

CORPORATE SOCIAL RESPONSIBILITY



Towngas volunteers actively participate in our organic farming activities



Agreement signed on SENT landfill gas utilisation project to turn waste gas into energy

Launched Fun Living Series campaign to promote work-life balance among employees

Introduced a new initiative to install toilet washlets in elderly hostels

DRIVING SUSTAINABILITY FORWARD



CORPORATE SOCIAL RESPONSIBILITY

As a leading supplier of low carbon emission energy in Hong Kong and mainland China, we consider that the sustainability of our business is people-focused and people-driven. As we look to provide the environmentally-friendly energy solutions of tomorrow, our success depends on the trust of our employees, customers, business partners and the general public. As such, we make a total 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.

Caring for the Environment

As a responsible company committed to sustainable business practices and a greener future, we aim to provide our customers with quality products and services while minimising our environmental footprint. As such, we put great

emphasis on developing and nurturing a culture of caring for the environment both in our day-to-day operations and in our community initiatives.

A major milestone in the Company's green endeavours came in December 2014, when we signed an agreement with the operator of

the landfill site at Tseung Kwan O, for work to begin on the South East New Territories (SENT) landfill gas utilisation project. We will build a landfill gas treatment facility to turn landfill gas into synthetic natural gas, which will be integrated into the gas supply network. The project will reduce the emission of carbon dioxide by 56,000 tonnes a year,



The SENT landfill gas utilisation project is one of the largest energy conservation and emission reduction environmental projects in the territory.



We delivered 250,000 rice dumplings and 260,000 mooncakes to the less fortunate in 2014.

equivalent to the planting of 2.4 million tree seedlings. Construction work will begin in the second quarter of 2015 and the project is expected to be operational by mid-2016.

We also continued to support green groups' activities locally, including the WWF's annual "lights out" Earth Hour initiative, Conservancy Association's Green Leaders Bloc training programme, Friends of the Earth's Tree Planting Challenge and Green Sense's No Air-Con Night. In addition, we sponsored Greeners Action's Zero Food Waste at Campus programme through which primary school students are taught about food waste reduction and food recycling.

On the mainland, we continued to promote a culture of sustainability throughout 2014, with a series of

activities under the banner "Limited Resources, Infinite Recycling".

Activities included tree planting, essay and photography competitions and low carbon awareness events to call on our employees and customers to reduce resource consumption and alleviate pollution. We also once again organised a successful carbon reduction competition for our mainland companies and received 20 entries, with a combined estimated reduction of 20,202 tonnes carbon emissions.

During the year, Towngas China published its first corporate social responsibility report, in accordance with the Hong Kong Exchanges and Clearing Limited's Environmental, Social and Governance Reporting Guide and the Global Reporting Initiative's Sustainability Reporting Guidelines.

Supporting Our Communities

2014 was another significant year for Towngas in terms of its community and volunteer programmes, as we continued to look outwards towards serving those most in need and fulfilling our commitment to good corporate citizenship.

In our annual Rice Dumplings for the Community programme, 250,000 rice dumplings were wrapped for donation, during the Dragon Boat Festival, to those in need in our communities, taking the total dumplings distributed since the programme's inception to over 2 million. On the mainland, we also donated over 100,000 rice dumplings during the festival.

During the year, we continued our Warmth and Care Fresh Food Aid Programme, aimed at providing food to low-income and single-parent families. In conjunction with Salvation Army and Tung Wah Group of Hospitals' social enterprise CookEasy, we provided fresh food packs twice a week to 150 needy families in Hong Kong.

Our Farming For Fun programme involved Towngas volunteers, accompanied by friends and family members, taking part in organic farming activities during weekends. Their produce was then donated to NGOs, who distribute it amongst the needy. The programme, earned the Outstanding Award in the Social Welfare Department's 2013-2014 Best Corporate Volunteer Service Project Competition.

Our newly launched initiative – Toilet Washlets for the Elderly programme was well-received by elderly beneficiaries and their carers. The programme enhances the independence of senior citizens – particularly those with limited mobility or poor eyesight – in their daily lives, through installing electrical toilet washlets with washing functions in elderly hostels. A total of 100 washlets had been installed by the end of 2014, bringing convenience to the elderly.

Towngas was involved in wide-ranging outreach schemes across mainland China in 2014. In the Companionship for Resident Children Programme, our volunteers visited the impoverished mountain areas in Chongqing for half a year. There they provided homework tutorials and gave everyday assistance to

children at the Home of Happiness and Peace, launched by the Beijing Global Village Environmental Education Centre to care for the rural children there and remould their village community.

Under the campaign of Gentle Breeze Movement, launched in 2013, we organised community activities in Xuzhou, Weifang and Jinan in 2014, donating stationery and daily supplies worth around RMB 720,000 in total to 13 primary schools.

Caring for the Well-being of Our Employees

We believe the key to retaining talents and driving success is to care for the overall health and happiness of staff. By building a pleasant and harmonious corporate culture, we are rewarded with a motivated workforce.

Around HK\$200,000 raised through our "Mad Dog Café" programme has helped us deliver smart electrical toilet washlets in elderly hostels.





An indoor rowing competition was part of our Fun Living Series campaign aimed at enhancing employees' overall health and work-life balance.

In 2014, our Fun Living Series campaign was launched, with the theme of encouraging employees to cultivate a positive mindset and spirit as regards their health, work and family lives. Activities organised included: workshops on positive psychology, yoga at work, organic farming, rowing competition, health talks, and seminars about harmonious working relationships and children's emotional intelligence.

The Towngas Buddy Club, established in 2012 to provide opportunities for our retirees to get together and have fun with former colleagues, organised a number of activities in 2014, including day trips, buffet lunches, dinners and seminars.

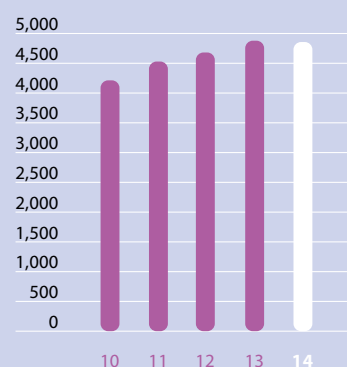
Specific initiatives launched in 2014 by Towngas China included a health hotline, a scholarship programme for the children of staff, an Employee Assistance Programme and themed events including My Healthy Life, My Low Carbon Life and My Happiness.

Developing Our People

In our continued efforts to ensure we are equipped with a sustainable and skilled workforce to meet the challenges of an ever-developing and expanding business, we allocate significant resources towards ongoing management, leadership and technical training. To support "Expanding New Horizons", our management theme since 2013, last year we continued to invest in our people to enhance their capabilities and provide opportunities for career development.

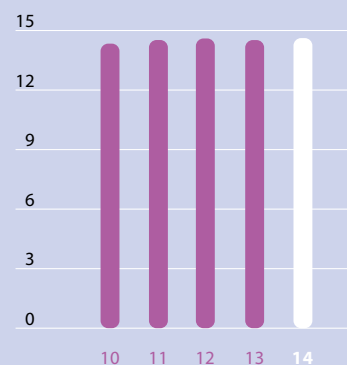
Revenue per Employee

Company (HK\$ thousand)



Town Gas Sales per Employee

Company (million MJ)



Our volunteers visited mountain areas in Chongqing and provided mentoring to local children under the Companionship for Resident Children Programme.



Having started in 2008, last year saw the launch of the third round of TLC+, our Corporate Leadership Development programme. A total of 20 good performing and high-potential middle management level employees from different business units were selected by a panel of senior executives to join this intensive 18-month fast-track development programme, which allows us to develop talents from within the group. The programme helps create a solid management foundation for the future, with management succession across all group ventures a key strategic priority.

In April 2014, Towngas co-operated with the Hong Kong Management Association to offer a series of leadership training workshops for

22 of our mainland managers, demonstrating our commitment to standardising the quality of management across the Group.

We ran a two-day in-house management programme targeted at helping middle-level technical managers transition into more senior managerial roles. Six classes were offered, involving 125 participants from across all pillars of the Group and from all regions. A Train-the-Trainer programme has been initiated for 2015 in order to roll out this core management skills programme to all our mainland companies. We also initiated a new general manager training programme on the mainland, with high-potential employees identified and provided with appropriate training.

Our Leading Others series was launched in 2012 with the aim of enhancing the people management and leadership competencies of our supervisory and managerial employees. In 2014, the programme offered a total of 12,000 training hours, representing another huge commitment to nurturing leaders within our ranks.

Our Graduate Trainee programme was accredited by the Institution of Gas Engineers and Managers, a UK-based professional engineering institution, as suitable for Initial Professional Development for Chartered Engineers. In 2014, Towngas hired 13 Graduate Trainees in Hong Kong who are now attached to various streams and departments in order to strengthen their technical knowledge and skills. Similar training schemes are being launched across our mainland businesses.

The Towngas Engineering Academy (TEA) – which strives to develop a competent workforce that drives the Group to excel in delivering safe operations, serve our customers and grow our business – is now implementing an internationally recognised engineering training system of its own for engineers both in Hong Kong and mainland China. TEA completed a total of 168,480 training hours in 2014.

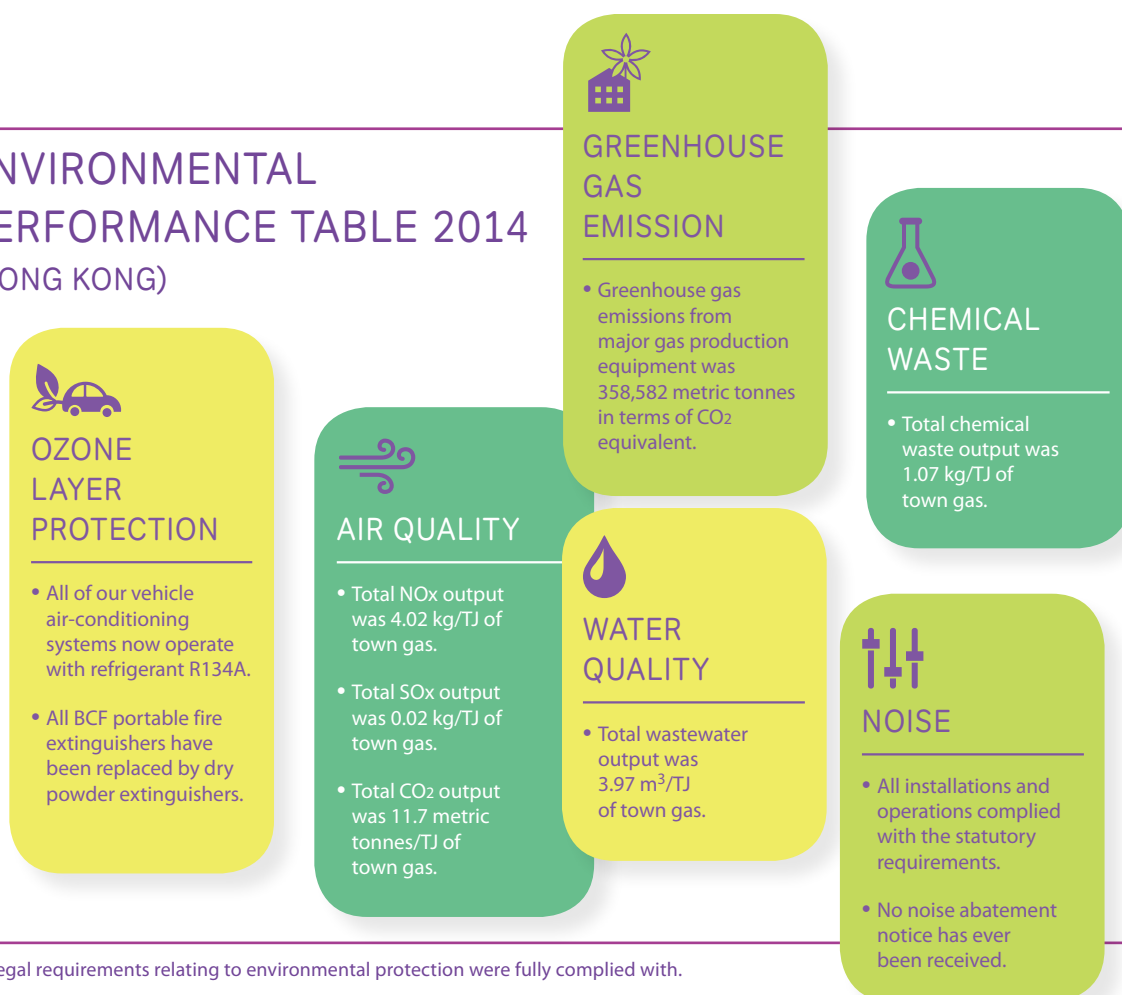
Rigorous yet efficient recruitment processes are essential to ensure that we hire talented people with the skill sets required to continue to develop our business in the right direction, and in 2014 we piloted a workshop on Competency-based Interviewing Skills for our senior executives. Additional programmes will be launched in 2015 to enhance the expertise of managers in this area.

Putting Safety First

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

In our ongoing commitment to improving safety performance, in 2014 we developed and implemented a Senior Management Regular Health, Safety and

ENVIRONMENTAL PERFORMANCE TABLE 2014 (HONG KONG)



Environment (HSE) Inspection Programme to establish direct communication between management and frontline staff on HSE matters and collect site information for planning HSE resource needs.

In April 2014, three Towngas employees were honoured in the government’s Hong Kong Outstanding Employees in Occupational Safety and Health Award Scheme. Towngas also won 10 awards in the Hong Kong Occupational Safety & Health Awards, including Safety Enhancement Programme Award, Safety Culture Award and Occupational Safety and Health Annual Report Award.

In our ECO business, in 2014 we established guidelines on the inspection of fire services installations in mainland operations and reinforced safety management systems in mainland construction projects. Fire Safety and Risk Management Training courses were organised for our mainland employees to introduce the guidelines and management systems.

Driving Growth and Building Long Term Value

The bedrock of our success is a commitment to providing a safe

and reliable supply of energy, as well as the caring, competent and efficient delivery that customers expect of us. As a result, the Towngas brand has come to stand for acclaimed service and safety standards, thriving and expertly-managed business operations, and a promise to work responsibly in and for our communities.

Building on these strong foundations, our management theme “Expanding New Horizons” articulates how we are approaching the next stage of our growth. This multidimensional and multifaceted strategy is driving a future that is sustainable, flexible and diversified.

As a Group, we are inspired by the enormous potential of new technology and engineering innovations and the economic benefits these can bring. Our investments in new energy and diversified upstream and downstream projects are fundamental to our overall strategy and our response to global energy trends. In the year ahead, we will continue to focus on organic growth, expansion into new markets and providing forward-thinking solutions that make sense in an ever-evolving energy economy.

