

CHINA GAS INDUSTRY INVESTMENT HOLDINGS CO. LTD.

(Incorporated in the Cayman Islands with members' limited liability)

Stock code: 1940



2020 Environmental, Social and Governance Report



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

PURPOSE

The board of directors (the “**Board**”) of China Gas Industry Investment Holdings Co. Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to present the Environmental, Social and Governance Report (the “**Report**”) for the year ended 31 December 2020 (the “**Year 2020**” or the “**Reporting Period**”), which aims to demonstrate the effectiveness of the Group’s efforts in promoting sustainable development to internal and external stakeholders.

The Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**ESG Reporting Guide**”) and mainly contains measures and activities on environmental and social aspects of the Group for the Year 2020. For information on the corporate governance of the Group, please refer to the Group’s 2020 Annual Report.

The Group is committed to maintaining sustainable development of its business and supporting environmental protection and the communities where it operates. The Group prudently manages its business and provides high-quality products and services to customers through reasonable decision-making procedures. The Group maintains close relationships with its stakeholders and strives to balance their views and interests through constructive communications so as to determine the direction of the its long-term development. The Board is responsible for assessing and identifying risks associated with environmental, social and governance matters of the Group and ensuring that the relevant risk management and internal control systems are operated properly and effectively.

In the Year 2020, the Group was mainly engaged in the production of specialty gas through its subsidiary, namely Tangshan Tangsteel Gases Co., Ltd. (“**TTG**”).

TTG is the first Sino-foreign joint venture engaging in gas production in Hebei Province, which was jointly invested and established by Tangshan Steel Company Limited and China Gas Industry Investment Holdings Co. Ltd. on 28 March 2007. TTG has set up five management divisions including safety division, production equipment division, technical quality division, finance division and general division, as well as six branches including Steelmaking Branch, Ironmaking Branch, Stainless Steel Branch, Sales Branch, Yutian Branch and Laoting Branch. The Group adheres to the market-oriented approach, keeps pace with changing times and maintains innovative development. The Group insists on pursuing sustainability with quality and keep on improving service quality. Adhering to the business philosophy of quality first, customer foremost and integrity-based management by providing users with all-round services and offering the most premium quality products to the society, it takes the road of sustainable development and always regard quality, safety, environmental protection and energy saving as the essence of an enterprise in a bid to enhance customer satisfaction. Meanwhile, guiding by the new industrialisation orientation, the Group expects TTG to become the No. 1 brand in North China and a well-known “GGS TTG” brand at home and abroad.

TTG is the Group’s key area of concern in the 2020 Annual Report and is principal operations of the Group. Thus, it is of high relevance to environmental, social and governance matters. Hence, the Report focuses on the disclosure of the policies and performance regarding the three environmental aspects and eight social aspects of TTG for the Year 2020.



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STAKEHOLDER ENGAGEMENT

Stakeholder engagement is the core element of the Group's sustainable development. Focusing on the establishment of a regular communication mechanism for stakeholders, the Group has set up online and offline communication channels to demonstrate to the stakeholders the strategic planning and performance of sustainable development and to consult their opinions and needs in a timely manner, so as to clearly understand their demands and fulfil their expectations.

The Group's stakeholders include its shareholders, employees, government and regulatory authorities, customers, suppliers, communities, potential and existing shareholders/institutional and individual investors, etc. The Group engages in discussions with its stakeholders on relevant issues through various channels. The communication channels between the stakeholders and the Group and their expectations and needs are as follows:



Stakeholders	Expectations	Communications and feedbacks
Shareholders	Financial results	Improvement in profitability and maintaining business sustainability
	Information transparency	Regular disclosure of information
	Sound risk control	Optimisation of risk management and internal control
Employees	Continuing promotion mechanism	Platform for career development
	Salaries and benefits	Competitive salaries and employee benefits
	Safe working environment	Provision of employee training and improvement in safety awareness
Government and regulatory authorities	Compliance with laws and regulations	Operational compliance
	Fulfilling tax obligations	Full payment of tax when due
Customers	Consistent high-quality products and services	Maintaining stability in product delivery
	Security of customer information	Protection of customer privacy
	Protection of customers' rights and interests	Marketing compliance
Suppliers	Cooperation with integrity	Establishment of a responsible supply chain
	Business ethics and creditworthiness	Performance of contracts according to the law
Communities	Environmental protection	Use of environmentally friendly and energy-saving equipment
	Job opportunities	Provision of job opportunities
Potential and existing shareholders/ institutional and individual investors	Annual general meetings and notices	Platforms for communications with shareholders
	Regular corporate publications (including financial statements)	Results announcements
	Increase in transparency of corporate development	Issue of circulars and announcements in due course

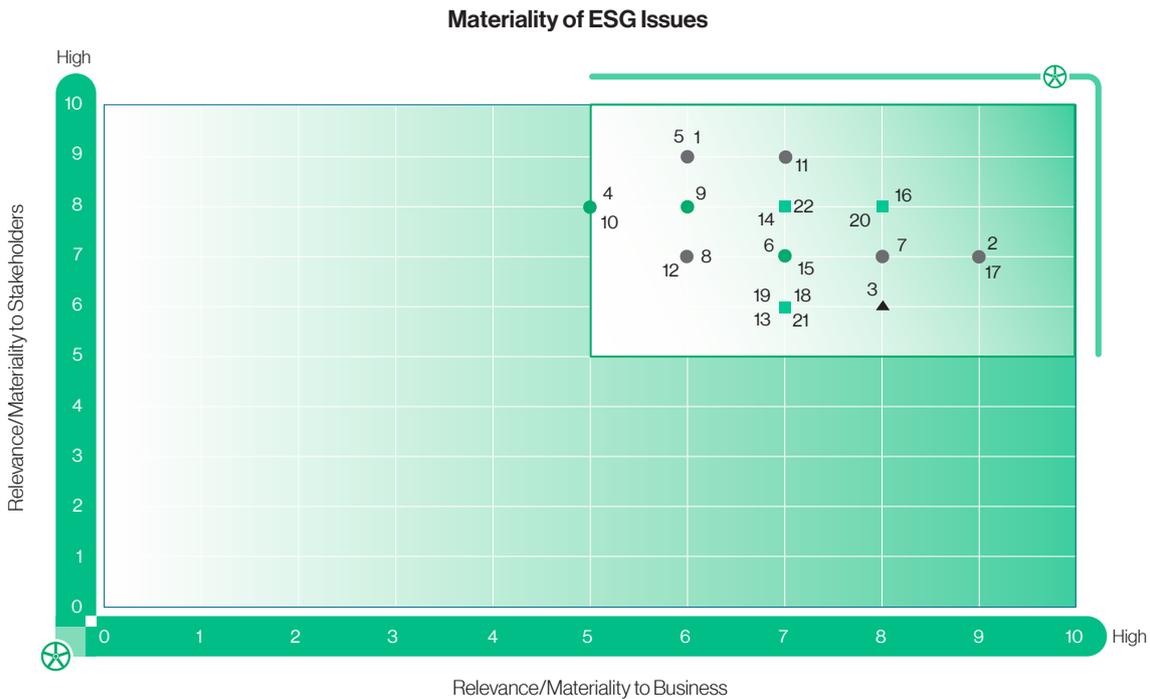


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MATERIALITY ASSESSMENT

In the Year 2020, the Group conducted a comprehensive materiality assessment, which involved group discussions, interviews and surveys with internal and external stakeholders, to identify the “material issues” and the environmental, social and operational issues which have the most significant impacts on the Group’s business and the relevant issues concerned by stakeholders.

With reference to the scope of disclosure as required under the ESG Reporting Guide, as well as taking into consideration its business features, the Group identified and determined 22 issues which cover greenhouse gas (“GHG”) emission, energy consumption, employee welfare, occupational health and safety, training and development, supply chain management, customer privacy, anti-corruption, and community investment and other aspects with respect to business operation.



Environmental Aspects

1. GHG emission
2. Energy consumption
3. Water consumption
4. Waste
5. Environmental impact of business operation
6. Use of natural resources and packaging materials
7. Customer engagement in environmental issues
8. Use of chemicals

Social Aspects

9. Engagement of local community
10. Community investment
11. Occupational health and safety
12. Labour standards in supply chain
13. Training and development
14. Employee welfare
15. Inclusion and equal opportunities
16. Talent attraction and retention

Operation Aspects

17. Economic value generated
18. Corporate governance
19. Anti-corruption
20. Supply chain management
21. Customer satisfaction
22. Customer privacy



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A. ENVIRONMENTAL PROTECTION

To fulfil its commitment on sustainability and to comply with the requirements under the laws and regulations in respect of environmental protection, the Group has been striving to reduce the impact of its operating activities on the environment.

A1: Emissions

The Group has formulated and implemented the Solid Waste Management System (《固體廢棄物管理制度》), which aims to ensure that the wastes produced by the Group will not pollute the environment and will comply with the Group's environmental policy as well as local laws and regulations by separating, collecting and treating production and domestic solid wastes. Hazardous wastes and non-recyclable industrial wastes will be treated by State-recognised and qualified waste disposal organisations engaged by the management department.

The Group requires its subsidiaries to manage and supervise the disposal of solid waste in accordance with the provisions of the General Industrial Solid Waste Storage and Pollution Control Standards for External Sites (《一般工業固體廢物貯存、外置場污染控制標準》) and the Pollution Control Standards for Hazardous Waste Storage (《危險廢物貯存污染控制標準》) and other regulations. Solid waste mainly includes hazardous solid waste, recyclable solid waste, and non-recyclable solid waste such as office and domestic waste. The Group has set up storage facilities for solid waste and hazardous waste, respectively. The production equipment division engages qualified organizations for the disposal of recyclable solid waste, non-recyclable solid waste and hazardous waste. From 8 July 2020 to 31 December 2020, Chengde BBMG Cement Co., Ltd. (承德金隅水泥有限責任公司) acted as our qualified organization for hazardous waste disposal. In selecting the qualified organization, the Group conducted qualification verification, including reviewing the background information and the Hebei Province Hazardous Waste License of such qualified organization to ensure the hazardous wastes being disposed in a safe manner in accordance with the regulations of the People's Republic of China (the "PRC") and the safety and environmental protection authorities.

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GHG is considered as one of the major factors contributing to climate change and global warming. During the business operation of the Group, GHG emissions are mainly produced from energy consumption. The Group attaches great importance to enhancing energy efficiency and reducing energy consumption. During the Reporting Period, GHG emissions were as follows:

GHG Emissions	Unit	2020
GHG emissions (Scope 1)	CO ₂ e (tonne)	(Note 1)
GHG emissions (Scope 2)	CO ₂ e (tonne)	*914,477
GHG emissions (Scope 3)	CO ₂ e (tonne)	21,874
Total GHG emissions	CO ₂ e (tonne)	936,351
Total production output	Tonne	4,531,583
GHG intensity (Total emission/total production output)	CO ₂ e (tonne)/tonne	0.21

Note 1: The Group has not quantified the relevant figures due to the suspension of production of the plant in Luan County in 2020 and the low consumption in the TTG headquarters.

* The emissions related to electricity consumption were calculated on the basis of the emission factor of North China Power Grid for 2019. Such figures have been calculated in accordance with The Stock Exchange of Hong Kong Limited's "How to prepare an ESG Report - Appendix 2: Reporting Guidance on Environmental KPIs".

Scope 1: mainly represents gas purchased from gas suppliers in China.

Scope 2: mainly represents electricity purchased from electricity suppliers in China.

Scope 3: mainly represents scrap papers and water consumed.



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During the Reporting Period, the amount of of hazardous and non-hazardous waste generated were as follows:

Generation of hazardous and non-hazardous waste	Unit	2020
Total amount of hazardous waste	kg	12,750
Intensity of hazardous waste (Total amount of hazardous waste/total production output)	Kg/tonne	0.0028
Total amount of non-hazardous waste	kg	1,800
Intensity of non-hazardous waste (Total amount of non-hazardous waste/total production output)	Kg/tonne	0.0004

The Group has formulated and implemented the Energy and Resource Management Measures (《能源資源管理辦法》) to manage the use of energy in production and daily life of the Group, so as to achieve the purpose of improving the utilization rate of energy and resources, energy conservation and consumption reduction. The Group designated energy managers responsible for various tasks of energy management, and conduct statistics and analysis of energy consumption data in order to improve technologies and processes and reduce energy consumption.



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In the Year 2020, the Group adopted a series of energy conservation and emission reduction measures, of which the particulars and relevant effectiveness assessment were as follows:

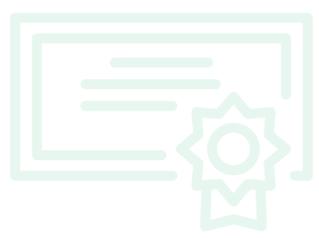
Energy conservation and emission reduction measures	Particulars and relevant effectiveness assessment of the measures
Lighting power consumption management and installation of light-emitting diodes (LEDs)	Some of the lighting at the facilities, air separation columns, offices and other public areas, where incandescent lamps and mercury lamps had been used, were replaced with LEDs. Lamps are not used when there is enough natural light, in order to reduce power consumption.
Water usage and facilities management	The production equipment division is responsible for monitoring the normal function of water facilities to prevent water leakage and other wastage, and educating employees to develop the awareness of water conservation by requiring employees to turn off taps after using water to prevent wastage.
Non-hazardous waste	The general recyclable waste generated by the equipment workshops includes scrap iron, scrap steel, scrap copper, aluminum, sludge with high iron content, scrap belts and scrap tires. The production equipment division of the Group engages qualified organizations for the disposal of recyclable solid waste to reduce the impact on the environment to the greatest extent.

In addition, the Group emphasizes on the technologies required for production in order to strengthen further its leading position and enhance its competitiveness. The Group has a dedicated research and development (“R&D”) team consisting of approximately 20 engineers with extensive industry experience in the design, construction and operation of industrial gas production facilities. The R&D team is responsible for developing engineering solutions to refine production processes. One of the key R&D achievements of the R&D team is a joint research project with Beijing University of Science and Technology on the improvement and innovation of oxygen supply system for iron and steel companies. This research project has developed a number of technical solutions, which are known as “zero release”, to reduce the release of unutilized gas in the manufacture process of their iron and steel plants and thus minimize the industrial gas consumption for our on-site customers. The above R&D achievements have been awarded various prizes including the first prize of Tangshan Science and Technology Progress Award (唐山市科技進步一等獎), the third prize of Hebei Province Science and Technology Award (河北省科學技術獎三等獎) and the first prize of Metallurgical Science and Technology Award (冶金科學技術獎一等獎). The Group intends to continue to develop and implement more advanced, reliable and low-cost production procedures and technologies in the future.

TTG and Luanxian Tangsteel Gases Co., Ltd., which are subsidiaries of the Group, were approved as High and New Technology Enterprises in the PRC in 2016 and 2018, respectively.



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On 29 December 2020, TTG obtained the Industrial R&D Organization Certificate in Hebei issued by the Hebei Provincial Department of Industry and Information Technology

Compliance with relevant laws and regulations

In the Year 2020, the Group was not aware of any material violation of relevant laws and regulations that have significant impact on the Group relating to waste gas and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous wastes. The Group strictly complied with local laws and regulations relating to emissions, such as the Environmental Protection Law of the People’s Republic of China (《中華人民共和國環境保護法》), the Water Pollution Prevention and Control Law of the People’s Republic of China (《中華人民共和國水污染防治法》) and Environmental Prevention and Control on Solid Waste of Law of the People’s Republic of China(《中華人民共和國固體廢物環境防治法》). In addition, there were no significant fines or non-monetary sanctions imposed due to non-compliance with the relevant laws and regulations in the Year 2020.

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A2: Use of resources

The Group not only strictly observed the Energy Conservation Law of the People's Republic of China (《中華人民共和國節約能源法》), but also encouraged its employees to develop resource saving and recycling habits in daily practices. To protect natural resources and enhance operational efficiency, the Group closely monitored the use of resources with a view to ensure full utilisation of resources and preventing wastage. Each division of the Group regularly reported on its use of resources and took corrective actions for identified issues in a timely manner.

The Group has formulated and implemented the Energy and Resource Management System (《能源資源管理制度》), which mainly covers control of electricity consumption, water conservation, gas and fuel saving with aims to promote the saving and reasonable use of energy and resources as well as the reduction of wastage. The finance division is responsible for devising the energy cost indicator plan, convening regular energy management work meetings, reviewing the previous energy work, and mapping out the next phase of the energy cost indicator plan, and formulating specific plans for energy conservation and consumption reduction. The human resources division is responsible for developing energy-saving and resource control plans for electrical appliances in living and office areas, such as encouraging employees to turn off lights and air-conditioners after work to prevent energy wastage caused by standby power consumption.

During the Reporting Period, information about the consumption from the Group's operation was as follows:

Environmental performance	Unit	2020
Electricity consumption	kWh	1,284,558,248
Fuel consumption (Note 1)	kWh	—
Total energy consumption	kWh	1,284,558,248
Energy consumption intensity (Total energy consumption/total production output)	KWh/tonne	283.5
Total water consumption	m ³	34,787,259
Water consumption intensity (Total water consumption/total production output)	M ³ /tonne	7.7
Total packaging materials used* (Note 2)	kg	N/A
Intensity of packaging materials used (Total packaging materials used/total production output)	Kg/tonne	N/A

* Packaging material includes PVC films, transparent plastic, wrapping bands, cardboard containers and wrapping bags.

Note 1: Although the Group's vehicles use gasoline and diesel, the Group has not quantified the relevant waste emissions due to its low consumption.

Note 2: The production of industrial gas does not involve the use of packaging materials, therefore, no quantified figures are presented.

A3: Environment and natural resources

In strict compliance with laws and regulations including the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), the Air Pollution Prevention and Control Law of the People's Republic of China (2018 Amendment) (《中華人民共和國大氣污染防治法 (2018 修正)》), the Environmental Impact Assessment Law of the People's Republic of China (2018 Amendment) (《中華人民共和國環境影響評價法 (2018 修正)》) and related regulations, the Group has formulated its Management Handbook (《管理手冊》) and established its environmental management system which conforms to GB/T 24001-2016 (ISO 14001) standards, thereby effectively reducing pollutant discharge and resource consumption resulting from production and operation. To reduce the impact on the surrounding environment, the Company has set up sound canceling facilities to minimise the impact of inevitable noise in the course of its operation.



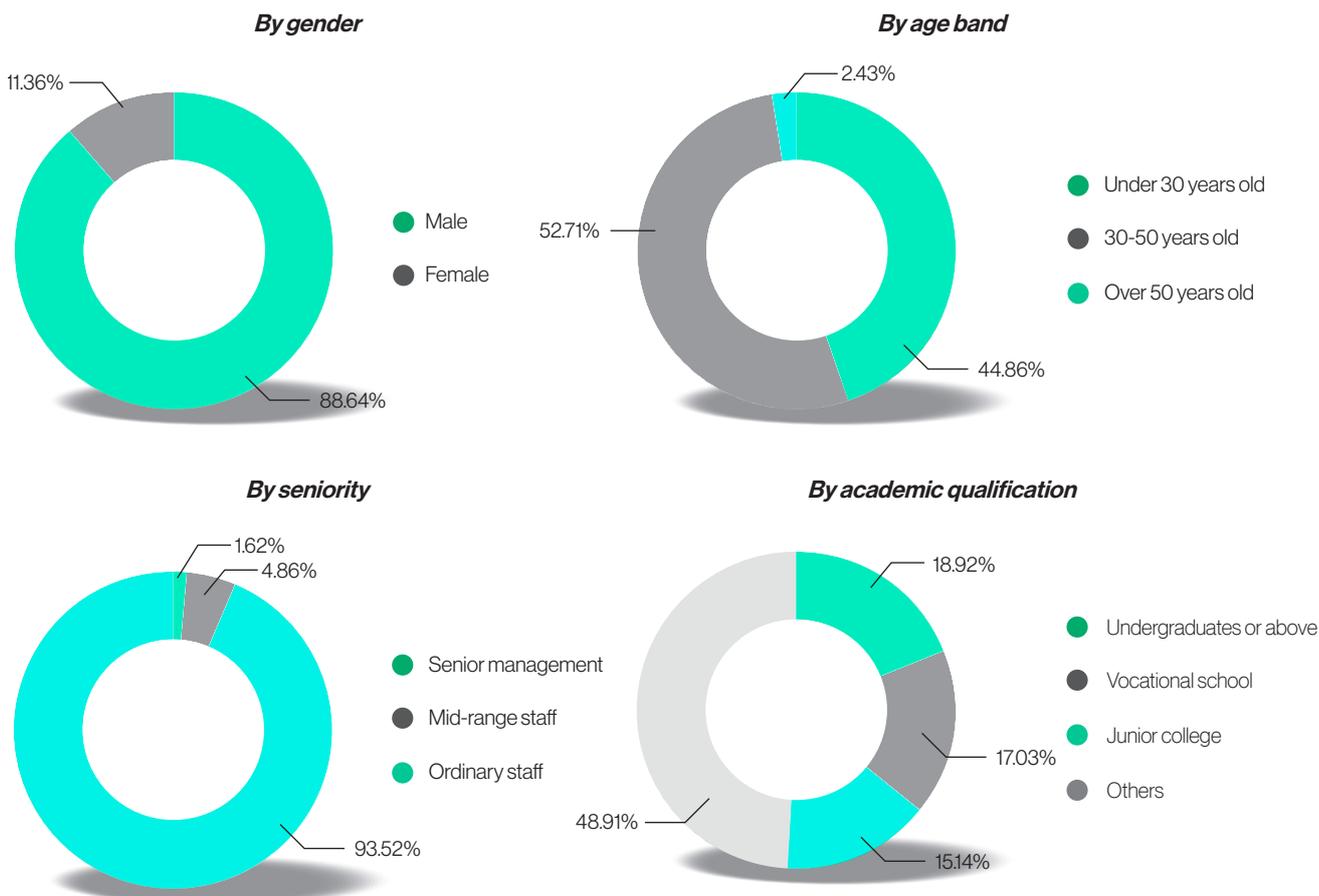
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B. SOCIAL RESPONSIBILITY

The Group recognises that maintaining a good relationship with its employees is one of the keys to success. To enhance employees' satisfaction, the Group provides employees with competitive remuneration packages and comprehensive training programs to encourage them to show their strengths and potential in full play. The Group organises team building activities including sport game and hiking events and for employees annually to enhance their sense of belongings and create a friendly and harmonious working environment.

B1: Employment

The Group has implemented a rigorous recruitment procedure to select and attract outstanding talents for the Group through a combination of external recruitment and internal training. As at 31 December 2020, the Group had a total of 370 full-time employees. The proportion of employees (calculated on the number of employees (excluding independent non-executive directors)) by gender, age band, seniority and academic qualification are as follows:





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The Group has formulated and implemented the Staff Handbook (《員工手冊》), the Human Resources Management Assessment Measures(《人力資源管理考核辦法》),the Implementation Rules for the Standardized Operation of the Post Performance-based Salary System(《崗位績效薪級工資制規範運行實施細則》) and the Administrative Regulations on Various Insurances and Enterprise Annuities for Employees(《員工各種保險及企業年金管理規定》) to comprehensively regulate the conduct of all employees of the Group with an aim to meet the needs of a modern enterprise. In compliance with the Labour Law of the People's Republic of China (《中華人民共和國勞動法》), the Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》) and the Industrial Injury Insurance Regulations (《工傷保險條例》) of the PRC, the Group has formulated management regulations in respect of recruitment, promotion, dismissal, working hours, holidays, remuneration, benefits and retirement. It provides employees with competitive salaries and benefits and makes adjustments to salaries and benefits in a timely manner according to the prevailing market condition in order to attract and retain talents and motivate the employees.

The Group offers attractive benefits to its employees. To enhance the employees' sense of belonging to the Company, devotion to their jobs and enthusiasm for work, on-the-job employees of the Group can perform physical examination every two years, and all expenses are borne by the Group. According to the special requirements of the position, the Group will also arrange special physical examinations to protect the health of its employees.



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The Group has established a labour union in accordance with the Labour Union Law of the People's Republic of China (《中華人民共和國工會法》) and the General Principles of the Civil Law of the People's Republic of China (《中華人民共和國民法通則》) with aims to strengthen communication with employees and through which the Group can organize various meaningful and joyful team-building activities for employees, including sports games, employee technical competitions and leisure activities, etc.



Tug-of-war competitions



Basketball games



Hiking events



Chess and cards activities

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The Group provides equal employment opportunities to employees free from any form of discrimination based on age, ethnicity, race, gender and religious beliefs. It is committed to the creation of a corporate culture and a working atmosphere of equality, respect, diversity and mutual support. The Group protects the interests of its employees and strives to establish harmonious labour relationship with the provision of rest periods and holidays not less exacting than those required under the relevant laws and regulations.

Compliance with Relevant Laws and Regulations

The Group was not aware of any material violation of relevant laws and regulations that have a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare in the Year 2020. The Group strictly complied with relevant local laws and regulations relating to employment, including the Labour Law of the People's Republic of China (《中華人民共和國勞動法》) and the Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》). In addition, no significant fine or sanction for non-compliance with relevant laws and regulations was imposed on the Group in the Year 2020.

B2: Health and Safety

Production safety and occupational health and safety are the key matters of concern of the Group. The Group has taken measures to ensure compliance with applicable laws and regulations in respect of health and safety. The Group complies with various PRC laws and regulations in connection with labour, safety and work-related accidents, such as the Law on the Prevention and Control of Occupational Diseases of the People's Republic of China (《中華人民共和國職業病防治法》), the Fire Control Law of the People's Republic of China (《中華人民共和國消防法》), the Regulations on the Safety Management of Hazardous Chemicals (《危險化學品安全管理條例》), the Production Safety Law of the People's Republic of China (《中華人民共和國安全生產法》), Regulations on Safe Work Permits (《安全工作許可證條例》), Measures for the Administration of Hazardous Chemicals Business Licenses (《危險化學品經營許可證管理辦法》) and Measures for the Administration of Registration of Hazardous Chemicals (《危險化學品登記管理辦法》).

The Group's industrial gas production plants have dedicated staff, who are responsible for overseeing labour, hygiene and safety conditions. In addition, the Group provides induction and regular safety education programs for employees through the distribution of safety guide handbook, training seminars and regular safety knowledge and response tests. The Group's exposure to health and safety risks is minimal as its employees control and monitor the daily operations of the production facilities through a computerised operation control room.



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In order to strengthen the management for and enhance the quality of the prevention and control of occupational diseases, practically secure the labourers' occupational health and safety during their work, reach the target for occupational health and safety set by the Group, and facilitate corporate economic development, the Group has adopted and implemented relevant systems as set out below:

- (i) Quality, Environment and Occupational Health and Safety Management System Management Handbook(《質量、環境及職業健康安全體系管理手冊》);
- (ii) Environmental, Occupational Health and Safety Performance Measurement and Monitoring Management Procedures (《環境、職業健康安全績效測量與監視管理程序》);
- (iii) Safety Education and Training System (《安全教育培訓制度》);
- (iv) Safety Management System for Hazardous Sources and Premises, Equipment and Facilities with High Risk (《危險源及較大風險場所、設備和設施安全管理制度》);
- (v) Safety Inspection and Potential Safety Hazard Rectification System (《安全檢查及隱患整改制度》);
- (vi) Major Hazard Safety Management System (《重大危險源安全管理制度》);and
- (vii) Emergency Preparedness and Response Management Procedures (《應急準備與響應管理程序》).

In view of the worldwide spread of the COVID-19 pandemic, the Group has adopted a series of hygiene and precautionary measures to prevent infection and transmission of COVID-19 among our employees in our production plants and offices, including:

- distribution of disposable masks, gloves and sanitising products, and if necessary, uniforms among our employees and requiring our staff to be fully equipped with all preventive clothing and accessories on a daily basis;
- cleaning and disinfection of commonly used areas within our production facilities and offices with increased frequency;
- providing flexible working arrangement for our employees on an as-needed basis;
- encouraging our employees to closely monitor their health and well-being;
- mandatory infrared contactless body temperature measurement for all our employees each time they enter or leave the working premises;
- requiring our employees to refrain from gathering within the work place; and
- imposing self-quarantine requirements on employees who had travel history to areas of high risks within 14 days.



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Compliance with Relevant Laws and Regulations

The Group was not aware of any material violation of relevant laws and regulations that have a significant impact on the Group relating to the provision of a safe working environment and the protection of employees from occupational hazards in the Year 2020. The Group strictly complied with local laws and regulations relating to health and safety, including the Production Safety Law of the People's Republic of China (《中華人民共和國安全生產法》) and the Work-related Injury Insurance Regulations of the People's Republic of China (《中華人民共和國工傷保險條例》). In addition, no significant fine or sanction for non-compliance with relevant laws and regulations was imposed on the Group in the Year 2020.

B3: Development and Training

According to the Production Safety Law of the People's Republic of China (《中華人民共和國安全生產法》), the Provisions on Safety Training for Producers and Operators (State Administration of Work Safety An Jian Hao[2006]No.3)(國家安全生產監督管理總局安監號[2006]3號《生產經營單位安全培訓規定》) and Interim Provisions on Implementing the Production Safety Responsibilities of Producers and Operators (Hebei Province Jizheng [2006] No. 69)(河北省冀政[2006]69號《落實生產經營單位安全生產主體責任暫行規定》), the Group formulated, adopted and implemented the Safety Education and Training System (《安全教育培訓制度》), in order to implement the Group's production safety policy of "safety first, prevention first and comprehensive management", improve the safety technical quality of all employees, and ensure that its employees have a sound knowledge of and are able to fulfil their positions' basic requirements for work safety, quality, efficiency, cost and environmental protection.

The safety division is responsible for organizing and formulating the annual safety education and training plan, implementation and execution, and supervising and managing the overall safety education and training of the Group. The responsibilities of other divisions include organizing the identification of hazardous and harmful factors in various divisions and producing training materials to ensure that the necessary special technical training and safety education being included in the relevant training. Each division assists the safety division in implementing the annual safety education and training plan, and is responsible for safety education and orientation training for new employees in each division. All employees must receive safety training, and the training time for each employee shall not be less than 72 hours. Employees who fail to pass the safety training are not allowed to commence work.

Safety training covers three aspects: safety, occupational health and fire control. In addition, the safety division is required to arrange for employees to retrain every year, and the training time shall not be less than 20 hours. The training content includes: the new laws, regulations, standards and norms related to the safe production of hazardous chemicals; new materials, new technology, new process and new equipment safety technical requirements related to the production of hazardous chemicals and typical accident cases and discussions thereof.

In June and July 2020, the Group provided 13 training programs to 238 employees through online videos. The key points of training include basic knowledge of occupational health and protection, emergency knowledge and accident case analysis, common sense of safe use of electricity, fire control knowledge training and special operation safety knowledge.



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B4: Labour Standards

The Group is profoundly aware that the employment of child and forced labour is a serious breach of universal values and is therefore committed to the prevention of all employment of child labour and forced labour and is in strict compliance with all laws and regulations relating to the prohibition of child and forced labour employment. The Group has adopted and enforced the Recruitment Management System (《招聘管理制度》) and the Staff Handbook (《員工手冊》) and strictly complied with the labour contract system. All new employees will sign a labour contract or employment agreement with the Group when they accept their job offers, and the Group will check the relevant and valid certificate(s) of the employees when they officially commence work.

If misuse of child labour or forced labour are discovered, the labour contract will be terminated immediately, and the responsible person will be held accountable.

Compliance with Relevant Laws and Regulations

The Group was not aware of any material violation of relevant laws and regulations prohibiting the employment of child or forced labour in the Group in the Year 2020. The Group strictly complied with local laws and regulations relating to labour standards, such as the Labour Law of the People's Republic of China (《中華人民共和國勞動法》), the Law on Protection of Minors of the People's Republic of China (《中華人民共和國未成年人保護法》) and the Provisions on Prohibition of Child Labour (《禁止使用童工規定》). In addition, no significant fine or sanction for non-compliance with relevant laws and regulations was imposed on the Group in the Year 2020.

B5: Supply Chain Management

Materials purchased by the Group mainly include materials, equipment spare parts, oil products, hazardous chemicals and labour protection supplies. As the procurement of hazardous chemicals is involved, the Group has formulated and implemented the Procurement Control Procedures (《採購控制程序》) to ensure that the materials purchased meet the requirements of quality, environment and occupational health and safety.

In selecting suppliers, the Group will adopt corresponding assessment methods based on the classification of the purchased products. The assessment criteria mainly include: (i) whether the product quality meets the requirements of the Group; (ii) whether the supplier is able to perform the contract; and (iii) whether the supplier is able to meet the Group's requirement on environmental, health and safety (EHS). For suppliers of hazardous chemicals and labour protection supplies, the Group requires suppliers to provide production licenses, production safety licenses, business licenses, transportation licenses and product qualification certificates, etc. The procurement division of the Group is responsible for the relevant supplier qualification assessment, and the list of qualified suppliers shall be prepared upon approval by the head of the procurement division, and the production equipment division of the Group conducts an annual review on the list of the relevant suppliers to ensure that the relevant suppliers constantly meet the Group's requirements for procurement in respect of quality, environmental and occupational health and safety.

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B6: Product Responsibility

The Group's productions of industrial gas are conducted on or in close proximity of the production sites of its pipeline industrial gas customers. Therefore, the Group generally enters into long-term industrial gas supply contracts with its pipeline industrial gas customers, the duration of which ranged between 15 and 30 years. The Group is required to provide gas products that meet specifications, including but not limited to purity, pressure level, temperature and guaranteed normal quantity of supply, in accordance with the provisions of the supply contract. The Group's liquefied industrial gas customers are generally located within a radius of 250 to 300 kilometers from the industrial gas production plants of the Group, and liquefied industrial gas customers include independent third parties operating in a wide range of industries, including medical, shipping, engineering, photovoltaic, food and automotive. The Group enters into liquefied gas supply contracts with customers that had a stable and regular demand for liquefied gas products and guarantees that liquefied industrial gas products shall comply with the national standards prescribed by the National Standardization Administration of the PRC. If the quality of the products does not satisfy the specified national standards, customers shall inform the Group within 12 hours and refuse to accept the goods within 24 hours upon delivery. Upon notice, the Group shall refund its customers if such defect is verified and confirmed by it.

In order to ensure the ability to satisfy customers' requirements for products, the Group has designated quality control technicians in each of our production plants responsible for monitoring the quality of our products through its quality control systems. In addition, the Group controls the quality of our industrial gas products through the use of technological equipment and advanced online analysis systems which can analyse, detect and report any quality defects, such as purity and pressure level issues, in order to ensure its gas supplies comply with national standards and meet customers' requirements.



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TTG has obtained the Production Safety License for the production of compressed and liquefied gases such as oxygen, nitrogen, argon and hydrogen, which is valid from 3 December 2020 to 2 December 2023

The Group strictly observes the Product Quality Law of the People's Republic of China (2018 Amendment) (《中华人民共和国产品质量法(2018修正)》) and is responsible for the quality of the products it produces. According to the Implementation Regulations of the Drug Administration Law of the People's Republic of China (2019 Amendment) (《中华人民共和国药品管理法实施条例(2019修订)》), unlicensed drugs are not allowed to be produced in the PRC. Before issuing licenses, relevant government authorities will conduct inspection on the production facilities of drug manufacturers and determine whether the sanitary conditions, quality assurance systems, management structures and equipment in the facilities meet the required standards. The drug production license is valid for five years.



TTG has obtained the Drug Production License for the production of medical gas and liquid medical oxygen, which is valid from 28 August 2017 to 27 August 2022

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Compliance with Relevant Laws and Regulations

The Group was not aware of any material violation of relevant laws and regulations that have a significant impact on the Group relating to health and safety, advertising, labelling and privacy matters relating to products provided by the Group and method of redress in the Year 2020. The Group strictly complied with local laws and regulations relating to product responsibility, such as the Advertising Law of the People's Republic of China (《中華人民共和國廣告法》), the Trademark Law of the People's Republic of China (《中華人民共和國商標法》), the Product Quality Law of the People's Republic of China (《中華人民共和國產品質量法》), Implementation Regulations of the Drug Administration Law of the People's Republic of China (2019 Amendment) (《中華人民共和國藥品管理法實施條例(2019修訂)》) and the Patent Law of the People's Republic of China (《中華人民共和國專利法》). Furthermore, no significant fine for non-compliance of the relevant laws and regulations was imposed on the Group in the Year 2020.

B7: Anti-Corruption

The Group places great importance to anti-corruption work. The Staff Handbook (《員工手冊》) and the Factory Discipline Regulations (《廠紀條例》) set out in detail the standards of conduct that all employees are required to follow. If employees engage in favoritism and fraud which impair the interests of the Company, the Group will deal with them in accordance with national laws and regulations.

In order to encourage employees to observe the relevant systems and implement the corporate reward and punishment system, the Group has formulated the Rules for Handling Employee disciplinary offence (《員工違紀處理細則》), and an inspection team is formed by the general division, the safety division, the production equipment division and the technical quality division to supervise and inspect discipline of all employees and impose punishments on employees who violate discipline.

Compliance with Relevant Laws and Regulations

In the Year 2020, neither the Group nor any of its employees was found involved in any legal proceedings relating to bribery, extortion, fraud or money laundering. The Group strictly complied with the Anti-Unfair Competition Law of the People's Republic of China (《中華人民共和國反不正當競爭法》) and other local laws and regulations relating to anti-corruption.

B8: Community Investment

The Group strives to become a positive power in the community where its operations are located. It has always been in close touch and interaction with the community in order to contribute to the community development from time to time.

As a responsible global citizen, the Group seeks to enhance its social image and sense of social responsibility through community investment, and encourages all of its employees to take the initiatives to help and support local communities and neighborhoods.