

As a responsible corporate citizen, SOCAM is committed to environmental management and workplace safety and continually integrates safety and environmental concerns into its corporate policies and everyday operations. As these issues are often closely related, we have developed an Integrated Health, Safety and Environment (HSE) Management System, maintained under our Total Quality Management System.

WORKPLACE SAFETY

Safety is held to be of the utmost importance at SOCAM. A “zero accident” rate is our ultimate goal and we continuously improve workplace safety by regularly reviewing our work procedures and methods, as well as by conducting frequent training and promotions to raise awareness among employees and workers of occupational health and safety issues. As a key player in Hong Kong’s construction industry, SOCAM has always been a pioneer in adopting safety initiatives. Our past achievements include:

- Setting up our Safety Committee as early as 1979, well ahead of other Hong Kong building contractors (the committee was later expanded to cover environmental management)
- Commencing safety audits on all our construction sites in 1995 so as to provide benchmarks for continuous improvement in safety management (we did this long before any such contractual requirement or government legislation was introduced)

- Becoming Hong Kong’s first construction company to obtain the Occupational Health and Safety Assessment Series (OHSAS) 18001 certification in 2001

Moreover, we have a well-defined system to assess and select subcontractors in terms of safety and environmental performance, and any subcontractor tendering for business must be fully aware of our requirements in these areas at the tender stage. The monthly safety performance of each subcontractor is also an important consideration in awarding tenders to the same supplier in the future.

Through the concerted efforts of our staff and subcontractors, our safety performance has improved consistently. The 2004 accident rate at SOCAM’s construction sites was less than a quarter of the industry average in Hong Kong.

To further strengthen safety and environmental management, we started implementing 5S Housekeeping (Sort, Set in order, Shine, Standardize, Self motivate) at



The Group invests in creating a green environment in our cement plants since we believe that good working environments help boost morale, productivity and product quality

our construction sites in 2001. Since then, we have won awards at the Good Housekeeping Campaign organized by the Occupational Safety and Health Council (OSHC) for four consecutive years.

Over the years, we have received numerous other site safety awards including the "Best Building Works Contractor" in the Site Safety Campaign organised by the Hong Kong Housing Authority, then our major client, for seven consecutive years. In the first Safety Award Scheme on Good Housekeeping for the Construction Industry, SOCAM was awarded Gold Awards in both the private-sector and public-sector building site categories in addition to a number of other awards.

Our analysis indicated that as the number of accidents caused by unsafe conditions had dropped significantly, most accidents in recent years were caused by unsafe acts of workers. We therefore set up a taskforce in April 2004 to observe and quantify unsafe acts at construction sites and interviewed workers exhibiting unsafe work behaviours. The taskforce study findings enabled us to introduce behaviour-based safety guidelines, which were communicated to workers through training and promotional activities, as well as other management measures. Workers' behaviours are now regularly assessed to ensure continued improvement in safety performance

and to reinforce a safety culture among workers and staff alike.

Our safety management system embraces all requirements of OHSAS 18001 and the 14 elements in local safety management regulations. In light of the findings from the recent taskforce study, we have added workers' behaviour as well as housekeeping to the system.

In 2004, our building division won:

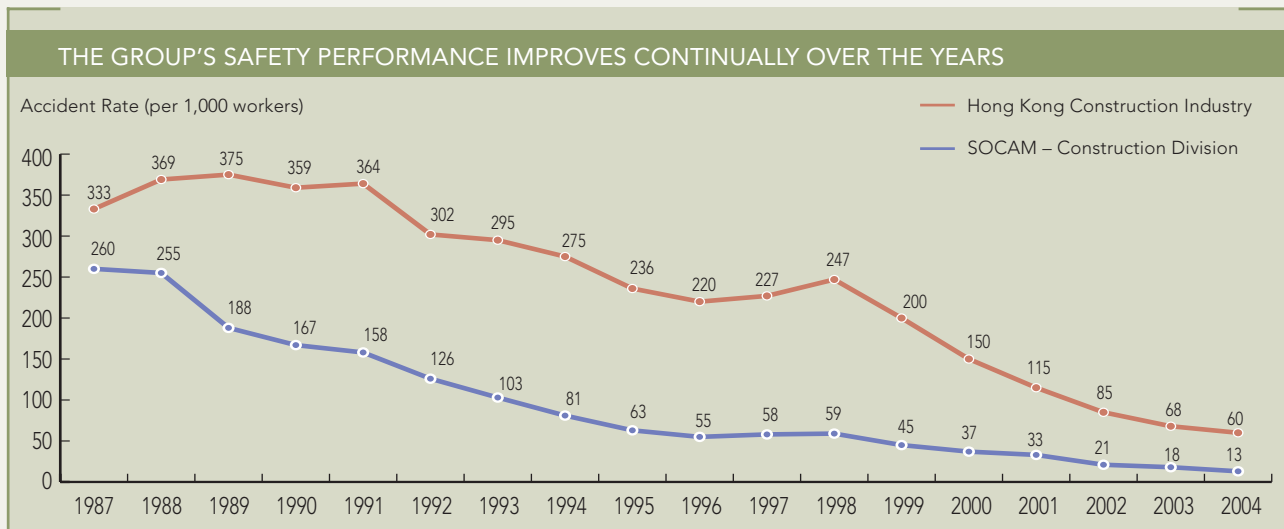
- Gold and silver awards in all construction categories at the Construction Safety Forum and Award Presentation organised by the OSHC
- Silver and bronze awards in the Good Housekeeping Campaign organised by the OSHC
- Nine awards in the Construction Industry Safety Award Scheme organised by the Labour Department
- Nine awards in the Considerate Contractors Site Award Scheme organised by the Environment, Transport and Works Bureau
- Five awards in the Hong Kong Occupational Safety and Health Award Scheme organised by the OSHC
- Two "Most Proactive Safety Contractor Awards" from the Hong Kong Construction Association
- Best Worksite Award from CLP Power Hong Kong Limited

There is an equal emphasis on safety in our Mainland operations. In Guizhou, the number of accidents at our cement plants decreased by 30.65% in 2004 compared to the previous year, and our ultimate aim is to achieve a zero accident rate. With the aim of further improving its safety performance, each plant strives to attain continuous improvement in its health and safety management



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documentation system, set clearly defined safety responsibilities at all levels and improve working environments.

In addition, the management of each plant aims to review safety measures and processes at least once every quarter, and plans to conduct training and promotions (such as "safety month") to increase awareness of workplace safety among employees as well as to launch internal awards to recognise and reward individuals and departments that demonstrate outstanding safety performance.

Some of the Group's plants have obtained ISO 18000 health and safety certification while others are in the process of applying for the certification.

ENVIRONMENTAL MANAGEMENT

SOCAM makes every effort to adopt environmentally sound practices in all its operations. As a major building contractor in Hong Kong, SOCAM continuously develops and introduces innovative techniques and measures in water treatment and recycling, air pollution control, environmental monitoring and other environmental areas.

Our construction companies, Shui On Construction (SOC) and Shui On Building Contractors (SOBC), obtained ISO 14001 certification for environmental management from the Hong Kong Quality Assurance Agency in 1999. They were also the first two companies in Hong Kong to be awarded ISO 14001 certification by the Chinese National Accreditation Committee for Environmental Management System Certification Bodies. Since Hong Kong's Architectural Services Department launched the "Green Contractor Award" in 2001 to promote environmental protection and conservation among contractors working on its projects, SOCAM has won the gold award two times and received the silver award in 2004.



More than 200,000 tonnes of fly ash were used as a blending material at the Group's plants in Chongqing in 2004



Safety and Environmental Management

Our cement operations on the Chinese Mainland are adept at recycling industrial waste in their production as well as installing advanced equipment and applying operational measures to minimise pollution and conserve energy. Large quantities of otherwise valueless industrial by-products such as fly ash, phosphorus slag and coal gangue are used as blending materials. This not only helps to solve local environmental issues, but also lowers our material costs and brings tax rebates for our plants. Other environmental achievements at our cement operations in 2004 include:

- Achieving a decrease in electricity and coal consumption at the Kaili plant of 8% and 11% respectively year-on-year
- Using more than 45,000 tonnes of industrial by-products as blending materials at the Dingxiao plant

- Using more than 200,000 tonnes of fly ash as a blending material at the plants in Chongqing
- Pushing our water recycling rate at the Changda plant to 85%

Several of our cement plants on the Mainland have obtained ISO 14000 certification for environmental management while others are in the process of applying for this. In addition to continuously improving our environmental management systems, we also invest in creating a green environment in our cement plants through a range of initiatives designed to enhance the general working environment that include building gardens and minimising dust emissions.

THE THREE-TIER HEALTH, SAFETY & ENVIRONMENT (HSE) MANAGEMENT STRUCTURE OF SOC AND SOBC



THE HSE STEERING COMMITTEE AND HSE MANAGEMENT COMMITTEE ARE CHAIRED BY THE EXECUTIVE DIRECTOR AND THE GENERAL MANAGER RESPECTIVELY WHILE SITE HSE COMMITTEES ARE HEADED BY PROJECT MANAGERS, ENSURING EFFECTIVE COMMUNICATION AT ALL LEVELS.

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