

*Let's make  
a shrimp dish.*

*Good idea.*



“After attending the sign language courses, we made a great team at the cooking contest.”

## CORPORATE SOCIAL RESPONSIBILITY

# inclusive community.

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Towngas was honoured with three awards of the Hong Kong Outstanding Corporate Citizenship Awards for the achievements in corporate social responsibility

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Towngas championed the inclusion of people with disabilities with a series of activities in partnership with SAHK and the Hong Kong Society for the Deaf (HKSOD)

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Caring for vulnerable people in society, we distributed about 330,000 rice dumplings and more than 100,000 mooncakes

# CORPORATE SOCIAL RESPONSIBILITY

*As a leader in the energy industry, it is our responsibility to pioneer the development of green energy solutions and build a better environment for the next generation. To create an inclusive society, we partner with employees, customers, contractors and the public to better serve the community as a whole.*

## Caring for the Environment

We are committed to protecting and improving the environment so as to ensure sustainable development. By developing innovative methods to conserve energy, supply competitive clean fuel alternatives and utilise wasted energy sources, we continually work on new standards in sustainable business practices.

In 2016, we focused on driving a shift from the use of coal and diesel to natural gas, a cleaner and safer option, in mainland China. While securing supplies of natural gas from low-value waste resources, we made progress expanding our network of gas refilling stations, furthering our efforts to reduce the country's pollution levels.

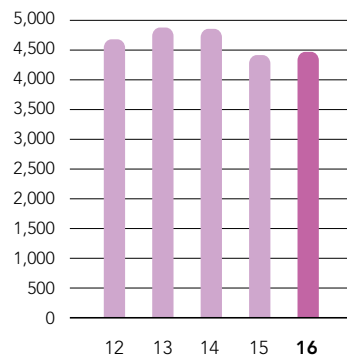
Towngas is a significant initiator in terms of renewable landfill gas utilisation in Hong Kong. The landfill gas initiative is one of Hong Kong's most effective forays into renewable energy to date, delivering the dual benefits of offsetting the city's carbon

footprint by harnessing greenhouse gas, as well as partially substituting fossil-based feedstock alternatives. Alice Ho Miu Ling Nethersole Hospital's combined heat and power generation (CHP) system is fuelled by our North East New Territories (NENT) landfill gas treatment plant. On top of this, the HK\$350 million South East New Territories landfill gas treatment plant is expected to be commissioned in the first half of 2017, and capable to reduce carbon emissions by 56,000 tonnes a year, equivalent to the planting of 2.4 million tree seedlings. This plant will produce enough treated landfill gas, together with our NENT landfill site and Tai Po Shuen Wan facilities, to constitute around 5 per cent of the feedstock for our local gas production.

Our commitment to the environment also guides the way we conduct our operations. Towngas headquarters is Hong Kong's first non-residential building to earn the Final Platinum rating under the BEAM Plus Existing Building

## Revenue per Employee

Company (HK\$ thousand)



Version 1.2 standard and was named U Favourite Hong Kong Green Building by U Magazine during the year.

To further reduce our carbon footprint, we began using old cast iron pipes as host pipes to renew gas pipes via trenchless technology, reducing construction waste by 90 per cent and carbon emissions by 60 per cent. The Group's climate change risk assessment practice was expanded to include our mainland operations with a series of workshops conducted in selected regions, implementing structures for close monitoring and reviewing.

## BEAM Plus Award Presentation Ceremony 2016



Towngas headquarters is Hong Kong's first non-residential building to attain the Final Platinum rating under BEAM Plus. Secretary for the Environment Wong Kam Sing (middle) presented the award to Towngas Managing Director Alfred Chan (right).

Towngas believes that for environmental initiatives to be effective, public education is essential. During the year, we continued to be active in environmental campaigns organised by community groups. Highlighting the issue of food waste in Hong Kong, for example, we partnered with Food Grace to organise workshops and a product design competition to educate the community on methods of recycling food waste. In Hong Kong, the quantity of paper towels sent to landfill matches that of plastic bags. To raise awareness of this issue, Towngas supported Get in Gear Volunteers, an event organised by the Junior Chamber International Lion Rock with the theme, "Green City, Green Life, Stop Using Paper Towels!". We also encourage our staff to use handkerchiefs instead of paper tissues.

On the mainland, Towngas organises an annual carbon reduction competition that has seen the creation of 195 projects since 2010. It was expanded to include projects in Hong Kong in 2016, leading to a reduction in carbon emissions by about 120,500 tonnes annually.

During the year, more than 30 mainland companies of the Group invited staff and their families, customers and the general public to join our Low Carbon Creative SHOW. The campaign included more than 50 events, such as low carbon commutes, Earth Hour and the planting of over 2,500 trees, greening an area of more than 6,600 square metres in mainland China.

In recognition of our efforts, Towngas was honoured with the BOCHK Corporate Environmental Leadership Awards 2015 – Gold

Award (Manufacturing section), and named a Hong Kong Green Organisation by the Environmental Campaign Committee and the Environmental Protection Department. Moreover, Towngas was awarded the World Green Organisation's Sustainable Business Award.

### Supporting our Communities

At Towngas, employees generously volunteer their free time to create a better society for all. Throughout 2016, the Towngas Volunteer Service Team took part in 248 community service projects in Hong Kong. The team comprises 830 customers and employees, who have collaboratively logged 697,594 volunteering hours since the team was established in 1999.

Towngas pays particular attention to promoting the integration of people with disabilities into society. During the year, we joined with SAHK to organise Games of Friendship, which saw over 60 Towngas volunteers facilitating around 300 SAHK service users to participate in sports activities. In addition, the Hong Kong and China Gas Charity Foundation donated HK\$100,000 to SAHK for new sporting equipment.

We also held the Social Harmony Cooking Contest in collaboration with the HKSOD – the first contest of its kind in the city. Towngas volunteers teamed up with hearing-impaired partners and communicated in sign language to cook a winning dish.

In 2016, we supported ethnic minorities by organising a Hand-in-Hand Mooncakes of Love workshop with the Hong Kong Community Network's LINK Centre, sponsored by the Home

Affairs Department. We invited 124 charity groups and local organisations to share mooncakes with ethnic minorities and those in need, and together we have donated more than 1.8 million mooncakes during Mid-Autumn Festivals over the years. For Dragon Boat Festival, we also garnered the support of nearly 220 Legislative Councillors and District Councillors, together with 25 local organisations and other volunteers to donate about 330,000 rice dumplings to the elderly and vulnerable groups in society.

Caring for senior citizens and needy families, Towngas offers concession schemes and free maintenance services, currently benefiting 45,719 households. The Group's Electrical Toilet Washlet Donation programme continued to enhance self-care and confidence for the elderly while reducing the workload

of caretakers. In 2016, the amount raised by employees and matched by the Company exceeded HK\$330,000, and the programme has installed over 200 washlets in elderly hostels since its inception. Our Soup to Warm the Heart campaign, held in collaboration with the Social Welfare Department and six elderly community centres, saw approximately 600 servings of soup delivered to senior citizens living alone. Since 1999, Towngas has distributed more than 470,000 bottles of soup to the elderly in Hong Kong.

One of the Group's major volunteering activities is our Farming for Fun programme, launched in 2014. Volunteers and their families work at the organic farm every Saturday. During the year, approximately 640 kg of vegetables were harvested and distributed to 29 social centres.

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Towngas sponsored The Conservancy Association's Eco Rangers 2016 event, raising public awareness of environmental protection.

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Towngas China's Gentle Breeze Movement continued helping schools in impoverished rural areas of mainland China by donating new teaching equipment.



Towngas takes great care to ensure our community values are honoured across our operations in all regions. Currently, almost 90 per cent of our city-gas and water enterprises have established volunteer service teams, collectively contributing 93,701 hours to serving their communities this year.

As an advocate of quality education, the Group launched the Gentle Breeze Movement in mainland China to help improve learning and living condition for children living in rural areas. In 2016, nearly 900 teachers and students benefitted from the programme. We donated learning supplies and dormitory supplies to schools in Sichuan and Liaoning provinces respectively. Furthermore, we sponsored renovation work and the purchase of learning materials and teaching equipment for primary school in Shaanxi province. Since 2013, the initiative has donated more than RMB2.9 million to 32 schools and 200 households.

We continued to support Shanghai Soong Ching Ling Foundation – BEA Charity Fund, donating more than RMB200,000 worth of electronic education equipment for over 1,300 students at a school in Tai'an, Shandong province. We funded and built the Firefly Centre for the school and repainted the computer classroom. In future, we aim to purchase computers, projectors and audio-visual equipment, and establish multimedia classrooms for schools in need.

Our Rice Dumplings for the Community project in 2016 mobilised more than 80 mainland companies to participate. Altogether, 46,000 rice dumplings and festive gifts valued at RMB200,000 were handed out, benefitting nearly 9,000 people.

Our dedication to the community has been widely recognised. Towngas was honoured by the Hong Kong Productivity Council with the Gold Awards in both Enterprise category and Volunteer Team category, together with a Special Commendation for Community Care at the Hong Kong Outstanding Corporate Citizenship Awards. The Towngas Volunteer Service Team won the Champion of the Highest Service Hour Award in the Private Organisation – Best Customer Participation category for the ninth consecutive year.

### Caring for the Well-Being of Our Employees

At Towngas, our employees are free to lead balanced lives, ensuring happiness at home and productivity at work.



We kicked off our annual Mooncakes for the Community initiative with a workshop celebrating the Mid-Autumn Festival with ethnic minorities, promoting inclusion and diversity.

Towngas headquarters in Hong Kong hosts a library, fitness facilities and clinic, as well as a mother care room, which will double in size in 2017. In addition to annual, maternity, paternity and compassionate leave, the Company allows employees who are undertaking professional development courses to take time off for examinations. With a long history in Hong Kong, our scholarship programmes for employees' children were launched in mainland China in 2013 and the number of approved applications was the highest in 2016.

Through our mainland Employee Caring Programme, employees learned valuable lifestyle tips with workshops which focused on four topics: Living with Positive Energy, My Healthy Life, My Low Carbon Life and My Happiness. Understanding the challenges faced by working parents, we initiate staff activities focusing on building positive parent-child relationships. Our annual

"Whole Family Together for Love" event is an opportunity for staff to spend a fun day at a farm, boosting team spirit with their families and colleagues.

During the year, we received our second Distinguished Family-Friendly Employers 2015/16 Award and Special Mention 2015/16 (Gold) by the Home Affairs Bureau and the Family Council.

### Developing Our People

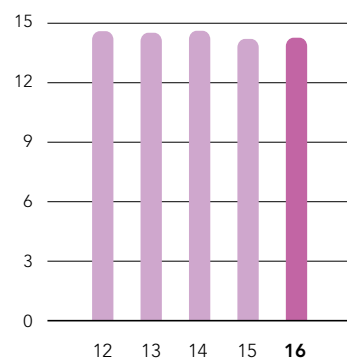
Talent development is a high priority at Towngas, as we require an ever-increasing number of highly skilled people to sustain our expanding business.

To fulfil the management requirements of all our businesses, our comprehensive leadership learning curriculum offered a series of workshops on driving change, spurring team innovation and providing top quality customer service in regional hubs, including Qingdao, Jinan, Suzhou and Shenzhen, throughout 2016.

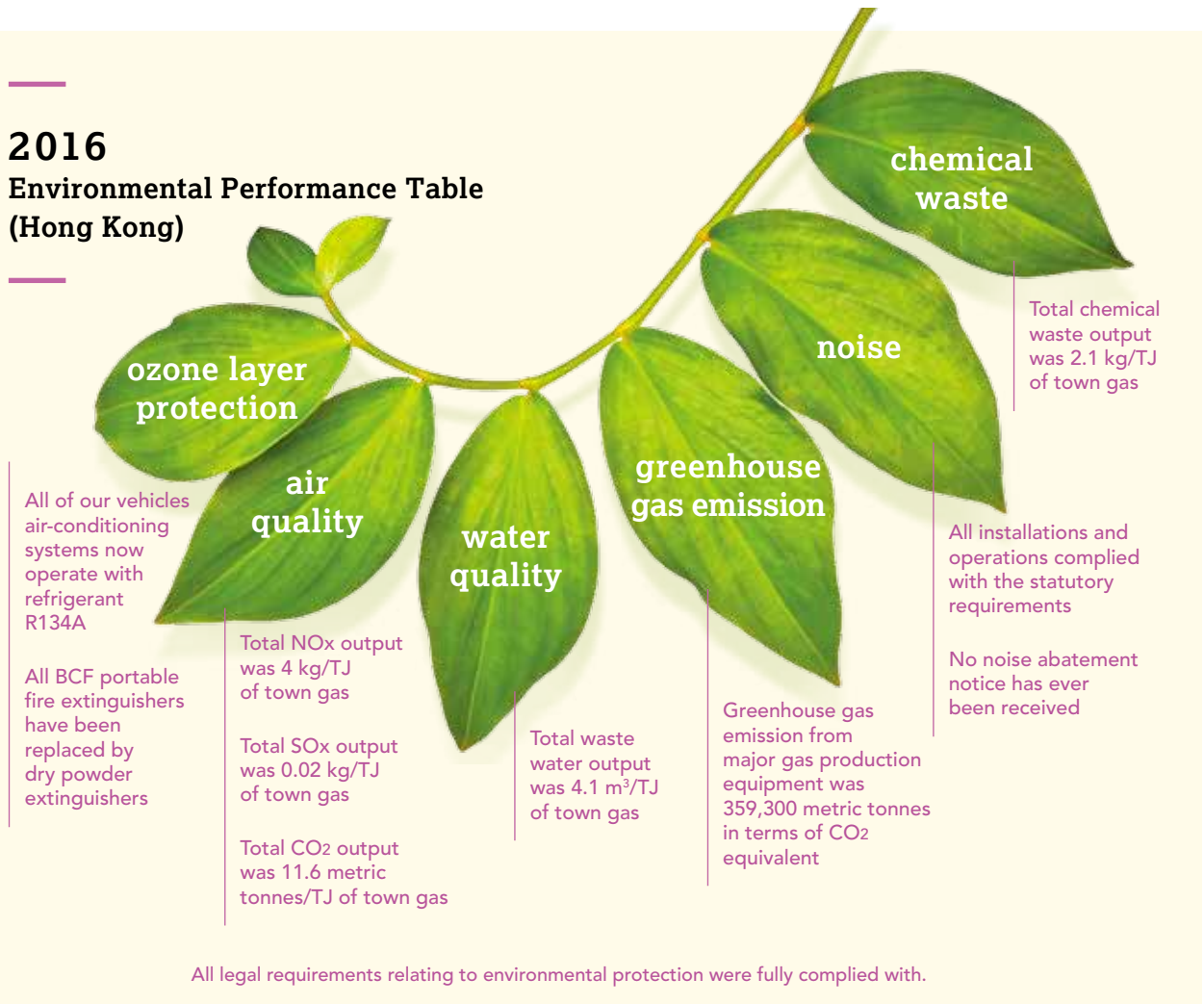
Our flagship Executive Development Programme, a collaborative effort between Towngas and Tsinghua University, was organised in its ninth year with 46 senior executives from different business sectors graduate. The Towngas Leadership Competencies Acceleration Programme is designed to prepare middle management for future leadership. In 2016, 18 managers completed the programme, ready to assume greater responsibility in driving business forward while furthering their own careers within the Company. We plan to continue training high potential talent at all levels through similar schemes next year.

Towngas treasures graduates as the foundation for a powerful leadership pipeline. In 2016, we hired 26 graduate trainees from universities in Hong Kong, mainland China and overseas. The programme included work placement in different locations and cross-learning events, as an

### Town Gas Sales per Employee Company (million MJ)



## 2016 Environmental Performance Table (Hong Kong)



opportunity for trainees to collaborate and gain a wider view of the Group's operations. Since 2014, 41 staff members from Hong Kong have started or completed the short-term mobility assignment in China. Additionally, 380 mainland employees participated in exchange trips to Hong Kong for training in safety standards and technical skills this year.

The Towngas Engineering Academy (TEA) offers technical training for our employees. Towngas is the first and only gas company in mainland China,

accredited by the Hong Kong Institution of Engineers and the Institution of Gas Engineers and Managers (IGEM), to provide dedicated training schemes for gas engineers. Our Masters programme, offered in partnership with the Hong Kong Management Association and the University of Technology Sydney, saw 23 engineers graduate in Hong Kong and Shenzhen, some of whom are already applying for the globally recognised IGEM qualification.

Keeping pace with advancing engineering standards, we opened a new Commercial and Industrial

System Simulation Area, equipped with cutting-edge technology for interactive learning.

Guided by our Growth = Innovation × Implementation (G=ixi) campaign, numerous initiatives fostering out-of-the-box thinking were developed. The TEA's Continuing Transformation Office published an internal newsletter, Innovation Headlines, in 2015, as an avenue for our joint ventures to exchange ideas. In 2016, we launched the public WeChat group, TG's World of Innovation, to share instant news and insights with our colleagues.





As one example of our efforts to provide an ideal workplace for our employees, we installed height-adjustable desks to cater to the needs of staff with disabilities.

Additionally, the Towngas Hall of Innovation at our Hong Kong headquarters continues to showcase employee innovations that have significantly improved workflow, safety and productivity. We are constantly seeking creative solutions because innovation is the cornerstone of our corporate DNA. We setup the G=ixi Laboratory to provide a technical platform for the rapid prototyping of creative ideas from our staff.

Our Total Quality Management programme continues to motivate employees in their pursuit of excellence, with emphasis on the "Three Courtesies": etiquette, politeness and care. We promoted the Three Courtesies culture in Hong Kong and mainland China, and have already seen marked improvement in work attitudes, service behaviour and colleague relationships.

As a gas supply and infrastructure company, a large portion of our business relies on the quality of technical work. In 2016, the Group launched the MasterCraft programme to cultivate craftsmanship among our frontline technicians. The final competitions of MasterCraft Award were held in Hong Kong headquarters to recognise technicians who use innovative methods and tools with attention to aesthetic details to produce high quality installation work.

In 2017, we will provide more training programmes building the resilience and creativity of our employees, with topics centred on market awareness, innovative industry solutions, change management, stress management and social media understanding.

### Supplier Relationship

Towngas is committed to reliable long-term business relationships

with suppliers through fair and ethical purchasing practices. We work closely with our business partners to meet the needs of our customers, while maximising the advantages of our strong collective position across the Group. Our web-based e-commerce system facilitates tendering processes and purchasing transactions between our joint ventures and suppliers for effective supply chain management. In 2016, we promoted use of the 6S application among our suppliers' management teams to improve product quality, efficiency and productivity, and reduce the risk of industrial accidents.

### Putting Safety First

Towngas works with employees to continuously develop new methods of enhancing personal and workplace safety and health. In 2016, we drove the improvement of safe working at height and heat stroke prevention. The Group's Stay Healthy programme increased awareness of health in the workplace, and the 2016 Health, Safety and

Environment month brought employees and contractors together for a similar purpose with a strong focus on occupational health and safety, and environmental protection. Our efforts to advance our safety culture and performance was recognised as we have successfully renewed the International Safe Workplace Programme certification.

To prepare our staff for handling crises, we organised the Towngas Telecom Corporate Emergency Table Top exercise to improve our management team’s skill to handle emergency situations. We also worked with the Hong Kong Fire Services Department to organise safety exercises at our premises, including gas production plants, liquefied petroleum gas refilling stations and Towngas headquarters, etc. Our operations team were equipped with firefighting and fire prevention techniques after receiving a five-day practical firefighting training course through the Fire and Ambulance Services Academy conducted by Fire Services Department.

### Driving Growth and Building Long-term Value

As a socially responsible industry leader, we implement sound corporate values throughout our business practices to achieve sustainable growth. During the

year, we complied with laws and regulations that had significant impact on the Company.

Our success is rooted in the communities we serve, and we view our influence on society not only as a privilege but also a great responsibility. With extensive reach throughout Hong Kong and mainland China, we are poised to impact society with cultural values of quality, courtesy and environmental awareness in a significant way.

Fuelled by our management theme “Expanding New Horizons”, we are moving in new and exciting directions on all fronts. We strive to ensure continuous growth by advocating the G=ixi formula to foster an innovative work culture and bring pioneering ideas to fruition. By investing in further opportunities over the coming years, we aim to reaffirm our reputation as a caring leader in public utilities and clean energy.

### Organisation Values

#### Business Drivers

