



興勝建築有限公司

HANISON CONSTRUCTION COMPANY LIMITED

CORPORATE SOCIAL RESPONSIBILITY REPORT 2014





VISION

To be a renowned, creative and socially responsible property developer and building contractor.

MISSION

IN PURSUIT OF EXCELLENCE

To strengthen and develop our business in pursuit of excellence and professionalism through our commitment to superior service and dedication to continuous improvement.

CSR STATEMENT

Hanison Construction Holdings Limited endeavors to construct and manage for a brighter and greener prospect.

As a construction and services group, we serve our customers and business partners with quality, efficiency and reliability. We attempt to build the principles of sustainable development into different aspects of our business.

This means doing business with integrity, aspiring to the highest levels of standards of corporate management, safety and health, managing our environmental impacts, and committing to deliver on our full range of social responsibilities.

As a socially responsible corporation, the Management has set clear direction and takes full responsibility for Hanison Construction Holdings Limited's performance in corporate governance, business ethics, health & safety, the environment, equal opportunity, and other social issues.



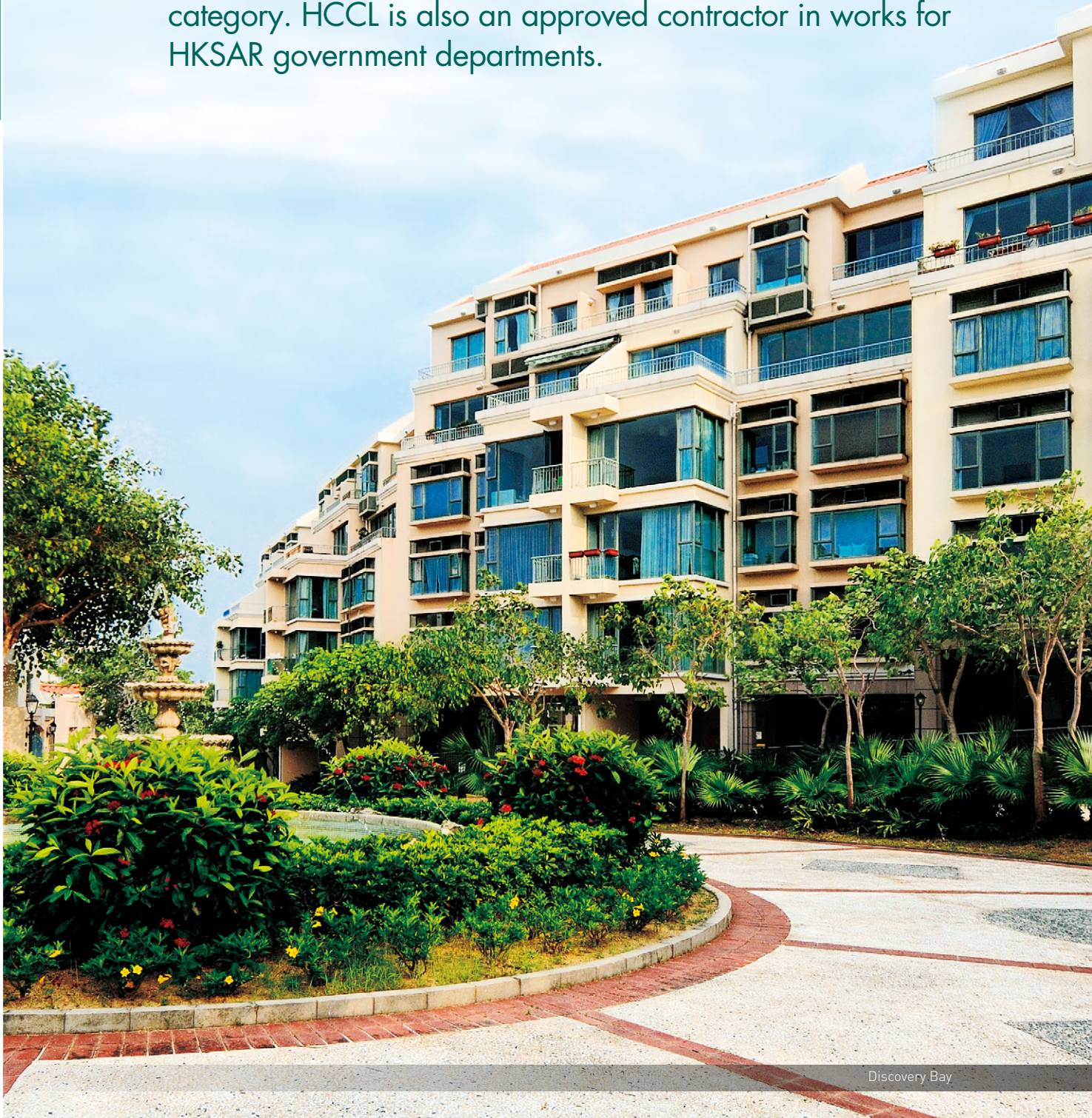
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COMPANY PROFILE

Hanison Construction Company Limited (HCCL) , being a wholly-owned subsidiary of Hanison Construction Holdings Limited (HCHL) , is registered with the Building Authority in Hong Kong as Registered General Building Contractors and Specialist Contractors in the Foundation and Site Formation category. HCCL is also an approved contractor in works for HKSAR government departments.



HCHL was incorporated in the Cayman Islands in September 2001 and was publicly listed on The Stock Exchange of Hong Kong Limited in January 2002 (Stock Code: 896). It is based in Hong Kong and is the holding company of the Group (comprising the Company and its subsidiaries).

HCCL was established at the end of 1989 to engage principally in the construction business involving construction works in commercial, industrial, recreational and residential projects in Hong Kong. The first two building projects were the construction of an 8-storey commercial and residential complex in Discovery Bay and Regency Park (six blocks of 17-storey residential buildings) in Kwai Chung.

Since 1989, the construction division has completed a range of development projects including low-rise and high-rise residential blocks, office buildings, commercial complex, industrial buildings, factories, institutional buildings, schools, clubhouses, golf courses and recreational facilities. The division also has experience in community infrastructure, site formation, ferry piers, road and drainage works. The construction works also include interior and renovation, maintenance works, and design-and-build projects. Apart from government, customers also include NGOs and renowned listed companies.

Other subsidiaries of HCHL have been actively involved in construction and construction related businesses in Hong Kong for the past decades. Today, we are engaged in a variety of businesses: building construction, interior and renovation works, supply and installation of building materials, property development, property investment, property agency and management, and sale of health products.

Throughout the years, HCCL started up with net asset value of HK\$5 million in 1989, has grown with the establishment of HCHL since 2001, to a diversified group which HCHL has net asset value of HK\$1,348 million as at 31 March 2014.



HCCL's construction project — Mei Tin Estate Phase 2

MESSAGE FROM MANAGEMENT



With the development of Hanison Construction Holdings Limited (HCHL) and its subsidiaries (collectively the “Group”) throughout the years, the Group has diversified into different areas of business from property construction and other property-related business to retail of health products. Construction business is one of our major businesses. Apart from business development, we take a further step to kick start corporate social responsibility (CSR), starting by Hanison Construction Company Limited (HCCL), one of our wholly-owned subsidiaries.

As a member of the community, we believe that CSR forms an integral part of the Group’s business.

Over the years, we have committed to creating a better living environment for the society with quality and sustainability. We set up a CSR Workgroup in 2012 and in 2013 formally established the CSR Committee to implement the principles of sustainable development into different aspects of our business and to integrate our individual programmes into a strategic plan under the CSR framework with clear objectives and actions. By aiming to be a socially responsible property developer and building contractor, we link our business with sustainability. This year, our CSR theme is “Green”, focusing our effort in environmental initiatives to implement a green concept in our business.

To consolidate the efforts HCCL has made on the sustainability front over the years, we have taken an important step to compile our first CSR Report with an aim to communicate our CSR vision, strategies and performance directly with our stakeholders.

The management has set clear direction to the continuous development in corporate governance, business ethics, health and safety, the environment, equal opportunity and other social issues. The management and our staff aspire to manage our impacts on the community and to deliver our social commitment by a series of ongoing initiatives.

A handwritten signature in black ink, appearing to read 'Wong Sue Toa Stewart'.

Wong Sue Toa Stewart
Managing Director

ABOUT THIS REPORT

This report highlights **HANISON CONSTRUCTION COMPANY LIMITED (HCCL)** CSR performance between 1 April 2013 and 31 March 2014 (the “reporting period”), **COVERING HEAD OFFICE AND CONSTRUCTION SITES** with reference to the Environmental, Social and Governance Reporting Guide issued by the Hong Kong Exchanges and Clearing Limited. An independent verification of the content of this report was conducted by Hong Kong Quality Assurance Agency.



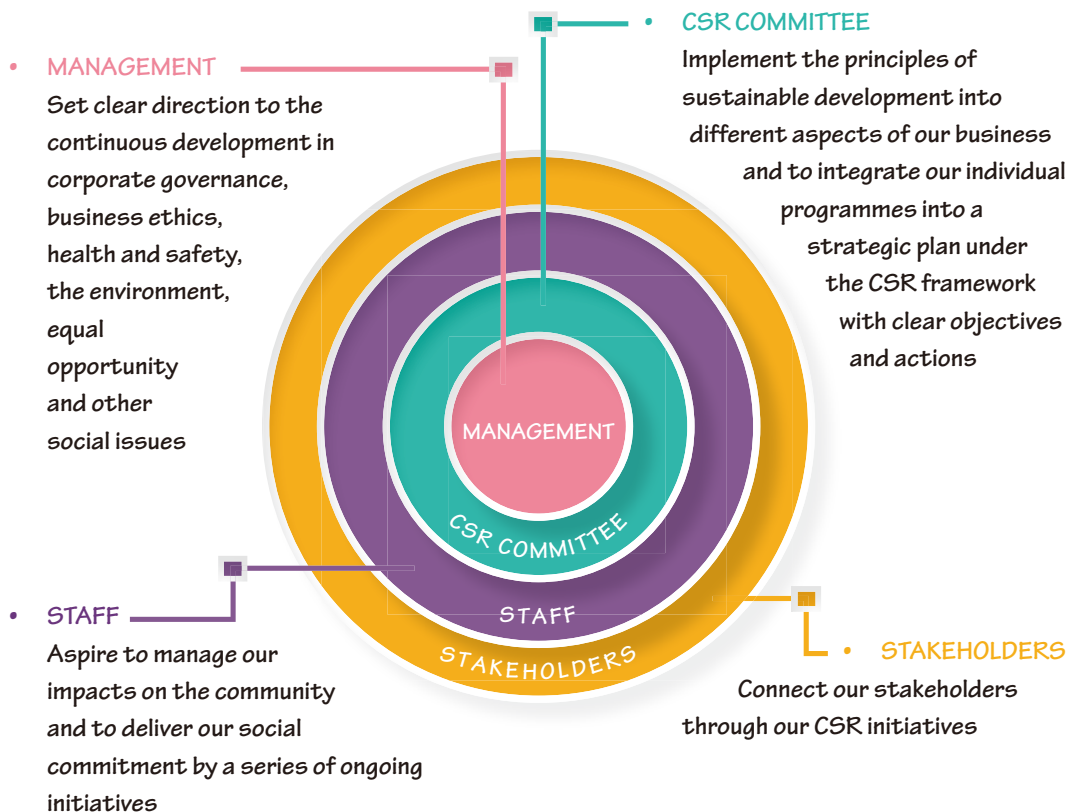
CSR MANAGEMENT

Upon the CSR Statement signed off by Hanison Construction Holdings Limited (HCHL)'s Managing Director (MD) in September 2012, Hanison Construction Company Limited (HCCL), has formally established the CSR Committee in 2013 from the former CSR Workgroup with full endorsement by MD.

OBJECTIVES OF COMMITTEE

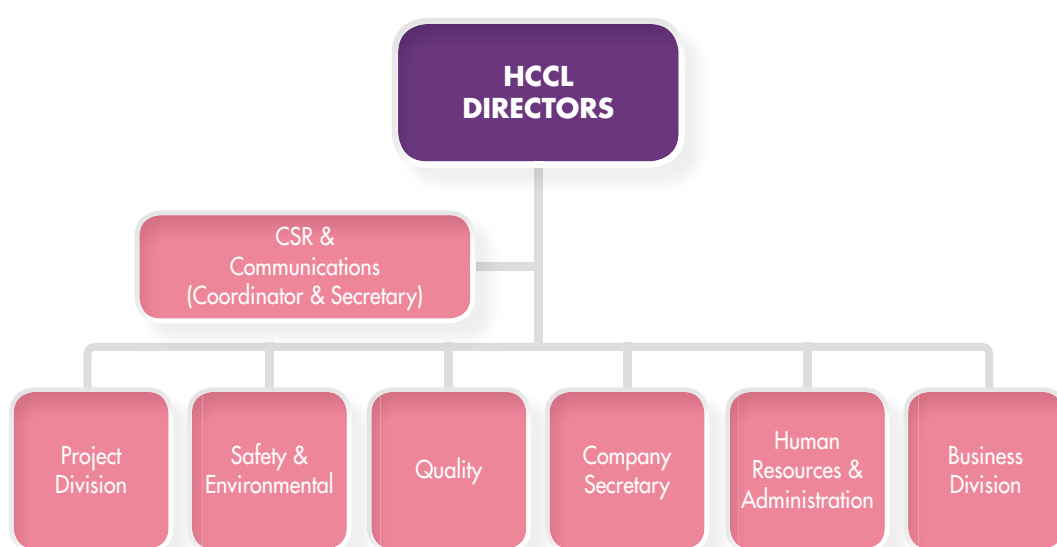
- To be the formal management structure for HCCL CSR;
- To advise and report to the top management on HCCL CSR strategies and parallel actions;
- To decide and put into practice the direction and underlying values of sustainable development into various aspects of business;
- To determine the Key Performance Indicators (KPI) for action plans and subsequent measurement;
- To incorporate individual programs into a deliberate plan under the CSR schema with understandable intentions and analogous actions; and
- To monitor HCCL CSR related activities for on-going development and improvement.

OUR STRUCTURE



To encourage staff participation and strengthen credibility of the committee, representatives of different departments are appointed to join.

MEMBERS OF COMMITTEE



In order to keep abreast of the updated knowledge and move forward under the philosophy and direction of HCCL CSR, the CSR Committee has regularly met in formal meetings and training before and after its establishment.

Meeting/Training	Date
CSR awareness training	21 June 2013
CSR reporting training	2 July 2013
CSR Committee formation and meeting	5 July 2013
CSR Committee meeting	6 September 2013
CSR Committee meeting	4 November 2013
CSR stakeholder engagement training	18 November 2013
CSR materiality analysis training	26 November 2013
CSR Committee meeting	11 February 2014

CSR FRAMEWORK

Our first CSR Report focuses on the Group's construction segment, which is a core business of the Group, addresses the key issues of concern of our stakeholders.



KEY PERFORMANCE INDICATORS (KPI)

The following KPI are determined for 2013/2014, in line with the direction and corresponding action plans agreed, and act as our focus for period end measurement.

KPI	Time for completion
KPIs for 2013/2014	July 13
HCCL CSR Committee formation	July 13
Stakeholders list	July 13
Legal list	July 13 with regular updates
Health check for all project sites	June 13
Employee survey	September 13
HKQAA CSR Index Advocate	December 13
ISO 50001 energy management system certificate	December 13
Implementation of fair operating practices procedure	On-going
Maintenance of ISO 14001 environmental management system certificate	On-going
First CSR report (for data 1 April 2013 to 31 March 2014)	September 14
Web page for CSR in the company website	December 14

STAKEHOLDER ENGAGEMENT & MATERIALITY ANALYSIS



STAKEHOLDER ENGAGEMENT

Stakeholder engagement is our priority. The CSR Committee has conducted a stakeholder engagement analysis to identify and prioritise our stakeholders as first step.



STAKEHOLDER ENGAGEMENT & MATERIALITY ANALYSIS

Two groups of stakeholders, namely subcontractors and employees have been identified for engagement focus in 2013 and 2014 with corresponding action plans for facilitation and execution.

For subcontractors, we have established a few engagement and communication channels. Sub-contractors are invited to share their experience in the partnering workshop, and attend training/safety workshop other than regular meetings.

Employees are the most valuable assets of our company. Employees' engagement is without doubt a prioritised concern in our human resources direction, policies, and practices.

We believe that stakeholder engagement enables us to understand stakeholders better and evaluate our performance more objectively. With effective engagement, we can understand identified stakeholders' expectations and respond to their needs and concerns.

MATERIALITY ANALYSIS

HCCL 2013/14 CSR Report - Materiality Analysis							Selected Indicators		
Interested parties concern						*A2.1 A2.2 A2.3 *C3.1 C3.2	A1.1 A1.2 A2.2 A2.3 A3.1	B1.4 B1.6 B2.1 B2.3 B3.1	C2.2 C2.3 C2.4 C2.5 C3.2
					C2.4				
				A1.1 *A3.2 B1.6 B2.1 B2.3 B3.1 C2.2 C2.5	A3.1				
			C1.2	B1.4		A1.2			
		B1.1 B1.2 D1.2		B1.3 D1.1					
	A4.1 A4.2 B2.4 B2.5 C2.1	B1.5 B2.2 C1.1							
	Significance to business								

*Remarks:

A2.1 – No cases reported during 01/4/2013–31/3/2014

C3.1 – No cases reported during 01/4/2013–31/3/2014

A3.2 – Not accountable for the calculation upon reporting

(Please refer to the Appendix 1 for more details)



RECOGNITION

HCCCL has always been devoted in caring our community and committed to our social responsibility. In 2013-2014, we have attained the Caring Company from Hong Kong Council of Social Service for the fifth consecutive year. The recognition is an encouragement for us to continue our commitment in community. Besides, we have been awarded the CSR Advocate Mark issued by Hong Kong Quality Assurance Agency (HKQAA) for the first time.





PEOPLE

We care about our staff, and mainly focus on improving the working conditions, promoting health and safety, and providing continuous training and development in order to attract, retain and nurture talents.

WORKING CONDITIONS

“To be a renowned, creative and socially responsible property developer and building contractor”

– Mission of Hanison Construction Holdings Limited (HCHL)

The working conditions are established to achieve the mission. These practices apply throughout HCCL covering employment, compensation, welfare and benefits, performance appraisal, training, staff relations and communications.



▲ Tom Ho, Director of Business Division welcomed new staff at orientation

HCCL is an equal opportunity employer. We invite, welcome, and hire all qualified and competent candidates from both direct applications and internal referrals. Selection interviews and other assessment, whichever applicable, are standard practice to identify suitable candidates and offers will be given based on their profile as a whole. Induction is conducted by Human Resources team for new comers on the first day to assist them in getting familiar with their job as soon as possible. New Staff Orientation was under preparation in 2013 and launched in 2014 for all new hires within probation so as to enhance their understanding of the company policies and structure.

To attract and retain talents, competitive remuneration package including position, salary, entitled benefits, etc is crucial in response to internal job and manpower demand, external and internal supply in the talent pipeline. Annual review on compensation and regular evaluation on fringe benefits based on market update or trend are conducted in order to catch up with the dynamic economic environment.

Measuring staff performance to ensure right hire and recognise good performers and high potentials is carried out before confirmation of probation and in the Annual Performance Appraisal (PA) exercise respectively. To secure talent pipeline in succession plan, promotion and salary increment for high performers and high potentials are encouraged under the principle of "performance-based reward".



▲ Stewart Wong, Managing Director presented the prize to staff at Christmas Party 2013

▲ Staff received their service awards from David Tai, Director and General Manager (middle) at Annual Dinner 2013

Harmonious staff relations is crucial for the benefit of the company culture and morale as a vital working condition. Employees are encouraged to develop good working relationship with each other in daily work and staff activities such as Annual Dinner, Christmas Party, informal gathering activity in the company.

To encourage staff work-life-balance, we organise table tennis courses with coaching, and have a soccer team for staff to enjoy sports. Through these activities that staff are brought together, so as to facilitate better working atmosphere and relationship in the company.

In 2013, a company-wide Employee Experience Survey (EES) was conducted in partnership with an external institute to collect the feedback and opinion from staff across the company. To better respond to the findings of EES and facilitate corresponding employee relations and communications programs and activities, the Employee Relations & Communications Committee is established within the Human Resources & Administration Department in end 2013.



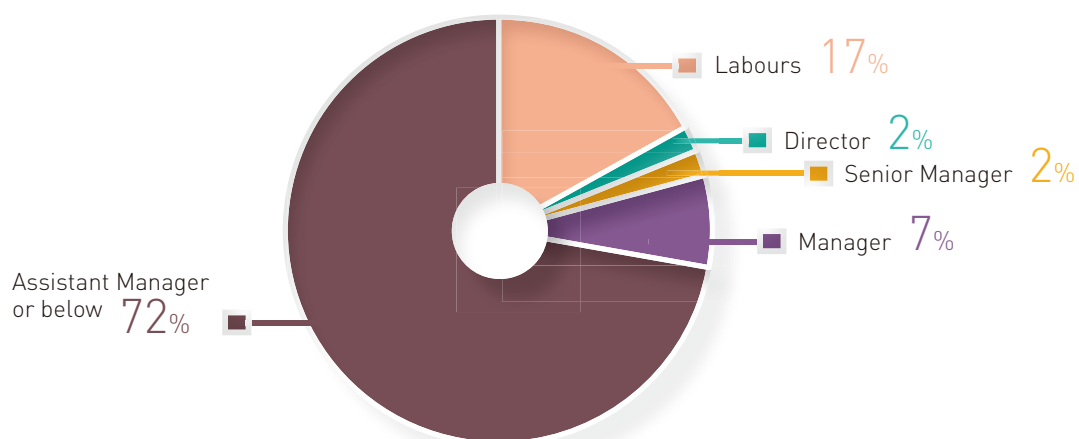
Table tennis course for staff well-being



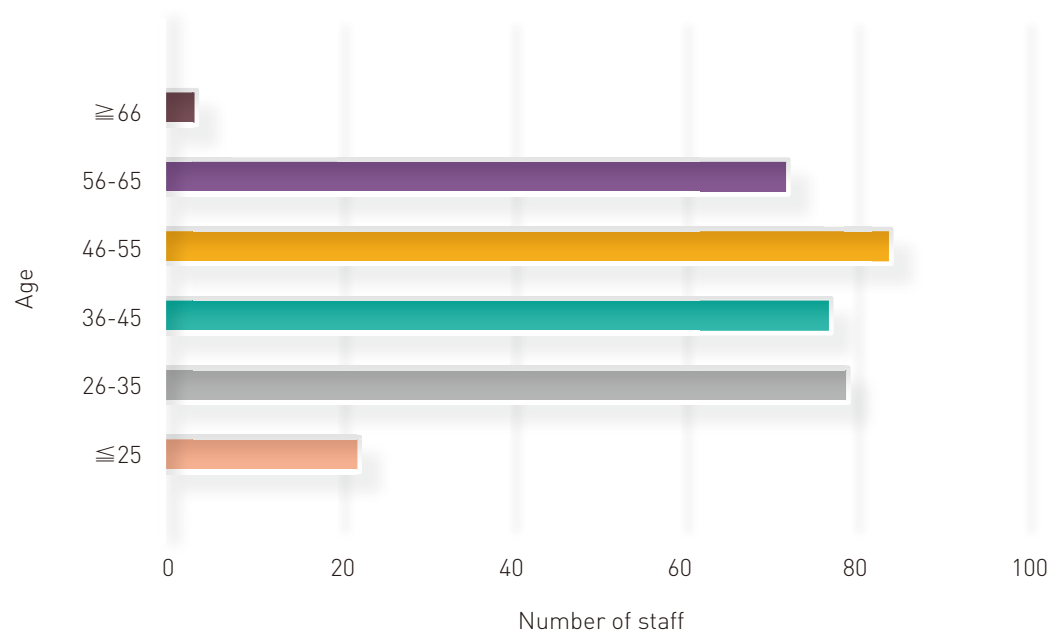
Our soccer team participated in Hong Kong Plumbing and Sanitary Ware Trade Association IES Cup

In 2013, there are 346 employees in HCCL and the voluntary year-end turnover rate is 15.64%, which is the lowest in the past 4 years. HCCL has established a core management team, supporting and construction team, headed by Managing Director, and Director & General Manager, staff ranging from directors, senior managers, managers, professional and technical staff, supervisory and supporting to direct labours.

DISTRIBUTION OF WORKING POSITION



DISTRIBUTION OF AGE GROUP





OHSAS 18001:2007
Certificate No.: CC 3496

▲ OHSAS 18001
Occupational Health and
Safety Management
System

HEALTH AND SAFETY

HCCL commits that all works are to be carried out in a safe and healthy manner and that occupational health and safety is to be regarded as the highest priority in all operations.

The site accident rate was 10.57 per 1,000 workers in annual 2013, with approximate 18.69% drop compared to 2012.

The company has been certified to OHSAS 18001 of Occupational Health and Safety Management System since 2008 with half-yearly occupational health and safety audit carried out by Hong Kong Quality Assurance Agency (HKQAA).

The OHSAS 18001 certification is not only to comply with statutory and contractual requirements but to adopt viable and proactive occupational health and safety practices initiated by the construction industry in Hong Kong.

We achieved occupational health and safety targets through various practices.

Safety briefing
and hazard
identification



▲ Morning exercise

Checking of
personal protective
equipment



▼ Safety management
training course for project
management managers
and supervisors

Body temperature
monitoring
by infrared
thermometer



▲ Safety management
system with safe working
cycle



▲ Weekly site safety
inspection, monthly
management safety
inspection and surprise
safety inspection

Hand gel
machine



◀ Half-yearly internal
occupational health and
safety audit by Safety
Officers/Half-yearly
third party occupational
health and safety audit
by Registered Safety
Auditors

Blood pressure
monitoring for
workers

Our efforts in safety performance are recognised by professional associations, we won Merit award in "Safe Lifting Competition 2012/2013 (Category – Tower Crane)", and our two projects – Construction of Public Rental Housing Department at Tseung Kwan O Area 65B (Yee Yan House, Yee Yuet House and Yee Ching House of Yee Ming Estate) and Alterations and Additions Works for the Hong Kong Polytechnic University Project won Diamond Award in "Caring Construction Site Award Scheme 2013" organised by Occupational Safety and Health Council.

Smoking is a deep-rooted culture and habit in construction industry. To promote a healthy lifestyle, HCCL joined "Smoke-Free Company" campaign organised by Lok Sin Tong, providing assistance to staff to quit smoking.



▲ Alterations and Additions Works for the Hong Kong Polytechnic University project won Diamond Award in "Caring Construction Site Award Scheme 2013"



HCCL is the first construction company joined the "Smoke-free Company" campaign 2013



▲ Yee Ming Estate Project - Construction of Yee Yan House, Yee Yuet House and Yee Ching House won Diamond Award in "Caring Construction Site Award Scheme 2013"

EMPLOYEE TRAINING & DEVELOPMENT

"Training and competence of staff are keys to client satisfaction as well as the steady growth in business, which is our foundation of success. We build with heart and we seek improvement and innovation in all aspects."

Mission of Hanison Construction Company Limited (HCCL)

IN ANNUAL 2013

Number of hours of
training received
by employees

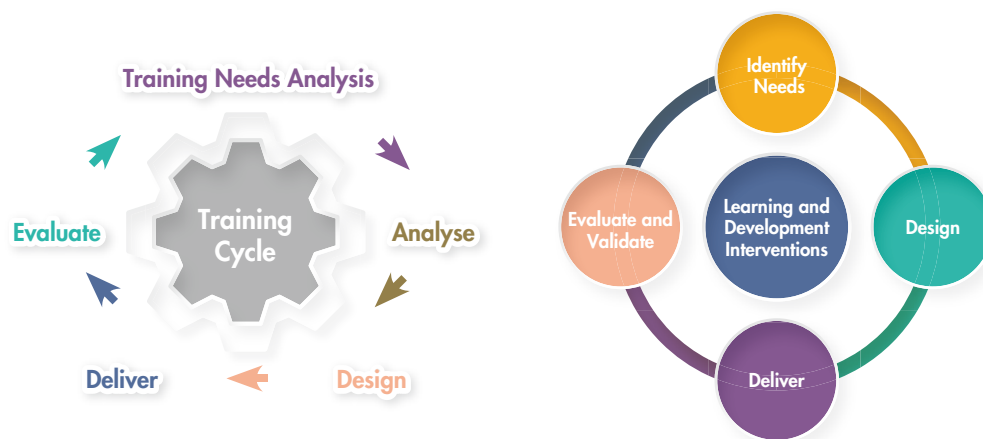
13,254

Number of trainees

384



In view of the importance of staff training and under the initiative of Human Resources team, it has constructed the Annual Training Plan mainly for HCCL since 2011 as a guide and time table for various training activities. Starting from 2012, a formal HCCL Training Committee has been established to execute the “Training Cycle” including Training Needs Analysis (TNA), training courses identification or design, training programmes delivery, and post-training evaluation.



Our training programmes include

- (1) Induction or orientation for new hires to let them be familiar with the company policies and working environment;
- (2) In-house training programmes for target employees to catch up with essential knowledge and skills for performing jobs or fulfilling specific requirements;
- (3) External training courses for skills upgrading and preparing for future development in new capacity.

External Training Sponsorship in terms of financial subsidies is given to eligible employees for competence enhancement or pursuing job related professional qualifications.

In 2013, training activities and statistics are recorded:

- Safety & Environmental Training:**
 Mandatory Basic Safety Training for the Construction Industry (Green Card), First-Aid, Occupational Safety Management, Safety Working Cycle, etc.
- Technical Skill Enhancement Training:**
 Building Planning (Curtain Wall), ISO50001: 2011 Energy Management System Internal Auditor Training, AutoCAD 2010 Training Course, Past Project Experience Sharing Workshop
- Construction Industry Council Apprentice Scheme Training:**
 Construction Site Practices, Building Services, Mechanics, Quantity Surveying, and Safety, etc.
- Personal Growth Training:**
 Crisis Handling & Media Tracking Techniques, General Insurance, Employee Law & Employee Engagement, Negotiation & Influencing Skills, Employee Coaching & Counselling, Supervisory Management, Team Building for Inter and Intra-departments



▲ Staff constructed the spider web to express strong team effort and collaboration in the team building workshop



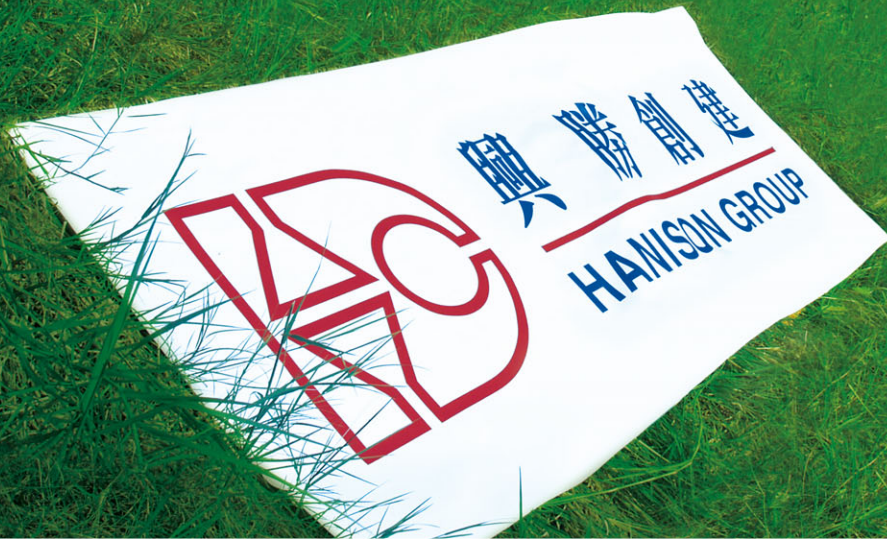
▲ Apprentices receive on-the-job training and technical skills training in HCCL

To continually attract new bloods in the talent pipeline, HCCL has been providing apprentice training scheme in partnership with Apprenticeship Office of HKSAR Government. We have successfully registered in the Hong Kong Institution of Engineers (HKIE) and provide training to graduates of Building Services Engineering (BSE) starting from 2014. Campus recruitment and job fair are conducted to commence the scheme.



▲ Job Fair at The Hong Kong Polytechnic University to recruit new talents

Moving forward, the company will continually improve on workplace practices to become the Employer of Choice in the industry with the aim of attracting, retaining, and nurturing talents.



CARBON EMISSIONS

HCCL commits to create a pleasant environment to our society in construction planning. Our Environmental Management System had been certified to comply with an international standard of ISO 14001 since 2002. This standard is implemented across all projects and is continuously undergoing refinement and improvement in line with latest international trends.

▼ The Hong Kong Polytechnic University Student Halls of Residence(Homantin) attained "BEAM Platinum Standard"



Sports Centre and Community Hall in Tin Shui Wai joint venture with Hip Hing Construction Company Limited attained "BEAM Platinum Standard" ►



We adopt green initiatives in construction across all levels, starting from planning, design, purchasing, waste disposal, etc. In 2013, The Hong Kong Polytechnic University Student Halls of Residence (Homantin) and Sports Centre and Community Hall in Area 101, Tin Shui Wai projects, both achieved the highest level, "BEAM Platinum Standard", a comprehensive environmental assessment scheme for buildings recognised by the Hong Kong Green Building Council. Construction of Public Rental Housing Development at Tseung Kwan O Area 65B (Yee Yan House, Yee Yuet House and Yee Ching House of Yee Ming Estate) also attained Certificate of Merit in "2012 Hong Kong Awards for Environmental Excellence (Construction Industry)" organised by Environmental Campaign Committee.



ISO 14001:2004
Certificate No.: CC 2296

▲ ISO 14001 Environmental Management System

Waste management plans are implemented in all project sites in HCCL. The plan set out procedures to ensure that all wastes generated during the construction phase are managed on-site, transported and disposed of in environmental friendly manners and in full compliance with statutory and contractual requirements. We set a series of objectives and targets to control solid waste and disposal. For example, concrete wastage target is set not exceeding 2% of the total amount of concreted used per site, and results are reviewed annually. All targets stated in the environmental objectives and target analysis plan 2013 has been achieved.

Data of non-hazardous waste produced and recycled

Non-hazardous construction waste	Amount (in tonnes)
Site waste treated by landfill	3,437
Site waste treated by fill bank for reuse in reclamation and site formation	23,507

Recyclable waste collected from site offices and head office	Unit
Used printer cartridge and toner bottle	751 nos.
Waste paper	9,368 kg

ENERGY EFFICIENCY

We recognise the importance of protecting the earth, long-term sustainable strategy that had been formulated and optimised. Electricity and fuel are major energy consumption for our business operation. We have monitored the electricity and fuel consumption used by office and construction sites operation (plant and machine).

Energy consumption for office and construction sites	Electricity (Unit)	Fuel (Unit)
Head Office	727,047 kWh	–
Construction Sites	1,164,850 kWh	43,177 litres



▲ ISO 50001 Energy Management System

An Energy Management System, which had been certified to comply with ISO 50001 International Standard, is implemented across our projects. The ISO 50001 standard benchmarks the performance of HCCL in minimising energy consumption, better efficiency of energy use and achieving continual improvement of our environmental performance. It also enhances awareness of energy saving and environmental protection issues among our staff.

In 2013, Energy Management System policy, objectives and targets on energy saving and green initiatives are established. The 2013-2014 energy saving target is to reduce 3% electricity consumption of major energy consumption equipment. Electrical monitoring system with electric meters has been implemented to monitor electricity usage of major energy consumption equipment.

To penetrate energy saving practices in our daily operations, we adopt a series of green initiatives and renewable energy application. For construction operations, control operation time and frequency of tower cranes and passenger lifts to decrease energy consumption, carry out frequent machine checking and maintenance to ensure energy efficiency. Measures such as optimising room temperature, turning off unattended air-conditioners, lightings and electric appliances, as well as switching off non-essential lighting and MVAC system during lunch hour, are implemented at office area.

Taking a further step, we target to change all office ceiling lights to a more energy saving fluorescent T5, as well as replacing new reflector and re-zoning the lighting control, under the guidelines of ISO50001.

Energy management initiatives at sites





▲ Environmental Officer measured the air-quality at site

THE ENVIRONMENT AND NATURAL RESOURCES

HCCL highlights the importance of environmental sustainability and is constantly improving its management practices so as to minimise adverse environmental impacts. A comprehensive environmental management system is established at project sites. The system identifies and evaluates the

impacts of project and office in respect of environmental area set up in the environmental management plan. Identification of all operational production, storage, waste management, distribution, product use and disposal activities to monitor environmental impact which include but not limited to air quality, water pollution, land contamination, noise and vibration, flora and fauna.

GREEN PURCHASING

Construction industry involves large quantity of purchasing including construction materials and equipment use. Green element such as energy efficient, environmental friendly is one of our considerations in procurement process. We target to replace the depreciated models with new and green models step by step. New tower crane performance and working efficiency enhanced, energy consumption reduce at most 45% and lower noise pollution during operation in the meantime. We purchase EURO five model of crane truck and environmental friendly private car for internal transportation. Grade one energy efficiency models air-conditioners are bought at construction site offices.

Wood is one of the major materials in construction site. To alleviate the impact on environment, we purchase timber certified by Programme for the Endorsement of Forest Certification (PEFC) and Forest Stewardship Council (FSC).

We have replaced printers with higher energy efficiency at office, which reduce 61% of energy during sleep mode than the old models. They also help reduce paper wasted during printing as they automatically detect blank page and skip the printing. All staff is required to use the staff card to activate the printer before processing to avoid double printing. Our sole stationery supplier, Lyreco, has a systemic environmental management adopted in their business, ensuring their products meet sustainable requirement.



▲ Heavy plants at Tong Chong Street project



OPERATING PRACTICES

QUALITY ASSURANCE AND CUSTOMER SATISFACTION

Hanison Construction Company Limited (HCCL) aims to provide a construction service with high standard and commits to understand, and exceed the needs and expectations of all our customers.

We have established, documented, implemented, analysed and maintained a quality management system and continually improve its effectiveness in accordance with the requirements of ISO 9001 standard.



ISO 9001:2008
Certificate No.: CC 314

▲ ISO 9001 Quality Management System

Steps of implementing quality management system

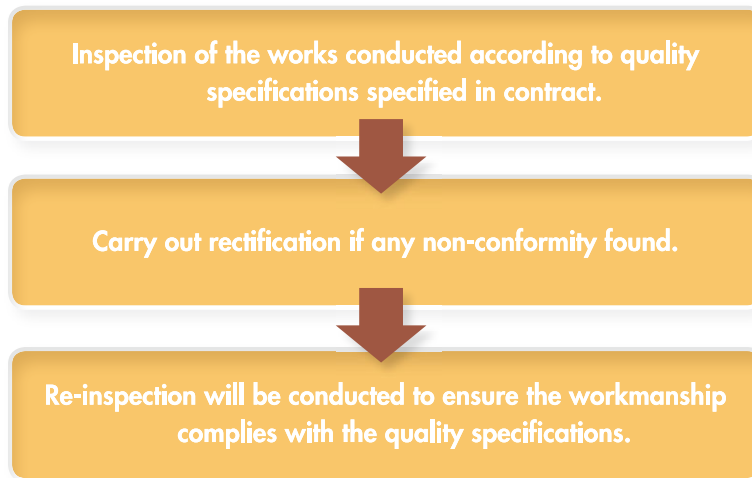
- Identify the processes needed for the management system and their application throughout HCCL;
- Determine the sequence and interaction of these processes;
- Determine criteria and methods required to ensure that both the operation and control of these processes are effective;
- Ensure the availability of resources and information necessary to support the operation and monitoring of these processes;
- Measure, monitor and analyse these processes, and
- Implement actions necessary to achieve planned results and continual improvement of these processes.

Regular monitoring and assessing performances of workers, mutual communication with subcontractors and quality control of supplied materials, minimise the potential adverse impact generated from construction sites.

HCCL commits to responding to complaint by rectification of the non-conformity within a reasonable timeframe, and to comply with statutory ordinance, customers' requirement and HCCL internal regulation. Sharing and reviews on incident cause are arranged for prevention of non-conformity reoccurrence.

Customer Satisfaction Survey helps us to gather customers' feedback on company performance. In addition, company targets and objectives are also regularly reviewed by senior management. High level of customer satisfaction is achieved throughout the year.

Flow of quality control on construction site



▲ Professional subcontractor training before commencement of work to ensure correct methodology adopted.



▲ Frontline workers carry out rectification according to instruction under quality control.

DATA PRIVACY AND INTELLECTUAL PROPERTY RIGHTS

In order to protect data and information, we have undertaken statement of Non-disclosure Agreement ("NDA") enclosed in the tender document during tendering and subletting process for subcontractors. For intellectual property rights protection, HCCL strictly adopts the relevant ordinance in terms of business operation, such as purchasing official licences for software and equipment. A memorandum signed by senior management is issued to all staff for compliance.

ANTI-CORRUPTION

HCHL and HCCL are committed to ethical practices and to provide quality service to clients. All staff must perform their duties with integrity, commitment and professionalism and should refrain from engaging in conduct or behaviour that breaches the laws or brings HCHL and HCCL into disrepute.

For fair business operation, HCHL has established the Code of Conduct (CoC) for all employees. With reference to the Prevention of Bribery Ordinance (Cap. 201 of HKSAR law), advice from the Independent Commission Against Corruption (ICAC), industry practice and internal consideration, CoC is made for the purpose of providing employees with the guidance for allowable acceptance of gifts or entertainment, conflict of interest, handling of confidential information, and whistle-blowing procedure. The document has been uploaded in the company intranet for sharing.



In line with the CoC, the company has also partnered with ICAC to organise talks on fighting corruption in the construction industry in particular, as refresher training for our staff.

We believe in honesty and fair play. The company has issued a notice to our contractors and consultants regarding CoC for their awareness and cooperation in facilitating good partnership.

WAGES AND PAYMENTS

Clear attendance record

HCCL installed Palm Reading System with turnstiles to record all staff entries and exits at project sites. The system integrates card and hand reading, identifying the person who enters and preventing misuse and forgery. Clear and accurate attendance record avoid dispute in wages.



▲ Access Control System - Palm Reading System



▲ Entrance gate with turnstiles



▲ Subcontractors and HCCL management have regular meetings

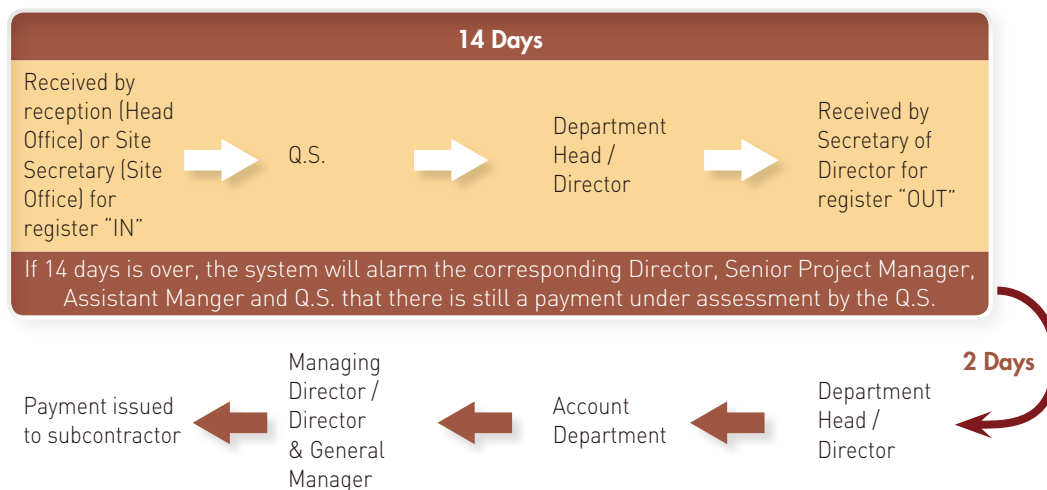
All personnel will be issued a proximity card, which stores personal identification information on their first day at site. The reader will scan their palms to link up the handprints with the card information. When a person enters the site, the system will read the proximity card and the palm, only eligible person can have the access right.

All entries and exits will be electronically recorded by the system. Staff data and records will be stored in the computer and synchronised with the head office server. Authorised person can access the data and get a daily report summarises the total number of workers entering the site for inspection. These reports are vital evidence for resolution of dispute in wages of workers.

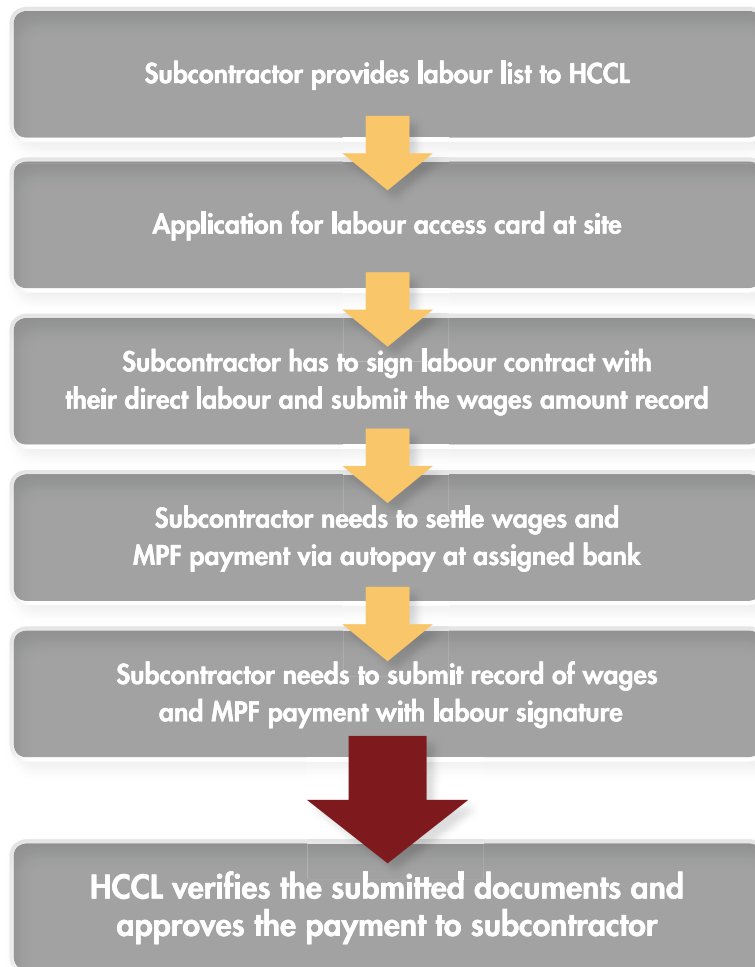
Timely payment to subcontractors

We set objective and target for payment settlement under the Integrated Management System, which was launched in December 2007. The system monitors the status of payment to subcontractors. All subcontractors' payment certificates are prepared and reviewed by site Quantity Surveyor (Q.S.) and Project Manager within 14 days. This procedure aims to speed up the process for subcontractors' payment settlement.

Issued of payment certificate in Q.S. Department 14 days upon receipt of invoice



"Autopay System" has been adopted to ensure the frontline workers receive their wages. All subcontractors are requested to submit Autopay statement from bank. Upon receipt of bank statement, HCCL will check the records and prepare payment to subcontractors accordingly. Generally, the payment will be settled within 30 days upon receipt the invoice from subcontractors. Moreover, record of wages payment with labour signature from frontline workers for the preceding month is required to be included, and submitted by subcontractors for HCCL's verification.

Flow of subcontractors' wages and Mandatory Provident Fund (MPF) payment

Moving forward, the company will continually improve on operating practices to become Contractor of Choice in the industry driving quality business and partnership.

MATERIALITY ANALYSIS

MATERIALITY ANALYSIS ASSESSMENT FORM 2013–2014

INTERNAL ASSESSMENT (What is relevant for the business: management & investors?) This is determined as a result of an internal strategic meeting, workshop or task force		
Item	Subject areas, aspects and KPIs	Relevance/Importance
		Rate the relevance/importance of the subject areas, aspects and indicators for your organisation on a scale from 0 to 5 0 - Not relevant 1 - Of little importance 2 - Somewhat important 3 - Important 4 - Very important 5 - Crucial
Subject area A	Workplace Quality	
Aspect A1	Working conditions	
KPI A1.1	Total workforce by employment type, age group and geographical region.	3
KPI A1.2	Employee turnover rate by age group and geographical region.	5
Aspect A2	Health and safety	
KPI A2.1	Number and rate of work-related fatalities.	5
KPI A2.2	Lost days due to work injury.	5
KPI A2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	5
Aspect A3	Development and training	
KPI A3.1	The percentage of employees trained by employee category (e.g. senior management, middle management, etc.).	4
KPI A3.2	The average training hours completed per employee by employee category.	3
Aspect A4	Labour standards	
KPI A4.1	Description of measures to review employment practices to avoid child and forced labour.	0
KPI A4.2	Description of steps taken to eliminate such practices when discovered.	0
Subject area B	Environmental Protection	
Aspect B1	Emissions	
KPI B1.1	The types of emissions and respective emission data.	1
KPI B1.2	Greenhouse gas emissions in total (in tonnes) and where appropriate, intensity (e.g. per unit of production volume, per facility).	1
KPI B1.3	Total hazardous waste produced (in tonnes) and where appropriate, intensity (e.g. per unit of production volume, per facility).	3
KPI B1.4	Total non-hazardous waste produced (in tonnes) and where appropriate, intensity (e.g. per unit of production volume, per facility).	3
KPI B1.5	Description of measures to mitigate emissions and results achieved.	1
KPI B1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and result achieved.	3
Aspect B2	Use of resources	
KPI B2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kwh in '000s) and intensity (e.g. per unit of production volume, per facility).	3
KPI B2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	1
KPI B2.3	Description of energy use efficiency initiatives and results achieved.	3
KPI B2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	0
KPI B2.5	Total packaging material used for finished products (in tonnes), and if applicable, with reference to per unit produced.	0
Aspect B3	The environment and natural resources	
KPI B3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	3
Subject area C	Operating Practices	
Aspect C1	Supply chain management	
KPI C1.1	Number of suppliers by geographical region.	1
KPI C1.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	2
Aspect C2	Product responsibility	
KPI C2.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	0
KPI C2.2	Number of products and service related complaints received and how they are dealt with.	3
KPI C2.3	Description of practices relating to observing and protecting intellectual property rights.	2
KPI C2.4	Description of quality assurance process and recall procedures.	4
KPI C2.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	2
Aspect C3	Anti-corruption	
KPI C3.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	5
KPI C3.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	5
Subject area D	Community Involvement	
Aspect D1	Community investment	
KPI D1.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	3
KPI D1.2	Resources contributed (e.g. money or time) to the focus area.	1

EXTERNAL ASSESSMENT (What is relevant for stakeholders?) This is determined as a result of engaging other stakeholders		
Item	Subject areas, aspects and KPIs	Relevance/Importance
		Rate the relevance/importance of the subject areas, aspects and indicators for your organisation on a scale from 0 to 5 0 - Little importance 1 - Awareness amongst a few, but no real concern 2 - Broader awareness, but little concern 3 - Considerable concern amongst a minority 4 - Considerable concern amongst many 5 - High level of widespread concern
Subject area A	Workplace Quality	
Aspect A1	Working conditions	
KPI A1.1	Total workforce by employment type, age group and geographical region.	3
KPI A1.2	Employee turnover rate by age group and geographical region.	2
Aspect A2	Health and safety	
KPI A2.1	Number and rate of work-related fatalities.	5
KPI A2.2	Lost days due to work injury.	5
KPI A2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	5
Aspect A3	Development and training	
KPI A3.1	The percentage of employees trained by employee category (e.g. senior management, middle management, etc.).	3
KPI A3.2	The average training hours completed per employee by employee category.	3
Aspect A4	Labour standards	
KPI A4.1	Description of measures to review employment practices to avoid child and forced labour.	0
KPI A4.2	Description of steps taken to eliminate such practices when discovered.	0
Subject area B	Environmental Protection	
Aspect B1	Emissions	
KPI B1.1	The types of emissions and respective emission data.	1
KPI B1.2	Greenhouse gas emissions in total (in tonnes) and where appropriate, intensity (e.g. per unit of production volume, per facility).	1
KPI B1.3	Total hazardous waste produced (in tonnes) and where appropriate, intensity (e.g. per unit of production volume, per facility).	1
KPI B1.4	Total non-hazardous waste produced (in tonnes) and where appropriate, intensity (e.g. per unit of production volume, per facility, per store).	2
KPI B1.5	Description of measures to mitigate emissions and results achieved.	0
KPI B1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and result achieved.	3
Aspect B2	Use of resources	
KPI B2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kwh in '000s) and intensity (e.g. per unit of production volume, per facility).	3
KPI B2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	0
KPI B2.3	Description of energy use efficiency initiatives and results achieved.	3
KPI B2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	0
KPI B2.5	Total packaging material used for finished products (in tonnes), and if applicable, with reference to per unit produced.	0
Aspect B3	The environment and natural resources	
KPI B3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	3
Subject area C	Operating Practices	
Aspect C1	Supply chain management	
KPI C1.1	Number of suppliers by geographical region.	0
KPI C1.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	2
Aspect C2	Product responsibility	
KPI C2.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	0
KPI C2.2	Number of products and service related complaints received and how they are dealt with.	3
KPI C2.3	Description of practices relating to observing and protecting intellectual property rights.	3
KPI C2.4	Description of quality assurance process and recall procedures.	4
KPI C2.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	3
Aspect C3	Anti-corruption	
KPI C3.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	5
KPI C3.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	5
Subject area D	Community Involvement	
Aspect D1	Community investment	
KPI D1.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	1
KPI D1.2	Resources contributed (e.g. money or time) to the focus area.	1

HKEX ESG REPORTING GUIDELINES INDEX

Aspect A1 Working Conditions		
KPI A1.1	Total workforce by employment type and age group*	Working Conditions p.15
KPI A1.2	Employee turnover rate*	Working Conditions p.14
Aspect A2 Health and Safety		
KPI A2.1	Number and rate of work-related fatalities	Nil case reported in the covered period
KPI A2.2	Accident rate per thousand workers*	Health and Safety p.16
KPI A2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	Health and Safety p.16–17
Aspect A3 Development and Training		
KPI A3.1	Description of training activities provided*	Employee Training and Development p.20
KPI A3.2	Total training hours for employee*	Employee Training and Development p.18
Aspect B1 Emissions		
KPI B1.4	Total non-hazardous waste produced*	Data of Non-hazardous Waste p.22
KPI B1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and result achieved.	Carbon Emissions p.21–23
Aspect B2 Use of Resources		
KPI B2.1	Direct and/or indirect energy consumption by type (electricity and fuel) in total*	Energy Efficiency p.22
KPI B2.3	Description of energy use efficiency initiatives and results achieved.	Energy Efficiency p.21–23
Aspect B3 The Environment and Natural Resources		
KPI B3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	Energy Efficiency p.22–24
Aspect C1 Supply Chain Management		
KPI C1.2	Description of practices relating to engaging subcontractors where the practices are being implemented, how they are implemented and monitored*	Operating Practices p.25–30
Aspect C2 Product Responsibility		
KPI C2.2	How to dealt with complaints*	Quality Assurance and Customer Satisfaction p.25
KPI C2.3	Description of practices relating to observing and protecting intellectual property rights	Data Privacy and Intellectual Property Rights p.27
KPI C2.4	Description of quality assurance process and recall procedure	Flow of Quality Control in Construction Sites p.26
KPI C2.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	Data Privacy and Intellectual Property Rights p.27
Aspect C3 Anti-corruption		
KPI C3.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	Nil case reported in the covered period
KPI C3.2	Description of preventive measures and whistle-blowing procedure, how they are implemented and monitored	Anti-corruption p.27–28

* Modified descriptions

ASSURANCE STATEMENT



VERIFICATION STATEMENT

Scope and Objective

Hong Kong Quality Assurance Agency (HKQAA) has been commissioned by Hanison Construction Company Limited (HCCL) to conduct an independent verification of its Corporate Social Responsibility Report 2013 – 2014 (herein referred to as "the Report"). The Report stated HCCL's sustainability performance and efforts towards sustainable development for the period from 1st April 2013 to 31st March 2014.

The aim of this verification was to provide assurance on the completeness and accuracy of the information stated in the Report. The Report covers the Key Performance Indicators that defined in the Environmental, Social and Governance (ESG) Reporting Guide of the Hong Kong Exchanges and Clearing Limited (HKEx).

Methodology

The process used in this verification was based on current best practices. The Report was reviewed against the following criteria:

- The principles of completeness, accuracy, neutrality, comparability and responsiveness, as set out in the Institute of Social and Ethical AccountAbility standard AA1000;
- The ESG Reporting Guide by HKEx

The verification procedure included reviewing relevant documentation, interviewing responsible personnel with accountability for preparing the Report and verifying the selected representative sample of data and information consolidated in the Report. Raw data and supporting evidence of the selected samples were thoroughly examined.

Conclusion

Based on the outcome of the verification process, it is opined that the Report covers the Key Performance Indicators of the ESG Reporting Guide.

The information presented in the Report provided a structured, balanced and consistent representation of HCCL's sustainability performance in the context of sustainable development. We are satisfied that the Report includes factual statements and the data contained within the Report is accurate and reliable. It is a fair and honest representation of HCCL's initiatives, targets, progress and performance on its sustainable development achievements.

Signed on behalf of Hong Kong Quality Assurance Agency

P C Chan

Chief Operating Officer
August 2014

FEEDBACK FORM

Your feedback is important in helping us improve our CSR performance and reporting. Please take a few minutes to give us your views. Thank you.

1. Which of the following describes you? (You may tick more than one box)

- | | | |
|---|--|--------------------------|
| HCHL's shareholder | <input type="checkbox"/> Media | <input type="checkbox"/> |
| HCHL Group's supplier or business partner | <input type="checkbox"/> Non-governmental organisation | <input type="checkbox"/> |
| HCHL Group's employee | <input type="checkbox"/> Governmental organisation | <input type="checkbox"/> |
| Exchange participant/member | <input type="checkbox"/> Investor | <input type="checkbox"/> |
| Market intermediary | <input type="checkbox"/> Public (non-investor) | <input type="checkbox"/> |
| Listed company | <input type="checkbox"/> Others | <input type="checkbox"/> |
| Information vendor | <input type="checkbox"/> Please specify: _____ | |
| Clearing/custodian participant | <input type="checkbox"/> | |

2. What is your overall impression of HCCL's 2014 CSR Report?

	Excellent	Above Average	Average	Below Average	Poor
Your impression	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

3. Please rate the content and quality of HCCL's 2014 CSR Report by the following criteria:

	Excellent	Above Average	Average	Below Average	Poor
Balance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Clarity	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Comparability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Credibility	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Materiality	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Transparency	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Structure	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Design and Layout	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



4. Do you consider HCCL's 2014 CSR Report useful in making an assessment of HCCL's CSR performance? (5 = Very useful, 1 = Not useful at all)

	5	4	3	2	1
Mission, Vision and CSR Statement	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
About HCHL & HCCL	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Message from Management	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
CSR Management	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Stakeholder Engagement and Materiality Analysis	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Recognition	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
People	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Environment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Operating Practices	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

5. Please provide your suggestions on improving HCCL's CSR performance and reporting.

Please provide your name and email address to enable us to seek clarification of your feedback provided where necessary. The information we collect about you will not be used for direct marketing purposes and will not be disclosed by us to any other party without your prior consent.

Name: _____ Email address: _____

Please send your feedback form to Corporate Social Responsibility & Communications Department

Hanison Construction Holdings Limited
www.hanison.com

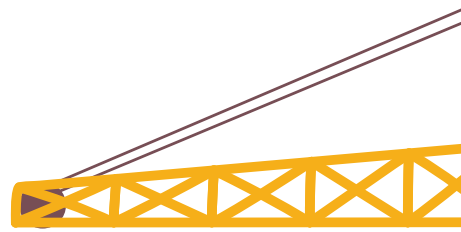
Hanison Construction Company Limited
www.hanison.com/hccl/

Tel: 2414 3889 **Fax:** 2415 2080

Email: general@hanison.com

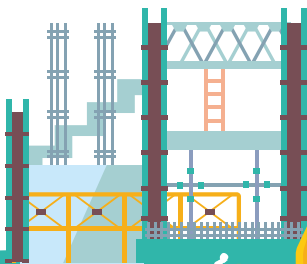
Address: Unit 1, 4/F, Block B
Shatin Industrial Centre,
5-7 Yuen Shun Circuit,
Shatin, N.T., Hong Kong





興勝建築有限公司

HANISON CONSTRUCTION COMPANY LIMITED



This corporate social responsibility report is printed on environmental friendly paper.