



A person's hands are visible in the foreground, holding a black VR controller. In the background, a laptop is open on a desk. The setting appears to be a classroom or computer lab with a green mesh chair and a white wall.

CORPORATE
SOCIAL
RESPONSIBILITY

Envisioning a Better Tomorrow

Since our future lies in the hands of the younger generation, we are helping them to see the value of thinking sustainably. In our first Green Flame Project – Inter-School VR Game Design Competition, we not only inspired students to consider the most pressing environmental challenges of our time, but also encouraged them to apply their creativity to design VR games with compelling sustainability messages, as amply demonstrated by the winners of the competition. Through educational initiatives such as these, we believe we can make a lasting difference in people's lives.

** Students from ELCHK Lutheran Academy*

CORPORATE SOCIAL RESPONSIBILITY

New Goals of Sustainability

To focus on the sustainability issues that matter most to us, in 2018 our Sustainability Committee endorsed the following four of the 17 Sustainability Development Goals (SDGs), launched by the United Nations in 2015 as part of its 2030 Agenda for Sustainable Development.

SDG 6 Clean Water and

Sanitation: Through Hua Yan Water, our water business in mainland China, we invest in and operate water and wastewater treatment projects and have recently invested RMB550 million in a new water services joint venture for the Greater Bay Area.

SDG 7 Affordable and Clean

Energy: In both Hong Kong and mainland China, we supply clean energy, including city-gas and landfill gas. We have also been developing environmentally-friendly energy businesses, such as the hydro-treated vegetable oil (HVO) plant in Zhangjiagang for the production of biofuel, which is cleaner than traditional fossil fuels.

At Towngas, we are committed to creating value for all of our stakeholders as part of our core strategy. By operating in a socially- and environmentally-responsible manner, we believe we can make a difference in people's lives and help contribute to a more sustainable world for future generations.

SDG 11 Sustainable Cities and

Communities: To meet the need for gas infrastructure in the cities and communities we serve, we make use of efficient processes and innovative technology to maintain a safe, reliable and affordable supply of gas.

SDG 13 Climate Action:

We recognise the need to cope with the effects of climate change and have taken action to address global temperature rises by conducting climate change risk assessments and decarbonising our business operations.

Creating a Greener Future

We believe we can play a role in contributing to a greener future through our businesses. We strive to reduce our carbon footprints and develop innovative environmentally-friendly energy solutions that make our world a better place.

Developing Environmental Solutions

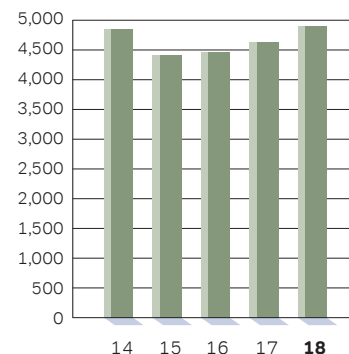
We continued to provide green energy solutions for our customers through initiatives such as our landfill gas projects, which since 1999 have reduced

total carbon emissions by 430,000 tonnes – the amount of carbon absorption of 18.5 million trees in one year. With our successful landfill gas project at Alice Ho Miu Ling Nethersole Hospital in Tai Po, we are exploring more potential applications, particularly for hospitals and data centres, to undertake similar landfill gas projects.

In our own operations, we started work on a Cloud Based Energy Management System. This new system will allow us to access information more efficiently, monitor our operations more closely, and create better energy-saving plans through means such as chiller plant optimisation.

Revenue per Employee

Company (HK\$ thousand)





During our organic farming events, members of the public and Towngas staff experienced low-carbon living by planting vegetables and sharing the harvest.



Green

As a supporter of Hong Kong's Feed-in Tariff (FiT) Scheme promoting renewable energy, we planned to install solar power facilities at our premises, including off-take stations.

To prepare for the new waste regulations in Hong Kong, we reviewed our waste management practices and published an *In-house Green Event Practical Guide* to help internal parties reduce and recycle waste when organising events.

Raising Public Awareness of Sustainability

In 2018, we launched a green advertising campaign on public transport vehicles such as buses, trams and green minibuses, encouraging people to take action on environmental protection. Additionally, we organised a radio campaign

featuring well-known local DJs, who discussed green messages such as turning waste into energy, environmental cooking and appliance recycling.

To reduce paper consumption, we encouraged customers to use our eBilling service. During the year, we organised a lucky draw promotion for Towngas eBilling customers to register via our online Virtual Assistant for the chance to win prizes. For every new eBilling application received during the promotion period, we would donate HK\$10 to a green group chosen by the applicant. We will continue this donation programme in 2019.

We also supported a wide variety of public education programmes by green groups, including Green Earth's Plantation Enrichment Project (PEP),

WWF's Earth Hour and The Conservancy Association's Eco Rangers, among others. Additionally, we organised the Low Carbon Cooking So Easy event to promote a healthy, low-carbon lifestyle for kindergarten, primary school and secondary school students.

During the year, we also hosted visits for teachers, students and environmental groups at our facilities, including our headquarters, production plants and landfill gas utilisation sites, to raise awareness of our environmental initiatives.

Serving the Community

We touch people's lives in many different ways, not only through the products and services we offer but through our programmes that help improve social integration and community wellbeing. Our Towngas Volunteer Service Team of more than 900 volunteers, which will celebrate

its 20th inauguration anniversary in 2019, spent 91,628 hours on 265 community service projects in Hong Kong this year, making up an accumulated record of 875,677 hours.

Caring for Those in Need

We provided a variety of caring services for the elderly during the year, including the We Can Cook programme for the Young Old organised with the Hong Kong Sheng Kung Hui Welfare Council and Institution of Dining Art. Since 2016, this programme has been giving people who retire at an earlier age the opportunity to pursue their interest in cooking through classes taught by professional chefs.

To reach elderly people with Mild Cognitive Impairment, we again joined the Welfare Council to provide cooking classes as part of the Chef Anchor programme. First held in 2017, the programme this year offered a new cognitive training cookbook, *I Can Cook*, designed by occupational therapists and Towngas cooking instructors. A Towngas Chef Anchor Volunteer Team was also established to visit elderly participants in their homes and record their progress for follow-up by social workers.

This programme has acquired a number of awards in Hong Kong and overseas, including the Best Dementia Care award in the 6th Eldercare Innovation Awards, Singapore.

To provide career opportunities for people with disabilities, Towngas supported SAHK's LOHAS Florists programme, which provided disabled students with training in flower art, pesticide-free farming and shop operations. We subsidised the purchase of farming equipment at the association's rooftop flower beds and invited students to the farm of our Volunteer Service Team to learn how to grow pesticide-free vegetables and fruits, which they could then sell in the local community. Moreover, Towngas and the association held a low-carbon cooking competition at the From Farm to Fork Carnival, where the ambassadors applied what they had learnt and cooked with the ingredients they had grown.

Other caring programmes included the annual Rice Dumplings for the Community campaign promoting the traditional wrapping of rice dumplings, as well as a mooncake donation programme for those in need. A similar programme was held in mainland China, where around 1,800 volunteers from Towngas China joined more than 90 of our joint venture partners to prepare nearly 51,000 dumpling packs and gifts worth RMB408,600 for over 13,300 beneficiaries. Moreover, we also continued to

run our traditional "Long-boiled Soup" campaign, during which we delivered 50,150 servings to the elderly in Hong Kong.

Engaging the Younger Generation

As young people will help shape our future, we launched our first Green Flame Project – Inter-School VR Game Design Competition. Through this competition, we hoped to raise awareness of environmental issues among primary and secondary students and inspire them to design creative VR games based on environmental themes such as combatting climate change and reducing waste. The winning games were



A participant enjoys flame cooking with assistance from a volunteer of the Chef Anchor programme, which helps patients with Mild Cognitive Impairment regain their confidence.

also showcased during our Green Fun Fair at a shopping mall, helping to spread the green messages to the public.

In mainland China, our colleagues continued to carry out meaningful educational initiatives through programmes such as the Towngas Gentle Breeze Movement. During the year, we donated school uniforms, teaching aids and daily necessities to over 900 teachers and students. They also built Towngas China Charity Libraries and renovated student dormitories and teacher offices in Baotou, Inner Mongolia, and Changting, Fujian province. Since 2013, the Towngas Gentle Breeze Movement has invested more than RMB3.5 million, helping 37 schools in areas of Jiangxi, Anhui, Jiangsu,

The Green Flame Project – Inter-School VR Game Design Competition was organised with HKEdCity to raise awareness of green issues among primary and secondary students.



Shandong, Guizhou, Shaanxi, Liaoning, Guangdong, Inner Mongolia and Fujian. This programme has earned us the 2018 Excellent Chinese Corporate Charitable Project organised by China Social Work Federation Corporate Citizenship Committee, CCTV, Tencent Charity Foundation and the CSR China Top 100 in The Third CSR China Education Awards.

Building a Sustainable Workforce

Our people are the backbone of our company and the most critical element in our business success. During the year, we initiated a wide range of programmes that helped them build their professional skills, ensured their safety and wellbeing, and made them feel valued as employees of Towngas.



These young students at a school in a remote area of mainland China are benefiting from the teaching aids and daily necessities donated under the Towngas Gentle Breeze Movement.

One of the key challenges for Towngas was the ageing of the population in Hong Kong and mainland China. We recognise the need to look ahead and build up our talent pool to ensure a smooth and orderly operation.

New Staff Development Initiatives

To help us identify the right people for the right positions, in 2018 we developed the unique Growth = Innovation x Implementation Profile Analysis system for human resources planning. Under the system, we will be able to determine the best match for our people and place them in the teams where their abilities can be put to best use. This Profile Analysis tool is now being fine-tuned and will be rolled out in mid-2019.

In 2017, we developed the Young TLC+ programme for staff across different departments and locations who have 5 to 10 years of work experience. The programme, which is based on our Towngas Leadership Competency (TLC) Model for identifying and grooming future leaders for management positions, admitted 19 young staff members. They are expected to graduate in 2019.

Over the past 10 years, we have also been organising executive development programmes in mainland China with Tsinghua University. In mid-2018, we developed a new training format, with top-rated professors and industry leaders from leading universities and businesses conduct sharing sessions with our managers, thereby deepening their understanding of the mainland market, political landscape and competitive environment.

In 2018, we introduced our revised signature Towngas Management Programme in mainland China, which utilises our long experience in the gas business, our own business cases and our stories, all of which are unique to our company. As a first step, we began by training the trainers who will implement the programme in their respective locations with real cases and local examples. Ultimately, we expect to cover a total of 27 management topics, adding to the four that have already been initiated.



Towngas and Vocational Training Council joined together to launch Hong Kong's first Professional Diploma in Gas Engineering, which enables working adults to enhance their competence in the field.

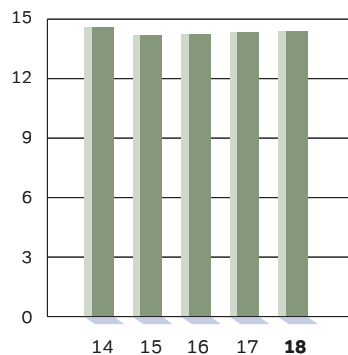
In addition to providing professional training to our employees and contractors in Hong Kong and mainland China, the Towngas Engineering Academy strives to disseminate gas engineering knowledge to relevant external groups, including working adults in the associated trades and students.

During the year, we worked with the Vocational Training Council (VTC) to introduce the Professional Diploma in Gas Engineering programme, the first diploma programme of its kind in Hong Kong. This part-time programme, which has been specially designed for working adults, gives equal emphasis to both theoretical and practical knowledge. Senior engineers and managers from Towngas will

act as lecturers, while learners will have the opportunity to gain practical work experience at the Towngas Engineering Academy. We also collaborated with the School of Energy and Environment at the City University of Hong Kong in September to launch a gas engineering academic unit as an undergraduate elective. Both the diploma and undergraduate programmes are designed not only to provide a talent pool for Towngas but to raise the standards and professionalism of the overall gas industry.

Town Gas Sales per Employee

Company (million MJ)



In 2018, we continued to promote our Three Courtesies programme, which since its launch in 2013 has become a key part of our internal corporate culture. This year, however, we began receiving requests from companies outside Towngas to teach their staff about this aspect of our culture. By spreading the messages contained in this campaign, Towngas can contribute to a more harmonious society.

Staff Health and Wellbeing

We make every effort to provide our employees with a work environment that is fair, equitable and fulfilling, while also acknowledging the importance of work-life balance.

We understand that many of our staff have family obligations, and therefore we provide flexible work arrangements for parents who have to attend their children's school activities during normal work hours. In addition, we set up a mother care room in support of our female employees who are breastfeeding after maternity leave.

We also regularly review and revise remuneration packages according to changes in social conditions and market trends. In 2018, for example, we enhanced our medical benefits and leave entitlement to give our employees better health protection and work-life balance.

For staff who must work during extreme weather conditions, we substantially increased their special allowance in recognition of the hardship they face and their support of the Company's corporate responsibility to serve the community. We especially appreciated those staff members who worked tirelessly during Typhoon Mangkhut in September to ensure there was no interruption to gas service.

As well as providing extensive training options for improving technical and professional skills, we offer non-business-related training such as talks and workshops for first-time parents, wellness and skincare. We also have a library, fitness facilities,

2018
Environmental Performance
Table (Hong Kong)

Water Quality



Total waste water output was 3.9 m³/TJ of town gas

Chemical Waste



Total chemical waste output was 0.5 kg/TJ of town gas

Greenhouse Gas Emissions



Greenhouse gas emissions from major gas production equipment was 347,489 metric tonnes in terms of CO₂ equivalent

Air Quality



Total NO_x output was 4 kg/TJ of town gas
Total SO_x output was 0.02 kg/TJ of town gas

Total CO₂ output was 11.7 metric tonnes/TJ of town gas

Ozone Layer Protection



All of our vehicle air conditioning systems now operate with refrigerant R134A

All BCF portable fire extinguishers have been replaced with dry powder extinguishers

Noise



All installations and operations complied with the statutory requirements

No noise abatement notice has ever been received

All legal requirements relating to environmental protection were fully complied with.



The Safety Walk in mainland China helped raise colleagues' awareness of safety and health.

Health



and a clinic where staff can enjoy free medical services and have their prescriptions filled.

The Towngas Recreation Club, which is especially popular with our staff for its wide range of sports and recreational activities, celebrated its 60th anniversary during the year.

In December 2018, we received the Family-Friendly Employers – Grand Award, recognising us as a multi-time winner of the Distinguished Family-Friendly Employer Award and for promoting innovative and creative family-friendly policies. We also won the 2017/18 Special Mentions (Gold) and 2017/18 Awards for Breastfeeding Support.

Occupational Health and Safety

In 2018, we undertook a wide range of activities to ensure the health and safety of our staff. The highlight of the year was our HSE (Health, Safety and Environment) Walk, which was held in Hong Kong for the first time with our project companies in mainland China, to raise awareness of the importance of workplace safety and health. On 23 June, over 150 mainland ventures joined the campaigns and more than 14,000 staff and their family members at different locations participated.

Another key milestone during the year was our completion of the migration process from OHSAS18001 to ISO45001, the enhanced occupational health

and safety (OHS) management system. Following the migration process, an ISO45001 certificate was presented to Towngas in January 2019.

Other events promoting good OHS performance included the Outstanding Safe Foreman Award and a forum for contractors. Moreover, over 1,500 employees took part in our HSE Month and HSE Quiz activity, held in November.

In our quarterly promotion, we highlighted the importance of eye protection, heat stress management, work stress management and infectious disease control, among other topics. Training sessions

were also organised for employees and contractors covering topics such as work-above-ground safety, first aid and emergencies, confined space and tunnelling work, behavioural-based safety observations and others.

During the year, we conducted a safety audit in July to meet the legislative requirements of the Factories and Industrial Undertakings (Safety Management) Regulation and carried out more than 150 safety inspections across the Company to ensure our high safety standards were being met.

Supplier Relationships

We work closely with our suppliers who are part of our green supply chain and help them to comply with our procurement policy.

In 2018, we conducted a Corporate Social Responsibility (CSR) audit of five selected suppliers, all of whom passed our requirements. We also invited 28 long-term partners to complete the CSR assessment form so that we could be certain their commitment to CSR was still on track.

In mainland China, over 90 per cent of our current major suppliers successfully implemented the 6S methodology for managing their production plants efficiently. In 2019, all new suppliers must achieve the 6S standard as one of the criteria for approval.



Creating Long-term Value for our Stakeholders

We are committed to looking beyond the short-term and creating long-term value for our stakeholders and the communities in which they live. This is at the heart of our business and our continuing success as a company.

Through the policies we have enacted and the practices we have implemented, we aim to set the highest possible standards of social and ethical behaviour for

our staff, contractors and industry peers, while doing the utmost to mitigate the impacts of our operations on the environment.

By committing to sustainable development, we believe we can create a better world for the communities we serve. In the years ahead, we will continue to live by this commitment and align our activities towards fulfilling our vision “to be Asia’s leading clean energy supplier and quality service provider, with a focus on innovation and environmental-friendliness.”