



CORPORATE SOCIAL RESPONSIBILITY
Shaping a Sustainable Future



Donated HK\$1.5 million to
deliver **fresh food packs** to
underprivileged families in Hong Kong

Launched the **Gentle
Breeze Movement**
community programme in
mainland China

Engaged employees with
our **Healthy Living
Every Day** campaign

CORPORATE SOCIAL RESPONSIBILITY

As Hong Kong's leading supplier of low-carbon clean energy, the success and sustainability of our business is built on the trust of our people, customers, business partners and the public. As such, we make a total and uncompromising commitment to conduct our business in an ethical and responsible manner. This is the foundation of our promise to care for our employees, the communities we serve and our planet.

Protecting Our Environment

As a responsible energy company, we aim to provide our customers with quality products and services while minimising any impact of our operations on the environment. To this end, we were proud to be one of the first local companies to commit to the Environment Bureau's Energy Saving Charters on Indoor Temperature and No Incandescent Light Bulbs. This will complement our current efforts to reduce our carbon footprint, for which we were awarded the CarbonCare® Label, which recognises a 5 per cent reduction in office-related carbon emissions.

In 2013, we continued to participate in and support a series of initiatives organised by green groups, including the annual Tree Planting Challenge organised by Friends of the Earth (HK), Green

Power's liberal studies programme entitled "Waste to Energy", WWF's annual "lights-out" Earth Hour initiative, Greeners Action's Lai See Packet Reuse and Recycle Programme and Hong Kong Green



To mark International Senior Citizens' Day 2013, we reinforced our commitment of caring for the elderly by organising an event which offered free haircuts to 800 senior citizens.



We joined forces with The Conservancy Association to organise the Green Leaders Bloc training programme and foster the spirit of greening among the younger generation.

Day organised by the Green Council. Moreover, we were the exclusive sponsor of the World Green Organisation's Food Waste Reduction Pilot Scheme and one of the first corporations to join the organisation's GOALS Programme, sharing our green office best practices through workshops and media interviews.

In order to promote green cooking, we completed a study examining the carbon footprint of gas stoves and developed a series of eco-friendly cooking tips to help customers not only save on fuel costs but also protect the environment by reducing carbon emissions.

In mainland China, the Group collaborated with its subsidiaries to kick-start the Towngas China Green Journey programme in a bid to reduce smog. The initiative encouraged employees to implement the Green Convention through small but vital steps such as taking the stairs and using handkerchiefs. Thanks to the concerted efforts of our employees, about 20,000 trees have been planted covering a greening area of almost 50,000 square metres. Meanwhile, our Carbon Reduction Competition for our mainland business ventures remains a cornerstone of our efforts to reduce our carbon footprint in the country. In the four years since the

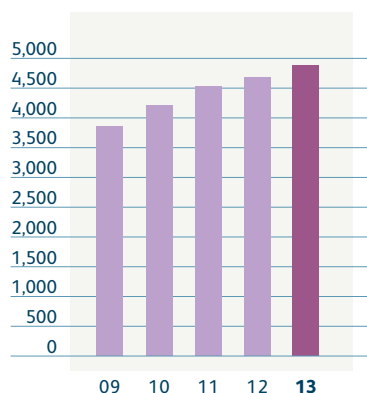
competition launched, we have prevented approximately 23,000 tonnes of carbon per year from entering the earth's atmosphere.

Supporting Our Communities

2013 marked a significant milestone in our community and volunteer programmes. We have contributed over 466,000 hours of community service since 1999 and received the championship of the "Highest Service Hour Award" in the category of "Private Organisations – Best Customer Participation" for the sixth consecutive year from the Social Welfare Department. The generous efforts of our volunteers

Revenue per Employee

Company (HK\$ thousand)



were also recognised when we were awarded the Community Chest's "President Award" and named a "Friend of Social Enterprise" by the Home Affairs Department.

In partnership with The Salvation Army and CookEasy, we donated HK\$1.5 million to launch the Warmth and Care Fresh Food Aid Programme. In 2013, we distributed 15,600 nutritious fresh food packs to underprivileged single-parent families in Tung Chung and Kwai Chung, with deliveries being made twice a week for a year. The programme was a great success and will be extended for another year to help single-parent and low-income families living in Sham Shui Po and Kowloon City.

Our Volunteer Service Team plays an active role in our community activities. This year, we worked

with the Kwong Wah Hospital to promote a balanced diet as part of the Healthy Diet – Healthy Life for Diabetes Mellitus campaign. The team also launched the Farming for Fun initiative and donated the crops grown to food banks and other charitable groups helping those in need. The volunteer team invited students from the Ebenezer School and Home for the Visually Impaired to experience organic farming, further spreading the spirit of warmth and care throughout the community.

Our on-going Rice Dumplings and Mooncakes for the Community initiatives are now a much-loved part of our annual programmes. This year, volunteers wrapped and distributed 230,000 low-carbon rice dumplings to elderly people living alone. In September, we held our annual mooncake drive and distributed 250,000 mooncakes across Hong Kong.

In March 2013, the "Gentle Breeze Movement" was launched in mainland China as the umbrella name for our community projects. During the year, we helped seven schools in Jiangxi and Anhui provinces to upgrade their facilities. Moreover, we provided financial assistance to enable 100 promising students from underprivileged families affected by the Ya'an

earthquake in Sichuan province to attend university in partnership with the Sichuan Youth Foundation. We also continued our Book Donation with Love and Care Programme and have set up 22 book corners in nine provinces.

Recognising our innovative approach to business and commitment to good citizenship, we were honoured with the "Five Stars Outstanding Corporate Citizen in China 2013" by the China Association of Social Workers. Furthermore, the China News Service and China Newsweek named Towngas China the "Enterprise with the Best Corporate Social Responsibilities 2013". Caring for the community, our customers and our planet will remain an integral part of the way we do business now and in the future.

Caring for the Well-being of Our Employees

At Towngas, we believe that healthy, happy and motivated employees are the key to our success. As a result, we are committed to nurturing our people and providing them with a pleasant and harmonious workplace.

As part of our continuing efforts to promote a family-friendly environment, this year we opened a dedicated mother and baby room

to support breastfeeding mothers returning to work. Our mainland utilities business also launched a programme aimed at the children of our employees, offering promising students with good results the opportunity to apply for a scholarship to attend university. This scheme has been a resounding success as ten children from eight joint ventures have been awarded scholarships, enabling them to further their education.

We also organised a number of activities designed to boost the well-being of our employees. One such initiative was the Healthy Living Every Day campaign. Promoting a balanced diet alongside physical and mental well-being, the programme included informative health talks, health checks and smoking cessation seminars, while particularly keen employees took part in marathon race and stairs climbing competition to boost their fitness.

In addition to meeting the needs of current employees, we also reached out to our retirees by forming the Towngas Buddy Club. Offering retirees a way to participate in regular social activities and continue socialising with former colleagues, the Club organised two well-attended events for its members in 2013.



Our employees actively participated in a running race as part of our Healthy Living Every Day campaign.

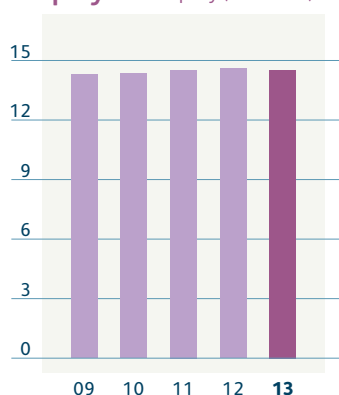
Developing Our People

To cope with the rapid expansion of our business, we make every effort to build a skilled and sustainable workforce. As such, we equip our employees with essential management, leadership and technical training to enable them to excel.

Our Towngas Engineering Academy (TEA) aims to develop qualified professionals equipped with industry-leading safety, service and technical skills. During the year, TEA offered a total of 142,675 man-hours of training. To sustain our premier position and nurture a solid foundation of knowledge, the

apprenticeship training course offered in Hong Kong has been extended from one year to two years, with graduates qualifying for a full Registered Gas Installer licence. In addition, we have also partnered with vocational institutions in Changzhou, Guangzhou and Shandong province to offer mainland graduates additional ways to enter the gas industry. In mainland China, TEA now has four training facilities in Jinan, Changchun, Ziyang and Shenzhen to meet the Group's demand for accredited professionals and a new training base will be opened in Suzhou in 2014.

Town Gas Sales per Employee Company (million MJ)



Our Volunteer Service Team in Thailand helped a local school to repaint its library and renovate its facilities.

The passion, interest and engagement of our employees drive Towngas' lively continuous learning culture. In 2013, our Continuous Professional Development Committee organised 3,171 hours of additional training covering the latest engineering, safety, and information technology developments alongside professional growth, healthy living and quality management.

During the year, we welcomed a further 20 graduates to our Hong Kong graduate trainee and ECO management trainee programmes. At the senior management level, two project management courses were held alongside a course in Leading Others, attended by over

350 supervisors who completed more than 5,000 hours of training. In addition, 18 managers from Hong Kong and mainland China completed an 18-month accelerated programme as part of the Corporate Towngas Leadership Competencies Scheme, designed to support the next stage of their career. Furthermore, for the sixth year running, 36 senior managers attended the week-long Tsinghua University Executive Development Programme (EDP) to keep abreast of the latest developments on the mainland.

We organised four EDPs in 2013 in partnership with various universities across mainland China, which involved 158 executives. Our

Developing Learning Champions for Joint Venture Companies Programme was honoured to receive the American Society for Training and Development's "Excellence in Practice Citation (2012)". This programme aims to develop the leadership and creative skills of participants drawn from our mainland projects and, to date, has involved 1,500 employees.

Internal exchange is vital to build and enhance our corporate culture across the Group. In 2013, 523 colleagues from outside Hong Kong joined us to share experiences and best practices. Towngas Telecom also held a number of workshops to share and align strategy across the business.

In addition to technical, management and leadership competencies, we have focused on cultivating our employees' soft skills with courses on grooming, etiquette and service. Over 300 employees participated in our newly-launched Courtesy Campaign. Further activities are planned for 2014, all designed to build on our strong foundation of courteous and professional etiquette.

Safety Starts with Us

The health and safety of our employees, contractors, customers and the wider public has always been our first priority.

This year, we launched a "pointing and calling" programme at our

production plants and ECO gas filling stations in Hong Kong. The programme is designed to enhance the presence of mind and concentration levels of operators by coordination among vision, thought, movement, speech, and hearing. Meanwhile, we introduced the Towngas Health, Safety, Environment (HSE) and Caring Programme to provide new employees with additional training and guidance, including mentorship and HSE online training and assessment. In order to further enhance our risk management capabilities, Corporate Risk Assessment Refresher Training was organised for all personnel responsible for managing risk within the Company.

Our ongoing Contractor HSE Programme aims to reinforce relationships between contractors and engage them in two-way communication so as to provide the safest workplace possible. Conducting regular HSE inspections at contractor workplaces is another crucial part of our approach to contractor safety. We also organised a Contractor Occupational Health and Safety Forum as part of our regular HSE Month.

In 2013, HSE Month took place between November and December and included a number of enlightening HSE sharing sessions and corporate visits, alongside seminars on occupational health and safety, fire safety and

Environmental Performance Table (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.



AIR QUALITY

- Total NOx output was 4.59 kg/TJ of town gas.
- Total SOx output was 0.02 kg/TJ of town gas.
- Total CO₂ output was 12.09 metric tonnes/TJ of town gas.



GREENHOUSE GAS EMISSION

- Greenhouse gas emissions from major gas production equipment was 365,981 metric tonnes in terms of CO₂ equivalent.



WATER QUALITY

- Total wastewater output was 4.2 m³/TJ of town gas.



CHEMICAL WASTE

- Total chemical waste output was 1.94 kg/TJ of town gas.



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.

sustainability. This annual event is an important part of our commitment to raise awareness of work health and safety.

During the year, we added a sixth “S” – Safety – to the 5S Management System and implemented this management system across our stores. 5S is a system that aims to improve order and cleanliness in the workplace. Now incorporating safety, our 6S system was awarded the Gold Award in category of other industries in the Good Housekeeping Competition 2013 organised by the Occupational Safety and Health Council (OSHC).

In recognition of our outstanding safety performance, we were also honoured with the “Safety Performance Award” for the third year running as well as the Gold Prize in the “Occupational Safety & Health Annual Report Award” for the fourth consecutive year at the “12th Hong Kong Occupational Safety & Health Awards” organised by OSHC.

Driving Growth and Building Long Term Value

From our humble beginnings as a town gas supplier lighting Hong Kong’s streets 151 years

ago, we have developed into an innovative, diverse and resourceful energy pioneer.

The foundation of our success is our commitment to delivering a safe and reliable supply of energy and the caring, competent and efficient service that customers expect. As a result, the Towngas brand has come to represent a thriving business, acclaimed service and safety standards, and a promise to work responsibly with our communities.

From this base, our management theme “Expanding New Horizons” indicates how we will approach the next stage of our growth. This multidimensional and multifaceted strategy will drive a future that is sustainable, flexible and diversified. The energy market will be our core business and public utilities will serve as our platform.

As a Group, we are inspired by the enormous potential of new technology and engineering innovations. This is embodied in our investments in new energy and diversified upstream and downstream markets. These areas are both in line with our strategy and global energy trends, as we commit to developing environmentally-friendly and clean solutions to light up our future.

Business Drivers



Organisation Values

