



2019

Environmental, Social and Governance Report



China Tian Lun Gas Holdings Limited

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About the Report

China Tian Lun Gas Holdings Limited (the "Company") (Stock Code: 1600) hereby presents the Environmental, Social and Governance Report 2019 ("the Report" or the "ESG" Report) of the Company and its subsidiaries (collectively, the "Group" or "Tian Lun Gas"). Adhering to the mission of developing clean energy and improving living environment, the Group provides customers with safe and clean energy, and promotes environmental improvement and protection. In the Report, the Group demonstrates its practices and performances in various ESG issues in 2019 in an open and transparent manner. The Group strengthens communications with stakeholders and the public by the Report to let them understand the Group's practices and performances in environmental and social areas.

Reporting Scope

The Report covers the Group's principal businesses including its investment, operation and management of gas pipeline connections, transportation, distribution and sales of gas, construction and operation of gas filling stations, and production and sales of LNG in China. The time period covered by this Report is from 1 January 2019 to 31 December 2019 (the "Reporting Period"), and some contents are beyond the above period. There are no significant adjustments in the reporting scope compared with the Tian Lun Gas 2018 ESG Report published on 15 July 2019.

Reference

The Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide ("ESG Reporting Guide") in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("HKEX"). The Report is presented according to the reporting principles of ESG Reporting Guide:

- **"Materiality"** : The Group identifies material ESG issues by stakeholder engagement and materiality assessment, which have been disclosed in the Report;
- **"Quantitative"** : The standards, methods and sources of emission factors used for emissions and energy consumption data have been disclosed;
- **"Consistency"** : Statistical methods and environmental key performance indicators ("KPIs") are consistent with those used in prior years.

Report Availability

The Report is available in electronic version which can be viewed or downloaded on the website of the Company (www.tianlungas.com) and the HKEXnews website (www.hkexnews.hk).

Chairman's Statement

Chairman
Zhang Yingcen



With the continuous advancement of China's energy supply-side structural reform, energy structure adjustment and low-carbon economic development are increasingly advocated by the entire society. As a clean, efficient and high-quality energy, natural gas has become a preferred fuel worldwide. Whether from the perspective of environmental protection or economic development, it is imperative to promote the natural gas industry. Natural gas, as one of the world's three major pillars of energy, will become the main force in China's future energy market, playing a strategic role in alleviating the imbalance between supply and demand of energy and contributing to environmental protection.

Committing to the cause of people's livelihood to achieve the brand for a centenary, and always keeping in mind the enterprise mission of "To improve the living environment, to develop clean energy", Tian Lun Gas continues to forge ahead and insists on innovation. In 2019, with the joint efforts of all our employees, we seized opportunities and rose up to challenges and achieved continuous growth in operating performance. We provided gas connection services to more than 842,000 residential and industrial and commercial users, resulting in a total of 3.247 million users. In addition, Tian Lun Gas also strived to provide users with more comprehensive and attentive services by promoting value-added services, broadening product coverage and expanding the scope of services in a vigorous way.

In 2019, the Group emphasised on safety, services improvement, risk reduction and care for employees. The Group continued to strengthen the safety management on personnel and construction, improve the overall safety management level, make the standardised construction of safe production as the top priority of safety management, so as to ensure the safety of people's lives and properties. Moreover, the grid management model had effectively integrated business management resources, regulated the

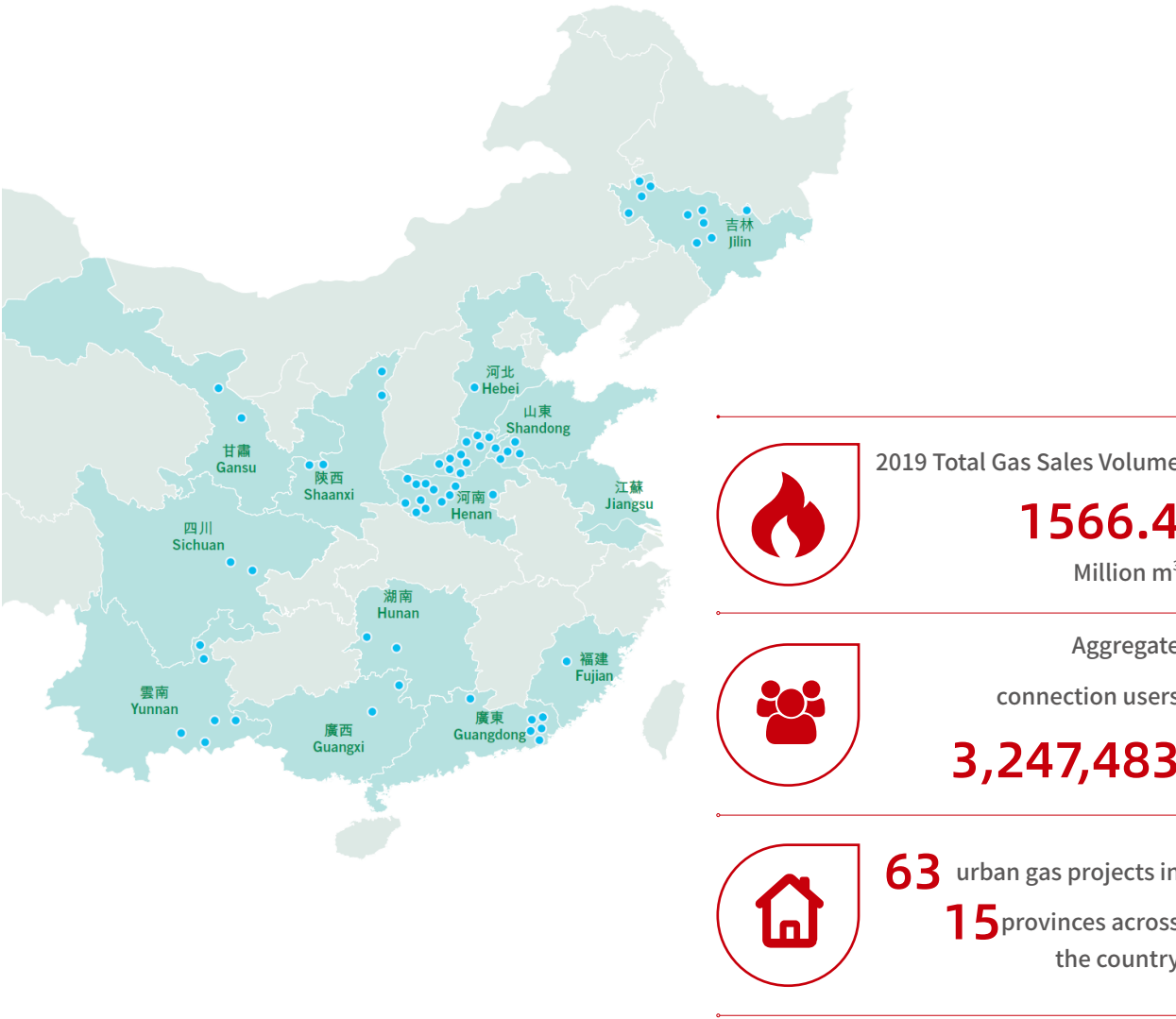
efficient development of the Group's value-added business, and further improved the refinement of customer service. In addition, through actively optimising the information-based management system, improving various risk systems, strengthening project cost and revising the material management system, the Group had effectively reduced its risks and costs. Tian Lun Gas also attached great importance to the training and promotion of employees. By actively carrying out management training of reserve cadres and formulating training plan of the "Natural Gas Star", Tian Lun Gas provided employees at all levels with the skills required for their positions. And at the same time, the Group offered competitive salaries and diversified welfare policies, and continuously created a comfortable and safe working environment. As a result, the employees could enjoy a sense of well-being and belonging.

In early 2020, COVID-19 broke out in Wuhan and suddenly swept across the whole country. In response to the national call, Tian Lun Gas fought against the epidemic together with local governments and users in a timely and proactive manner. Except for ensuring the stable supply of natural gas to various users, Tian Lun Gas also did a good work in COVID-19 control and plan for resumption of work, reflecting a good image of private enterprises taking up social responsibilities. In 2020, taking advantages of the policies, orderly planning its business strategy, and leveraging favourable conditions such as the establishment of national pipeline network company and "Russian Gas Entering Jilin Province", Tian Lun Gas explores the potential markets and rapidly expands its business scale. And while maintaining a steady increase in sales volume, Tian Lun Gas will also actively create the Group's value-added products and service ecosystem, to realise the diversification of marketing and enhance core competitiveness, to make contributions to social and environmental development.

About the Company

Company profile

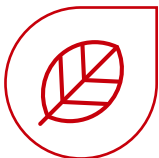
Tian Lun Gas was established in 2002 which is one of the earliest enterprises specialized in gas pipeline connections, transportation, distribution and sales of gas, construction and operation of gas filling stations, and production and sales of LNG, etc. On 10 November 2010, the Company was listed on the Mainboard of HKEX with stock code 1600. Currently, Tian Lun Gas has successfully operated 63 urban gas projects in 15 provinces, 1 LNG plants and 6 Long-haul pipelines (among which, 3 have been put into operation, 3 are under construction/planning).



Company Culture



Key Indicators



Economic indicators

Indicator	Unit	2019	2018
Total assets	Million RMB	11,939	11,434
Total revenue	Million RMB	6,549	5,113
Profit for the year	Million RMB	813	600
Earnings per share — basic	RMB	0.80	0.58
Total pipeline gas users	Households	3,247,483	2,354,203
Natural gas sales volume	Ten thousand m ³	156,640	129,236
Long-haul pipeline gas transmission volume	Ten thousand m ³	76,178	86,759

Social indicators

Indicator	Unit	2019	2018
Total number of employees	People	3,159	2,843
Male employees	People	1,995	1,769
Female employees	People	1,164	1,074
Safety inspection completion rate of subsidiaries	%	100	100
Donation	Ten thousand RMB	5,00	2,000

Environmental indicators

Indicator	Unit	2019	2018
Gasoline consumption	Tonnes	248.09	193.43
Diesel consumption	Tonnes	90.20	102.11
Natural gas consumption	Ten thousand m ³	58.65	92.09
Electricity consumption	MWh	39,811.11	45,466.21
Intensity of Energy consumption	MWh/Million RMB revenue	9.91	14.45
Intensity of greenhouse gas emissions	tCO2e/ Million RMB revenue	5.74	8.01

ESG Management

Good ESG management is an important foundation for sustainable development. The Group builds sound ESG management organization structure and actively communicates with stakeholders to continuously improve ESG management.



ESG concept



The Group insists on sustainable development strategy and conducts ESG work from operating with compliance, strengthening safety management, improving service quality, implementing environmental protection, accelerating staff development, advancing win-win cooperation, actively giving back to the society, etc. The Group integrates ESG concepts into the process of strategy planning and decision making. The Group follows global sustainable development trend and makes efforts to achieve UN Sustainable Development Goals.


Organisational structure of ESG management

The Group puts great emphasis on ESG work and constantly improves ESG management system. The Group has built ESG management structure that is composed of Board of Directors, management, responsible department and ESG working group. Through this structure, the Group conducts ESG management comprehensively and improve ESG management level which effectively responds to the ESG risks and opportunities.

ESG management level	Related bodies	Responsibilities
Decision maker	Board of Directors	<ul style="list-style-type: none">Supervising ESG matters of the GroupFormulating ESG management strategy and approach, including evaluating, prioritizing and management of material ESG-related issues and their risks to the Company's businessEnsuring that appropriate and effective ESG risk management and internal control systems are in placeReviewing reports on ESG work on a regular basis and approving annual ESG report
Management	Management	<ul style="list-style-type: none">Executing ESG risk management and internal control systemsReporting ESG risks and opportunities to the boardProviding confirmation to the board on the effectiveness of the ESG risk management and internal control systemsPreparing ESG strategy and planning and reporting to the boardAssigning works based on approved ESG strategyReporting to the board on ESG performance and annual ESG report
Responsible department	Investor Relations Department	<ul style="list-style-type: none">Organizing and coordinating ESG working group to carry out ESG workAccelerating the implementation of ESG material aspectsPreparing annual ESG report and reporting to the management
ESG working group	Headquarter functional departments and all subsidiaries	<ul style="list-style-type: none">Assigning responsible personnel and implementing specific ESG workCollecting information and dataAssisting in the preparation of annual ESG report

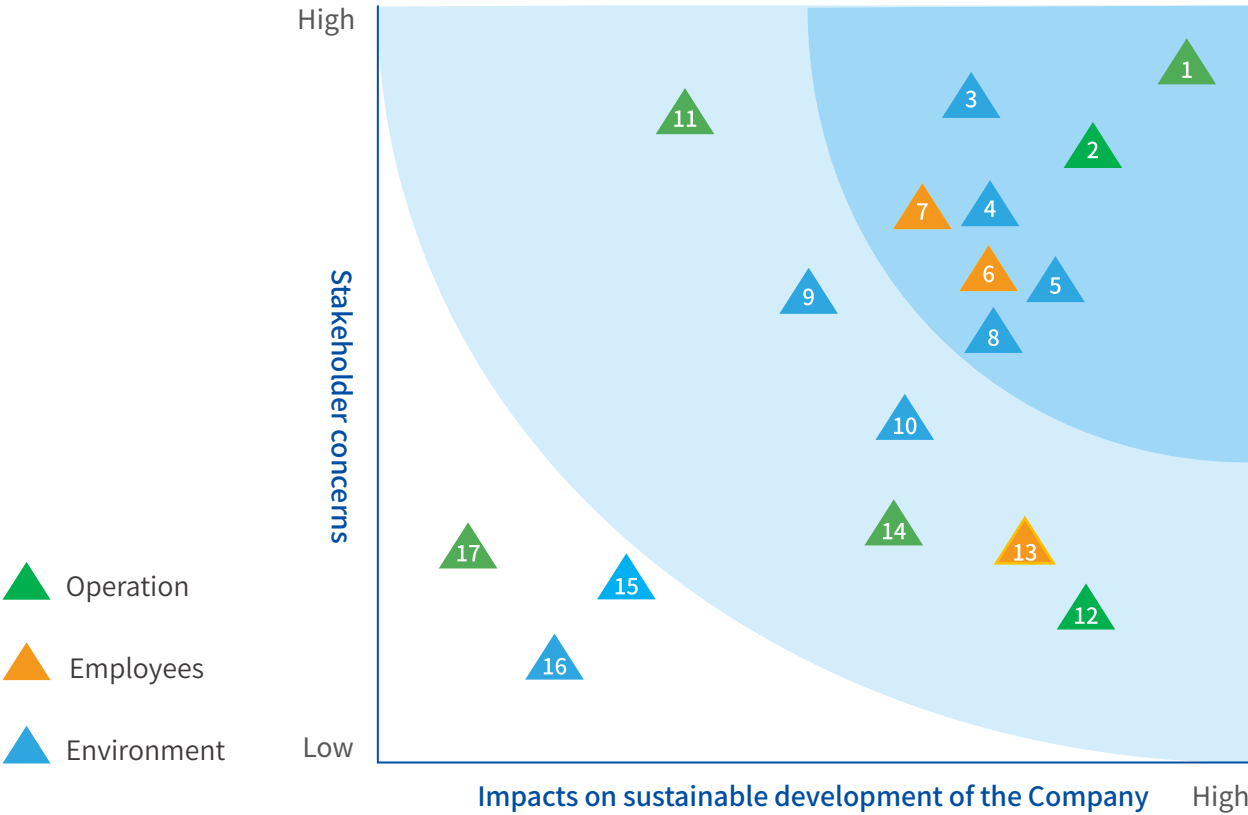
Stakeholder Engagement

The Group provides diversified communication channels for shareholders/investors, customers, employees, government, suppliers, environment and society, etc. to understand needs of the stakeholders, actively respond to their concerns and accept their supervision.

Stakeholder	Expectation and requirements	Communication methods and channels	Response and feedback
 Shareholders /investors	<ul style="list-style-type: none">•Development strategies of the Company•Growth potential of the Company•Investment returns•Timely information disclosure•Corporate compliance	<ul style="list-style-type: none">•Results conferences•General meetings•Roadshows•Interim and annual reports•Project research	<ul style="list-style-type: none">•Disclosure of announcements, resolutions of general meetings and financial reports as required•Strive to improve profitability•Timely disclosure information•Actively organise field research of projects
 Customers	<ul style="list-style-type: none">•Safe and steady supply of gas•Service quality•Protection of personal information of customers•Reasonable price	<ul style="list-style-type: none">•Customer satisfaction survey•Complaints and advices from multiple channels	<ul style="list-style-type: none">•Regular safety inspections for customers•Improvement in service quality•Timely handling of complaints and advices
 Employees	<ul style="list-style-type: none">•Compensation and benefits•Training and development•Working environment•Relationship with employees	<ul style="list-style-type: none">•Staff representatives•Internal and external training for employees•Staff activities	<ul style="list-style-type: none">•Establish a fair remuneration and promotion mechanism•Expand the types and methods of training•Care for employee health•Organise staff activities•Provide a healthy and safe working environment
 Government	<ul style="list-style-type: none">•Pay taxation in accordance with the law•Timely and regulated information disclosure•Safe operation in compliance with the law•Control regulations•Environmental protection	<ul style="list-style-type: none">•Institution visits•Give work reports•Daily communication•Information disclosure	<ul style="list-style-type: none">•Operation in compliance with the laws and regulations•Accept government inspections and visits•Truthful and accurate information disclosure•Carry out operating activities in accordance with policies•Actively facilitate coal-to-gas conversion
 Suppliers	<ul style="list-style-type: none">•Punctual performance of contractual obligations•Transparent procurement•Corporate reputation	<ul style="list-style-type: none">•Supplier discussion meetings•Daily communication•Strategic cooperation	<ul style="list-style-type: none">•Open tender and performance of contracts as agreed
 Environment	<ul style="list-style-type: none">•Energy saving and emission reduction•Reduce environmental impacts	<ul style="list-style-type: none">•Environmental impact assessment and external communication•Environment management	<ul style="list-style-type: none">•Supply clean energy•Practice resources saving
 Community	<ul style="list-style-type: none">•Facilitate regional development•Business ethics•Carry out public welfare	<ul style="list-style-type: none">•Charity events•Volunteer activities	<ul style="list-style-type: none">•Tian Lun Charity Fund•Take part in public welfare

Materiality Assessment

In accordance with the "ESG Reporting Guide" and other international relevant standards, the Group constructs ESG materiality assessment model to carry out materiality assessment. The Group determines environmental and social aspects that have great impacts on the Group and stakeholders through materiality assessment. The Group discloses and responds to these material aspects in this report.

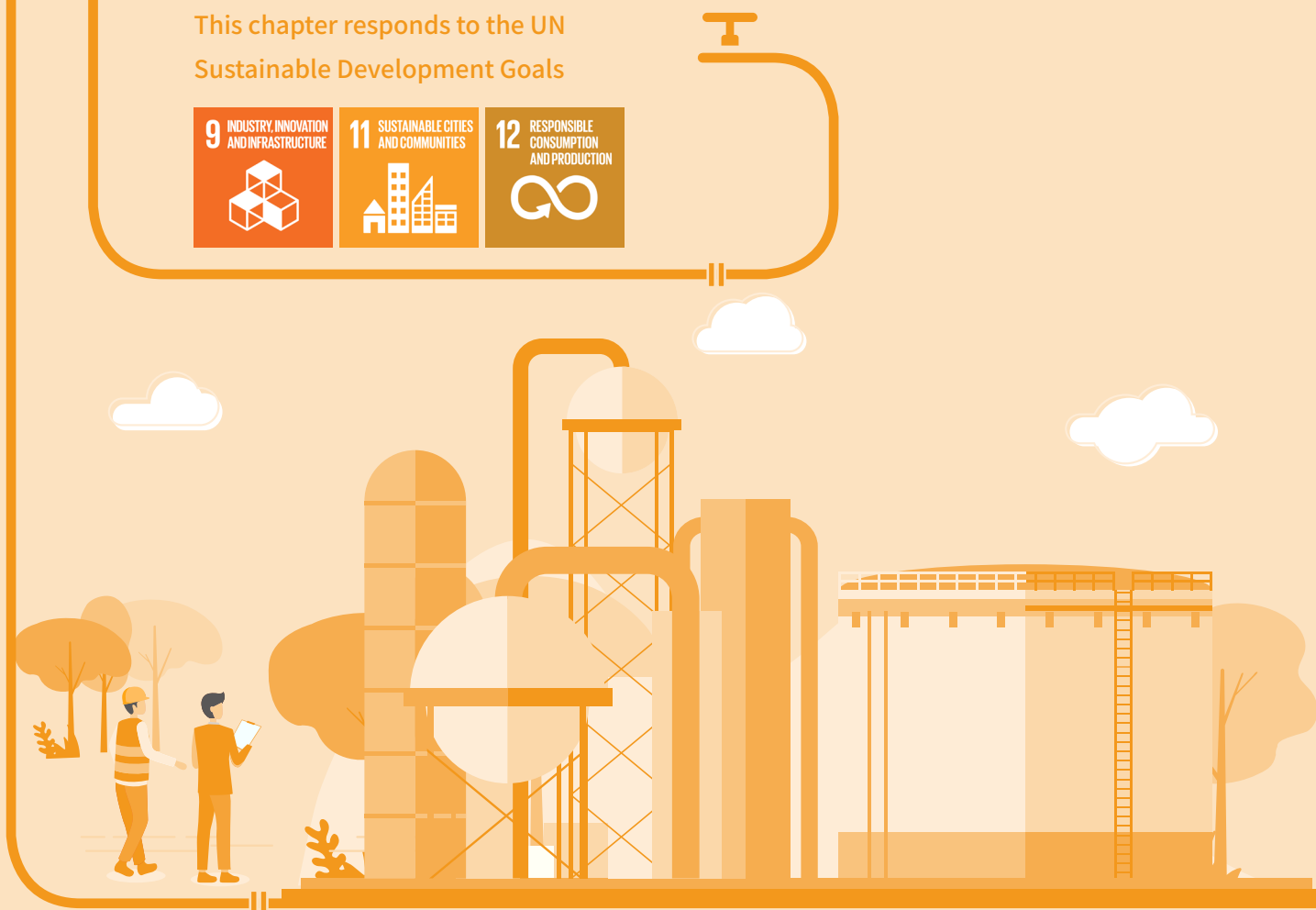


Materiality	Tian Lun Indicators	No.
High	Safe work	1
	Customer service	2
	Environment emergency management	3
	Waste water and waste gas	4
	Energy saving	5
	Employment according to law	6
	Occupational health	7
Moderate	Hazardous waste	8
	Noise control	9
	Water saving	10
	Product innovation	11
	Combat corruption and advocate integrity	12
	Staff training	13
	Partners	14
Low	Greenhouse gas	15
	Solid waste	16
	Social charity	17

Guaranteeing Safety, Serving Customers

In compliance with relevant laws and regulations, including but not limited to Production Safety Law of the People's Republic of China and Special Equipment Safety Law of People's Republic of China, the Group stays true to its management philosophy of "Safety first, focus on prevention, involvement of all staffs and continuous improvement". The Group constantly improves safety management, strengthens safety risk management and control, and promotes safe usage of natural gas. Always keeping in mind the mission of "To improve the living environment, to develop clean energy", the Group provides customers with all-round and reliable services in accordance with the requirements of the Product Quality Law of the People's Republic of China, Regulation on the Administration of Urban Gas, and relevant laws and regulations.

This chapter responds to the UN Sustainable Development Goals



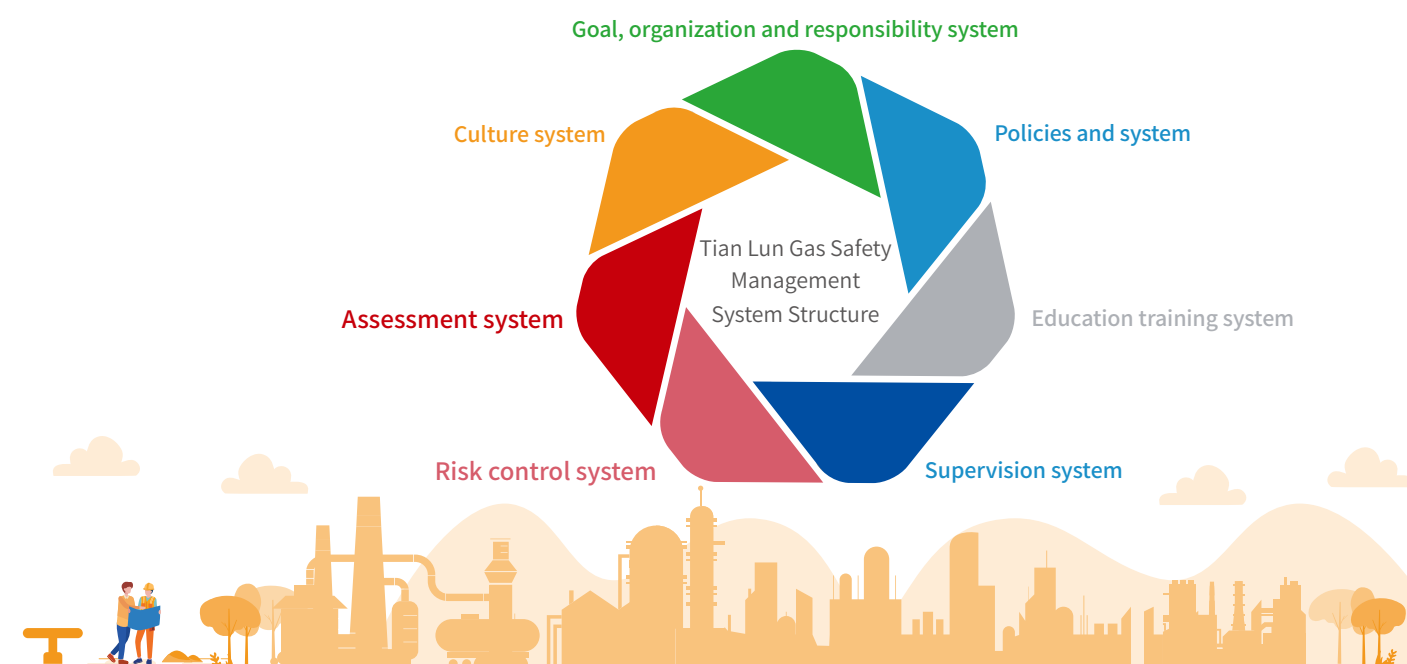
Safety Management

As the importance of safety management in the development of production and operation is fully recognised, the Group continuously improves employees' safety awareness and equipment safety, enhances the standardisation and institutionalisation of safety management, and maintains the healthy operation of the Group's production system, so as to guarantee the smooth operation to the greatest extent.

The Group established safe work management structure that is composed of leading organization, supervising organization and supporting organization in the headquarter and the members with clear roles and responsibilities of safety personnel of all levels. The Group established sound safety management system to conduct safety work.

The Group formulated and strictly performed a series of safety management policies, including the Safety Management Standardization Guideline, Hidden Safety Danger Management Policy, Safe Production Management Policy, Guidelines on Safe Production Management System and Safe Production Supervision and Management Policy, to continuously enhance the safety management system. Moreover, through implementing the "Prevention of Three Violations" System that was against "illegal operations, illegal command, and violation of labour discipline", the Group also actively promotes supervision on Prevention of Three Violations. In 2019, more than 90,000 inspections were completed in total, and serious punishments were imposed on behaviours involving Three Violations, so as to minimise the chance of safety accidents.

The Group insists on promoting safety management system with the core of risk control. To achieve safety goals, the Group organizes members to establish position safety production responsibility regulations, and to clarify roles and responsibilities of the positions. The Group also carries out safety assessment and gives rewards or punishments based on the Management Policy of Safety Goals and Assessments.



Safe
Production

Safety working
and on-site signs

To improve the level of safety operations, the Group strives to promote safe operations, conduct hidden danger investigations, and strengthen accident management and emergency drills.

The Group pays attention to the employees' personal safety, strictly implements the Dangerous Operations Management Policy and other relevant regulations. The Group strengthens the management of dangerous operations in accordance with the principle of "Graded responsibility, key control, timely declaration" to ensure that relevant safety measures were implemented during the operation, and relevant risk factors were effectively controlled, reduced or eliminated.

The Group strictly manages safety signs for stations, pipelines, fire-fighting equipment, operation records, dressing, etc. The Group unified the signs' specifications, size, content and location according to the Safety Signs Management Policy, to ensure that these signs fully remind hidden dangers and violations and that safety operation are improved.

Hidden danger
management

The Group continuously strengthens the supervision and management of hidden dangers. It organizes the Group and the members to carry out comprehensive inspection, seasonal inspections, holiday inspections, spot/special inspections, and household safety inspections, etc. in accordance with the Hidden Danger Management Policy. The Group also require members and management at all levels to carry out hidden danger investigations joined with safety inspections according to the time, content and frequency requirements of Safety Production Management Policy, provide timely feedback and resolution through online reporting, and track the rectification progress on a monthly basis, all of which are important preventive measures. In response to the coal-to-gas project, the Group has organised a number of comprehensive quality inspections on coal-to-gas village projects to ensure the safety of the project to the greatest extent and protect people's lives and properties.

The pipeline-network department of each member of the Group is responsible for inspection and management, and regularly conducts inspections according to Management Policy on Inspection of Pipelines and Ancillary Facilities. They inspect the gas pipeline networks, valve wells, pressure regulating facilities and gas facilities in the community to ensure safety of pipelines and ancillary facilities.



Case:

Hazard inspection

In 2019, the Group actively organised member enterprises to campaign for the production safety month and carry out hazard inspections. In June 2019, Mizhi County Changxing Natural Gas Limited actively responded to the production safety month initiated by the Group, carrying out various inspections to eliminate safety hazards in a timely manner.



Accident
management

In response to production safety accidents, fire accidents, traffic accidents, emergencies, etc., the Group formulated the Safe Production Accidents and Incident Management Policy to strengthen accident management, standardize accident information reporting, organize rescue timely and effectively, reduce losses, strictly conduct accident investigation, seriously investigate accident liability, carefully sum up lessons, prevent and reduce accidents. The Group adheres to the principle of "four do not allow" in accident management: do not allow that the reason of accident was not found; do not allow that the responsible person was not seriously dealt with; do not allow that the responsible person of the accident and the employees were not deeply educated; and do not allow that the preventive measures for accidents were not implemented.

The Group's work-related fatalities occurred in the past three years are 0 in 2017, 2 in 2018 and 0 in 2019. During the reporting period, the lost days due to work injury was 397.

Emergency management

In order to effectively deal with various emergencies, the Group formulated the Emergency Management Policy, revised and improved emergency plans annually, conducted regular assessment training and emergency drills to improve the actual response and rescue capabilities of relevant person. Each member is equipped with special emergency personnel and vehicles to carry out prompt rescue in an emergency situation.



Case:

Fire emergency evacuation drill

In December 2019, Xuchang Tian Lun Gas Limited held a fire emergency evacuation drill in Xuchang Tian Lun Building. A "fired and smoked" building was simulated at the scene, people were evacuated in emergency, and the open fire was put down. Staff checked all dry powder fire extinguishers and dealt with those not properly pressurised, missing safety valve, etc.



Safety culture building

The Group regards safety culture construction and safety knowledge management as the key of safety production. Through continuous innovation and exploration, the Group continuously enriches and perfects the concept and connotation of safety culture and expands the influence of safety culture. The Group improves employees' safety awareness and guides safe production behaviour by all employees' participation in safety culture communication.

The Group formulated the Management Policy on Safety Education and Training to conduct overall management of safety production education and training for the Group and its members. The members are responsible for the safety trainings.

Ordinary workers

Safety training focuses on safety production policies and regulations, safe operation behaviours and operation procedures;

Special operators

Safety training mainly focuses on new knowledge and new skills related to their positions;

Other employees

Safety training mainly includes safety culture concept, relevant safety regulations, and emergency disposal knowledge and skills related to their positions. All new employees must participate in pre-job safety trainings and pass the examinations.

In 2019, based on the activities like the "Safety Production Month", "Speech Competition on Safety Knowledge", etc., the Group strengthened employees' safety awareness and cultivated a team of safety management experts. The Group cooperated with relevant consulting agencies and introduced advanced safety management method of the industry. The Group also integrated advanced safety management knowledge and concepts into the daily production and operation through special training, revision of relevant systems, expert seminars and accident case analysis meetings.



Case:

Speech competition on safety knowledge

In September 2019, Song County Tian Lun Gas Limited held a speech competition on safety knowledge with the theme of "strengthening clean management and ensuring safe production". The participants gave talks about their understanding on safety, discussed the importance and enlightenment of safety in work based on reality of their posts, to be actively involved in the culture building.



Safe Construction

For contracting project under construction, the Group and the construction companies entered into a safety management agreement on safety management during construction in accordance with the Construction Law of the People's Republic of China, relevant laws and national regulations on safe construction management, specifying the safety responsibilities undertaken by both parties during the process to ensure construction safety:

Tian Lun Gas	Construction Company
<div>✔ Perform safety supervision, inspection and unified coordination management duties on the work at the construction site;</div> <div>✔ Carry out itinerant inspections at the construction site, and maintain its compliance with safety standards;</div> <div>✔ Provide safety education to all operators entering construction sites, and conduct assessment and registration;</div> <div>✔ Supervise and inspect the safe production behaviours of the construction company;</div> <div>✔ Assist in the rescue and prevent the spread of accidents in construction.</div>	<div>✔ Identify source of risks, prepare safe construction measures and accident emergency rescue plans;</div> <div>✔ Organise and participate in safety education and training conducted by Tian Lun Gas;</div> <div>✔ Provide operators with standard protective equipment and suits for occupational health safety, and comply with safety protection measures;</div> <div>✔ Set warning signs at the dangerous places at the construction site;</div> <div>✔ Purchase accidental injury insurance for construction management personnel and construction personnel.</div>

To ensure safe operation of the construction companies, the member enterprises implement a strict evaluation and elimination mechanism for project contractors in accordance with the Group's Instruction Manual for Project Management. They carry out evaluation on the construction companies on a monthly basis, in which safety management accounting for 40% of the total score. For project contractors having safety accidents at the major level or above, the one-vote veto mechanism is implemented by the member enterprises to disqualify the contractor in a long run.

Safe Use of Gas

In order to reduce the risk of the user's gas system and improve the safe usage of gas, the Group established a sound security management system through the Tian Lun Gas Safety Inspection Management Regulations. Each member of the Group regularly conducts household safety inspections for various users such as residential/industrial/commercial users, and thoroughly rectifies hidden dangers to ensure safe usage of gas.

Safety publicity is an important means to improve users' safety awareness. Based on the Safety Publicity Management Work Guidelines, the Group has formed a long-term mechanism for security publicity, through newspaper/TV, short message/Wechat, large-scale security promotion, household security promotion, community publicity, corporate promotion, school publicity, volunteer safety officers and other forms of security publicity activities, to popularize safety knowledge to gas users and other related companies.

In 2019, the Group organized members of the Group to carry out safety gas promotion activities monthly in the community, including the promotion and training of safe use of gas and knowledge of gas leakage treatment. In June, the Group launched safe gas promotion activities and organized community users to carry out indoor leakage treatment and fire-fighting drills. From November to December, the Group organized the household safety inspection of heating users and patrolled the community to promote the knowledge of safe use of gas in winter.

Case:

Indoor inspection

In June 2019, Zhengzhou Shangjie Tianlun Gas Limited conducted safety inspections of indoor, valves and courtyard facilities, etc. for residential and industrial and commercial users. And hazards found were rectified and re-examined in time to ensure a safe use of gas for users.





Case:

Safety promotion

with a distribution of more than
4,000
leaflets in total



In June 2019, Hebi Tian Lun New Energy Limited held a safety "six-access" activity to go deep into communities, villages, public areas, etc. to promote safe use of gas. Propaganda on safe use of gas were carried out in Shuiquan Community, Qibin High School, Liuzhuang Village and other places, with a distribution of more than 4,000 leaflets in total.



Quality Service

Customer service system

In order to continue to raise the quality of customer service, the Group improves the service concept guided by customer needs and satisfaction and facilitates more convenient and comfortable customer service through innovative grid management models, diversified payment platforms and sensible value-added services.

The Group continues to improve the customer service system and formulated the Customer Service Specification Instruction Manual, which refined the management standards of customer service from various dimensions such as basic service specifications, post service specifications, operation rules, customer service supervision, customer service evaluation, etc. Each member specially sets up a customer service hotline and publicizes it, and arranges special staff to answer customers' calls for 24 hours. The Group regularly conducts customer satisfaction surveys, distributes questionnaires through household surveys. The survey results are collected and analyzed to form customer satisfaction assessment reports. Based on the survey results, the Group strives to make improvements accordingly and raise customer service levels.

Innovation service

In terms of customer service, the Group fully implements the innovative management thought of "Internet +" to further promote the construction of informatisation. In 2019, the Group improved and promoted the customer grid management model in depth by dividing the user service zone into several grids, equipping customer relationship personnel with various business skills, and reducing the service coverage of each grid. Furthermore, it adopts the cloud-and-information-based Eslink to quickly respond to users' diversified and differentiated requests, and continuously improve its user service efficiency.



Topic:

Cloud-based customer service - Eslink

As an end-to-end integrated SaaS cloud-based service platform in the utility industry, Eslink helps enterprises to connect customers, online devices, internal employees and partners, and build a new Internet + system of smart service, smart operation and smart running in the utility industry. With this platform, the Group has greatly improved its work efficiency and can respond to customer needs more quickly.

Cloud-based meter reading	<ul style="list-style-type: none">• Business system preparing the meter reading plan - generating the meter reading book - synchronising to Eslink - readingmeter reading; improving staff efficiency;• Advantages: Promoting data accuracy of meter reading; improving staff efficiency.
Cloud-based safety inspection	<ul style="list-style-type: none">• Eslink system preparing the safety inspection plan - generating the safety inspection plan - inspecting safety on site - uploading safety inspection data through mobile APP - reviewing - completing safety inspection;• Advantages: Promoting data preciseness of safety inspection; improving employee safety inspection rate; realising data sharing and pushing forward closed-loop management of hazards.
Cloud-based call	<ul style="list-style-type: none">• Calling on hotline - answering the call - judging service needs - processing according to different needs;• Advantages: Realising multimedia omni-channel online manual service, solving customer problems in time.
Cloud-based orders	<ul style="list-style-type: none">• Receiving the order - Eslink system issuing the order - collecting materials according to the APP order- offering service on site - charging and completing the order through APP - Eslink system reviewing at the background - financial personnel exporting report and checking the account - Supply Department writing off the materials;• Advantages: Improving the work efficiency of background employees and field employees; realising the closed loop of customer service business.
Cloud-based charge	<ul style="list-style-type: none">• Charging through APP, POS machine and WeChat Official Account - depositing accounts in a third-party charging platform - remitting to the business account designated by the Company next day - financial personnel exporting report and checking the account;• Advantages: Pushing offline cash payment to online third-party payment; providing users with more options.

Team
cultivation

The Group continues to enhance the professional skills and service awareness of customer service personnel and regularly conducts targeted training. In 2019, the Group organized special trainings for service employees and developed excellent courses in customer service training, including cloud-based customer service, market research, marketing strategy formulation, business etiquette, business negotiation, large industrial user development, quick quotes for small commercial users, contract management and other courses. Thus, it perfected the customer service training system, improved the professional quality of customer service staff, and standardized the work flow.



Case:

Eslink cloud-based customer service training

In March 2019, Tian Lun Gas grid operation mode training session and Eslink cloud-based customer service training was held in Hebi Company, with a total of 49 operation managers from 6 regions as well as supervisors and department managers of customer service departments from 20 member companies participated in it.

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49
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Case:

New employee customer service training

In June 2019, the Group provided the customer service training for new employees. According to the actual situation of customer service in Tian Lun Gas, it carried out training on customer services in the process of meter reading, security inspection, work order and charging, etc.



Customer
complaint

The Group attaches great importance to customer evaluation, complaints and suggestions, and formulated the Customer Complaint Management Policy. Adhering to the principle of "Customer First", the Group established various complaint channels, including telephone, website, business hall window, WeChat official account, etc. Through these channels, the Group listens to customers' complaints and opinions, proactively deals with customer complaints and provides timely feedback.

Customer privacy
protection

The Group regards customer information as the Company's secrets. Customer information is properly managed by authorised personnel, and unauthorised personnel are not allowed to inquire, replicate or extract, and leak the data. In order to protect customer data, all member companies of the Group are required to actively improve customer management information in the marketing service system, and strictly manage relevant personnel in conducting daily business activities to eliminate the risk of customer information leakage. The Group clearly stipulates in the Regulations on Management of Penalties for Violations that, for personnel who violate the regulations on the confidential management of customer data, leak customer data or abuse their powers to force others to leak customer data, or steal, buy and provide customer data for others, they will be punished in ways such as notification of criticism and demerit recording; in the event of serious circumstances, they will be demoted or deposited; in case of material or adverse impact to the Company, they will be dismissed.

Environmental Protection, Beautiful China

The Group complies with relevant laws and regulations, including but not limited to the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on Prevention and Control of Atmospheric Pollution, the Law of the People's Republic of China on Prevention and Control of Water Pollution, and the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste, the Law of the People's Republic of China on the Prevention and Control of Environmental Noise, etc. The Group formulated Occupational Health and Environmental Protection Management Policy and established corresponding standards and operational procedures to reduce the impacts on the environment.

This chapter responds to the UN Sustainable Development Goals



Clean Energy

Natural gas has become an alternative energy in China because of its cleanliness and safety. In 2019, the National Development and Reform Commission issued a series of policies to guide and support the natural gas industry and high-quality industries in related industries, such as the Opinions on the Reform and Implementation of the Operation Mechanism of Oil and Gas Pipeline Networks. As an enterprise committed to developing clean energy, the Group fully responds to the government's call and insists on the utilisation and promotion of natural gas. The Group actively provides optimisation plans to enterprises with high energy consumption and heavy pollution in the areas in which it operates, and promotes the development of coal-to-gas conversion to further reduce the emission of atmospheric pollutants from coal combustion in operational area.

As a gas supplier, the Group is committed to promoting environmental protection and reducing air pollution.



In 2019, the Group's urban gas operation and transmission business sectors distributed a total of **2.33 billion cubic meters** of natural gas.



Based on the size of gas sales, the Group helped to reduce the consumption of approximately **3.88 million tons** of coal.



a total of **2.1 million households** of residents in towns and villages have been covered by the project



Topic:

Henan Coal-to-gas Fund

The Group, together with Henan Yuzi Urban and Rural Integration Construction and Development Co.,Ltd and Henan Zhongyu Financial Holdings and Equity Investment Management Co.,Ltd, jointly established Henan Yuzi Tianlun New Energy Investment Fund Centre (Limited Partnership) (the "Henan Coal-to-gas Fund") to help the province win the battle against air pollution. The Henan Coal-to-gas Fund amounted to RMB 10 billion, aiming to achieve full coal-to-gas conversion coverage for 10 million households of residents in villages and towns in Henan Province.

The project is conducive to meeting the province's environmental protection needs for energy conservation and emission reduction: if completion of the rural coal-to-gas project for 10 million households of residents in Henan Province, 4 million tons of coal can be replaced annually and carbon dioxide emissions can be reduced by 5.3 million tons (equivalent to 23% of the annual emissions of small cars in the province); sulfur dioxide emissions can be reduced by 46,000 tons; and dust and other emissions can be reduced by 1.48 million tons.

As at the end of January 2020, a total of 2.1 million households of residents in towns and villages have been covered by the project, and the design of the project for 1.04 million households has been completed. In addition, 1 million households have commenced the project, and 950,000 households has completed the project, with a total of 20,000 kilometres of pipeline networks laid.

Emission Reduction

In October 2019, ten departments including the Ministry of Ecological Environment, the National Development and Reform Commission together with people's governments of Beijing and Henan jointly issued the 2019-2020 Autumn and Winter Action Plan for Comprehensive Air pollution Control in the Beijing-Tianjin-Hebei Region and Surrounding Areas. The plan called for continuous improvement of environment and air quality to fully accomplish the improvement goals of 2019 in the Beijing-Tianjin-Hebei region and surrounding areas, and win the blue sky defence battle. As a gas supplier, the Group takes up the responsibility of protecting environment and is committed to promoting environmental protection and improving air pollution. On the one hand, it promotes the progress of coal-to-gas conversion, and helps industrial and commercial users and residential users reduce emissions of pollutants and greenhouse gas. On the other hand, the Group promotes energy saving and carbon emission reduction from itself, and takes the road of sustainable development.

The Group actively implemented laws and regulations for environmental protection, established a sound environmental management system, and continuously improved its environmental management level. It established the Safety and Environmental Technology Department which is responsible for environmental protection in the production activities of the Group and its members. Safety committee is set up in each member enterprise. Based on the Group's environmental protection systems such as the Occupational Health and Environmental Protection Management Policy, it is responsible for their environmental protection management respectively, including publicizing and enforcing environmental protection laws and regulations, supervising and inspecting environmental work, and minimizing the impact of company activities on the surrounding environment. The Group regards the formulation of the environmental protection system and the implementation of environmental protection measures as part of the performance appraisal of members, and gives appropriate rewards and punishments accordingly.

Wastewater and waste gas

The Group's waste gas emissions include mainly emissions of nitrogen oxides, Sulphur dioxide and particulate matter from the use of vehicles. The Group reduced fuel consumption and waste gas emissions by controlling the use of vehicles. The Group's wastewater is mainly production wastewater generated by LNG plants, as well as domestic wastewater generated from operations and workplaces. The production wastewater is discharged into local sewage treatment plants for professional treatment, and domestic wastewater is discharged into municipal pipe networks.

During the reporting period, the types of emissions and respective emission data generated by the Group are shown as below:

A1. 1 Emissions	2019	2018	Unit
Nitrogen oxides (NO _x)	5.23	5.12	tonnes
Sulfur dioxide (SO ₂)	0.01	0.01	tonnes
Particulate matter	0.44	0.44	tonnes
Wastewater discharge	1,589	4,340	tonnes

Note:

- Domestic wastewater is discharged into the municipal pipe network. The Group has not monitored the domestic wastewater discharge. The wastewater discharge data disclosed in the Report only includes the production wastewater from the LNG plant. The Group will consider gradually establishing a monitoring system and disclosing it at an appropriate time;
- The accounting methods and conversion factors for nitrogen oxides, sulfur dioxide and particulate matter are derived from How to Prepare an ESG Report Appendix 2: Reporting Guidance on Environmental KPIs published by the Hong Kong Stock Exchange.

Greenhouse gases

The Group's greenhouse gas emissions mainly include scope 1: direct greenhouse gas emissions and scope 2: energy indirect greenhouse gas emissions. Direct greenhouse gas emissions mainly include emissions from gasoline and diesel combustion of vehicles, as well as emissions from the use of natural gas. Energy indirect greenhouse gas emissions mainly include emissions from purchased electricity and purchased heat. Given the fact that greenhouse gas emissions are mainly from energy consumption, the Group encourages green office, promotes energy conservation awareness, and adopts energy conservation measures to reduce energy usage, so as to reduce greenhouse gas emissions.

During the reporting period, the Group's greenhouse gas emissions in total and intensity are shown as below:

A1.2 Greenhouse gas	2019	2018	Unit
Scope 1: Direct emissions	2,307	2,901	tCO2e
Scope 2: Energy indirect emissions	35,306	38,059	tCO2e
Total GHG emissions	37,613	40,960	tCO2e
GHG emissions intensity	5.74	8.01	tCO2e/million RMB revenue

Note:

Greenhouse gases are presented in carbon dioxide equivalent. The conversion factors come from the default value of relevant parameter issued by the National Development and Reform Commission.

Waste

The Group's non-hazardous waste is mainly domestic garbage; hazardous waste mainly includes oil-water mixture in natural gas dehydration, impurities and filter membrane in natural gas filtration, waste activated carbon in lean amine filter, mercury remover in the LNG plant. In compliance with Directory of National Hazardous Wastes and the requirements of operation locations, the Group entrusts qualified hazardous waste disposal agencies to conduct unified collection and treatment for hazardous wastes when storing and handling them. Domestic wastes are collected, transported and disposed by the municipal sanitation department. The Group adopts various methods to control wastes, including recycling of qualified wastes, and encouraging the use of double-sided printing to reduce resource waste and amount of waste generated.

During the reporting period, the total hazardous waste and non-hazardous waste and intensity of the Group are shown as below:

A1.3&A1.4 Hazardous and non-hazardous wastes	2019	2018	Unit
Total hazardous waste	9.44	2.12	tonnes
Hazardous waste intensity	0.00144	0.00041	tonnes/million RMB revenue
Total non-hazardous waste	381.38	1,409.63	tonnes
Non-hazardous waste intensity	0.06	0.28	tonnes/million RMB revenue

Resources Conservation

As an energy company, the Group attaches great importance to energy conservation, strictly abides by the requirements of the Energy Conservation Law of the People's Republic of China and other laws and regulations. It promotes green operation and advocates green office concept through the Office Energy Conservation Management Policy, carries out energy conservation, emission reduction, and use of resources rationally and efficiently throughout the daily operations of the Group:

- Promote water-saving awareness, turn off the tap before leaving and stop water running.
- Try to use reclaimed water to irrigate, control dust, flush vehicles and flush the ground.
- When water taps, valves, and water pipes leak, repair them in time.
- Try to avoid using running water to wash dishes and other items.
- Decrease the use of lighting fixtures or reduce total energy consumption while ensuring illumination.
- Try to use energy-saving lamps in the living area.
- Promote the awareness of saving electricity, eliminate constant lighting, and turn off the power of the devices in time.
- Adopt environmentally friendly office and construction equipment with low-energy consumption.
- Reasonably set the indoor air conditioning temperatures at no less than 26 °C in summer and no higher than 20 °C in winter.

Pursuant to the Code of Conduct for Tian Lun Group's Employees, employees are required to cut off power supply for equipment before leaving the workspace after work, and the last employee who leaves the public office shall turn off the lights, air conditioners, doors, windows, etc.; appropriate slogans, pictures and written propaganda shall be provided in offices and construction sites to help employees develop the idea of "protecting the earth, natural ecology and environment starting from myself"; electronic office is continuously promoted and the functions of online office systems are enriched; for official business vehicles, reasonable routes shall be chosen to reduce deadhead kilometres.

The Group formulated the Equipment Operation Management Policy to increase the management of water, electricity and lubricating oil used in the production and operation process in gas stations. The consumptions of water, electricity and lubricating oil are used as indicators of the performance appraisal, so as strictly control resource consumption.



Case: _____

Cloud-based service platform

The Group actively promotes cloud-based service platform to bring convenience to customers and achieve material saving, environmental protection and low carbon. On the one hand, the platform transforms the offline "paper" office to online "information" office, avoiding the paper waste in the process of providing services. For example, cloud-based meter reading cancels the printing of meter reading books; cloud-based orders cancel various paper reports related to work orders; and cloud-based charging pushes offline cash payment to online payment and saves a lot of paper vouchers. On the other hand, the platform enables customers to meet their needs without leaving home through the "one-stop" service, and thus reduces energy consumption such as fuel consumption and electricity consumption in travelling.

During the reporting period, the Group's total energy consumption and intensity, as well as total water consumption and intensity are shown as below:

A2.1 &A2.2 Energy and water	2019	2018	Unit
Gasoline	248.09	193.43	tonnes
Diesel	90.20	102.11	tonnes
Natural gas	58.65	92.09	Ten thousands m3
Total direct energy consumption	9,430.49	12,366.99	MWh
Electricity	39,811.11	45,466.21	MWh
Purchased heat	56,290.87	57,766.57	GJ
Total indirect energy consumption	55,447.46	61,512.48	MWh
Total energy consumption	64,877.95	73,879.47	MWh
Energy consumption intensity	9.91	14.45	MWh/million RMB revenue
Total water consumption	81,442.77	43,373.37	tonnes
Water consumption intensity	12.44	8.48	tonnes/million RMB revenue

Note:

- 1. The water used by the Group is mainly sourced from municipal water, and there is no issue in sourcing water that is fit for purpose.
- 2. Due to the business characteristics of the Group, the packaging materials used for KPI A2.5 finished products are not applicable, so they are not disclosed in the report.
- 3. Energy consumption is presented in MWh (kWh in '000s). The conversion factors come from the default value of relevant parameter issued by the National Development and Reform Commission.

Controlling Impacts

The Group's main business and operating areas are less involved in the key national ecological protection zones, ecologically sensitive areas and vulnerable areas as stipulated in the Environmental Protection Law of the People's Republic of China, and the risks of destroying the ecological environment are relatively low. The Group deeply understands that environmental protection is one of the important social responsibilities of corporate citizens. It regularly conducts education and training of laws and regulations for employees, promotes green construction, conducts environmental impact assessment, etc., so as to control the impacts on the environment.

Green construction

The Group actively promotes green construction. The construction units are required to store construction materials or construction garbage by category, collect and transport them timely during the construction process. The construction units are also required to adopt methods to reduce dust by covering dust-proof net, shortening construction time, properly sprinkling water, tightly covering and storing indoors, etc. The procurement department of the Group strictly checks the procurement of basic materials, avoiding the selection of construction materials that emit toxic and harmful gases, so as to protect the health and safety of employees while avoiding environmental pollution.

Environmental assessment and monitoring

In compliance with relevant laws and regulations, including the Law of the People's Republic of China on Environmental Impact Assessment and the Soil Pollution Prevention and Control Law of the People's Republic of China, etc. the Group formulated the Management Policy of Stakeholders to predict, identify and evaluate the impact of the project's environment on stakeholders. The Group has established an open communication, disclosure and advisory mechanism to enable stakeholders to obtain relevant information and communicate with the Group timely. Taking into account the possible environmental risks, the Group actively takes mitigation measures to ensure sustainable environmental benefits.

The Group strictly abides by the Law of the People's Republic of China on the Prevention and Control of Pollution from Environmental Noise and requires members of the Group to conduct noise monitoring on a regular basis to ensure that noise emissions do not exceed relevant standards.



Training and Development, Protecting Rights and Interests

The Group complies with relevant laws and regulations, including but not limited to the Labour Law of the People's Republic of China, the Law of the People's Republic of China on Promotion of Employment, the Labour Contract Law of the People's Republic of China, the Social Insurance Law, the Interim Provisions on Salary Payment, the Housing Provident Fund Management Regulations, the Implementation Policy for Paid Annual Leave, the Law of the People's Republic of China on the Protection of Minors, the Provisions on the Prohibition of Using Child Labor, etc. In line with the management concept of "people-oriented", the Group provides diversified training, perfect compensation and benefits as well as promotion system for employees, to effectively protect employees' rights and interests, health and safety.

This chapter responds to the UN Sustainable Development Goals



Training and Development

The Group continues to improve the talent training system, and provides various trainings for employees at all levels in response to different staff positions and needs. It actively carries out management training for management associates to improve their comprehensive quality and ability. It develops the training plan of "Tian Lun Gas Star" to cultivate future management talents for the Group and its member enterprises more systematically and comprehensively. It hires external professional lecturers to provide customised training for employees at all levels. In addition, the Group pays attention to the construction of talent team. It carries out talent review on existing employees, creates "Tian Lun Gas Case Library", and shares practical work cases and experiences in a timely manner.



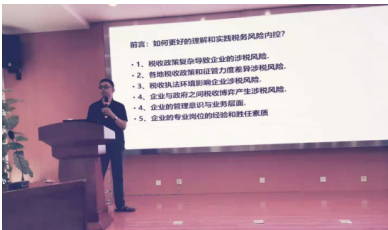
Training Cases

● From March to April 2019,
The Group carried out the third special training camp for reserve general managers of member enterprises, which included professional courses and Mini Marathon night running.



● In April 2019,
The Group carried out engineering, material management and cost management training for heads of the corresponding departments in various regions, deputy general managers or managers of member enterprises and other specific business leaders.


● In July 2019,
The Group launched the tenth on-boarding training camp for 24 college students to enhance their business practical ability and basic management ability through 10 months of concentrated training, rotational practice and fixed-position training in member enterprises, together with rotational practice at multiple positions, work summary, thinking and exams.



● In August 2019,
The Group organised centralised training for reserve finance students and some persons in charge of finance, and hired external finance professionals to instruct tax and risk control courses for employees.

● From September to October 2019,
The Group conducted professional skill training in rotation for front-line employees.



the Group provided a total of nearly
4,700 
hours of lectures

During the reporting period, the Group provided a total of nearly 4,700 hours of lectures, which met the professional training needs of employees at all levels. The percentage of trained employees by gender of the Group was 93% for male and 95% for female, and the average training hours by gender were 1.7 hours for male and 1.3 hours for female.

Protection of Rights and Interests

Recruitment and promotion

The Group formulated the Recruitment Management Policy, the Labor Contract Management Policy and the Talents Recommendations Management Policy, etc. to standardize the recruitment process. It searches outstanding talents that match the Group's corporate culture through internal and external channels. The Group strictly controls all aspects of the recruitment to ensure fairness and justice, including making recruitment plan, releasing recruitment information, collecting information, selecting personnel, investigating background, written test and interview, decision-making for recruitment, internship period and probation period. Meanwhile, by implementing the talent programs such as "Coming Home to Work at Tian Lun" and "Management Trainee for President" programs, high-quality talents had been introduced to the Group, which further improved its talent teams.

The Group formulated the Internal Competition Management Policy to meet the demand for talents, select outstanding talents and broaden the career paths of employees. All the positions are open to the employees of the entire group. All the employees who meet the job requirements could participate in the competition. In addition, the Group conduct performance appraisal on a regular basis in accordance with the Employee Performance Appraisal Management Policy. The annual performance appraisal results are used as an important basis for employee promotion.

In 2019, the Group conducted annual review on the recruitment of managers and college students in line with the enterprise development strategy to provide employees with opportunities for promotion and development in a scientific and reasonable manner. On the one hand, the Group reviewed employees on management positions at the headquarters, regional, and member enterprise levels to know about their basic information, academic information, and work history, and comprehensively evaluate their development stage and potential, so that suitable personnel would be internally transferred to supplement relevant job vacancies in the Group. On the other hand, the Group reviewed the status of college students who were recruited on campus in recent 10 years to know about their basic information, academic information, and work history, and comprehensively evaluate their development stage and potential, so as to select the right personnel to the right position by organising the internal competitive selection of general managers or deputy general managers in member enterprises.

Compensation and dismissal

The Group formulated the Compensation Management Policy to establish a scientific and reasonable compensation system for employees. According to the characteristics of various positions, the Group adopt two compensation systems: the annual salary system and performance salary system. The annual salary is composed of fixed annual salary, post-performance annual salary, annual business performance bonus, benefits and subsidy. The performance salary system is composed of fixed salary, quarterly performance bonus, annual bonus, benefits and subsidy. In addition, the Group has innovated incentive mechanism. The Group formulated incentive schemes for township coal-to-gas conversion and value-added businesses, established a project contracting system for internal partners of its members, and a medium- and long term business partnership system to comprehensively enhance employees' sense of participation and sense of belonging, and mobilize the enthusiasm of employees.

The Group signed labour contracts with all formal employees. The specific conditions and procedures for terminating the labour contract are set out in the Management Regulation on the Abnormal Change of Employees and the Employees Reward and Punishment Policy. Random dismissal is not allowed.

Working hours, rest periods and other benefits and welfare

The Group formulated the Management Policy for Employee Attendance and Vacation, and implements various working hours' systems including standard working hours, comprehensive working hours and irregular working hours. If overtime is needed, employees should apply and get approval from the superior in advance. According to relevant regulations, the Group pays overtime compensation or arranges paid leave to protect employees' rights and interests. Employees are entitled to national statutory holidays, paid annual leave, marriage leave, pregnancy leave, maternity leave, sick leave, bereavement leave, etc. It provides employees with a better balance of their work and life, and indirectly improves their work efficiency.

The Group makes social insurance and housing provident fund contributions for employees in compliance with relevant laws and regulations, and purchases personal accident insurance for employees every year. In daily operations, the Group provides benefits for employees according to the Benefits Management Policy, including holiday gifts, wedding and funeral gifts, birthday allowances, lunch subsidies, communication subsidies, housing subsidies and transportation subsidies, etc. The Group also provides night allowance for employees who work at night, and give employees summer cooling allowance in hot days and winter heating allowance in cold days.

Employee care

The Group pays attention to employees' work and life demands. It strengthens communication with employees and enriches employees' business lives by conducting employee activities and engagement surveys.

the Group carried out an employee engagement survey.

70.9% of employees participated

In December 2019, the Group carried out an employee engagement survey. 70.9% of employees participated in the survey. The survey was carried out from seven indicators: organisation and culture, opportunities, work/life quality, leadership style, colleagues and work relationships, comprehensive salary and others, including a total of 45 topics. The survey helped the Group find problems existed in the organisation, and promoted leaders to understand the voice of employees and adopt effective solutions to improve internal management of the organisation. In addition, the Group organised various employee activities in 2019.



1 2
3 4

- 1 Corporate Annual Meeting and Lunar New Year Party on 29 January 2019
- 2 "Office Goddess Promotion Record" theme activity on 8 March 2019
- 3 Employee commendation ceremony for "being of one mind and fighting for 100 days" on 18 July 2019
- 4 Mid-Autumn Festival shinning running of "monthly campaign in Tian Lun for winning the future" on 11 September 2019

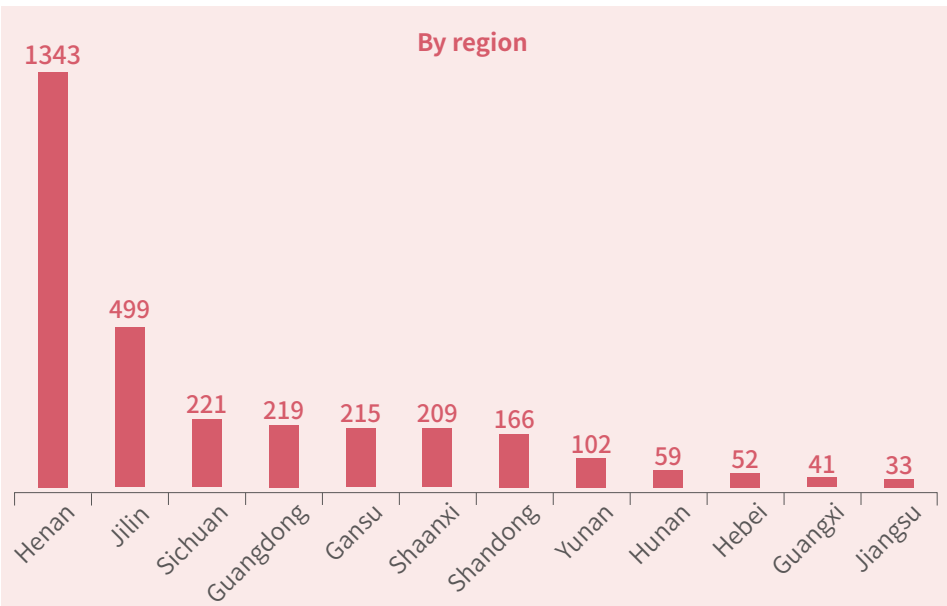
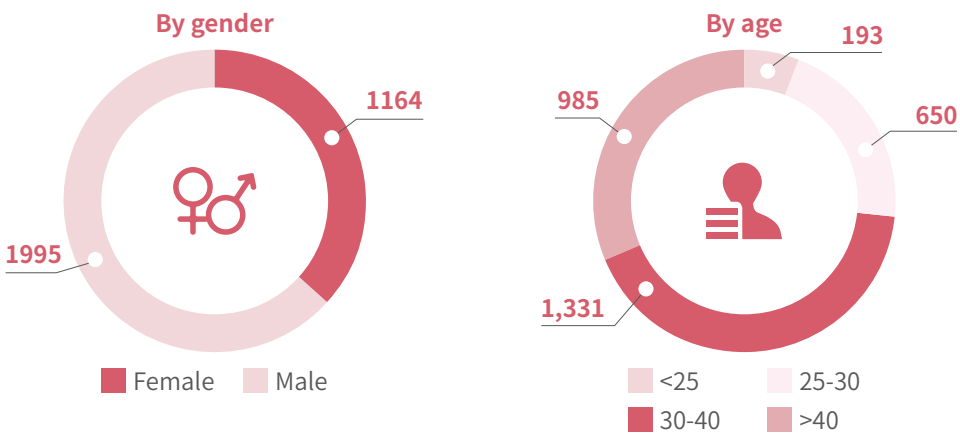
Equal opportunity, diversity and anti-discrimination

The Group recruit employees in accordance with the principles of fairness, impartiality and openness, and select the best candidates under same conditions. At the same time, the Group strictly complies with national and local laws and regulations and avoids discrimination against any employee based on personal characteristics such as race, gender, colour, age, family background, ethnic tradition, religion, physical fitness and original nationality, etc. The Group ensures that all employees are equally treated in compensation and dismissal, recruitment and promotion, working hours, rest periods, and other benefits and welfare, and all employees have equal job opportunities.

In order to create an equal and diversified workplace, the Group actively implements the Special Requirements for Labour Protection of Female Employees, the Female Interest Protection Law and other relevant laws and regulations. In addition to protecting the lawful interests of all employees, the Group has effectively protected special interests of female employees.

As at 31 December 2019, the total number of employees in the Group was 3,159, all of which were full-time employees. The number of employees by gender, age and region was as follows:

The total number of employees in the Group was **3,159**



Labour Standards

In compliance with the relevant laws and regulations, the Group stipulates in the Administrative Policy for Employee Background Investigation that background checks will be conducted for all intended candidates. Their specific information is checked and the use of child labour is prevented. In compliance with the statutory working hours, the Group controls overtime work. If it is necessary to arrange employees to work overtime, paid leaves were arranged, and overtime compensation were paid according to laws. Forced labour is prevented.

Occupational Health

In compliance with relevant laws and regulations, including but not limited to the Labour Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, etc., the Group formulated the Management Policy for Occupational Health and Environmental Protection, so as to ensure the occupational health and safety of employees.

The Group proactively identifies potential health and safety risks in the workplace to continuously improve the occupational health management mechanism and ensure that employees understand the relevant risks and response measures. The Group faithfully fulfils the responsibilities for risk management and safety management. Medical examinations are regularly organized for employees every year. Noise reduction equipment, respirators, and face masks, etc. are provided for employees who work in places with high-noise, high and low temperature, so as to reduce their potential health risks. Besides, the Group conducts diversified occupational health and safety activities, regularly carries out occupational health and safety training, and continuously improves standards and requirements for occupational health and safety management.

Compliance and Win-Win, Benefiting People's Livelihood

In the daily operation, the Group strictly abides by related laws and regulations, operates with compliance, and effectively carries out anti-corruption activities to achieve integrity and self-discipline and ensure the healthy development of the Company. In addition, the Group actively carries out social welfare activities and fulfils its corporate social responsibilities to benefit the people's livelihood.

This chapter responds to the UN Sustainable Development Goals



Compliance Operation

The Group strictly manages and controls intellectual property rights and advertisement, and prevents legal risks to operate according to laws and protect the Group's legal rights and interests.

Intellectual Property Rights: In compliance with relevant laws and regulation, including but not limited to the Intellectual Property Law of People's Republic of China, the Patent Law of the People's Republic of China, Trademark Law of the People's Republic of China, Copyright Law of the People's Republic of China, Anti-Unfair Competition Law of the People's Republic of China, the Group established the Tian Lun Gas Intellectual Property Rights Management Policy to manage and protect the Group's Patents, trademarks, copyrights, trade secrets and other intellectual property rights, and prevent from impinging on others' intellectual property rights.

Advertising: In compliance with relevant laws and regulations including but not limited to Advertising Law of the People's Republic of China, the Group established the Tian Lun Gas Advertising Management Policy to manage advertising in a unified way and regulate advertisement design and placement.

The Group's business does not involve packaging products, and "labelling" required for the general disclosure of B6 Product Responsibility is not a material issue for the Group, so the relevant content is not disclosed in the report.



Anti-corruption

In compliance with relevant laws and regulations relating to anti-corruption, including but not limited to the Company Law of the People's Republic of China, Anti-unfair Competition Law of the People's Republic of China, Anti-Money Laundering Law of the People's Republic of China, the Group strictly abided by the Internal Cadre Management Rules, the Rewarding and Punishment Policy for Reporting, Supervision Management Policy, Three Red Lines and Five Bans and Violation Punishment Management Rules, etc., to avoid bribery, extortion, fraud and money-laundering, etc. The audit and supervision department of the Group (the "Audit and Supervision Department") is responsible for the Group's overall supervision to ensure that members of the Group operate in accordance with laws and regulations and the Group's policies. During the reporting period, there is not any concluded legal cases regarding corrupt practices brought against the Group or its employees.

The Group defined "six oppositions and six advocations" and "strict prohibitions" in its Regulations on Employees' Behaviours, and added "three red lines and five bans" in the current year to strengthen anti-corruption efforts and cultural construction. The Group also hung anti-corruption boards and system posters in the business halls of its member enterprises to promote the concept of compliance and law-abiding operation.

The Group encourages internal and external reporting of violation against laws and regulations relating to anti-corruption, and provides members, partners, suppliers, and customers with open and unobstructed reporting channels, including visit reporting, anonymous phone reporting, mail and letter reporting, online reporting, etc. The Audit and Supervision Department prints and gives out audit inspection contact cards to partner, suppliers, customers and staff etc. to notify them of whistle-blower channels. If violations are reported and confirmed, the Audit and Supervision Department will impose punishment according to related policies. Severe cases will be transferred to judicial department. At the same time, the Group has a high degree of confidentiality in respect of the contents reflected by the informants and protects the legitimate rights and interests of the informants in accordance with the laws.

In 2019, the Group joined the "National Anti-fraud Alliance" and won the title of "Vice President".



Case:

Anti-corruption training

On 15 October 2019, the Group held a presentation about integrity for 52 leaders of general manager level or above. The presentation detailed the existing integrity construction and system, together with case warning education, to strengthen its understanding of the culture of integrity.



The Group held a presentation about integrity for 52 leaders of general manager level or above

Supply Control

The Group constantly optimises its supply chain management, maintains good and stable relationships with suppliers, and commits itself to win-win cooperation with suppliers, to promote the joint control of environmental and social risks for the entire supply chain.

The Group strictly abides by relevant laws and regulations, including but not limited to the Bidding Law of the People's Republic of China, the Provisions on the Scope and Threshold of Construction Projects for Bid Invitation, the Measures for the Construction Bidding of Construction Projects, the Measures for the Bidding of Survey and Design of Construction Projects, and the Measures for the Bidding of Goods for Construction Projects, etc. It standardises supplier management through open bidding, on-time performance and transparent procurement to ensure the stable development of business.

The Group has a complete system for supplier selection, evaluation and elimination. Based on relevant laws and regulations, as well as internal policies such as the Project Management Guidebook, the Project Management Policy, the Material Management Policy, and the Measures for the Management of Market Survey for Material Procurement to maintain and improve the quality level of suppliers. The Group also holds supplier meetings from time to time to fully communicate with suppliers, discuss issues in the process of cooperation, and optimise cooperation plans.

In 2019, the Group revised and improved the Project Management Guidebook, the Project Management Policy, and the Material Management Policy. In the Project Management Guidebook, gas engineering projects are divided into: (A) major engineering projects, (B) pipeline transmission engineering projects, and (C) conventional engineering projects. Different qualifications are required for suppliers of different types of projects to ensure that design units, construction units or supervision units meet the qualification conditions and the project types and sizes would be selected.

The Group actively passes on the concept of sustainable development to suppliers. It requires all suppliers to obtain the certification of quality management system, environmental management system and occupational health and safety management system before developing further cooperative relations with them, so as to strictly control the environmental and social risks of the supply chain.



Topic:

Construction Supplier Management

According to the requirements on safety construction management and relevant laws and regulations including Construction law of the People's Republic of China, the Group signed a Safety Construction Agreement with the construction suppliers. They are required to establish a sound safety production responsibility system and a safe production management system, and strictly implement relevant technical specifications and safe operating procedures to achieve safe construction.

The Group signed a Special Account Co-management Agreement with the construction suppliers to jointly manage the special account, to ensure that the wages of migrant workers can be paid in a timely and sufficient amount.

Each member regularly conducts monthly evaluations and comprehensive evaluation of individual projects on construction units with the principle of "Fairness, Openness and Justice", to promote improvement of project quality, fulfil safe production, and ensure occupational safety and health of employees.

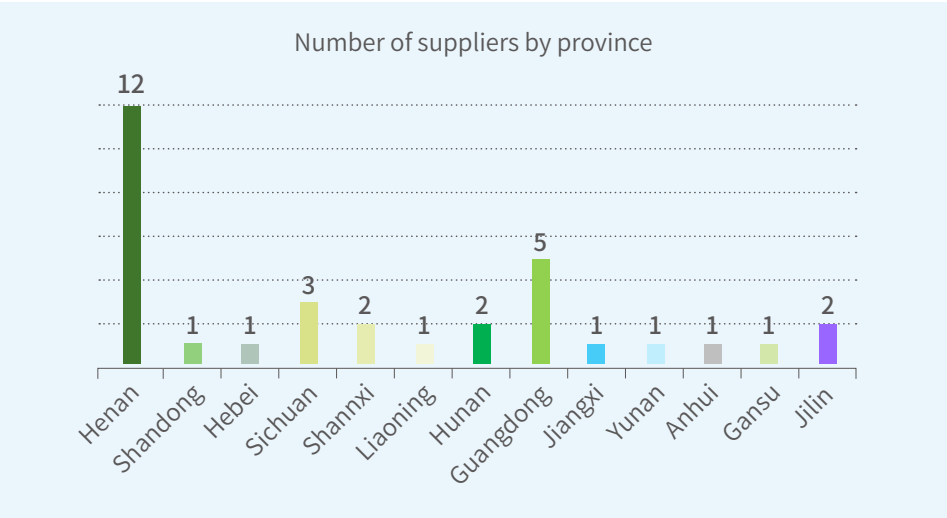
Each member imposed penalties and eliminations on the construction suppliers based on the evaluation results and supervisors' monthly assessment.

The Group requires bidders to strictly comply with the provisions prohibiting commercial bribery in relevant laws and regulations, including the Anti-Unfair Competition Law of the People's Republic of China, the Criminal Law of the People's Republic of China, etc. The bidders should follow the principles of "Law-abiding, Honest, Fair, and Scientific". The Group added a special clause on "Anti-corruption and bribery" in the bidding documents and resolutely refused commercial bribery and other unfair business practices. The Group publicizes the auditing and supervision department's telephone number, email address and other reporting channels to suppliers, and encourages them to report commercial bribery and other improper business practices. The Group also signs the Letters of Commitment Relating to Integrity and Self-discipline with all suppliers to ensure the specification and integrity during business transactions, prevent and contain the occurrence of violations of laws and disciplines fundamentally, to build a fair, just, open and transparent business environment. A supplier who is found violating its commitments will be punished according to the severity after the auditing and supervision department of the Group ascertains the fact of violation.



▲ Signing the Letters of Commitment with suppliers in 2019

As of 31 December 2019, the number of suppliers of the Group by province is shown as below:



Benefiting the Society

The Group formulated the Charity and Public Welfare Management Policy, actively organizes and participates in various charitable activities, fulfils corporate social responsibility, and aspires to become a company that "trusted by clients, respected by society".

Supporting the cultural industry

The Group actively promoted cultural undertakings of chess. It not only assisted the people's government of Xingyang in vigorously creating the brand of chess culture, but also gradually launched Chuhehanjie chess culture promotion fund, organised Henan Chuhehanjie Tian Lun Chess Club to participate in the National Chess League. It also provided support to the chess education industry, and cultivated many small chess stars to come on the stage of CCTV, which is significant to the spread of chess culture, the cultivation of chess talents and the promotion of chess education.



On 21 May 2019, the Group together with School of Physical Education of Zhengzhou University jointly built the first Chinese chess school in the world. The school has received strong support from all walks of life and governments at all levels, and it will be built as a cultivation base for future chess talents, an academic research highland, and a cultural exchange centre.



And more than **200 people** from 14 countries around the world participated in it.

In 2019, the Group continued to increase the popularity of chess and the promotion of chess culture to carry forward traditional culture. In August, it assisted in holding the opening ceremony and specific events of the 16th World Chess Championship, and more than 200 people from 14 countries around the world participated in it.



The group contributed **RMB 5 million**

4 September 2019 was the fourth Chinese Charity Day in 2019. The Group once again contributed RMB 5 million to Tian Lun Chuhehanjie Chess Culture Promotion and Development Fund to continuously promote the development of chess culture.



Benefiting local people's livelihood

This could save about **RMB 4.5 billion** for rural residents in the province

In 2019, the Group continued to implement the coal-to-gas project in villages and towns throughout the whole province via Henan Coal-to-gas Fund, which was jointly established by itself. The Group improved the infrastructure in villages and towns through the project, helped residents part from coal smoke and enjoy convenience, and significantly reduced their living costs. The Group laid natural gas pipelines directly to the doorways of residents free of installation expenses. Based on the same heat, the use of natural gas saved more than RMB 450 for each household. Calculated by this standard, this could save about RMB 4.5 billion for rural residents in the province, which greatly reduced their burden and improved their life quality.

Index for ESG Reporting Guide

Aspect	Description	Section	Page
A1	Emissions 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. Note: Air emissions include NOx, SOx, and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. Hazardous wastes are those defined by national regulations.	Emission Reduction	24, 26~28
KPI A1.1	The types of emissions and respective emissions data.	Emission Reduction	27
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emission Reduction	28
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emission Reduction	28
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emission Reduction	28
KPI A1.5	Description of measures to mitigate emissions and results achieved.	Emission Reduction	26~28
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Emission Reduction	27~28
A2	Use of Resources Policies on the efficient use of resources, including energy, water and other raw materials. Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.	Resource Conservation	29~30
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).	Resource Conservation	30
KPI A2.2	Total water consumption and intensity (e.g. per unit of production volume, per facility).	Resource Conservation	30
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Resource Conservation	29~30
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Resource Conservation	30
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	N/A	/
A3	The Environment and Natural Resources Policies on minimising the issuer's significant impact on the environment and natural resources.	Clean Energy Controlling Impacts	25~31
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Clean Energy Controlling Impacts	
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B2	Health and Safety: 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.	Safety Management Safe Production Safe Construction Occupational Health	13~20, 39
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KPI B2.2	Lost days due to work injury.	Safe Production	15
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Safety Management Safe Production Safe Construction Occupational Health	13~20, 39
B3	Development and Training: Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer.	Training and Development	33~34
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Training and Development	34
KPI B3.2	The average training hours completed per employee by gender and employee category.	Training and Development	34
B4	Labour Standards: 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.	Protection of Rights and Interests	39
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Protection of Rights and Interests	39
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B8	Community Investment: 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.	Benefiting the Society	46~47

Feedback from Readers

Thank you for reading the China Tian Lun Gas Holdings Limited 2019 Environmental, Social and Governance Report. In order to provide stakeholders with valuable information and improve the Group's ability and performance in fulfilment of social responsibility, we are sincerely expecting your valuable opinions and suggestions.

Please fill in the feedback form and send it to us via the following methods:

Email: hk@tianlungas.com

Mailing Address: Room 1603, 16/F, 100 Queen's Road Central, Central, Hong Kong

1、Your overall rating for the Group's Environmental, Social and Governance Report:

☐ Very good ☐ Good ☐ Fair ☐ poor ☐ Very poor

2、Your rating for the Group's fulfilment of social responsibility:

Social Responsibility	<input type="checkbox"/> Very good <input type="checkbox"/> Good <input type="checkbox"/> Fair <input type="checkbox"/> poor <input type="checkbox"/> Very poor
Environmental Responsibility	<input type="checkbox"/> Very good <input type="checkbox"/> Good <input type="checkbox"/> Fair <input type="checkbox"/> poor <input type="checkbox"/> Very poor

3、Your rating for the Group's fulfilment of social responsibility:

☐ Very good ☐ Good ☐ Fair ☐ poor ☐ Very poor

4、What do you think about the clarity, accuracy and integrity of the information, data and indicators disclosed in the Report?

Clarity	<input type="checkbox"/> Very good <input type="checkbox"/> Good <input type="checkbox"/> Fair <input type="checkbox"/> poor <input type="checkbox"/> Very poor
Accuracy	<input type="checkbox"/> Very good <input type="checkbox"/> Good <input type="checkbox"/> Fair <input type="checkbox"/> poor <input type="checkbox"/> Very poor
Integrity	<input type="checkbox"/> Very good <input type="checkbox"/> Good <input type="checkbox"/> Fair <input type="checkbox"/> poor <input type="checkbox"/> Very poor

5、The content structure and layout design are convenient for you to read?

☐ Yes ☐ Fair ☐ No

6、Other opinions or suggestions about the Group's work and the Report:
