



煤氣  
Towngas



環保生活每一天  
Go Green Every Day

# ESG

Environmental

Social

Governance

Bulletin



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# ISSUE 03

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## Feature

### Interview with Mr John Ho, Executive Director – CFO and Company Secretary

For this issue of the ESG Bulletin, we have the honour of interviewing Mr John Ho Hon-ming, Executive Director – Chief Financial Officer and Company Secretary, who shared the ways that ESG drives corporate growth and green finance developments.

Mr Ho has over 42 years of rich experience in accounting, financial management and investment. He is currently Vice Chairman of the General Committee of the Chamber of Hong Kong Listed Companies and the Vice Chairman of the Taxation Committee of the Hong Kong General Chamber of Commerce. He is a Fellow of the Institute of Chartered Accountants in England and Wales, a Fellow of the Hong Kong Institute of Certified Public Accountants and a Fellow of the Hong Kong Institute of Directors. In October 2020, Mr Ho was appointed Executive Director of Towngas, and has assumed directorship at numerous subsidiaries of the Group, equipping him with unique Environmental, Social and Governance (ESG) insights.

#### Corporate importance of ESG

In recent years, investors have generally been of the opinion that financial results alone are not enough to present a thorough understanding of a company. Research has increasingly demonstrated a positive relationship between a company's ESG performance and its long-term development.







Some institutional and international investors have even prohibited investment in companies demonstrating poor ESG performance.

During the past two years, the number of publicly offered ESG funds in Hong Kong has risen to around 60, with a key investment focus on climate change, environmental protection, ESG and sustainable development. At the same time, The Stock Exchange of Hong Kong Limited (SEHK) has gradually tightened restrictions on the ESG information disclosed by listed companies. In addition to a statement from the board disclosing its oversight on ESG issues and how it reviews progress made against ESG-related goals and targets, SEHK has also requested listed companies to disclose significant climate-related issues impacting them.

Therefore, a clear ESG path and open disclosure can not only respond to market demand but also support the entire Group's creation of greater business value. This past June, Towngas has emerged among 200 enterprises in the Greater Bay Area to take top place on the inaugural Greater China Business Sustainability Index organised by the Centre for Business Sustainability under the Business School of The Chinese University of Hong Kong. The recognition underscores the emphasis placed by the Group on business sustainability and proactive response to stakeholder expectations and demands.

### Maintaining a high standard of governance

Comprehensive ESG management supports the stable growth of the Group amidst an ever-changing and challenging operating environment. Thus, Towngas regularly reviews its management system to assess: 1. Effective, long-term risk management; 2. Whether the current governance contributes towards sound decision making with factual evidence; 3. Whether the responsible system helps elucidate the authority and duties of senior management; 4. Whether all situations that are potentially harmful to the market or customers have been reasonably identified and remedied; 5. How the Company can continue to enhance and effectively document its governance and risk management. Issues to be carefully considered include staff conduct, market risk, data protection, crisis management, manufacturer and contractor management as well as the risks and opportunities presented by technological development.

### Corporate growth driven by ESG development opportunities

The increasing attention placed on ESG disclosure has constructed a good platform for us to deepen our relationship with investors. In the past year, in addition

to responding to investor enquiries on the Group's ESG development, we also took the initiative to host investor presentations of different scale to explain the new ESG initiatives taken by Towngas to support the development agenda of the region and the country.

In fact, Towngas was the first energy public utility to launch green bonds back in 2017. As the bond was well received by investors and oversubscribed, we increased the issued total by 50 per cent. The resulting funds were applied towards four of the Company's key waste-to-treasure projects: South East New Territories landfill gas utilisation, Suzhou kitchen waste processing, Zhangjiagang hydro-treated vegetable oil (HVO) and agricultural waste transformation into green chemicals and paper pulp in Tangshan, Hebei.

In addition, to enhance transparency, the Company enlists third-party organisations every year to validate the capital allocation, progress and greenhouse gas emissions reduction for the above four projects. Towngas was also among the recipients of the first batch of Post-Issuance Stage Certificates under the Green Finance Certification Scheme. Such measures help bolster the confidence of investors and the public alike, thereby contributing towards the creation of shared value.

### Direction for the Group's green finance development

With the increasingly formidable challenges presented by the environment and climate change, more and more people have become aware of and concerned with corporations' carbon emissions and efforts in preparation for climate change response. The Company is in discussion with different international banks on the topic of issuing new green loans and bonds for Towngas and Towngas China, which includes setting ESG goals accepted by both parties, such as reducing the Group's greenhouse gas emissions, lowering carbon intensity per unit of town gas and increasing investment on renewable energy projects. A HK\$1.8 billion loan pegged to ESG performance is expected to be signed within the year. The interest rate on the loan for the upcoming few years will be lowered according to the Group's Key Performance Indices (KPI) performance.

With the launch of China's carbon trading market in mid-July and the Group's continuously increasing renewable energy projects, there will be numerous opportunities to be seized in terms of carbon finance and green investments and joining the rest of the world in driving green economic development.

