

Sustainability Review

Corporate social responsibility (CSR) is practised by employees at every level of HK Electric.



Power Assets aspires to achievement and growth over the long term. Its core values have ensured that HK Electric has remained a respected member of Hong Kong's home and business environment for over a century. These same values also underpin the Group's short- and long-term decisions as it expands around the world.

The sustainability review details HK Electric's performance in 2013 for transparency, engagement with the community, environmental management and ethical standards.

Corporate social responsibility (CSR) is practised by employees at every level of HK Electric. Chaired by the Managing Director and comprising members from senior management, the CSR Committee drives the company's agenda in this regard.

The CSR Committee meets regularly to approve CSR and sustainability initiatives, review performance, and identify areas and ways for improvement. New initiatives in 2013 include strengthening of stakeholder engagement and communications, as well as a review of various corporate policies to incorporate latest CSR considerations.

A multifaceted stakeholder engagement programme

HK Electric values the role and contribution of all its stakeholder groups – employees, customers, shareholders, business partners, non-governmental organisations, local communities, government and other opinion leaders. Transparency in communication and ongoing engagement ensures that stakeholders remain abreast of developments in the company and are able to give their feedback on company initiatives.

Over the years, HK Electric has established regular streams of communication with different groups of stakeholders, driven by their specific needs and preferences. In 2013, these included stakeholder meetings, surveys, consultation committees, workshops and seminars, publications and other community activities. Care was taken to ensure that communication flowed both ways and stakeholder suggestions and questions were addressed promptly.

In its fourth year, a revised shareholders' visit programme was launched to bring new perspectives to the participants. The tours to company facilities at Electric Centre in North Point welcomed 976 shareholders and guests in 2013. Funds were collected through a registration fee for guests, which HK Electric matched and donated to the Hong Kong Society for the Aged. Members of the Southern, Wanchai and Kwun Tong District Councils also visited various company facilities.

Joint consultation panels are an important communication channel between employees and management at HK Electric. Over 70 representatives meet regularly to help reflect employees' views and convey company policies to employees. A one-day workshop was held in 2013 to equip panel members with the skills needed to be effective in this role – including effective listening, empathy and building trust.

HK Electric formed five district liaison teams in May 2013 to work closely with local district councils. During the year, team members from various company departments participated in a number of local events in Hong Kong to maintain ties with the community. These included annual spring dinners, anniversary celebration receptions, traditional festival events and inauguration ceremonies held across various districts. Two half-day workshops were held in 2013 to equip team members with a better understanding of community issues and the local political environment.



Working together to support the elderly

In September 2013, HK Electric inaugurated a community programme called "Caring for the Elderly" in partnership with the elderly service working group of the Central and Western District Council and 11 local non-government organisations. Under the programme, District Council members and company volunteers visit senior citizens living mostly in walk-up buildings and present them with essential food to spare them the need to make shopping trips. It is expected that around 200 senior citizens living in the area will benefit from the scheme.



Ensuring employee wellness

HK Electric aspires to be an employer of choice for its talented, committed workforce and understands the responsibilities involved in attracting and retaining talent in a competitive market. Its human resources strategy aligns employee advancement to company goals and aims to ensure that employees are motivated, safe and engaged.

01. The "Green Hong Kong Green" project's eco-heritage trails let walkers hear the typewriter-like sounds of the Romer's Tree Frog.
02. Power Assets shareholders visit the HK Electric Commercial Electric Kitchen Centre.
03. Volunteers from Power Assets bring love and care to elderly citizens through home visits.

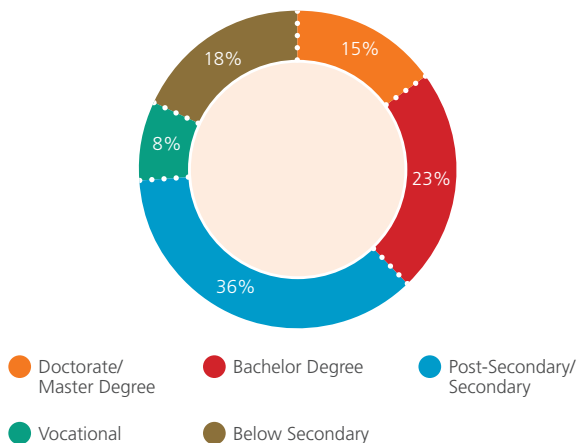
Sustainability Review

As an equal opportunity employer, HK Electric is committed to promoting equality and diversity in the workplace. Its equal opportunity policy emphasises zero tolerance for any kind of discrimination or harassment in the workplace. Recruitment and career progression are based on qualifications, capabilities and expertise.

In 2013, women constituted 16.8% of the total workforce and 16.6% of senior management. With a turnover rate of just 4.3%, HK Electric has a loyal and committed workforce.

Emphasis was placed on both development of promising employees and recruitment of new talent to groom the next generation of leaders. In 2013, HK Electric engaged with the top educational institutions in Hong Kong to ensure that it attracted the best possible candidates. Under the Leadership Development Programme, 12 employees were identified for on-the-job assignments and developmental activities to widen their business perspective and increase versatility.

Academic Qualification Distribution



In 2013, 28 trainee recruits were given technical, management, team building and other soft skills training to prepare them for future responsibilities. A series of talks and workshops were held for managers and supervisors to update them with best practice in management techniques. Two promising young engineers were seconded overseas for short-term training under the Young Engineer Programme. In all, a total of 76,642 hours of training were provided for the company's employees, averaging 39.2 hours per person.

Training included 11 mental health training workshops organised to equip employees with techniques to manage stress and maintain good emotional health. During 2013, 176 employees took part in the workshops.

Care begins at the workplace

HK Electric believes that every employee has the right to work in a safe, risk-free environment, which is managed in a manner that minimises accidents. As a responsible organisation, the company makes every effort to ensure that anyone – employee, customer or contractor – involved in its activities is safe.

Following the Lamma ferry tragedy in October 2012, HK Electric conducted a thorough review of standard practices covering risk management, emergency communications, insurance and age limits for company activities. New policies aimed at enhancing safety and emergency preparedness were put into place in July 2013.

The company's health and safety measures follow a comprehensive accredited safety management system. To monitor the occupational health and safety perceptions of employees, HK Electric conducts a three-yearly survey from which a safety climate index score is developed. In the latest report issued in 2013, the index stood at 65.2, an improvement from 61.9 three years ago.

The occupational health and safety management systems of the generation, transmission and distribution business units adhere to the international standard Occupational Health and Safety Assessment Series 18001:2007, the HKSAR Government's Factories and Industrial Undertakings (Safety Management) Regulation and the International Safe



Drills

60 drills covering various aspects of work at Lamma Power Station, primary substations and office buildings ranging from rescue, chemical spillage, fire and station evacuation were held for employees and contractors over the year.



Workplace Program. These business units comply with the British Standards Institution's PAS 55 Asset Management System, which in turn help ensure safe operations. Some business units also follow the ISO 9001 quality management system.

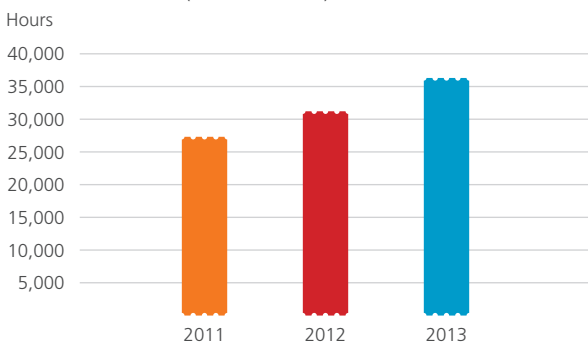
Risk assessments, job safety analysis and pre-job risk assessment are employed to identify hazards associated with field work. To maintain safety in everyday activities, HK Electric runs a work-safe behaviour programme, which involves inculcating safe practices through observing the behaviour of peers on the job. In 2013, 572 work-safe behaviour observations were carried out.

Community

With more than a century of operations powering the city, HK Electric has deep roots in the Hong Kong community, touching the lives of many in need. The company runs an extensive community outreach programme supporting the elderly and disadvantaged.

HK Electric not only encourages but also actively promotes volunteerism among its workforce. Surveys were conducted to identify talent and skills for volunteering; volunteering needs are promoted through workshops, and knowledge and techniques introduced in training. Excellence in volunteer work is recognised and awarded. Around 1,000 employees are now part of the company's volunteer team and over the past year they have supported 195 activities and contributed 5,070 service hours to a variety of causes.

Company Volunteers Team Cumulative Service Hours (from 2004)



Care for the elderly has been a focus of the company's community services in a number of initiatives that were organised throughout the year.

"CAREnival for the Elderly" is HK Electric's flagship volunteer programme implemented in conjunction with four major elderly service agencies in Hong Kong. The scheme introduces less active elderly people living alone to a support network in their neighbourhood and encourages them to seek help when needed. In its fifth year, the programme provided training to more than 180 ambassadors and company volunteers in 2013, who visited 426 senior citizens and helped elderly individuals with financial needs or mobility problems to purchase heavy or bulky daily necessities. Volunteers with technical expertise also conducted over 60 monthly electrical inspections at the homes of elderly residents to ensure safety.

The U3A (University of the 3rd Age) Network of Hong Kong, which promotes lifelong learning and volunteerism among the elderly population continued to provide a wide spectrum of interest-based courses and learning opportunities for the retired population. During the year, 656 classes and knowledge sharing sessions were organised, providing more than 14,500 learning opportunities for U3A students.



Good Neighbour Fund

HK Electric has established a Good Neighbour Fund that provides financial support to encourage employees to reach out to less advantaged members of the community. Four projects addressing the needs of the elderly, ethnic minority children, poor students and orphans were supported by the Good Neighbour Fund during the year.



04. Drills take place on a regular basis at the Lamma Power Station for employees and contractors to be prepared for emergencies.
05. The "Good Neighbour Fund" supports a project taking wedding and family photos for the elderly.

Sustainability Review

In August 2013, HK Electric expanded its outreach to the underprivileged by supporting a new service operated by the Baptist Oi Kwan Social Service providing hot meals at a nominal cost to the needy in Hong Kong Island East. This service not only offered about 8,000 nutritious meals to those in need, but also featured entertainment and informative talks on stress management, and mental and physical health – all aimed at enhancing the well-being of the underprivileged in the district.

HK Electric’s engineers offer industrial lectures and substation visits to engineering students at universities and vocational education institutions. Our engineers also work with lecturers on industrial projects for final year students.

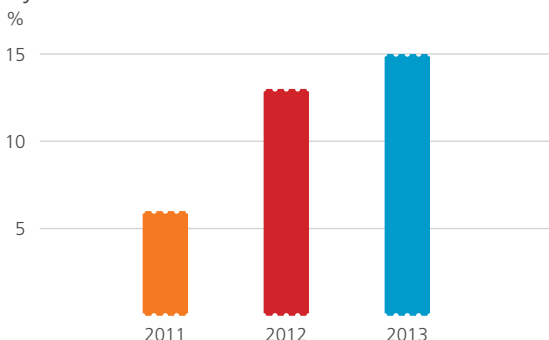
A sustainable approach to every aspect of business

Climate change and air quality improvement are pressing issues for the Hong Kong public. As a major producer of energy, HK Electric is committed to a steady evolution towards cleaner generation activities, creating a low-carbon workplace for its employees, and helping customers through education and technical support to use energy wisely. A number of related initiatives were implemented in 2013.

During the year, over 50 energy audits were conducted for business customers to identify ways in which businesses could save energy. HK Electric also continued a programme of promoting e-billing with cash incentives, converting another 5,000 customers from paper bills to e-bills.

HK Electric carried on support for the use of electric vehicles (EVs) to improve roadside air quality by operating a network of quick and standard EV charging stations. During the year, an eleventh charging station was built. At these stations, drivers of electric vehicles can recharge their batteries for free. HK Electric itself runs 48 EVs, about 18% of its vehicle fleet.

Percentage of HK Electric Mileage Covered by Electric Vehicles



Inculcating good energy habits

Without community support and engagement it is impossible for Hong Kong to reduce its carbon footprint. HK Electric’s Smart Power Campaign, now in its tenth year, continued its focus on educating the public about energy efficiency. The use of new media to promote green messages was introduced in 2013 through short film-making courses for students, followed by a short film competition.

The Happy Green School label programme, launched in 2012 to recognise schools’ environmental initiatives has been expanded to include about 200 schools. The programme provided school talks, visits to the company’s Smart Power Centre and eco-heritage tours to enhance green awareness among youngsters.



Through the HK Electric Clean Energy Fund, the company has supported 30 renewable energy projects in 2012-13 that were implemented by educational institutions ranging from kindergartens to tertiary institutes.

Over 28,000 members of the public visited a HK Electric bazaar promoting the concept of an eco-quality home using eco-friendly electric appliances. Another 9,400 people toured the exhibitions on the smart use of energy and low carbon lifestyles.

Green Hong Kong Green

The Green Hong Kong Green project is jointly organised by HK Electric and The Conservancy Association to enhance the ecological value of Hong Kong and Lamma Islands and promote sustainable development and environmental education.

To mark the official launch of the eight eco-heritage routes developed under the project, an eco-tour festival, which is the first of its kind in Hong Kong, was held in February 2013. The day-long event attracted nearly 900 people to take part in various activities, including

eco-heritage tours and a carnival featuring fun and educational booth games. As part of the project, a Green Hong Kong Green App was developed and has won the Marketing Events Award 2013: Best Government Sector Event – Silver Award organised by Marketing Events Magazine in Singapore in October.

HK Electric switched off its lights as part of Earth Hour 2013 and provided data to WWF to help assess the impact of the campaign. The company also helped the eco-group Green Sense to estimate the impact of its No Air Con Night initiative with system load data.



Our volunteers continued to contribute to a greener Hong Kong by supporting various activities organised by local green groups involving tree planting and caring, mikania removal, environment clean-ups, and no hill fire appeals on Lamma Island.

Small changes make a big difference

HK Electric is committed to achieving the highest standards of energy efficiency in its operations. During the year, it continued to achieve excellence in environmental performance management across its generation, network and corporate facilities.

The administration building of Lamma Power Station received ISO 50001 certification for effective energy management in 2013 – the first such certification granted by Hong Kong Quality Assurance Agency to an energy company in Hong Kong. The transmission and distribution network, which adheres to ISO 14001 standards, achieved excellent environmental performance. A reduction of 8% was achieved on the fuel consumed by the company's vehicle fleet. The implementation of a number of initiatives on waste management saved over a million dollars in waste disposal expenses.

In 2013, HK Electric signed the Energy Saving Charter on Indoor Temperature and No Incandescent Light Bulbs to formalise its commitment to save energy at all its facilities. The average indoor temperature was maintained at 24-26°C during June to September 2013, and energy-efficient lighting was used for all general illumination. It also adopted the Manifesto on Energy Efficiency in Buildings released by the World Business Council. Together with other saving initiatives, these helped reduce electricity, water and paper consumption by 3.22%, 7.08% and 5.80% respectively in our main office buildings compared with 2012.

Sustainability performance

The Power Assets Group publishes an annual sustainability report to ensure a high level of communication with our stakeholders on our sustainability performance. The 2013 report is available on the company's website.

As an endorsement of its multifaceted commitment to good governance and sustainability, in 2013 Power Assets continued to be included in the Dow Jones Sustainability Asia Pacific Index and secured an "AA" rating in the Hang Seng Corporate Sustainability Index. It has also been selected as one of 18 components of M&E BDO Asiamoney Hong Kong Stars Index, which tracks Hong Kong companies with good leadership and corporate governance.

ECPI, a Luxembourg-based independent company specialising in sustainability research, rating and analysis has included Power Assets as a constituent of the ECPI Global Ethical Equity Index. The index is intended as a benchmark, and to facilitate thematic investment and risk management.

Sustainalytics, a global research institute in sustainability, gave Power Assets an improved score of 71 (out of 100) and ranked it 24th (out of 214 companies taking part worldwide), an indication of its relative performance in sustainability compared to other countries around the world.

Power Assets was given the second best disclosure score for Hong Kong and South East Asia under the Carbon Disclosure Project (CDP) 2013.

- 06. New media promotes energy saving and a low carbon lifestyle in the "Smart Power Campaign".
- 07. Participants in a night eco-tour mesmerised by the night creatures on Lamma Island.