

**SUPPORT ON ENVIRONMENTAL MANAGEMENT INFORMATION AND
ISO14001 ENVIRONMENTAL MANAGEMENT SYSTEMS
FOR SMALL AND MEDIUM ENTERPRISES IN CONSTRUCTION
SECTORS IN HONG KONG**

Welcoming Address by

Mr. Elvis Au

**The Assistant Director (Environmental Assessment and Noise Division)
Environmental Protection Department**

Good morning, distinguished guests and speakers, ladies and gentlemen, I welcome all of you to this seminar.

I would like to thank our guest speakers to share with our friends in the Construction sector of their experiences about implementing ISO 14001 Environmental Management System.

I would like to specially thank:

Mr. Kevin Edmunds of the Business Environment Council

Mr. Russell Black of the Provisional Construction Industry Co-ordination Board
(Engineer) James Chan, the Principal Assistant Secretary for the Environment,
Transport and Works Bureau.

Mr. Stephen Fong of Swire Properties

Mr. Iain Wink of the Hong Kong Construction Association

Mrs. Charlotte Li, the Acting Assistant Director-General of Trade and Industry
Department

Mr. Alex Wong of Hong Kong Quality Assurance Agency

Mr. Chow Kwok Leung, the Chief Assistant Secretary of the Environment, Transport
and Works Bureau

Ms Candy Yu of the Business Environment Council

Background

EPD commissioned a Small and medium sized enterprises (SMEs) Study in 1999 and completed in 2001. The Study concluded that majority of ISO 14001 certified companies are large companies rather than SMEs, and about 83% of local

SMEs have no or little knowledge on EMS/ISO 14001 EMS.

As recommended in the 1999 SME Study, the electrical/electronic and construction sectors were identified as high priority sectors (in terms of social, economic and environmental parameters), which warrant support for EMS implementation. Such recommendation was further supported by the global and local trend in ISO 14001 certification and the current trend of supply chain pressure.

In view of the sustained need from SMEs in the electrical/electronic and construction sectors for the support in implementation of EMS, it is recommended to compile environmental management information related to latest trend in supply chain pressure and international environmental requirements, and develop user-friendly generic ISO 14001 EMS templates with sector-specific practical examples for the SMEs in the two selected sectors, to facilitate their adoption and implementation of ISO 14001 EMS.

The Importance of EMS and this Seminar

The topic of Environmental Management System is important in Hong Kong as well as in the world.

I remember when I attended “The World Summit on Sustainable Development - the Johannesburg Summit” in September 2002, representatives from different countries signed a seventy-page action plan (Johannesburg Plan). One of the targets is about “enhancing corporate environmental and social responsibility and accountability”. These include voluntarily implementing environmental management system, setting guidelines, certification to ISO14001 EMS Standards and environmental reporting.

Up to now, there are more than 61000 ISO 14001 certificates in the world. In Japan alone, there are more than 13800 ISO 14001 certificates. And in China, there are also about 5000 ISO 14001 certificates.

According to our record, there are 345 ISO14001 EMS certifications issued to Hong Kong companies and 90 of these certifications fall within the construction sector. This represents 26% which is the highest percentage amongst all sectors. This shows the positive recognition of ISO14001 EMS certification by the construction sector alone.

I have also noted from local and international researches (see reference below) on the

relationship between a company's competitiveness and environmental management performance. According to a study by the University of Hong Kong and other studies,

- A significant number of customers have great expectation on "Corporate Governance" in social and environmental aspects.
- "Corporate Governance" will undoubtedly become a competitive necessity.

I firmly believe that, if all companies in HK can actively participate in the "Corporate Environmental Management" movement and set up and implement their Environmental Management System, it will definitely bring benefits on the environment and economics to the community. Subsequently, it can also bring Hong Kong to a city with sustainable development.

By achieving corporate environmental management and social responsibility, it can help the company in quality management, improving corporate image. Actually, corporate management and producing corporate environmental and social report can help demonstrate good corporate governance, increase stakeholders' confidence and improve corporate image. All these are now new expectations from the community on successful business in the world market. To promote environmental protection and social responsibility as a tool to increase the value of a company will bring a win-win opportunity.

In fact, there are various good reasons to convince the top management, for example, implementing an EMS would:

- fulfill supply chain requirements
- ensure continual environmental improvement
- comply with local and international legislation
- improve company image
- enhance favorable customer reaction, increase competitiveness
- reduce environmental risk and liability
- give a safer working environment and better emergency preparedness
- enhance staff environmental awareness, good for staff morale
- give positive public relations
- increase financial savings (resources saving, reduce pollution costs)

According to the Review study we commissioned, small and medium sized enterprises (SMEs) in Hong Kong's construction sector are collectively a major part

of the economy ranking high in terms of number of establishments, contribution to gross domestic product, and size of employment. Construction sector SMEs, however, also account for substantial environmental impacts, such as air, water and noise pollution, energy consumption, waste generation and chemical waste production, compared to other sectors.

Although EMS is not a mandatory requirement at the moment, the SME study identified that there is a growing trend of supply chain pressure which exists from the four key drivers, they are (for details, please refer to the Review Report):

- (i) Construction Industry Review Committee (CIRC) and PCICB,
- (ii) Government policies and directives,
- (iii) Private developers, and
- (iv) Main contractors.

In October this year, a new provision under the Noise Control Ordinance relating to Directors' liability came into operation. There is a due diligence defence provided if a company has set up an environmental management system that is in effective operation.

It is therefore prudent to keep the SMEs in the construction sector abreast of the latest environmental management information and help the SMEs to cope with the current and future environmental requirements in order to stay competitive in the environmentally conscious business market.

Objectives of the seminar (2 December 2004)

The seminar serves as the launch of an EPD support programme on Environmental Management Information and ISO14001 EMS for small and medium sized enterprises (SMEs) in the construction sector.

The purpose of the programme is to help SMEs in the construction sector

- (a) understand the local environmental pressure from different stakeholders;
- (b) stay competitive in the environmentally conscious market with the help of the support package for ISO 14001 EMS.

The support package for the construction sector which is launched today, includes a review of an updated environmental management information related to the latest

trend in supply chain pressure in the construction sector, a set of user-friendly generic ISO 14001 EMS templates, and a user manual with sector specific practical examples for the construction sector to facilitate their adoption and implementation of the ISO 14001 EMS.

The findings of the studies in Hong Kong and the theme of this seminar echo what has been the trend in the world. Globally, in 2003, the Global Compact was launched by many international stakeholders for the business sector and asked companies to embrace, support and enact a set of core values in the areas of human rights, labour standards, the environment and anti-corruption. The ten principles of Global Compact include 3 key principles on the environment: businesses should support a precautionary approach to environmental challenges; businesses should undertake initiatives to promote greater environmental responsibility; and businesses should encourage the development and diffusion of environmentally friendly technologies.

Michael Porter, who is the famous author on the famous book “Competitive Advantage”, has said in his article “Green and Competitive” in the Harvard Business Review on Business and the Environment, that

“Managers must start to recognize environmental improvement as an economic and competitive opportunity, not as an annoying cost or an inevitable threat. Environmental progress demands that companies innovate to raise resource productivity – precisely the new challenge of global competition. It’s time to build on the underlying economic logic that links the environment, resource productivity, innovation and competitiveness.”

I hope this seminar and the support package would help your companies understanding on the trend of environmental pressure and establishing as well as implementing the EMS.

Lastly, I would like to wish you all have a successful seminar today and can share experience on EMS. Thank you.