-type: none"> 1. The Group formulated and updates the <i>Safety Management Regulations for Engineering Construction</i> to enhance the quality and safety of construction and improve resilience to adverse weather conditions. 2. In <i>Safety Management Regulations for Engineering Construction</i>, it clearly states not to carry out open-air work at height in the event of fog, high temperature, cloudy rain, thunder and lightning or gale force 6 or above, and to stop work in the event of heavy rain, typhoon or continuous high temperature.
Weather Forecast	Weather forecast can be uncertain, which can cause excess or shortage in gas source indicators.	<ol style="list-style-type: none"> 1. The Group formulates contingency plans for heating seasons, and at the same time actively liaise with the upstream gas units to reasonably deploy the gas volumes of subsidiaries, to ensure a maximum efficiency in using gas supply indicators.

Warm Winters	Warm winters can lead to a reduction in corporates' winter natural gas use, which reduces the overall profit of gas.	<ol style="list-style-type: none"> 1. Different comprehensive measures are implemented to increase income and cut costs, such as improving the level of metering control, acquiring new customers, treating hidden problems in pipeline network, thus to compensate for the profit loss due to the reduction of gas use in warm winters.
Cold Winters	Cold winters can lead to a drastic increase in the gas use by heat-seeking consumers, which causes significant pressure to maintain contingency gas supply during heating seasons.	<ol style="list-style-type: none"> 1. The ability to maintain contingency gas supply is enhanced through connecting with first-hand gas sources. In 2020, a total of 4 first-hand gas sources were connected and in service, effectively ensuring the gas supply during heating season. 2. The construction of LNG storage and peak shaving facilities is increased. In 2020, there were a total of 3 LNG storage and peak shaving stations in operation, which has greatly enhanced the ability of emergency gas supply during special circumstances. 3. The <i>Natural Gas Storage and Peaking Shaving Cooperation Agreement</i> was signed with Sinopec subsidiaries, ensuring the ability to maintain its supply and a safe and stable gas usage for downstream consumers during heating seasons.

While addressing climate-related risks, the Group is also aware of the opportunities brought by climate change. As the Ministry of Ecology and Environment strengthens its governance on the environmental pollution caused by coal, domestic industrial enterprises gradually switch to use gas. The Group predicts an increase in natural gas demand. The Group will shoulder its mission and continue to service its commercial clients and urban citizens by providing integrated energy services.

4. Caring for Employees

The Group is committed to creating a favourable working environment for its employees and acts in accordance with national laws and regulations that have had a significant impact on the Group which relate to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare, and standardised the implementation of the *Code of Conduct for Employees* and other human resources related internal policies. In addition, the Group strictly complies with national laws and regulations relating to preventing child and forced labour, resolutely eliminating the use of either practice. During the Reporting Period, the Group did not have any non-compliance incidents relating to the above aspects.

4.1. Protection of Employee Rights

Following a “fair and just, right person for the right job” recruitment concept, and the advocacy of a “impartially hiring competent persons” recruitment and appointment policy, the Group ensures that all job applicants are granted equal opportunities and fair competition. The Group objects to any forms of

discrimination and encourages a diverse team. The Group's employees come from over 20 different provinces and municipalities in the PRC. Before hiring employees, the Group will strictly examine the employees' identity information, education information and other relevant documents, and conduct joint verification of employee information with third-party auditing organizations to ensure the authenticity of employee information. The Group has formulated an *Employee Reward and Punishment Management System*, which requires employees to provide accurate and reliable personal information upon commencing their employment, and if any falsified documents or resumes are found, the Group reserves the right to terminate employees' probationary period or to dismiss the employment contract of the employee concerned. Both parties enter into a labour contract on an equal and voluntary basis. The Group implements three types of working hour schemes including irregular, consolidated and standardised working hour schemes according to the business characteristics, safety requirements and job requirement of the Group's subsidiaries, ensuring that employees have reasonable working hours and durations. With regard to leave, employees are entitled to sick leave, personal leave, marriage leave, bereavement leave, maternity leave, work injury leave, annual leave and statutory holiday leave.

The Group has formulated and strictly complied with the *Litigation Management Measures*. Upon conclusion of arbitration or litigation of labour disputes, the Group will summarise lessons learnt in a timely manner in respect of the causes, handling process and results of the cases, and conduct training for personnel management staff of subsidiaries in conjunction with the Internal Control and Legal Affairs Department based on the cases, so as to enhance employees' awareness of legal risks and strengthen the personnel management capability of the relevant staff.

4.2. Diverse Welfare Policies




The Group has adopted a remuneration policy for its employees based on their position, performance, contribution and performance bonus, and has established an internal salary scale accordingly. The Group has formulated the *Remuneration Management Measures*, adopting a uniform position and salary scale whilst considering employees' specific conditions such as job responsibilities, personal work experience, education, qualifications and other specific indicators relating to employees' abilities, track record, and work performance to set salary standards. At the end of each year, the Group evaluates the performance of its employees in accordance with market trends, adjusts the position and/or remuneration of outstanding employees, and offers discretionary performance bonuses as appropriate. Besides offering continuous education opportunities, the Group provides reasonable and lawful salaries and welfare with five social insurances (pension, unemployment insurance, work injury insurance, medical insurance and maternity insurance) and housing provident funds, bonuses and other benefits and welfare.

4.3. Training and Professional Development of Employees

The Group has formulated management systems such as the *Staff Training Management System*, *Internal Trainers Management System* and *Implementation Rules for Training Incentives and Constraints*, and has adopted the notion of 'Building Inter-disciplinary Teams, Training Inter-disciplinary Talents' as the Group's talent development strategy. To this end, the Group formulates annual training plans, provides internal and external trainings and further studies to enhance the knowledge and skills of employees, creates room for career development, so as to strengthen their sense of belonging to the Group, thus securing talents supply for the Group. The Group continuously improves its internal mechanism to identify internal and external talents, and provides tailor-made training programmes (including videos, seminars and presentations) for employees. Internal trainings are arranged for different positions in the headquarter and subsidiaries according to business

characteristics (e.g. marketing, operations, engineering, safety, legal, finance, personnel administration and frontline technical skills) to enhance the professional and management skills of employees.

Examples of the Group's Training Sessions during the Reporting Period

	<p>Core Courses for Procurement Department</p> <p>The Tender Management Office adopts the format of “purchasing online videos” + “post-event recording and broadcasting” + “learning and sharing together” + “one lesson a day” for the department's professional training courses.</p>
<p>Training on Contract Drafting, Gas Industry Cases Studies and Related Legal Knowledge</p> <p>The Internal Control and Legal Department, in conjunction with the actual situation of the Company and the needs of training and research, has broadened the training coverage on legal and regulatory knowledge in different areas and at different levels, such as organising training on contract drafting, gas industry cases studies and related legal knowledge.</p>	
	<p>Training on Gas Pipelines Emergency Response and Maintenance Techniques</p> <p>The Safety and Technology Department invited external experts to conduct training on gas pipelines emergency response and maintenance techniques, enhancing the capabilities of the Group's relevant personnel on handling emergency and avoiding accidents in the process.</p>

4.4. Occupational Health and Safety

The Group deeply recognises that safe operations play an important role in safeguarding employees' well-being and as its first-priority mission, ensuring that employees work in a safe working environment and are in good health. To provide a safe working environment and avoid occupational hazards, the Group strictly complies with national and regional laws and regulations that have had a significant impact on the Group, continuously improves the relevant management structure of the Group and further implements relevant management systems such as the *Graded Production Risk*

Control Procedures, Safety Management System for Surveillance and Measurement Facilities, Management Measures for the Distribution of Personal Protective Equipment, and Safety Inspection and Correction of Defects System. In order to reduce accident rates and ensure employees' safety, the Group has carried out hazard detection and correction, safety training, safety protection, and regular evaluation. Specific details of the above processes are as follows: (1) Organise regular safety hazard inspections and management to eliminate potential safety hazards in the working environment and ensure that employees are in a safe working condition; (2) Regular trainings on safety systems and emergency management are provided to existing and new employees, with drills on contingency procedures and rescue work for various emergencies. Regular fire drills are also conducted. At the same time, provide employees with safety equipment and establish an alarm system. Specific contingency measures are devised for possible emergencies; (3) Distribute personal protective equipment annually. Organise regular health check-ups for employees to prevent occupational diseases and pay occupational health allowance to frontline employees. (4) The Group sets up a clear safety-related incentive and penalty mechanism, and carries out annual safety management assessments for subsidiaries to ensure that every subsidiary meets the required standards in safety inspections.

During the Reporting Period, the Group had no cases of non-compliance in relation to the provision of a safe working environment and the protection of employees from occupational hazards, and no major safety incidents occurred.

In early 2020, the Group was in a tight supply of anti-epidemic materials. The Group actively mobilised resources from various parties and distributed anti-epidemic materials such as masks to its employees. The Group also issued the *Measures for the Management of Anti-epidemic Materials* to ensure regular and continuous distribution of anti-epidemic materials in accordance with the situation in regular epidemic prevention and control, safeguarding the personal safety of employees.



5. Quality Control

The Group is committed to providing customers with high quality products and services, and communicates with its customers to improve the standard of services continuously. In addition, the

Group views business ethics and corporate social responsibility as the Group's foundation. The Group acts in strict compliance with the relevant regulations and standards in the aspects of supply chain management, products and services, production promotion and privacy protection, and anti-corruption. The Group upholds the "Giving back to the community" principle of business ethics and dedicates itself to being an ethical and responsible enterprise.

5.1. Supplier Management

For sales of LPG and non-piped gas, the Group's strict screening and management of gas suppliers are pre-conditions for safeguarding the quality of products and services. To this end, the Group formulated and from time to time updates the *Administrative Measures of Suppliers of Non-piped Gas* and *Administrative Measures of the Procurement of Non-piped Gas Goods*, requiring subsidiaries to consider suppliers' credit rating, qualifications, stability of gas supply, sources of gas, method of supplying gas, warranty of gas equipment and quality assurance, etc. The Group has developed the *Management Measures for Tendering*, *Management Measures for Non-tendering Procurement*, and other procedures to standardise subsidiaries' procurement procedures. In order to strengthen supplier management, the Group formulated and from time to time updates *Supplier Management Measures* and other relevant procedures and standardised documents.

In respect of procurement procedures, for regular project services, goods and construction works, the procurement process is mainly based on shortlisting. After shortlisting, the suppliers will sign annual framework agreements with the Group and commence specific projects based on purchase orders or special contracts. The shortlisted suppliers are subject to regular assessment and inspection, and in the event of serious non-compliance or breach of contract, such as quality and safety incidents or malpractice, they will be blacklisted and permanently suspended from use. Further legal action will be taken to recover any relevant losses incurred by the Group. Non-conventional projects are procured through tender and non-tender procurements. Specialised suppliers will be selected and contracts will be signed. For the suppliers that is the first time to cooperate with the Group, the Group will organise factory inspection visits, inspecting aspects including but not limited to qualification, performance, financial situation, safety and environmental impact. After the actual cooperation, the Group will organise unannounced inspections regularly and conduct annual supplier evaluations to review the suppliers' ability to provide quality services and goods on a continuous basis.

With regard to gas pipeline laying and connection projects, the Group formulated and from time to time updates *Regulations on Construction Works* and *Regulations on Accepting Construction Works upon Completion*. The Group strictly screens for high-quality design teams and contractors, from selecting designs and outsourcing engineering contractors recommended by subsidiaries, to other processes up until the completion of connection construction projects. In addition, subsidiaries are responsible for carrying out regular inspection works, and project administrators are appointed to regularly inspect project quality and materials used, monitor construction progress, and record relevant inspection data.

In addition, the Group has been practising environmentally responsible sourcing by conducting corporate social responsibility inspections of various suppliers. Environmental indicators such as wastewater and exhaust gas will be focus of the factory inspection and unannounced inspection for suppliers of goods. For construction suppliers, the Group encourages them to use clean energy-powered construction machinery and equipment. At the same time, the Group foremostly considers the environmental, social and governance risks and management when conducting shortlisting audits of construction units. The Group also includes the quality certifications, such as ISO14001 and ISO9001,

in the auditing criteria and prefers to work with suppliers with quality and environmental certifications. In 2020, the Group has 231 long-term suppliers, of which 48 are shortlisted construction suppliers and 39 of them have quality and environmental management system certifications, accounting for 81.25% of the total construction suppliers.

5.2. Safe and Stable Gas Supply

As its mission, the Group aims to provide safe, high quality and healthy products and services. The Group upholds strict regulations on the quality of natural gas and LPG purchased by its subsidiaries: the quality of natural gas is required to meet the national standards of Gas I or Gas II category under *Natural Gas*, whilst LPG is required to meet the relevant national standards of *Liquefied Petroleum Gas*.

In order to monitor the real-time quality of natural gas more effectively, each subsidiary is required to request natural gas and LPG suppliers to provide reports on gas quality. For stations that receive a large intake of gas and LPG, real-time monitoring through online chromatography is arranged. For stations that receive a smaller intake, *Certifications of Product Quality* must be obtained from suppliers on a quarterly basis as a minimum, and these stations are responsible for tracking the quality of gas from time to time. Should the quality of gas fail quality controls, the online chromatography will immediately trigger an alarm automatically. The Group will immediately switch gas sources to restrict purchases of substandard gas simultaneously. In addition, the Group requires suppliers to provide polyethylene pipes and fittings, gas meters, galvanised pipes, pressure regulators, valves and flowmeters that comply with national and industrial standards, and carry out regular quality checks based on *Gas Material and Equipment Procurement Regulations*. When conducting quality checks, samples are taken with the supplier on site and sent to qualified institutions for examination. Any failed products will be returned.

To ensure the safe operation and improve the level of automation of the stations, the Group has continuously popularised the application of SCADA¹ system, which has effectively enhanced the capacity of pipeline network deployment and safety protection. At present, 83 SCADA stations have been completed, 5 SCADA stations are under construction and 41 SCADA stations are planned to be renovated in 2021.

5.3. Improvement of Customer Satisfaction

To standardise procedures for servicing and handling customer complaints, the Group has formulated the *Customer Complaints Management Measures*, which forms an effective complaint management mechanism to ensure the timely, effective, fair and reasonable resolution of customer complaints. In order to improve the quality of customer services, each subsidiary is required to comply with, and to implement, this mechanism. Customers can report problems and send queries to customer services through the customer service hotline. The customer services shall make appropriate arrangements according to the category of complaints. In the meantime, the headquarter monitors the handling of customer complaints and incidents, and conducts random checkup on customers. If it is found that customer complaints are not handled in accordance with the requirements, or if reports are false or concealed, causing significant impact to the Group, penalties will be imposed in accordance with the relevant regulations of the Group.

To further improve the standard and quality of customer service, efficiency of resolving customer enquiries, repairs and complaints, and enhancing customer satisfaction, the Group completed the

¹ Supervisory Control And Data Acquisition system is a data collection and monitoring control system.

construction of a call centre for its subsidiary, Tianjin TEDA Binhai Clean Energy Group Company ("**Tianjin Clean Energy**"), and put it into operation on a trial basis. The call centre is equipped with hardware facilities for office environment, cloud customer service system application and professional agents. Upon receipt of a complaint, Tianjin Clean Energy will immediately assign work through the system, after which the customer service supervisor will supervise the matter and request the relevant unit to contact the customer immediately after the complaint is received for urgent handling. After the relevant unit has finished handling the matter and the system has fed back, the call centre agent will make a return call to ask the customer whether the complaint has been resolved and conduct a satisfaction survey, thus forming a closed loop and achieving 100% return call rate.

During the Reporting Period, the Group received a total of 440 complaints relating to products and services. The subsidiary company will send its own operators to the customer's home in a timely manner to repair and replace the items for complaints that fall within the scope of repair and replacement services. The Group will inform customers to contact the equipment manufacturers themselves for complaints not within the scope of business of gas companies. For complaints relating to customers who are unable to use the gas due to their own renovation work, customer service will explain patiently to the customer and issue a rectification notice, and liaise with colleagues to provide relevant publicity materials to the customer. For complaints about customer service attitude, the subsidiary company will investigate internally and after confirming the complaint, subsequent arrangements will be made.

To ensure the safe use of gas and enhance customer satisfaction, the Group makes use of television, newspapers and magazines, as well as social media such as the WeChat official account for publicity. In 2020, the Group encouraged customers to follow the WeChat official account to participate in activities such as gas safety knowledge popularization, "Welcome the New Year, Send Warmth, Ensure Safety" and "Five Good Services Month". These activities were supported and recognised by governments and customers, bringing the Group closer to its customers and governments. In the meantime, the Group produced a unified gas safety promotional video, which was broadcasted in various areas (customer service centres, sales halls of subsidiaries and customers' local communities) using various visualisation methods (such as broadcasting on local media and TV stations) to enhance the promotional effect and customer experience.

Replacement of Smart IOT Meters for Customers

To enhance customer experience and achieve the implementation objective of smart gas, the Group replaced a total of 201,000 smart IOT (Internet of Things) meters during the reporting year, with a coverage rate of 39.2%, serving 956 communities and enabling customers to complete enquiries and top-up services without leaving their homes.



"Five Good Services Month"

The Group launched the "Five Good Services Month" campaign this year, which means "Service to the System, Service to the Government, Service to Customers, Service to Safety and Service to the Market".

The Group commenced the following activities during campaign: invited relevant personnel of government agencies to participate in the activities and raise their comments and work requirements; promoted safety awareness and conducted non-residential customers visits and safety inspections in the community; visited fire service, public security service, hospitals, welfare homes and schools and conducted security checks for these places; invited fire brigade to conduct training on fire safety and organise drills; actively promoted service to retail customers in old districts; and conducted internal training and learning activities on the Group's regulations.

Through the month-long campaign, the Group received high recognition and support from governments at all levels, reshaping and improving government relations, narrowing the gap with customers, enhancing safety management capability and promoting marketing development. During the campaign, the Group received a total of 53 banners from customers, communities and governments.



Combating the Epidemic

Securing Stable Gas Supply during the Epidemic

Since the outbreak of the epidemic, Tianjin Clean Energy, as a key enterprise in Tianjin to ensure public wellbeing, with epidemic prevention and control measures implemented, did its utmost to provide stable gas supply to more than 860 industrial and public service customers, including hospitals, power plants and heating enterprises. In particular, Tianjin Clean Energy supplied gas for 5 designated fever hospitals. To ensure the safety and stability of the gas supply for hospitals, Tianjin Clean Energy developed a special supply program and contingency plans, established a responsible working group, set up arrangements for a clear gas facilities inspection routine and anti-epidemic materials preparation, and communicated daily with the hospital concerning its use of gas.

On 27 January, Tianjin Clean Energy received query from Binhai Hospital of Tianjin Medical University General Hospital, requesting to connect the canteen to gas as soon as possible to meet the needs of epidemic prevention and control. After receiving the query, Tianjin Clean Energy immediately convened a special phone meeting and set up a green channel for this project. The Company overcame all difficulties, with collaboration of relevant government departments and the hospital, safely completed the construction of the gas project in the canteen of Binhai Hospital of the General Hospital in the shortest possible time. The construction was completed on 11 February and ready to use, which was highly recognised and commended by the Binhai New Area Administration and the hospital.

表 扬 信

天津泰达滨海清洁能源集团有限公司：

为了做好新冠肺炎疫情防控工作，天津医科大学总医院滨海医院（新址）被新区确定为新冠肺炎密切接触者集中隔离医学观察点。在得知新址滨海医院食堂因为中标方调整原因、尚未接通燃气的实际情况后，贵公司下属的生态城分公司坚持从讲政治、讲大局、讲奉献的高度，积极与滨海医院对接落实相关改造工程，共同研究制定具体的改造计划和入场施工时间等。在新址滨海医院食堂燃气改造资金没有到位的情况下，本着急事急办、特事特办的原则，主动求得上级指导支持，着力克服疫情期间施工队伍组织难、燃气配件购置难等难题，开辟绿色通道，简化工作流程，先行召集确定施工队伍、多方配齐配合燃气改造所需设备和配件。与滨海医院一起精心谋划、密切沟通，在医院食堂灶具设施安装的同时，迅速启动落实相关改造工程，用最短时间完成医院食堂燃气管道改造施工，经打压测试，现已具备了点火通气条件，为新区疫情防控工作作出了应有贡献。

在严峻的新冠肺炎疫情面前，生态城分公司坚持以大局为重，把服从服务于疫情防控作为企业的第一职责、第一需要，不计一

时得失，不讲代价条件，勇于担当、主动作为，千方百计保障燃气供应，展现了良好的企业精神风貌。相信只要我们心往一处想、劲往一处使，万众一心、众志成城，必能打赢这场疫情防控阻击战。



Protecting Public Wellbeing during the Epidemic

As an infrastructure services company, the Group continued operation during the epidemic, prepared and activated emergency plans, conducted daily online meetings to co-ordinate, conducted random spot checks on epidemic prevention and control and production safety at sites. To provide customers with a safe and stable gas supply, the Group used WeChat official account feeds, animated promotional videos and online remote security checks to provide guidance on safe gas consumption. For customers who require door-to-door service to solve their gas supply problems, the Group provided timely on-site services on top of securing the employees' safety.



5.4. Ensuring Customer Privacy

The Group acts in strict compliance with laws and regulations relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress. Moreover, the Group acts in strict compliance with requirements relating to sales and credibility control, forbidding the use of false or misleading descriptions under any circumstances, when promoting products and conducting transactions. The Group also emphasises privacy and information security between itself and its customers. The Group strictly controls account application and account authority for information systems involving consumer data protection and requires employees privy to confidential information to sign a confidentiality agreement. These employees are also required to commit themselves to strictly protecting customer information when servicing them. The Group forbids the disclosure of relevant information to a third party without the consent of both parties. During the Reporting Period, the Group did not have any non-compliance incidents relating to the aspects above.

5.5. Respect for intellectual property

The Group has formulated the *Regulations on the Management of Genuine Software*, which stipulates the unit responsible for the protection of intellectual property. This regulation clarifies relevant unit's duties on budgeting, procurement and using of software in order to raise the awareness of respecting and protecting intellectual property among employees, manifesting the spirit of respect for knowledge and creativity.

When the Group cooperates with universities and research institutes, the Group requires the other parties to use genuine software to process data and that the results provided to the Group are original and cannot be copied or infringed upon. In the contract of the cooperation project, the Group specifies the attribution of intellectual property rights, the authorship right of the first right holder, the first inventor and others, and the subjects that can be used to apply for high-tech enterprises.

5.6. Anti-corruption

The Group attaches great importance to anti-corruption, corporate integrity and honesty. With reference to laws and internal regulations, the Group has developed *Integrity Risk Prevention and Control Checklist* and *Negative List of Malpractices*, holding serious accountability for breaches of the list. *Report Management Regulation* has been formulated to regulate the reporting procedures and

methods, aiming to eliminate any corrupt and bribery practices. During the Reporting Period, the Group had no non-compliance incidents relating to the aspects above.

In order to eliminate corruption-related misconduct in construction projects, the Group has established procedures for the procurement of materials and equipment, including provisions such as the *Tender Management Regulations* and *Non-tender Procurement Management Regulations*, setting out responsibilities of each procurement unit. Suppliers of materials and equipment are shortlisted through tenders and non-tenders by the Tender Management Office of the headquarter. Gas meters, flow meters, polyethylene pipes and galvanised steel pipes are centrally procured by the headquarter. All suppliers are prohibited from bribing subsidiaries in any form, and a self-discipline agreement has been signed with suppliers. At the same time, the Internal Control and Legal Department is responsible for monitoring the tendering and non-tendering procurement process to ensure that the evaluation process is conducted in an open, fair and impartial manner and any form of extortion, fraud and money laundering in the procurement process is prevented. All procurement activities are conducted with the participation of internal control supervisors, and the supervisors' telephone numbers and mailboxes are made public for each project. The entire evaluation process is recorded to create an "open, fair and impartial" procurement environment, making sure suppliers with "good quality, good price, good service and no inferiority" are selected for the Group.

The Group's Internal Control and Legal Department regularly conducts internal audits to prevent fraud risks and supervise the rectification of problems. A special mailbox is set up for reporting, while publishing the telephone number and mailing address of reported letters. Information of informants is kept strictly confidential, and reported irregularities and violations are seriously investigated and handled.

The Group advocates the professional conduct of "law-abiding, loyal, clean and responsible" and requires employees to attend training on the *Code of Conduct for Employees* to enhance their understanding of professional ethics and conduct. The Group continues to promote the culture of integrity and strengthens the daily "Learn, Think, Cautiousness, Integrity" campaign, while conducting training on cases of fraud and abuse, legal compliance and internal control. During the Reporting Period, 5 training sessions were conducted for 1,207 participants, targeting the Group's management and relevant employees, effectively disseminating and promoting anti-corruption knowledge and enhancing employees' awareness of legal compliance.

6. Caring Action

The Group strives to give back to the community through practical actions, participates in various community activities, and establishes harmonious relationships with local communities. During the Reporting Period, the Group donated epidemic prevention and living goods equivalent to approximately RMB184,000 and provided 547 hours of service. Two large-scale community services were organised, namely a campaign to promote the knowledge of gas safety from Binhai Investment, and a campaign to "Welcome the New Year, Send Warmth and Ensure Safety". The Group strengthened its customer services with the concept of "Gas for All Households" and actively undertook the social responsibility of a gas company by providing household security checks, free replacement of corrugated hoses and free gifts of rice, noodles, oil and other daily necessities to veterans, relatives of martyrs, five guarantees households, elderly person of no family, retired elderly cadres and anti-epidemic workers in the service area, so as to enhance the Group's external image and to build a safer, greener and more harmonious community.

Examples of Binhai Investment's Community Services during the Reporting Period



Tangshan Company Donates Coronavirus Prevention and Control Materials to the Lutai Economic Development Zone

On 18 May 2020, Tangshan Binhai Gas Company Limited ("**Tangshan Company**") donated about RMB100,000 worth of coronavirus prevention and control materials to the Lutai Economic Development Zone. Established in 2010 in the Lutai Economic Development Zone, Tangshan Company has laid a total of 110 kilometres of medium pressure gas pipelines in the Lutai Economic Development Zone over the past ten years, providing a stable supply of gas to nearly 60 industrial and commercial enterprises and nearly 20,000 residential customers, which has been recognised by the local government leaders, enterprises and residents in the Lutai Economic Development Zone.

Deqing Company participates in the "Water and Gas Supply Service Help Create a Civilised City Together"

On 23 May 2020, Deqing Binhai Gas Company Limited ("**Deqing Company**") participated in the "Water and Gas Supply Service Help Create a Civilised City Together" activity in the local community. A total of 9 staff participated in the event. 200 people attended the event, which focused on safety promotion, customer safety checks, green promotion and care for the underprivileged. This activity greatly enhanced community residents' awareness of gas safety and demonstrate corporate responsibility in the local activities of creating a civilised city.





Wuqing Company launches winter gas safety campaign for residents

At the beginning of winter 2020, Wuqing Branch of Tianjin Clean Energy ("**Wuqing Company**") launched a safety promotion campaign with the theme of "Eliminating accidents and hazards, building a strong line of security" to promote gas safety in the communities where it supplies gas. A total of 4,000 copies of safety promotion materials were distributed to community residents, promoting knowledge of safe gas consumption in winter, enhancing awareness of safe gas consumption and improving safe gas consumption skills.

Baoshui Company Visits Communities and Holds Safety Seminars

In 2020, Baoshui Branch of Tianjin Clean Energy ("**Baoshui Company**") visited the homes of elderly persons of no family in the communities and delivered life necessities, as well as invited 40 residents to a residential gas safety seminar and distributed safety promotional materials. The event not only raised residents' awareness of gas safety and enhanced their ability to prevent and respond to gas accidents, but also demonstrated the company's social responsibility.



7. The Group's ESG Performance Data

In order to provide a more comprehensive picture of the Group's ESG performance, the Group has expanded its reporting scope in the Reporting Period, from the coverage of the head office to the offices and operation of the head office and its subsidiaries. As a result, the key performance indicators' values for 2020 may differ significantly from those of previous years. Data measurement and calculation methods adopted in this Report are stated where appropriate.

Environmental Key Performance Indicators	Unit	2020	2019	2018
Resource Consumption¹				
Purchased Electricity	kWh	2,534,566	151,660	154,040
	kWh/employee	1,478.74	1,516.60	1,750.45
Purchased Freshwater	m ³	25,602.13	38.45	30.47
	m ³ / employee	14.94	0.38	0.35
Purchased Natural Gas	m ³	649,800	4,082	0
	m ³ / employee	379.11	40.82	0
Diesel	Litres	41,280	Not reported on	Not reported on
	Litres/employee	24.08		
Petrol	Litres	286,069		
	Litres/employee	166.90		
Hazardous Waste Generation by Type				
Electronic Waste	kg	288	10	20
	kg/employee	0.17	0.10	0.23
Batteries	Pieces	4,083	72	200
	Pieces/employee	2.38	0.72	2.27
Mercury-containing Light Tubes	Tubes	14	200	70
	Tubes/employee	0.01	2.00	0.80
Ink Cartridges	Pieces	1,286	20	9
	Pieces/employee	0.75	0.20	0.10
Non-hazardous Waste Generation by Type				

¹During the Reporting Period, the definition of the indicator for purchased heating was adjusted to include only the amount of purchased heating for central heating. Under this definition, as the Group uses self-heating, the amount of purchased heating is 0 and the relevant environmental impact is reflected in the data on electricity consumption and boiler use.

Environmental Key Performance Indicators	Unit	2020	2019	2018
Paper	kg	2,458	1,320	1,800
	kg/employee	1.43	13.20	20.45
Waste Used Meters	Pieces	197,337	79,982	39,332
	Pieces/employee	115.13	44.21	23.03
Waste Used Pipes	m	48,567	43,683	7,548
	m/employee	28.34	24.15	4.42
Air Pollutant Emissions¹				
Nitrogen Oxides (NO _x)	Tonnes	2.20	4.75 x 10 ⁻²	1.2 x 10 ⁻²
Sulphur Oxides (SO _x) ²	Tonnes	0.05	1.72 x 10 ⁻³	1.4 x 10 ⁻⁴
Greenhouse Gas Emissions				
Scope 1 – Direct Emissions				
Fuel Combustion Emissions ³	Tonnes CO ₂ e ⁴	2,172.27	23.16	21.5
	Tonnes CO ₂ e/employee	1.27	0.23	0.24
Methane Emission ⁵	Tonnes CO ₂ e	9,398.02	Not reported on	Not reported on

¹The calculation of air pollutant emissions for the Reporting Period included the use of vehicles and the use of natural gas (including gas for operational and domestic use). Because of the relatively little fuel use of the electricity generators, it was not included for calculation. The calculation scope for vehicles are those owned and operated by the Group. Calculations and emission factors used for air pollutants generated from the use of natural gas were made with reference to the *Manual of the First National Pollution Source Census of Urban Life Sources and Pollution Emission Factors* and *Manual of the First National Pollution Source Census on Emission Factors from Industrial Pollution Sources* published by the State Council. Calculations and emission factors used for air pollutants generated from the use of vehicles were calculated with reference to the *Technical Guide for Air Pollutant Emission Inventory for Road Vehicles (Trial)* published by the National Development and Reform Commission of the PRC.

²The natural gas used by the Group is desulphurised and the amount of sulphur oxides generated is minimal, therefore the sulphur oxides are only included in the calculation for vehicle use.

³The Group's fossil fuel combustion emissions in the Reporting Period included the use of vehicles and the use of natural gas (including gas for operational and domestic use). Because of the relatively little fuel use of the electricity generators, it was not included for calculation. Greenhouse gas calculations and emission factors for vehicles were made with reference to the *Guidelines for Accounting and Reporting of Greenhouse Gas Emissions from Land-based Transportation Enterprises (Trial)* published by the National Development and Reform Commission of the PRC. Greenhouse gas calculations and emission factors for natural gas consumption were made with reference to the *Guidelines for Accounting and Reporting of Greenhouse Gas Emissions from China's Petroleum and Natural Gas Companies (Trial)* published by the National Development and Reform Commission of the PRC. In 2019, the scope of fuel combustion emissions includes vehicle use and domestic gas use (cooking in canteen) in the Group's head office.

⁴The greenhouse gas emissions from the use of natural gas only take carbon dioxide into consideration due to the method of calculation.

⁵This calculation of greenhouse gas emissions includes methane emissions resulting from the Group's process emissions. Greenhouse gas calculations and emission factors for natural gas consumption were made with reference to the *Guidelines for Accounting and Reporting of Greenhouse Gas Emissions from China's Petroleum and Natural Gas Companies (Trial)* published by the National Development and Reform Commission of the PRC.

Environmental Key Performance Indicators	Unit	2020	2019	2018
	Tonnes CO ₂ e/employee	5.48		
Scope 1 Total Emissions	Tonnes CO ₂ e/employee	6.75		
Scope 2 – Indirect Emissions ¹				
Purchased Electricity ²	Tonnes CO ₂	1,546.34	134.11	136.22
Scope 2 Total Emissions	Tonnes CO ₂ /employee	0.90	1.34	1.55
Scope 3- Other Indirect Emissions				
Waste Paper Disposed at Landfill Sites ³	Tonnes CO ₂ e	11.80	3.94	4.80
Business Travel ⁴	Tonnes CO ₂ e	10.92	7.23	4.39
Scope 3 Total Emissions	Tonnes CO ₂ e/employee	0.01	0.11	0.10

Social Key Performance Indicators	Unit	2020	2019	2018
Total Number of Employees	Persons	1,718	1,809	1,708
Number of Employees by Employment Type				
Contract Employees	Persons	1,718	1,798	1,703
Dispatched Employees	Persons	0	11	5
Number of Employees by Region				

¹During the Reporting Period, the definition of the indicator for purchased heating was adjusted to include only the amount of purchased heating for central heating. Under this definition, as the Group uses self-heating, the amount of purchased heating is 0. Thus the scope of Scope 2 emissions only include indirect emissions from electricity consumption and the relevant environmental impact is reflected in the data on electricity consumption and boiler use.

²Greenhouse gas figures and emission factors were calculated by the factors of average national grid emissions in 2015 with reference to the *Notice on Doing a Good Job in the 2018 Carbon Emission Report and Verification and Emission Monitoring Plan Preparation* published by the Ministry of Ecology and Environment of the PRC .

³Greenhouse gas figures and emission factors were calculated with reference to the *Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong 2010 version* published by the Hong Kong Electrical and Mechanical Services Department and Environmental Protection Department.

⁴Greenhouse gas figures were calculated with reference to the methodology of calculation of carbon dioxide emissions generated from air travels published by The International Civil Aviation Organization (ICAO) under the United Nations Agency.

Social Key Performance Indicators	Unit	2020	2019	2018
Hebei, Beijing, Tianjin	Persons	1,013	1,111	1,031
Shandong	Persons	288	287	295
Zhejiang, Hunan, Jiangxi	Persons	237	231	217
Jiangsu, Anhui	Persons	174	177	165
Other Locations	Persons	6	3	0
Number of Employees by Gender				
Male	%	67.3	67.2	63.3
Female	%	32.7	32.8	36.7
Number of Employees by Age Group				
25 or Under	%	9.4	9.0	11.6
26 to 35	%	41.0	39.1	38.9
36 to 50	%	41.4	43.0	43.1
51 or Above	%	8.3	8.9	6.4
Number of Employees by Academic Qualification				
Bachelor's Degree or Above	%	28.2	26.8	24
College Diploma	%	29.7	29.7	Not reported on
Secondary School Senior or Technical Secondary School	%	30.4	31.5	
Junior Secondary School or Below	%	11.7	11.9	
Percentage of Employee Turnover by Employment Type				
Contract Employees	%	6.32	6.56	8.76
Dispatched Employees	%	0	0	0
Percentage of Employee Turnover by Gender				
Male	%	6.54	5.96	8.92
Female	%	5.87	8.06	8.48
Percentage of Employee Turnover by Age Group				
25 or Under	%	10.56	8.99	13.16

Social Key Performance Indicators	Unit	2020	2019	2018
26 to 35	%	5.26	8.05	8.66
36 to 50	%	5.70	5.70	6.48
51 or Above	%	9.55	2.42	6.78
Percentage of Employee Turnover by Region				
Hebei, Beijing, Tianjin	%	4.79	5.29	9.32
Shandong	%	5.57	8.60	8.10
Zhejiang, Hunan, Jiangxi	%	7.78	7.60	5.24
Jiangsu, Anhui	%	13.43	10.61	10.80
Other Locations	%	14.29	0	0
Training and Development of Employees				
Total Number of Training Hours Received by Employees	Hours	7,739	1,917	1,810
Average Number of Training Hours Received by Gender				
Male	Hours	4.3	1.6	1.5
Female	Hours	4.1	1.3	1.2
Average Number of Training hours Received by Employment Grade				
Upper Management	Hours	4.1	1.4	1.3
Middle Management	Hours	4.1	1.4	1.3
General Staff	Hours	4.3	1.6	1.5
Percentage of Employees (by Gender) that Received Training¹				
Male	%	67.3	67.2	63.3
Female	%	32.7	32.8	36.7
Percentage of Employees (by Employment Grade) that Received Training²				

¹ In 2020, we adjusted the calculation method of employee training rate with reference to the relevant guidelines of HKEX, and re-calculated the figures for 2018 and 2019. The calculation method has been adjusted as follows: the percentage of employees trained in the specified category = number of employees in the specified category who took part in training / number of employees who took part in training. The relevant disclosures in this Report shall prevail.

² In 2020, we adjusted the calculation method of employee training rate with reference to the relevant guidelines of HKEX, and re-calculated the figures for 2018 and 2019. The calculation method has been adjusted as follows: the percentage of employees trained in the specified category = number of employees in the specified category who took part in training / number of employees who took part in training. The relevant disclosures in this Report shall prevail.

Social Key Performance Indicators	Unit	2020	2019	2018
Upper Management	%	0.4	0.4	0.4
Middle Management	%	1.5	1.3	1.1
General Staff	%	98.1	98.3	98.6
Number of Suppliers by Region				
Hebei, Beijing, Tianjin	Number of Suppliers	66	60	44
Shandong	Number of Suppliers	18	33	24
Zhejiang, Hunan, Jiangxi	Number of Suppliers	31	25	20
Jiangsu, Anhui	Number of Suppliers	29	14	12
Other Locations	Number of Suppliers	87	13	10
Number and Ratio of Work-related Fatalities				
Number of Persons	Persons	0	0	0
Ratio	%	0	0	0
Number of Working Days Lost Due to Work-related Injuries				
Number of Working Days	Days	751	242	Not reported on

8. Laws and Regulations which Have a Significant Impact on the Group

During the Reporting Period, Binhai Investment abided by the following laws and regulations. The Group strengthens its compliance management through the following measures,

- To strengthen legal training to enhance relevant personnel's legal knowledge and raise their awareness on legal compliance;
- To establish internal rules and policies that comply with laws and regulations and to consolidate systems and processes through information system so as to reduce the possibility of human manipulation;
- Law-related matters in daily business activities shall be reviewed by legal personnel and the participation of legal personnel is required in major business decisions, external investments and cooperation projects;
- To strengthen the enforcement of supervision and accountability

Aspect	Operating Location	Relevant Laws and Regulations
Relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	Mainland China	<i>Environmental Protection Law of the PRC</i> <i>Environmental Impact Assessment Law of the PRC</i> <i>Environmental Noise Emission Standards for Construction Sites (GB 12523-2011)</i> <i>Law of the PRC on Prevention and Control of Environmental Pollution by Solid Waste</i> <i>Standards for Pollution Control of Hazardous Waste Storage National Hazardous Waste List</i> <i>Clean Production Promotion Law of the PRC</i> <i>Energy Conservation Law of the PRC</i> <i>Soil Pollution Control Law of the PRC</i>
Relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, antidiscrimination, and other benefits and welfare	Mainland China	<i>Labour Law of the PRC</i> <i>Labour Contract Law of the PRC</i>
	Hong Kong China	<i>Employment Ordinance</i>
Preventing child and forced labour	Mainland China	<i>Regulation Prohibiting the Use of Child Labour</i>

	Hong Kong China	<i>Regulations of Child Employment</i>
Relating to providing a safe working environment and protecting employees from occupational hazards	Mainland China	<i>Regulations on the Safety Management of Construction Projects</i> <i>Administrative Measures for Emergency Plans for Production Safety Accidents</i> <i>Fire Protection Law of the PRC</i> <i>Safe Production Law of the PRC</i>
Relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	Mainland China	<i>Advertising Law of the PRC</i> <i>Trademark Law of the PRC</i> <i>Protection of Consumer Rights and Interests Law of the PRC</i> <i>Electronic Commerce Law of the PRC</i>
Relating to bribery, extortion, fraud and money laundering	Mainland China	<i>Criminal Law of the PRC</i> <i>Supervision Law of the PRC</i> <i>Anti Unfair-competition Law of the PRC</i> <i>Anti Money-laundering Law of the PRC</i> <i>Interim Provisions on Prohibition of Commercial Bribery</i> <i>Tendering and Bidding Law of the PRC</i> <i>Law of the People's Republic of China on Administrative Discipline for Public Officials</i>
	Hong Kong China	<i>Prevention of Bribery Ordinance</i>

9. HKEX's *Environmental, Social and Governance Reporting Guide* Content Index

General Disclosures and KPIs	Description	Relevant Chapter(s) of this Report or Other Explanation
Environmental		
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	3, 3.2, 3.3
KPI A1.1	The types of emissions and respective emissions data.	7
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	7
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	7
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	7
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	3, 3.2, 3.3
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.	3.2, 3.3
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	3.2, 3.3
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).	7
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	7
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	3, 3.2, 3.3
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.	3.3, 7
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable ¹
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	3.2, 3.3
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	3.2, 3.3
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.	3.4
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.	3.4

¹ As the Group does not use packaging materials, this KPI is not applicable.

General Disclosures and KPIs	Description	Relevant Chapter(s) of this Report or Other Explanation
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.	4, 4.1. 4.2
KPI B1.1	Total workforce by gender, employment type (for example, full- or part- time), age group and geographical region.	7
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	7
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.	4.4
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the Reporting Period.	7
KPI B2.2	Lost days due to work injury.	7
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	4.4
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	4.3
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	7
KPI B3.2	The average training hours completed per employee by gender and employee category.	7
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.	4, 4.1
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	4.1
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	4.1
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	5.1
KPI B5.1	Number of suppliers by geographical region.	7
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.	5.1
KPI B5.3	Description of practices used to identify environmental and social risks	5.1

	along the supply chain, and how they are implemented and monitored.	
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	5.1
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) The policies; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer Relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods and redress.	5.3, 5.4
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	No relevant incident
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	5.3
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	5.5
KPI B6.4	Description of quality assurance process and recall procedures.	5.2
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	5.4
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) The policies; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer Relating to bribery, extortion, fraud and money laundering.	5.6
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.	No relevant incident
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	5.6
KPI B7.3	Description of anti-corruption training provided to directors and staff.	5.6
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.	6
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	6
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	6