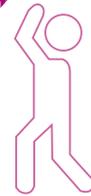
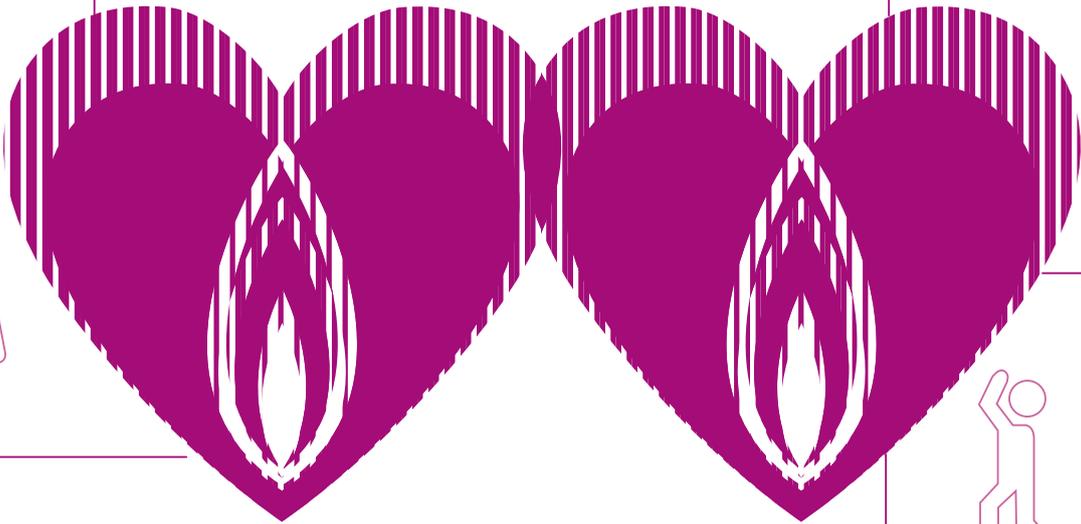
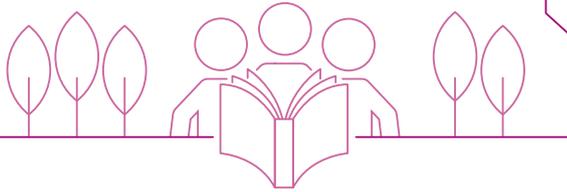
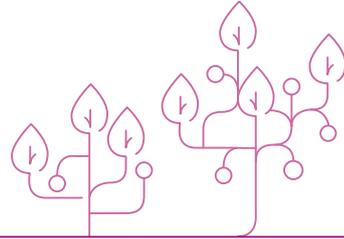
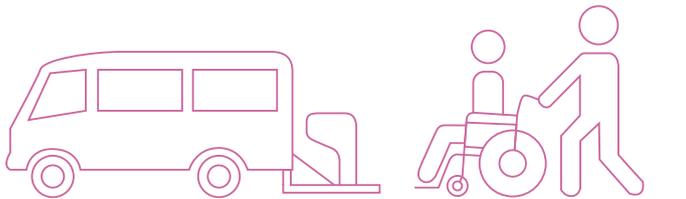
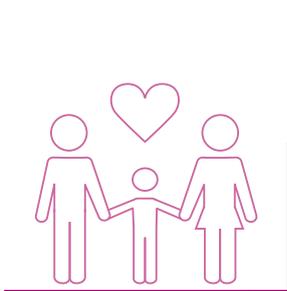


CORPORATE SOCIAL RESPONSIBILITY



CREATING
A BETTER
TOMORROW



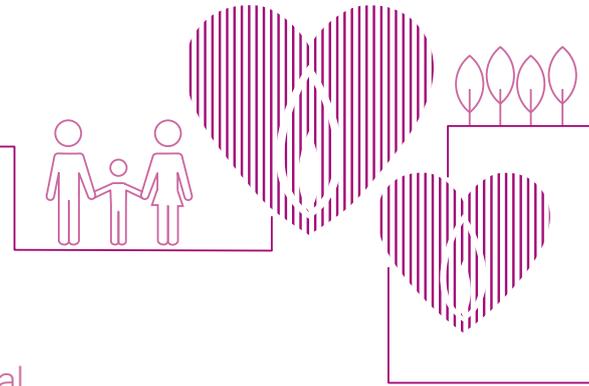
Launched Green Towngas China, an environmental protection project, planting over 7,400 trees

Kicked off a range of wellness programmes under our Fun Living Series to enhance positivity in the workplace

Organised the Gas Appliances for the Community programme celebrating the 15th anniversary of the District Council Focus Teams



CORPORATE SOCIAL RESPONSIBILITY



We recognise the importance of environmental stewardship and aim to incorporate sustainability into every facet of our business. While seeking green solutions to the energy challenges of the future, we also partner with employees, customers, associates and the public in philanthropic initiatives in order to build a better environment for the next generation.

Caring for the Environment

Knowing our legacy as Hong Kong's first utility company is rooted in the communities we serve, we brought fulfilment and convenience to customers, while building our identity as a socially responsible company. We pledge to make every effort to protect the environment and ensure sustainable development. This green policy guides our operations at all levels.

Throughout 2015, we achieved numerous milestones and participated in many events and programmes centred on our role as an environmental leader and advocator.

In mainland China, we sought to drive a shift from the use of

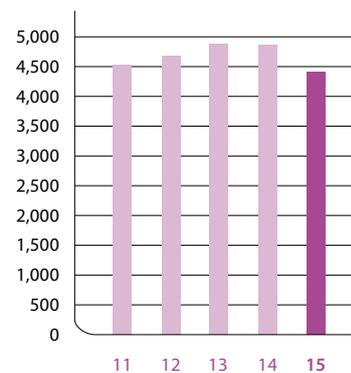
traditional coal, heavy fuels and liquefied petroleum gas to natural gas as it is a safer and cleaner alternative. To this end, we engaged a number of partners to help us develop technology to enhance the efficiency of natural gas as an energy source. One of our initiatives involved the conversion of supply systems from coal gas to natural gas among our city-gas projects, which was completed in October 2015, marking the end of the coal gas era and embracing the sole supply of natural gas for our residential markets across the Group.

In Hong Kong, construction on the South East New Territories (SENT) Landfill Gas Utilisation project showed satisfactory progress. The new facility will utilise advanced



Revenue per Employee

Company (HK\$ thousand)





We joined hands with Greeners Action to launch the Zero Food Waste@Campus campaign and over 10,000 students participated to collect 2,360 kg of food waste for recycling into fertilisers.

technology to convert landfill gas into synthetic natural gas, which will be transported through a 12-km-long pipeline to Tseng Lan Shue and integrated into the gas supply network there. The project is expected to reduce carbon emissions by around 56,000 tonnes per year.

Through energy-saving initiatives designed to reduce electricity consumption, our headquarter building in North Point, Hong Kong attained the Final Platinum rating under the BEAM Plus Existing Buildings V1.2 in 2015. Initiatives included the installation of an oil-free variable speed water-cooled chiller in our air conditioning system that reduces energy consumption while eliminating thermal waste and oil contamination. In addition, we signed the Energy Saving Charter, through which we committed to a room

temperature of 24°C to 26°C from June to September. We also pursue a paperless approach to business with the use of tablets and mobile devices. Handling such matters digitally saves time and natural resources while improving customer service and relations.

Public education is another significant component of our environmental initiatives. We promoted different ways to live green to our employees, contractors and suppliers as well as the general public, focusing on impactful changes to daily life.

We supported environmental programmes calling attention to Hong Kong's struggle with food waste, which adds over 3,000 tonnes of refuse to landfills every day. In 2015, we worked with Friends of

the Earth (HK) through the Cherish Food Reward Scheme, providing discounts and vouchers to patrons at over 130 restaurants in exchange for ordering less rice and leaving no food behind. We also sponsored Greeners Action's Leftover Cooking Contest to encourage the public to cherish food by using leftovers as ingredients for cooking.

During the year, we also actively participated in environmental campaigns organised by green groups in Hong Kong. Under the Lai See Recycling Programme by Greeners Action, for instance, over 120 kg of red envelopes were collected in our offices, encouraging an eco-friendly Chinese New Year. In March, we took part in WWF's Earth Hour by turning off lights at our facilities in Hong Kong and mainland China for an evening to raise public awareness of climate change. Moreover, we supported the Clean Air Network's Airmazing Race 2015, joining the fight against air pollution.

Working with the Conservancy Association, we held the fifth annual Green Leaders Bloc programme, which nurtures students to become future environmental leaders through a series of training programmes. Participants also planned campaigns for promoting green living whilst raising awareness of carbon emissions. Over 100 young people have taken part since the first intake in 2011.



Towngas employees combined exercise with charity, raising money and awareness of pressing environmental issues. Employees and their families joined the Green Power Hike and the Green Sense Charity Hike, raising funds for good causes while learning about Hong Kong's environment.

On the mainland, we organised an annual carbon reduction competition that has seen the creation of 167 projects since 2010. Through this programme, carbon emissions were reduced by about 94,000 tonnes per year.

This year also saw the launch of an environmental protection project, Green Towngas China. Together with customers, volunteers and local media, we planted over 7,400 trees, creating a green area of nearly 20,000 square metres.

Our green performance earned us the Best Enterprise for Corporate

Social Responsibility Award 2015 organised by China Environment News, the Ministry of Environmental Protection, China.

Supporting Our Communities

We maintain a tradition of reaching out to local communities, making a difference in the lives of children, senior citizens and other people in need. Various initiatives saw the Company supporting non-profit organisations, education and social welfare while our employees generously volunteered their time to contribute to a warmer society.

In Hong Kong, we took a multifaceted approach to improving the lives of senior citizens, providing them with helpful services and social engagement. During festivals, which can be a particularly lonely time for the elderly, we provided them with festive food in celebration. In 2015, we distributed over 330,000 rice

dumplings and 100,000 mooncakes to needy families and elderly people, with an accumulated total of 2,415,000 rice dumplings and 1,720,930 mooncakes donated since the programmes were first rolled out.

Additionally, we continued installing toilet washlets in elderly care centres. Bringing the current total to over 180 units, this programme not only improves the lives of the elderly, but also offers help to their caretakers.

We carried on with the Warmth and Care Fresh Food Aid programme in 2015 to provide single-parent and low-income families with fresh and healthy food. A total of 46,800 food packs have been delivered, benefiting 450 families since 2013.

Established in 2000, our District Council Focus Teams have been developing strong bonds with local communities. By working directly with District Council members, we gain a better understanding of



Partnering with local district councillors, we launched the Gas Appliances for the Community programme.

social needs and expectations while improving our ability to participate in the community. In celebration of the 15th anniversary of the District Council Focus Teams, we launched the Gas Appliances for the Community programme in 2015. Partnering with local district councillors, we set out to distribute 10,000 gas appliances to elderly people, as well as families in need, improving the convenience of their daily lives.

In parallel with our businesses expansion on the mainland, we share our community values and caring ambitions. Under the Gentle Breeze Movement, we help needy communities and schools via various programmes, including direct aid for those affected by poverty. Since 2013, this initiative has donated over RMB2.4 million to education projects. A total of 29 schools in the provinces of Jiangxi, Anhui, Jiangsu, Shandong, Guizhou and Shaanxi renovated their premises and introduced new learning tools such as computer labs, teaching aids and sports equipment, enhancing the quality of education for students.

Our mainland volunteers also supported the Guangcai Loving Home – Home of Happiness and Peace, a public welfare project launched by the China Guangcai Programme Foundation and Beijing Global Village. During this six-month programme, volunteers travelled to mountain areas of Chongqing to take care of children whose parents



Towngas China's Gentle Breeze Movement was rolled out to provide students with a better learning environment.

work far from home, helping them with schoolwork while organising additional extracurricular activities.

This year also saw us continuing our support towards the Shanghai Soong Ching Ling Foundation – BEA Charity Fund to set up a Firefly Centre in Yantai, Shandong province. Computers, projectors, furniture, books and other stationery, valued at more than HK\$200,000 were donated to over 600 students.

Echoing the annual Towngas Rice Dumplings for the Community campaign in Hong Kong, over 1,000 dedicated volunteers on the mainland donated 4,200 hours to distribute over 35,000 rice dumplings and festive gifts valued at RMB183,000 to around 12,000 needy people. Their generosity made a lasting impression on local mainland communities.

Caring for the Well-being of Our Employees

We treasure employees as our valued resource. Together, at all levels, they make Towngas a leader in energy by bringing about new innovations, serving customers, running plants and doing everything required to continue our success. When called upon to aid their communities, they respond with passion and dedication, serving as an example for all to follow. To improve our employees' work satisfaction and well-being, we consistently organise different kinds of activities to enhance their physical and mental health.

As a socially responsible company seeking to offer opportunities to individuals with disabilities, we improved facilities for those working at our hotline centre. Workstations have been redesigned



ergonomically, the main entrance has been refitted with an automatic door, and barrier-free facilities have been installed in the washroom.

In 2015, we continued with the Fun Living Series programme as the theme of our wellness programme in Hong Kong. Seminars focused on parenting, marital harmony and elderly care improved the personal lives of employees through education.

Through the Employee Caring programme, our mainland employees learned to balance work and life with activities focused on four topics: Living with Positive Energy, My Healthy Life, My Low Carbon Life and My Happiness. These courses can help encourage our staff to bring the positivity of a healthy and happy home life to the workplace for stronger performance.

Our contractors constantly exhibit active engagement and we value them with the same commitment as

Towngas employees. In Hong Kong, we offer our contractors competitive compensation packages, including life protection plan, placing us among the first few utility companies to provide such scheme to contract staff. We not only organise a wide range of activities for our contractors, such as workshops, visits, tours, etc. but also set up incentive schemes and awards and invite them to participate in our major activities.

Developing Our People

Investing in employees is on the top of the priority list at Towngas. Throughout 2015, we focused our development programmes on leadership, management and technical training, allowing colleagues to enhance their skills and abilities.

We offered opportunities for career enhancement and progression. Towngas Engineering Academy (TEA) organises a wide variety of technical training programmes for our employees so that they can acquire the academic and professional qualifications for advancement. Launched in July, our new e-Learning platform was designed to provide employees with the opportunity to learn at their own pace, as well as to refresh their knowledge on the go.

TEA is also committed to raising the professional standards of service for

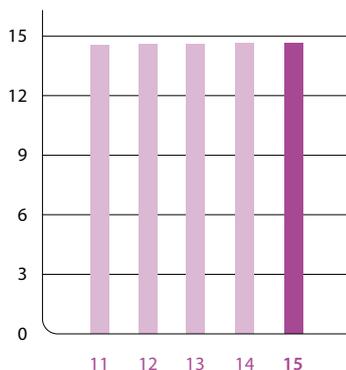


We implemented the Total Quality Management programme to uplift our product quality and service standards in mainland China.

engineering personnel in mainland China, with the aim of building a stronger professional team. In 2013 and 2014, the Group became the first and only gas company in mainland China accredited by the Hong Kong Institute of Engineers and the Institution of Gas Engineers and Managers to organise dedicated training programmes for gas engineers on the mainland. Upon completing the programmes and accumulating sufficient working experience, trainees will gain a fast track to register as chartered engineers. The first cohort of trainees completed the programme in 2015.



Town Gas Sales per Employee Company (million MJ)



Over the course of the year, a total of 200,011 training hours were offered through TEA in Hong Kong and mainland China.

We set up the Towngas Hall of Innovation exhibition at our Hong Kong headquarters to showcase innovations that have led to significant improvements in workflow, safety and productivity. These exhibits provide inspiration while recognising the talent and efforts of their inventors. We also issued a periodical, "Innovation Headlines",

featuring creative ideas and practices to encourage employees to approach their work with an open mind and to think outside the box.

Emphasising innovation and implementation as well as the "Three Courtesies", the Total Quality Management programme was introduced in mainland China to motivate employees in their pursuit of quality, excellence and comprehensive care as they work together to create value and foster growth for the Group.

Comprehensive training programmes and courses enabled colleagues to enhance their abilities in various fields. In 2015, over 640 mainland employees joined exchange learning trips to Hong Kong, including 220 from our mainland utilities businesses who attended specific training programmes provided at our headquarters. Topics included customer service, purchasing procedures and warehouse management, empowering participants to acquire an understanding of good practices in Hong Kong for implementation at their home companies.

ENVIRONMENTAL PERFORMANCE TABLE 2015 (HONG KONG)



OZONE LAYER PROTECTION

- ▶ All of our vehicle air conditioning systems now operate with refrigerant R134A.
- ▶ All BCF portable fire extinguishers have been replaced by dry powder extinguishers.

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



AIR QUALITY

- ▶ Total NOx output was 3.84 kg/TJ of town gas.
- ▶ Total SOx output was 0.02 kg/TJ of town gas.
- ▶ Total CO₂ output was 11.8 metric tonnes/TJ of town gas.



GREENHOUSE GAS EMISSION

- ▶ Greenhouse gas emissions from major gas production equipment was 357,845 metric tonnes in terms of CO₂ equivalent.

WATER QUALITY

- ▶ Total waste water output was 3.77 m³/TJ of town gas.

CHEMICAL WASTE

- ▶ Total chemical waste output was 0.64 kg/TJ of town gas.



NOISE

- ▶ All installations and operations complied with the statutory requirements.
- ▶ No noise abatement notice has ever been received.



We continued to implement internship programmes, graduate and management training, and career development schemes. For instance, 24 colleagues from Hong Kong participated in short-term mobility assignments in mainland China over the year, immersing themselves in the local working culture. These programmes build our talent pool and increase employee competencies, ensuring smooth operations as the Group magnifies its expansion.

Supplier Relationship

Towngas is committed to reliable long-term business relationships with business partners through fair and ethical purchasing practices. As such, we have established careful policies and procedures to select and assess our suppliers. Responsible operating

practices are emphasised in regards to supplier identification, management, communications and engagement.

Through robust supply chain management, essential to operational efficiency, we work closely with suppliers and contractors to meet customer needs in an effective and efficient manner. In addition to the Environmental Purchasing Policy, we launched the CSR Code of Practice for Suppliers concerning business ethics, workplace operations and environmental undertakings and carried out regular audits on their compliance with the code and quality requirements.

Meetings and conferences were also organised to encourage participation and communication about their materials and service performance.

In addition to offering them incentive programmes, we invited our business partners to join our company events, including our Health, Safety and Environment (HSE) day, Quality Day and annual dinner.

Putting Safety First

In everything we do, safety comes first. Teaming with employees and seeking new ways to improve workplace and personal safety is integral to how Towngas conducts business. Furthermore, we aim to make sure safety is always in the minds of our colleagues and their families.

The Occupational Health Campaign 2015 educated employees about healthy work practices through workshops and seminars on what constitutes a proper diet, musculoskeletal disorders and more. Exhibition boards and mini-games regarding occupational health provided new and helpful information at a glance.

With the support of our employees, HSE performance remained at high levels. During the 2015 HSE Day, employees, contractors and their families visited information booths,



On 2015 HSE Day, Wong Kam Sing, Secretary for the Environment (left) and Alfred Chan, Managing Director, rode the bicycle-powered mixers to make healthy fruit juices.

engaged in educational games, participated in competitions, and attended an awards ceremony promoting workplace safety.

Feedback from the HSE Climate Index Survey also helped us devise innovative practices and solutions, including the creation of HSE programmes, workshops and emergency plans. The efforts of our colleagues and contractors led to Towngas receiving multiple honours, including the Safety Management System (Other Industries) Gold Award and Safety Performance Award at the 14th Hong Kong Occupational Safety & Health Award.

Driving Growth and Building Long-Term Value

Guided by sound business ethics principles, we implement good

corporate governance and business practices to achieve sustainable growth. During the year, we complied with laws and regulations with significant impact on the Company.

As we look towards the future, we reflect upon the way we are seen by our customers and colleagues – as a compassionate, skilled and efficient company upholding the highest standards. Our brand is associated with peerless customer service, safety and reliability even in times of difficulty, as well as care for our communities. We strive to realise our mission to protect the environment whilst enjoying the respect of those with whom we work, whether in our offices or the world at large.

With our hope for the future embodied by the management theme “Expanding New Horizons”,

we are moving in new and exciting directions on all fronts. Encouraging innovation and bringing pioneering ideas to fruition through shrewd execution is vital to sustainability. During the year, we advocated a formula – “Growth = Innovation x Implementation” – within the Group, and implemented the Total Quality Management programme in mainland China to bolster our corporate values of quality and innovation.

We continued to be inspired by new technology and green innovations, incorporating them into our business to accomplish goals both financial and personal. By investing in new projects and business opportunities over the coming years, we aim to reaffirm our reputation as a caring leader in utilities and energy while offering the best to customers and our corporate family.

