

Our Journey to a Sustainable Future

We contributed to the Chinese mainland's "30-60 dual carbon targets" of peak carbon emissions by 2030 and carbon neutrality by 2060 through a series of Environmental, Social and Governance (ESG) initiatives in 2021. By embarking on this journey, we are not only benefiting society and our own business growth but also creating enhanced long-term value for our stakeholders.

Carbon Neutrality Commitment

Towngas is committed to becoming carbon neutral by 2050 through energy transition and innovation, including the development of renewable energy, waste-to-energy, green hydrogen, efficiency improvements, carbon management, and collaborative projects with universities and research institutes.

Enhanced ESG Policies

We updated our Group ESG Policy along with 23 relevant policies that govern our approach to ESG in areas such as climate change, social investment, stakeholder engagement and corporate governance.



Renewables

- **Landfill gas** in our fuel mix in Hong Kong since 1999 (135,146 GJ in 2021)
- Over **110** renewable energy projects planned and **32** zero-carbon smart industrial parks negotiated for development
- Production of **biofuels** from waste-based bio-grease in Jiangsu province
- Conversion of organic waste for **bio-natural gas** projects in Jiangsu and Anhui provinces

New Carbon Reduction Targets

We have set two new targets for cutting greenhouse gas (GHG) emissions: a reduction of our group operational GHG emissions by 10 per cent by 2025 (as compared with the 2020 baseline), and a reduction of 10 million tonnes of GHG emissions for the environment per year by 2025.

New Name, New Direction

In 2021, Towngas China was renamed Towngas Smart Energy Company Limited. This name change repositions us as a leading integrated clean energy supplier, with technology and innovation as our focus. Through our clean and reliable energy supply, we are supporting the objective of carbon neutrality.



Hydrogen as Energy

The town gas we supply in Hong Kong is 49 per cent rich in hydrogen. We have been exploring the feasibility of separating hydrogen from town gas for clean energy applications such as hydrogen fuel cells for buses.

Green Finance

We continued our green finance initiatives and concluded ESG loans at a total value of HK\$2 billion, linked with selected ESG key performance indicators.

2021 Credit Ratings

Moody's: **A1**

S&P Global: **A-**



Care for the Community

We help the less fortunate in society by providing resources and opportunities.

- We devoted a total of over **592,700** volunteer hours in Hong Kong and the Chinese mainland
- **18,960** fresh food packs were delivered to 830 families in need in the Love On Delivery programme
- Our **Chef Anchor 2.0** programme continued to provide procedural memory cooking classes for patients with Mild Cognitive Impairment as well as their carers
- Over **44,000** underprivileged households benefited from Towngas Concession schemes

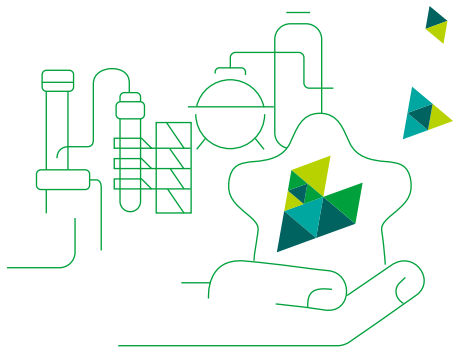


Protecting the Environment

- Greenhouse gas emissions from major gas production equipment in Hong Kong: **339,068 metric tonnes** in terms of CO₂ equivalent
- Carbon intensity of our gas production in Hong Kong: **0.588 kg** CO₂e/unit of town gas; **reduced by 23%** compared with 2005

Drive for Smart Energy Solutions

The first-ever TERA-Award was organised to explore innovative solutions in smart energy for a sustainable future. Over 200 entries from 23 countries and regions were received.



Ensuring Health and Safety

HONG KONG

- Safety training: **10,104** hours
- Uninterrupted gas supply: **99.996%**
- Record low number of gas incidents in 2021 and **↓10%** in last five years

MAINLAND

- Safety training: **1,230,136** hours
- Company-liable accident: **0**
- Number of gas pipe network leakages per 100 km **↓28.8%** compared with the previous year
- Major incident in chemical plants: **0**



Sustainable Workforce

We offer career and development opportunities that enable our people to grow and flourish.

- Training per employee:
21.6 hours (Hong Kong)
51.5 hours (Mainland Utilities)
- Diversity and inclusion:
14 people with disabilities hired
1/4 of senior executives are women

