

Working with Partners





Sustainability
at HKEI

Sharing
our Planet

Serving
Hong Kong

Working
with Partners

Respect & Trust and Caring are among our Core Values. We look out for the well-being of our employees and encourage our suppliers to be good corporate citizens.





Management Approach

At HK Electric we work closely with our key partners, employees and suppliers alike, and make best endeavour to serve our community in a sustainable and responsible manner.

We take pride in being an employer that enables our people to fully develop their potential. Our human resources strategy “SHINE”, that stands for Synergy, Holistic development, Ideal workplace, Nurture future leaders and Excellence, is overseen by our Human Resources Steering Committee.

We are committed to achieving an accident-free operation for our employees, contractors, customers and the public. Our Health & Safety Policy is overseen by our Health and Safety Board. Through safety management systems that comply with international standards, we strive for continuous improvement in our safety performance.

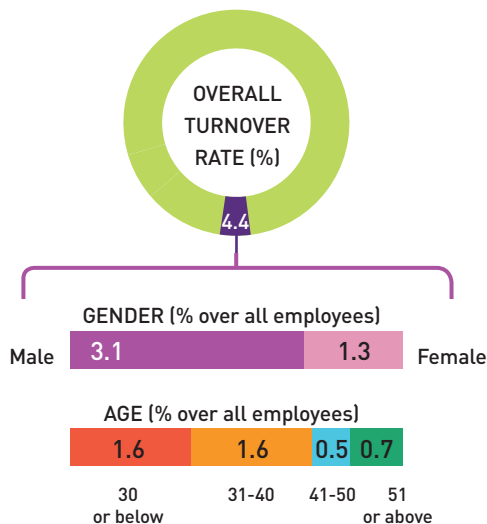
HK Electric suppliers are also expected to share the CSR values of the company. Our Code of Practice for Suppliers outlines high standards for business ethics, human and labour rights, health and safety, and environmental protection.

ENHANCING EMPLOYEE RELATIONS

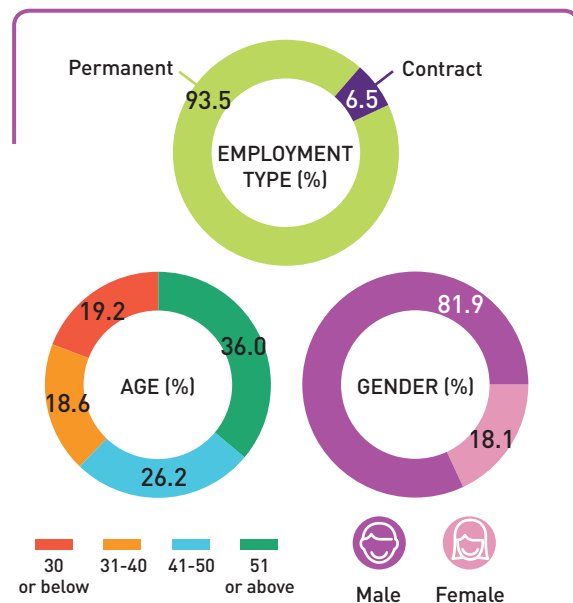
HK Electric is proud to be an employer of choice. We treat our people fairly, respond to their needs, and reward their performance. Consequently, many of our employees enjoy long and fulfilling careers with us, resulting in a consistently low voluntary turnover rate.

During the year HK Electric signed the Good Employer Charter and was ranked sixth among Hong Kong's Top 10 Most Attractive Employers in Randstad's latest employer brand research findings.

2018 Turnover Rate



2018 Employee Profile





Joint Consultation (JC) Committee

In 2018, six JC panels comprising more than 70 directly-elected representatives from various employee groups met 20 times to discuss a wide range of topics related to work operations and employee welfare.

Fair and Equal Treatment

HK Electric is an equal opportunity employer committed to fair and equal treatment in all aspects of human resource management, from recruitment and training to promotion, compensation, benefits and termination. We do not tolerate discrimination, harassment, vilification or victimisation of our employees under any circumstances.

Since 2016, orientation sessions for new hires have incorporated training on equal opportunity issues and the Anti-Discrimination Ordinance. In 2018, more than 20% of all employees attended regular briefing sessions to enhance their awareness and understanding of the Anti-Discrimination Ordinance.

We appraise our employees and reward them for their capabilities and contributions to our business in accordance with our Pay-for-Performance policy. Our remuneration packages are reviewed annually with reference to comparable organisations in related industries to ensure that our employees receive fair and competitive remuneration.

Since the introduction of our E-buddy programme in 2015, we have experienced a significant decline in the turnover rate of new employees. To help our new hires assimilate quickly and easily into our corporate culture, each new recruit is partnered with an experienced colleague known as an E-buddy. The E-buddies have received training on communication skills and promoting positive dynamics at workplace.



Regular communication sessions between senior management and employees

Dialogue and Consultation

We are committed to hearing and respecting the opinions of all our employees. For more than 40 years, our Joint Consultation (JC) Committee has facilitated open communication between employees and management.

The deep commitment of our senior management team to engaging directly with colleagues at all levels is integral to our corporate culture. In 2018, we held two communication sessions hosted by our Managing Director to facilitate a company-wide exchange of views. These included open discussions on the 2019-2023 Development Plan under the new Scheme of Control Agreement as well as upcoming business strategies, notably around innovation.

During the year, we also held thematic talks to share best practices and enhance our employees' understanding of the latest development of the company such as our new Smart Power Services.

We Listen • We Respond

In 2018, in response to a constructive suggestion from a JC Representative, we implemented enhancements to our e-Transport System to encourage carpooling. Now, when booking a company car, colleagues may use the system to indicate their availability to share a ride with other colleagues going to the same destination. This not only adds convenience to colleagues but also benefits the environment.





NURTURING TALENT

To overcome labour-supply challenges that are common for our industry, we invest continuously in the personal and professional development of our people. In our hiring practices we aim not only to attract experienced candidates, but also to inspire young people to embark on new careers in the power sector.

One of our key objectives is to ensure that our employees continue to provide the skills and expertise we need to excel in all core areas of our business. To achieve this, we facilitate long-term career planning for talented employees to nurture their growth within the company.

Trainee Recruitment

We raise awareness among young people about career opportunities with HK Electric by promoting our trainee programmes through career fairs and expos, participating in talks organised by universities and the Vocational Training Council, and arranging visits to our operations and facilities for both secondary school and university students.

University students may also qualify to take up internship and placement opportunities through our Industrial Placement and Vacation Trainee Programmes, in order to gain relevant on-the-job experience.

In 2018, we recruited 10 Graduate Trainees, one Management Trainee, seven Trainee Technicians and six Trainee Technicians (II). We are in the process of revamping our Graduate Trainee Programme to ensure that it addresses the latest requirements of Competence-based Professional Assessment that will be introduced in 2019 by The Hong Kong Institution of Engineers.

Learning and Development

Talent development is a key challenge for our business. In order to bolster the productivity and commitment of our workforce, we offer a range of learning opportunities to help our employees strengthen their competencies and soft power.

To facilitate more targeted development for our future business leaders, selected employees receive tailored project exposure, job rotations, mentorship and classroom training on leadership and management skills. These leadership learning and development programmes have been designed with reference to a 4-level Competency-based Leadership Framework, incorporating e-learning and multi-media approaches for self-initiated and interactive learning.



HK Electric supports the Belt and Road Advanced Professional Development Programme in Power and Energy to nurture the skills and expertise of professionals in the power and energy sector from across the Belt and Road regions.



Team building session



Talent Development



Development Programme

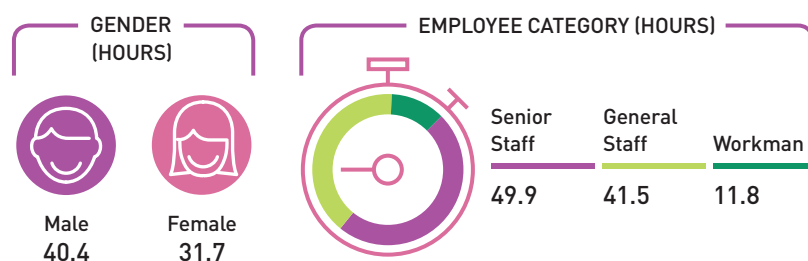
Trainee Programme	To ensure our new intakes build a strong foundation for becoming technical experts and future leaders	Programmes include familiarisation visits, environmental seminars, graduation camps, sharing sessions, mentorship programmes and workshops on topics such as career development, team building and inter-generation communication.
Young Talent Development Programme	To accelerate the advancement of talented young individuals, developing them into successful first-line leaders	Participants undergo competency assessments and formulate a personal development plan before undertaking various learning and development activities. Senior managers are invited to become mentors of individual trainees.
Leadership Development Programme	To inspire and prepare mid-level leaders to succeed critical leadership roles	Participants undergo a two-year intensive development, starting from development centre to map out individuals' development focuses and actions, followed by one-on-one mentorship by senior executives and a variety of learning activities such as book review, self-directed learning on leadership, topical learning workshops, visits to other organisations and learning from their CEOs, as well as action-learning projects.



Knowledge Sharing

HK Electric Institute	To enable the smooth transfer of knowledge and expertise to younger workforce	Courses on power engineering are delivered by the veterans, both current and retired employees.
Seminars and Workshops on Specific Topics	To further a learning culture throughout our organisation	The topics covered in 2018 included artificial intelligence, deep learning, media and community relations, and desktop applications.
Knowledge Inventory	To codify the critical knowledge items and enable systematic planning for knowledge succession	Individual business units update their knowledge inventories annually to define their critical knowledge items, identify respective knowledge owners and knowledge successors, assess their proficiency level, and map out individuals' learning plans and targeted proficiency levels.

Average Training Hours per Employee in 2018



Percentage of Employees Trained in 2018

100%



CARE FOR OUR EMPLOYEES

HK Electric is a signatory to the “Joyful@Healthy Workplace Charter” organised by the Department of Health and the Occupational Safety and Health Council.

We offer a wide range of activities and services to support the holistic well-being of our employees. In 2018, the theme of our Employee Wellness Programme was “Drive your Own Purpose” with the objective of motivating our employees to establish and pursue goals for improving their physical and emotional health and maintaining good work-life balance.

Drive your Own Purpose



Physical and intellectual well-being

- Interest activity groups and classes
- Runners club
- E-sports tournament
- Health talks, fitness courses and recreational facilities
- Distribution of free fruits
- Free flu vaccinations
- Biennial medical check-up for eligible employees
- Self-service health booths located on our office premises to allow employees to take regular self-measurements of body weight and blood pressure



Emotional and social well- being, including good family relationships

- Outings and eco-heritage tours
- Volunteering activities
- Employee Recreational Subsidy
- Lactation rooms for breastfeeding mothers
- Medical check-up plans and flu vaccinations for employees' family members at preferential rates
- 24-hour Employee Counselling Hotline Service manned by professional counsellors
- Good Neighbours' Club – a continuous learning and resource platform for employee volunteers to provide emotional support to their peers. The “Depicting My Heart with My Hand” workshop held in 2018 allowed employee volunteers to explore their own emotions, personality and expectations through drawing.





HEALTH AND SAFETY

We take a proactive approach to mitigating safety risks. These risks arise, primarily, from accidents in our workplaces involving both employees and contractors, incidents of power equipment affecting neighbouring communities, power supply interruptions affecting critical community facilities and special customers, and the unsafe use of electricity on customer premises.

Managing and Promoting Safety

We have safety management systems (SMS) in place covering the operations of Lamma Power Station, the operations of our electricity network and the development of power infrastructure. All these SMS conform to international standard OHSAS 18001.

In April 2018, we received certification for the SMS covering our electricity network in accordance with ISO 45001:2018, which is a new, more stringent standard released by

the International Standards Organisation in March 2018. HK Electric is the first local utility to acquire ISO 45001:2018. We plan to obtain certification for other SMS under this standard in the near future.

We are also committed to promoting health and safety awareness throughout our organisation by fostering a safety culture and offering a wide range of incentives that motivate our workforce to strive towards incident-free operations.

2018 Safety Performance

Lost Time
Injury Severity
Rate*

18.20

Number of Lost
Time Injuries

5

Lost Time Injury
Frequency Rate*

0.25

* Per 200,000
employee-hours

2015

2016

2017

2018

Training on the use
of fire extinguishers



On 11 November 2018, HK Electric's employees achieved

**465 days with
Zero Lost Time Injuries**

In 2018, HK Electric recorded a remarkable improvement in safety performance that is attributable to the outstanding commitment of its employees. The number, frequency rate and severity rate of Lost Time Injuries were the lowest over the last decade.

Other Health & Safety Performance Indicators

283

Work Safe
Behaviour
observations

2,460

safety
inspections

9.9 (average)

safety training hours
per employee



Key Elements of HK Electric's Management Approach to Health and Safety



Rules, Procedures and Practices

- Comprehensive safety rules, procedures and instructions to ensure operations conducted in a safe and responsible manner
- Company-wide system for appointing and registering competent and authorised persons to ensure that only personnel with the necessary skills and experience can perform work on or near our facilities
- Regular risk assessments and preventive or mitigation measures to eliminate or minimise risks
- Ad-hoc and regular safety audits and inspections to identify improvement opportunities
- Systematic reporting and follow-up on every workplace incident to prevent recurrence
- Work Safe Behaviour programme to eliminate risky behaviour in a operational range of areas
- 5S Good Housekeeping programme to enhance workplace efficiency, occupational health and safety, space utilisation and cleanliness
- Workplace hygiene inspections and participation in indoor air quality certification scheme to ensure a healthy working environment
- Oil-free distribution substations and zone substations to reduce potential fire hazards



Training and Awareness

- Comprehensive safety training for frontline staff
- Various promotional campaigns for employees and contractors (Events held in 2018: Health & Safety Forum; Environmental, Health & Safety Quiz; Safety & Innovation Exhibition; Health & Safety & Innovation Week; Safety, Health & Environment Day; and health & safety talks)
- Corporate-wide Safety Climate Index (SCI) survey once every three years (Higher overall SCI score in 2018 compared with 2015 signified improvement in health & safety awareness; follow-up actions are being implemented to further enhance safety culture)
- Relevant safety information on our website for third-party contractors who need to carry out works near our power supply lines
- Promoting safe use of electricity to our customers through group tours of our Power Quality Centre and electrical safety talks at community centres, elderly centres and housing estates



Encouragement

- Various incentive schemes to reward employees for zero-accidents
- Incentive scheme for reporting of near-miss incidents with mobile app as one of the reporting channels
- Member of the "Charter on Preferential Appointment of OSH Star Enterprise" – the company has pledged to give preference to contractors with effective safety management systems in place for Repair, Maintenance, Alternation and Addition works



HK Electric receives two Gold Awards, one Silver Award, one Bronze Award and one Safety Performance Award at the 17th Hong Kong Occupational Safety & Health Awards event.



Chemical spillage drill
at Lamma Power Station

Contingency Preparedness

Interruptions to the electricity supply pose threats to community facilities such as road traffic control systems, hospitals and lifts of buildings. We make every effort to deliver a reliable source of power and provide 24-hour emergency support to our customers. (See Serving Hong Kong chapter of this report on supply reliability and customer service for more details.)

We take extra care of the special power supply needs of customers operating life-support equipment. We encourage these customers to register with us so that we can provide them with advance notification of planned interruptions of power supply. We also have contingency plans for power supply in place for hospitals.

To ensure that we are well-prepared for emergency situations, we identify potential health and safety risks for our employees, contractors, customers and the public arising from various scenarios including fire, oil and chemical spills, typhoons and flooding. We strive to mitigate these risks by developing and implementing appropriate procedures. We also conduct regular drills to enhance our response capabilities to these situations and others including emergency evacuations, confined-space rescues, managing heat stroke, and delivering first-aid assistance.

Award-winning CSR Performance of our Contractors

We are pleased to acknowledge the award-winning performance of our contractors in 2018 including:



The Hong Kong Construction Association Construction Safety Award 2017

One contractor received the "HKCA Proactive Safety Contractor Award". This contractor's employees received the "HKCA Safe Person-in-Charge Award" and "HKCA Safe Supervisor Award".

The 24th Considerate Contractors Site Award Scheme

One contractor received the "Non-Public Works – New Works – Group A – Silver Award" and "Outstanding Environmental Management and Performance Award – Merit".



MANAGING OUR SUPPLY CHAIN

We depend on a variety of suppliers, contractors and consultants to help us construct, operate and maintain our power facilities and support our daily operations.

All of our suppliers must abide by our Code of Practice for Suppliers, which outlines high standards for business ethics, human and labour rights, health and safety, and environmental protection. We encourage our suppliers to report publicly on their Corporate Social Responsibility performance, and, as far as practicable, to influence business partners in their own supply chains to follow our Code.

Responsible Procurement

Every tender or quotation that we receive is processed according to established commercial procedures. In addition to assessing and screening our major suppliers before accepting them onto our Recognised Tenderers Register (RTR), we periodically review the RTR and request major suppliers to submit an update on their CSR performance. In 2018, we evaluated the CSR performance of 148 suppliers under the RTR system.

The engagement of fuel and limestone suppliers is on a case-by-case basis with due regard to their CSR performance. These suppliers accounted for about 1.2% of all our suppliers in 2018.

When making procurement decisions, we consider impact on the environment together with quality, price and punctuality, in accordance with our Green Purchasing

Policy and Green Purchasing Guidelines. We have also joined the Sustainable Procurement Charter initiated by the Green Council in Hong Kong.

Influencing Our Suppliers

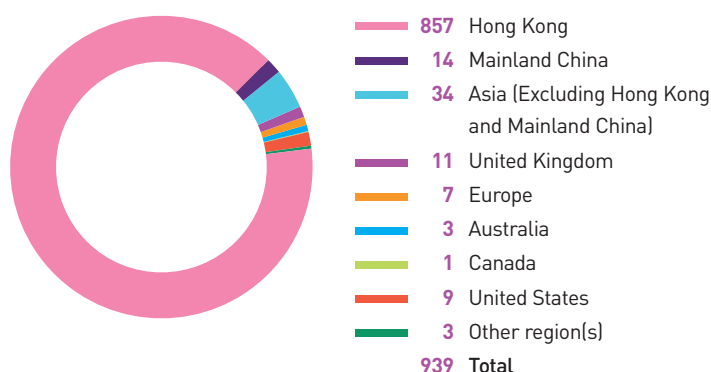
Our suppliers are valued business partners and we engage with them regularly to pursue shared goals for sustainable development. HK Electric was named "HSBC Living Business Sustainable Supply Chain Leader" under the HSBC Living Business Awards 2018.

During the year, we visited a coal supplier in Indonesia to conduct audits on their environmental, social and health and safety performance. We also implemented an e-tendering system to help suppliers and ourselves save paper.

HSBC Living Business Awards 2018

One contractor received the "HSBC Living Business ESG Award – Merit", while another contractor received the "HSBC Living Business SDG Award – Merit".

Number of Suppliers by Geographical Region in 2018





Safety is my business

Case
Story 6

“Thanks to the concerted efforts of our management, colleagues and contractors, the company has maintained a low accident rate for the Lamma Power Station Extension project compared with the construction industry's average. Despite the challenges of the project, we will continue to strive for zero accidents and hope everyone working here will recognise that ‘safety is my business’.”

Kathy Cheng
Assistant Manager
(Safety)

Angus Lo
Manager (Safety)



We depend on the contributions of hundreds of workers – employees and contractors alike – to deliver our Lamma Power Station Extension (LMX) project that helps take Hong Kong into a low-carbon future. Kathy Cheng, Assistant Manager (Safety) works closely with her supervisor, Manager (Safety), Angus Lo, to oversee the safety performance of the project. This 22-hectare strip of reclaimed land adjacent to our original power station is the location of our gas-fired combined cycle generating unit, L9, and another three new gas-fired units, L10 – L12, to be commissioned between 2020 and 2023.

“In addition to carrying out safety inspections and providing safety training, my most important role is to cultivate a strong safety culture that is essential for protecting the life and well-being of our people,” Angus says.

In accordance with HK Electric’s SHE (Safety, Health and Environment) Circle established for the LMX project, relevant safety personnel, engineers and management team members from the company and our contractors participate in regular site inspections, meetings, reviews and promotional events to reinforce the health and safety

standard. Under our incentive SHE Bonus Scheme, we provide monetary incentives for contractors to improve SHE performance and promote awareness of SHE topics among their frontline workers.

As Kathy explains, all contractors of the LMX project are required to assign one additional registered safety officer above the legislative requirement. The leaders of their frontline workers’ groups serve as safety wardens, and in 2018, we provided site safety supervision training to all of the 119 safety wardens.

Although it takes time to bring about cultural change, we are glad to see that we are having some positive influence on our contractors. For example, they have started a Safety Climate Index Survey to gauge their safety culture and identify improvement opportunities in a similar way to HK Electric. Some of our contractors have also become keener on spreading safety messages as evidenced by the industry awards they have received in recognition of their efforts in safety promotion.

**In 2018, we recorded
an accident rate of**

**0.38 / 1,000 workers
on the LMX project**

**This compares with an accident rate of
32.9 / 1,000 workers for the Hong Kong
construction industry in 2017, which is
the latest yearly statistical figure
available from the Labour Department.**



Safety Innovation



In line with the Core Values of our organisation, we are embracing innovation using new technologies such as drones and QR codes for safety inspections, and building information modelling (BIM) to achieve safety-by-design. In August 2018, we also organised our first Safety and Innovation Exhibition to share innovative safety practices with our contractors and other industry peers.