

# 2022 ESG Highlights

## ESG Ratings

**MSCI ESG Rating 2022** **A**

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CCC B BB BBB **A** AA AAA

**Dow Jones Sustainability Asia Pacific Index 2022**

Member of **Dow Jones Sustainability Indices**

Powered by the S&P Global CSA

**Sustainalytics ESG Risk Ratings 2022**

SUSTAINALYTICS a Morningstar company

**RATED**

**Medium Risk**

**CDP**  
DISCLOSURE INSIGHT ACTION

**CDP 2022**

**Climate Change score**

**B**

**Hang Seng Corporate Sustainability Index 2022-2023**

Hang Seng Corporate Sustainability Index Series Member 2022-2023

**AA**

## ESG Partnerships

BUSINESS ENVIRONMENT COUNCIL 商界環保協會

**COUNCIL**

MEMBER since 2003

10 years+

「碳中和」夥伴 "Carbon Neutrality" Partner

香港交易所 Carbon Neutral@HK

**TNFD**

Forum Member

**METHANE GUIDING PRINCIPLES**

**TCFD**

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

## Business Opportunity from Energy Transition



### Zero-carbon Smart Industrial Park

- Over **183** renewable energy projects in 24 provincial regions
- Launched first Towngas Smart Energy ecological platform, Tera Planet, with Tencent Cloud



### Hydrogen in Hong Kong

- Commissioned first hydrogen extraction pilot project to produce high purity hydrogen (99.97%)
- Assessing feasibility of supplying hydrogen fuel to buses/heavy cargo trucks
- Exploring potential of building hydrogen refuelling stations



### Organic Waste Resource Utilisation

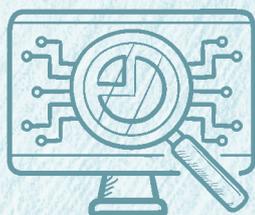
- Organic waste utilisation project in Suzhou Industrial Park converts organic waste into bio-natural gas
- Cumulatively processed approximately 500,000 tonnes of organic waste, produced 22 million cubic metres of bio-natural gas by end of 2022



### Green and Sustainable Finance

- Towngas Smart Energy is the **first** energy company in Hong Kong to issue a **Sustainability-linked Bond** (US\$200 million)
- **Over HK\$4.5 billion** total in green and sustainable finance for the Group

Chinese mainland's **first Zero-carbon Technology Investment Fund, worth RMB 10 billion**, was launched by Towngas and IDG Capital

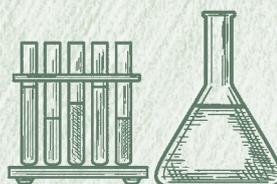


### Second TERA-Award

Smart Energy Innovation Competition received **275** submissions from **41** countries and regions

### Towngas Energy Academy

First Hong Kong-funded clean energy application research institute with the aim of commercialising scientific research results in the field of smart green energy



## ESG Management

### New ESG Strategy – ENERGY

Based on six pillars:



### ESG Symposium 2022

Invited experts to share insights into ESG standards, decarbonisation strategies and roadmap to combat climate change, creation of shared value and corporate governance. Over 5,000 participants attended online and offline.

## Environment

### Carbon Neutrality Commitment

Two intermediate targets by 2025:

- Reduce group operational GHG emissions by **10%** (2020 baseline)
- Reduce **10 million tonnes** of GHG emissions in the environment per year through coal-to-gas, solar photovoltaic power generation, and energy efficiency improvement projects, among others



### Methane Emissions Reduction

Completed pipeline leakage study and concluded the leakage rate from our pipeline is between the range of **0.045-0.13%**

### First Carbon Neutral Voyage

First carbon neutral voyage of naphtha from Australia to Hong Kong, with 1,300 tCO<sub>2</sub>e offset by a REDD+ project

### Climate- and Nature-related Directive Guide

- **First** Hong Kong company that responded to the Task Force for Nature-related Financial Disclosures (TNFD) framework evaluating **biodiversity risk**
- Disclosed climate-related financial information in alignment with Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

### Town Gas Production

- Carbon intensity of **0.576 kg** CO<sub>2</sub>e/unit of town gas, reduced by **25%** compared with 2005
- Around **1% landfill gas** in town gas fuel mix



## Social

### Caring for the Community

- **HK\$25 million** Towngas Concession Scheme benefitted over **43,000** households
- **HK\$10 million** Dining Coupon Scheme benefitted approximately **50,000 households** during the epidemic
- Volunteer service hours:  
**9,239** (Hong Kong)  
**584,329** (Mainland Utilities)



### Diversity and Inclusion

Hong Kong:

- Gender pay ratio (basic salary): **1:1**
- **25%** of managerial employees were female
- **14** people with disabilities hired
- **17** non-local employees hired



### Health and Safety

- **834,799** regular safety inspections for customers (Hong Kong)
- Developed the **Smart Controller** that connects existing cooking appliances with mobile phones for better customer safety
- Group lost-time injury frequency rate:  
employees: **0.53** contractors: **0.14**  
accident per 1,000,000 work-hours
- Network leaks reported by the public per 10km of gas pipes decreased **7%** in last 10 years



### Resilient Supply Chain

- Adopted the **S-Carbon Platform** to manage GHG emissions from our supply chain in Hong Kong operations
  - First Asian public utility to work with SGS and Microsoft Hong Kong on the platform
- Over **90%** of suppliers<sup>1</sup> were assessed on CSR performance. No significant negative impact found



<sup>1</sup> Based on the total purchase value of products and materials.

## Governance

### ESG-linked Compensation

Variable compensations of the Managing Director and senior executives are linked to material ESG issues, including climate change, health and safety, workplace diversity, etc.

### Business Integrity

Provided anti-corruption training to the Board

