

**Towngas becomes first Asian public utility to adopt S-Carbon
to promote supplier reporting of GHG emissions data
and improve supply chain management digitisation**

(26 September 2022) The Hong Kong and China Gas Company Limited (Towngas) today signed an agreement on deepening cooperation with SGS and Microsoft Hong Kong, further expanding the application of the S-Carbon platform in supply chain management, with the aim of driving more suppliers to understand and report on greenhouse gas (GHG) emissions, and further improving the integrated reporting process of digital GHG emissions data in the supply chain. This will not only help Towngas to facilitate the data collection on GHG (scope 3) and improve its overall ESG performance, but also encourage suppliers to address to ESG issues such as climate change and carbon emissions reduction, steering the industry chain towards sustainable development.

Towngas is the first public utility in Asia to implement the S-Carbon for supply chain management purposes, having started a trial run of the system in early this year. The S-Carbon was developed by the SGS team and its technical experts will assist in determining the content and scope of the report to facilitate data collection, quantification and reporting of Towngas' scope 3 GHG emissions. The system is operated on Microsoft Azure backed by enterprise-graded security. Data storage and analytics embedded in the Cloud enables Towngas to establish a rapid data base, access a variety of data sets as needed for management purposes and compile reports on GHG emissions.

Towngas targets suppliers in Greater China and Japan in the first phase of the S-Carbon platform trial, including suppliers of underground pipes, pipe fittings, gas appliances etc. for the Company's Hong Kong operations, accounting for around 20% of the purchase value in the "Raw Materials and Products" category. With the signing of the agreement on deepening cooperation, the purchasing value covered will be further increased to approximately 90% of the category. Mr Felix Lee, Head of Corporate Supplies and Administration of Towngas, remarked, "Towngas is committed to optimising its supply chain management. In 2019, Towngas launched an e-Tendering system to replace cumbersome processes such as registration, price enquiry and tendering on an electronic platform, improving business efficiency and reducing paper consumption. Nowadays, we use the S-Carbon to collect data centrally and then

analyse it on the platform interface to achieve more accurate, stable and systematic supply chain management, enhance efficiency in tracking progress and help us to evaluate supplier performance more comprehensively.”

The capital markets are increasingly concerned about the ESG aspects of listed companies. Supply chain management performance and related disclosure requirements are also receiving increasing attention. Through the S-Carbon digital management platform, Towngas is able to collect carbon dioxide equivalent data on GHG emissions from suppliers. Mr Felix Lee added, “The trend of the industry is to include the carbon emissions of different stakeholders in the corporate value chain, from upstream suppliers to downstream customers, in the assessment of corporate ESG performance. We hope that through the use of this platform, we can play a leading role in encouraging suppliers to join us in our efforts to reduce GHG emissions.”

Mr Billy Lai, the Deputy Director of Knowledge Solutions of SGS Hong Kong said, “SGS has been providing comprehensive sustainability solutions to various organisations, and found that there was no suitable digital platform in the market for organisations to effectively manage their supply chain GHG data. To facilitate the digital management of data and its easy incorporation into ESG reporting, SGS has developed the S-Carbon GHG emissions management digital platform to help organisations collect and quantify GHG data from upstream supply chains across geographies, such as ‘scope 3’ carbon emissions data, as well as their own ‘scope 1’ and ‘scope 2’ emissions data. We are delighted that Towngas is the first public utility to use S-Carbon, which not only improves the entire supply chain management of Towngas, but also fulfils their commitment to sustainable development and contributes to the future.”

Ms Cally Chan, the General Manager of Microsoft Hong Kong and Macau said, “For decades, Microsoft has been committed to driving and empowering companies to reinforce sustainability efforts. We are glad to partner with Towngas and SGS to co-support sustainability development by leveraging Microsoft’s scalable, secure and reliable cloud solution, Microsoft Azure, to bolster S-Carbon solution and enhance Towngas’ capability in managing greenhouse gas emissions. We hope to see more local enterprises develop solutions that enhance sustainable development for Hong Kong.”

Towngas was the first public utility in Hong Kong to complete the ISO 20400 Sustainable Procurement Assessment. By 2021, over 80% and 70% of Towngas' suppliers (based on the total purchase value of products and materials) have been ISO 14001 and ISO 45001 certified respectively, demonstrating the Company's continued drive for responsible supply chain management.

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Press photos:

Photo 1:



Mr Felix Lee (middle from left, front row), Head of Corporate Supplies and Administration of Towngas, signs the agreement on deepening cooperation with Mr Steven Du (1st from left, front row), Chief Operating Officer of SGS North East Asia, and Ms Cally Chan (1st from right, front row), General Manager of Microsoft Hong Kong and Macau, further expanding the application of the S-Carbon platform in supply chain management. The signing is also witnessed by Mr Isaac Yeung (3rd from left, back row), Head of Corporate ESG / Head of Corporate Affairs of Towngas; Ms Susanna Shen (3rd from right, back row), Head of Corporate Information Technology of Towngas; Mr Billy Lai (2nd from left, back row), Deputy Director of Knowledge Solutions of SGS Hong Kong; Mr Jack Yuen (1st from left, back row), Deputy Director of Sustainability Development of SGS Hong Kong; Ms Maria Hui (1st from right, back row), Chief Operating Officer of Microsoft Hong Kong; and Mr Kelvin Tse (2nd from right, back row), Director of Global Partner Solutions of Microsoft Hong Kong.

Photo 2:



Mr Felix Lee (middle), Head of Corporate Supplies and Administration of Towngas, Mr Steven Du (left), Chief Operating Officer of SGS North East Asia, and Ms Cally Chan (right), General Manager of Microsoft Hong Kong and Macau take a group photo after signing the agreement on deepening cooperation.

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