

2019-2020

Sustainability Report



MATERIAL
TO BUILD OUR FUTURE



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CEO MESSAGE



2019 and 2020 had been unprecedented and challenging years for Hong Kong.

Hong Kong's economy started to deteriorate as a result of the 2019 social incidents. The outbreak of COVID-19 pandemic in 2020 has further dampened the weak growth momentum of Hong Kong and significantly impacted all local businesses. The COVID-19 pandemic has spread with alarming speed in the highly networked world bringing the global economic activity to an almost standstill. The pandemic has revealed the vulnerability of individuals, communities, and businesses, and challenged the sustainability. Alliance is no exception and we have faced major challenges with the profound changes in economic, social and market landscape in last two years.

Protection of our employees as they return to work amid the epidemic situation of Hong Kong is our top priority. We responded swiftly to the virus outbreak by activation of our Business Continuity Plan (BCP) and proactive implementation of remote working, split team, back up workplace and social distancing for our operations. We have continued to source adequate personal protective equipment, including face masks, for all our people. With the effective implementation of the BCP and dedication of Alliance teams, we kept our business running during the difficult times while protecting our customers and employees. Besides assuring the continuity of our customers' construction activities, we also managed to support the Hong Kong government by providing concrete solutions for construction of the quarantine camps.

“ Now is the time to crystallize the lessons learnt and to implement reforms to build a sustainable and resilient future.

Together we craft material solutions for the future. Together we will emerge stronger. ”

Turned risks into opportunities

2019 and 2020 were undoubtedly years full of chaos and uncertainties, but they were also years of triumphs for Alliance. With the commitment, innovation, and resilience of our people, we turned risks into opportunities and achieved strong business results for the last two years. We were also able to accomplish our target ESG initiatives in the reporting period.

In our previous report, we launched the Alliance Sustainability Ambitions 2030, a key step to outline the long-term strategic plans for realization of our sustainability goals. Despite the challenges over the last two years, we persisted our actions on our four strategic pillars - People, Resources, Innovation and Community.

People is our most important asset

We have made good progress in recruitment and development of young talents to rejuvenate the Alliance teams and support the execution of our succession planning programme. It is encouraging to see our young talents continue to grow professionally and take up important roles in the Company. We are committed to ensure a safe and healthy workplace for our people, our journey of continual improvement in occupational safety and health performance will never end. It is encouraging that we have attained zero lost-time-injury in 2020 with the concerted effort of all teams.

CEO MESSAGE

Ethical and sustainable source of materials

We actively and consciously source and procure raw materials and services in an ethical, sustainable, and socially conscious way. We continue to apply the circular economy model developed to drive good practices in different stages of our product lifecycle. Through the independently verified product certification and the quality management system, we ensure the traceability, consistency and compliance of our raw materials which are of fundamental importance for our offerings of safe, responsible, and sustainable products to our customers. We realize our commitment on responsible exploitation of natural resources with our green quarry operations, production pollution control, green concrete products with alternative supplementary cementitious materials, and optimized logistics to deliver efficiently while minimizing carbon footprint.

A major milestone of decarbonization

We continue to seek different opportunities to lower our carbon footprint. We had installed solar power system at our two concrete batching plants to support the development of renewable energy in Hong Kong. We have achieved a major milestone of decarbonization, with more than 40 of our concrete products being certified as low-carbon concrete mix designs under the "CIC Carbon Labelling Scheme". We have set out our Carbon Reduction Roadmap 2030 to drive the innovation of our product and service development to support the long-term decarbonization goals of the construction industry.

Digital transformation for a better future

We also embark on our digital transformation journey for a better future. We made a big step forward in the reporting period by launching our new ERP system and the associated applications including the customer portal and other mobile apps which have enhanced our productivity as well as the supports to our customers. The digitalized initiatives and new concrete plant development in the pipeline will strengthen our operational infrastructure to serve our customer better.

With strong commitment to social responsibility and sustainable harmonic relationship with the community, we continued our CSR and community engagement actions amidst the pandemic. A series of caring programmes were launched to support the vulnerable groups to fight the COVID-19 battle, including donation of surgical masks and hand sanitizers, as well as full sponsor of anti-microbial coating service.

COVID-19 - A wake-up call for all

The threat of global climate change and COVID-19 outbreak is a wake-up call and point of transformation for all. The world is undergoing profound changes and return to the old normal is no longer possible. The future seems more uncertain and strained after the COVID-19 crisis, but it is more open at the same time. Now is the time to crystallize the lessons learnt and to implement reforms to build a sustainable and resilient future.

I would like to express my sincere gratitude to all our employees and contract drivers for their dedication and contribution to our 2019-2020 results. I also wish to thank our shareholders, customers, business partners and suppliers for their continued great support.

We all have a key role to play

Everyone in Alliance have a key role to play in the transformation to create a better future for the business and the community. We shall push the boundaries to strengthen innovation and deepen partnerships with all stakeholders.

Together we craft material solutions for the future. Together we will emerge stronger.

VINCENT YU
CHIEF EXECUTIVE OFFICER

KEY ACHIEVEMENTS

Fatalities

0

Accident Rates

Reportable injuries

0

Direct employees

Days lost

0

due to injuries

Carbon footprint from operations

-47 %

Compared with base-year 2007

Carbon Reduction

Carbon offset

7,772

Carbon credits retired

Embodied carbon

259 kg CO₂-e

per 1m³ concrete (Average)

Waste Reduction

Waste to landfill

-48 %

compared with last reporting in 2018

Waste materials recycled

11,538

tonnes

Water Conservation

Water discharged

-52 %

compared with last reporting in 2018

Wastewater recycled

317,166

m³

42 Certified Concrete Products

Recognized by CIC Green Product Certification



CIC GREEN
PRODUCT CERTIFICATION



CIC GREEN
PRODUCT CERTIFICATION



CIC GREEN
PRODUCT CERTIFICATION



CIC GREEN
PRODUCT CERTIFICATION

AWARD RECOGNITION

Safety Performance Awards
HKCA Proactive Safety Contractor
Build4Asia Awards 2020 – Outstanding Building Materials
HK Awards for Environmental Excellence - Sectoral Award (Merit)
HK Awards for Environmental Excellence - WasteWise Certificate
Hong Kong Green Organisation
HERA 2019 - Excellence in Sustainability Report for non-listed companies – Grand Award
HERA 2019 - Excellence in GRI Report – Commendation
HERA Awards - Recognition on ESG Disclosure
LACP 2019 Spotlight Awards - Report: Sustainability Report - Gold Award
LACP 2019 Spotlight Awards - Report: Sustainability Report - Top 100 Award
LACP 2019 Spotlight Awards - Digital: Web/Intranet Site - Bronze Award
LACP 2019 Spotlight Awards - Digital: Web/Intranet Site -Top 100 Award
10 Year Plus Caring Company
Social Capital Builder Awards 2020
The 10th Hong Kong Corporate Citizenship Program – Corporate Citizenship Logo
Happy Company 2019, 2020
Web Accessibility Recognition – Friendly Website
Say Yes To Breastfeeding Campaign Certificate

SUSTAINABILITY HIGHLIGHTS

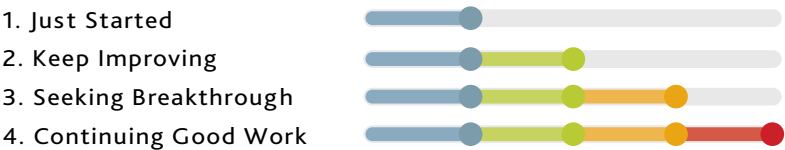
To realize our social corporate responsibility commitments and ensure the Company's sustainable growth, we developed the Alliance Sustainability Ambitions 2030 (Ambitions 2030) plan in 2018 as our roadmap for future development.

Our Progress In 2019-2020

The 5 prioritized aspects in Ambitions 2030 concluded our stakeholders' major concern, our progress in 2019 – 2020 is as follows:



Progress Key



Ambitions 2030



Governance

We practice integrity and authenticity in our operation and customer service every day. Through Concrete Services Limited, our HOKLAS accredited laboratory, we provide a full range of trustworthy testing services to our customers. In the reporting period, a total of 156 mangers of the Company has completed the Competition Law training on our E-learning platform supported by an external legal organization. The E-learning platform was set up since July 2017. We also introduced a new Ethics Hotline, providing a direct channel for our employees to report any ethical or compliance issues to the senior management.



People

Our people policy focuses on enhancing the Health and Safety standards in the workplace and ensuring the development and wellbeing of all employees. Our Integrated Management System (IMS) was upgraded to drive total safety management culture, promote good practices, behaviors and attitudes in all operational aspects. It also supports the Vision Zero Pledge that we signed up in 2019. Besides risk assessment training to all, we continued to engage employees in different safety programmes and workplace improvement projects. To tackle the COVID-19 pandemic crisis, we activated the Business Continuity Plan (BCP) in very early stage to ensure safety of our people while maintaining business operation. In terms of talent management, which we consider the key to sustain our business, we initiated a series of talent retention and recruitment programmes. Succession planning was also put in place to develop the Company's future leaders in a systematic way.



Resources

Our long-term environmental goal is to enable a Circular Economy. Our strategies cover climate protection, resource management and pollution control. In the reporting period, we made a breakthrough in carbon neutrality through driving down carbon emissions by renewable energy and facilitating low carbon-built environment by green concrete. The solar power project we jointly developed with NEFIN was completed in 2020, while more than 40 of our concrete products with low-carbon designs have been recognized by the "CIC Carbon Labelling Scheme". Besides coordinating with our fuel supplier on their carbon offset program, we also initiated our own carbon neutrality services. For product offering, we provide concrete with GGBS and PFA mixes and concrete with recycled aggregates. All of the above help reduce our carbon footprint, support our customers' sustainability policy and achieve the "Net Zero 2050" goal.



Community

To improve our community relations, our focus has shifted to more strategic planning in community initiatives. This also aligns with our stakeholders' expectation on more long-term and strategic community programmes. We have already formed a CSR and Community Engagement Committee in 2019, which is responsible for strategic plans of all future CSR and community engagement activities. During the most difficult period of the COVID-19 pandemic, we stepped up our effort on community support, such as donating epidemic-prevention supplies to the vulnerable groups and arranging Germagic anti-microbial coating service for the kindergartens and nursery schools in Tsing Yi, where our production hub is located. We also contributed concrete solution to the construction of quarantine centres and various local hospitals and infrastructure development, these development projects are essential to building a harmonious and healthy society.



Innovation

We believe to be innovative in the way we operate, the products and services we offer are crucial to stand out from the competition. We have successfully migrated to a new IT operation system - SAP in November 2020 to further enhance digitization. Besides a new customer portal - Hub, a new mobile app for our drivers was also launched to enhance user experience. Facing the challenges of COVID-19, we created a new e-docket system to eliminate physical contact in the delivery process. These digital transformations enabled us to improve overall operational efficiency for the benefits of all our stakeholders. We also developed new products with environmental or special performance benefits to support our customers meeting project goals.

For more details of our actions and progress for the above prioritized aspects, please refer to the "Ambitions 2030" section.

ABOUT ALLIANCE

BUILDING IT BETTER WITH ALLIANCE

ABOUT ALLIANCE

Alliance Construction Materials Limited ("Alliance") is the leading concrete and aggregates total solutions provider in Hong Kong. Having grown hand in hand with Hong Kong since the early 1960s, Alliance has evolved as a joint venture since 2004, owned by CK Infrastructure Holdings Limited ("CKI") and HeidelbergCement Group.

The construction sector in Hong Kong has a vital role to drive the city's economic growth and future development. In the past decades, we contributed to a wide range of construction projects spanning the territory with our innovative and bespoke ready mixed concrete and aggregates solutions. The customer-centric culture built in Alliance adds real value to our customers, helping them to achieve the most challenging project goals. We strive to be the ideal partner for the region's leading developers, contractors, and other industry players with our strong rock reserve, production capability, technical expertise and HOKLAS-accredited testing services. We are also committed to building a sustainable future by developing green and high-performance products with sustainability benefits, as well as enabling a circular economy in our entire operation.

THE TOTAL SOLUTIONS PROVIDER

AGGREGATES SOLUTIONS



Quarries
Diversified quarry products from traceable and responsible sources



Local Depots
Strategically located depots in Hong Kong



Aggregates Customers
Full range of products to support building contractors, asphalt and concrete manufacturers

CONCRETE SOLUTIONS



Concrete plants
Concrete plants with strong production capacity to offer consistent quality products



IT and Engineering
Strong IT and Engineering capability to drive continuous improvement



Testing Lab
HOKLAS-accredited lab to offer concrete mix design, lab testing and on-site testing services

CUSTOMER-CENTRIC SERVICES

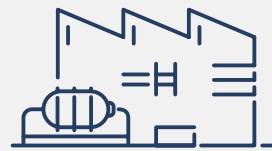


Customer Service Centre
Centralizing orders and resources from all plants to ensure optimal deliveries



Logistics and Truck Fleet
Large truck feet and digitalized logistics system to facilitate customers' construction program efficiently.

1960s



Established
in 1960s

4M^{m³}



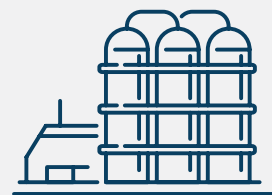
Concrete Annual
production capacity

70M



Tonnes of
rock reserve

5 RMC



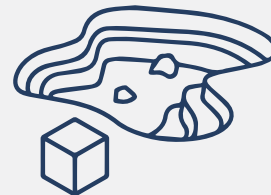
plants with
10 production lines

3 local depots



for aggregates
business

2 quarries



aggregates supply
in the PRC

1 HOKLAS



accredited laboratory

1ST in the industry



to setup Customer
Service Centre in 2011

239 full-time



employees and 180
contract drivers

*Data as at 31 December 2020

OUR SHAREHOLDERS' POLICIES

As a joint venture company, the purposes and policies of our parent companies have direct influence on our sustainability management approach and business strategies. Our shareholder CKI in its Corporate Social Responsibility (CSR) Policy upholds high standard in environmental, social and governance performance and requires all business units to put CSR as a core responsibility for the management team. HeidelbergCement refined its purpose: to offer building materials and solutions to shape significant development worldwide, to achieve carbon neutrality, to deliver long-term financial performance and drive transformation with innovation and partnerships. Alliance's purpose "to build a great liveable city through sustainable aggregates and concrete solutions" echo the same with our parent companies. In 2020, we reviewed our culture principles and redefined our vision and mission.

To master the challenges of the future, we have to evolve our culture and our way of working. We must join forces to develop innovative solutions for our customers and the environment.



Be stronger together
and push forward!



Get the customer
excited!



Unleash innovation!



Think and act
long term!

OUR AMBITION

Purpose

To build a great, liveable city through sustainable concrete & aggregates solutions.

Vision

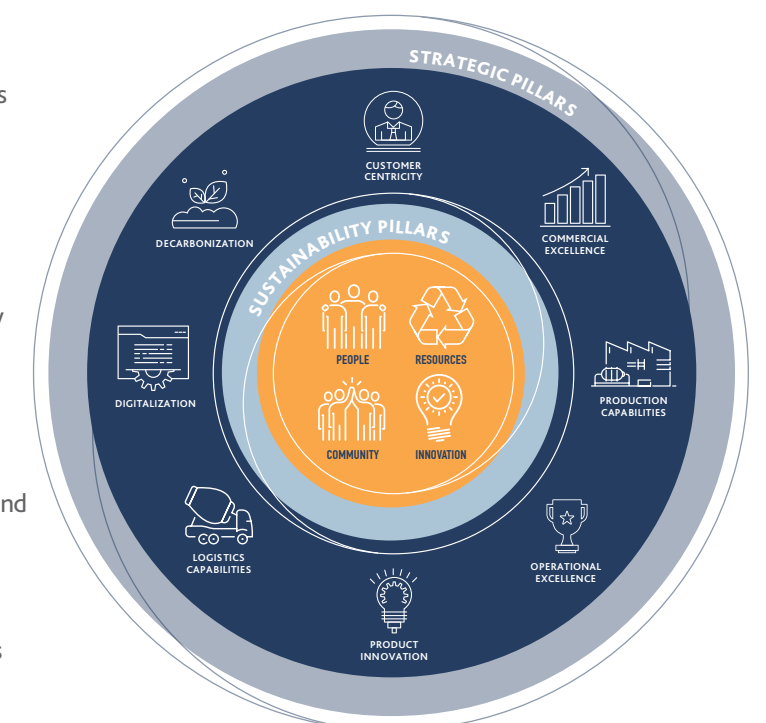
To be the most preferred choice of developers and contractors regarding concrete and aggregates solutions in Hong Kong.

Mission

Continuously raise the bar of customer experience by embedding customer centricity in all our functions, driving commercial excellence, strengthening our operational capabilities, striving product innovation and leveraging on digitalization to maximize the success of our target customers in a socially and environmentally sustainable way.

Strategic Pillars

Underpinned by the four sustainability pillars of PEOPLE, COMMUNITY, RESOURCES, and INNOVATION, we put in place 8 strategic pillars that help realizing our purpose and drive our long-term success.



STAKEHOLDER ENGAGEMENT

Our stakeholders have a significant impact on the Company's business development and its ability to achieve the objectives and therefore long-term growth. As such, we engage with them at regular intervals through different methods and channels in order to better understand their concerns, expectations and priorities on issues of sustainability. We align all these activities with the GRI materiality process.

OUR STAKEHOLDERS

Since there is a wide variety of internal and external stakeholders, all of whom offer diverse insights, we tailor-make the appropriate engagement activities and then actively communicate with them to collect their feedback.



Shareholders

- Meetings
- Interviews
- Business reports
- Sustainability reports



Suppliers

- Meetings / information sharing
- Supplier audits
- Online survey
- Contract and agreements
- Sustainability reports



Employees

- Staff activities
- Monthly meetings
- Management workshops
- Interviews
- Online survey
- Training and development programmes
- Sustainability reports



Communities

- Community group discussion
- Corporate responsibility initiatives
- Company website
- Complaint hotline
- Sustainability reports



Customers

- Sales meetings
- Interviews
- Customer relations management activities
- Sustainability reports



Authorities

- Interviews
- Industry conferences and seminars
- Audits
- Regulatory compliance reports
- Sustainability reports



Business Partners

- Meetings
- Interviews
- Industry conferences
- Online survey
- Partnering programmes
- Sustainability reports



NGO & Institutions

- Sustainability workshops
- Interviews
- CSR activities
- Environmental Impact Assessment
- Sustainability reports



Collect feedback from stakeholders

Consolidate data and conduct analysis

Result to be reviewed by the management and determine the material aspects

Develop strategic action plan and monitor progress

The stakeholder engagement process helps us to identify potential risks and opportunities to our business operations. From collecting feedbacks to developing strategic actions for the material aspects, our stakeholders play a vital role in our long-term development. When the most material aspects were identified by participating stakeholders, the feedbacks were consolidated into the different pillars of Alliance Sustainability Ambitions 2030. The material issues were reviewed and confirmed by our management and will in turn be assessed and addressed with the support from our governance committees, the business units, employees and other stakeholders. These actions will be integrated to become part of the Company's daily operation.

MAJOR FEEDBACK RECEIVED

In addition to collecting feedbacks from most of the stakeholders through online survey, our highlighted engagement activities for the reporting year included the one-on-one interviews with our director, the customers – contractors, the developers, and government authority. We continued to hold the Alliance Sustainability Forum in September 2020, in which experts from sustainability management, reporting and other disciplines were invited. Having considered the potential safety risk of COVID-19 pandemic, we changed the event format from face-to-face meeting to an online forum. These activities provided fruitful discussion on identifying the major risks and opportunities faced by the Company, helping us to develop focused growth strategies, as well as providing practical feedback to improve our sustainability reporting.



One-on-one Interviews



IVAN CHAN
Director of Alliance
Chief Planning and Investment Officer of CKI
Chief Financial Officer of
Power Assets Holdings Limited

"By sharing of global best practices, CKI gives full support to Alliance's sustainability management. Over the years Alliance has demonstrated strong leadership in advocating environmental practices and driving improvement in sustainability performance within the industries. In recent years, Alliance has been striving for recruiting young talents as they can bring a fresh perspective to the business. Through Summer Internship Programme, Management Trainee Programme and different sorts of activities, Alliance aimed to attract more new blood to the Company and build an energetic and harmonious culture. The application of a broad perspective on CSR, enabled Alliance to meet social expectations and have positive impact on the public in terms of environmental, social and economic aspects, e.g. pollution control in concrete batching plants, using green diesel for the delivery truck fleet, providing job opportunities and contributing to the city's development, etc."



HO TAK YIN, DAVE JP
Assistant Director - Air Policy
Environmental Protection Department (EPD)

"Putting the sustainability aspects into its strategic planning and engaging stakeholders while managing these aspects is a correct direction as businesses have to go beyond legal compliance and convince the public with corporate social responsibilities in order to obtain the "social license" to operate. Pollution control is one of the top environmental aspects for concrete industry. The liaison between concrete industry and EPD that resulted in upgrading of air pollution control measures for concrete batching plants in the past years was a successful case. This government-industry collaboration will accelerate the development of best possible solutions for tackling these community-wide environmental issues."



BRYAN LEE
Quality & Environmental Manager
Dragages Hong Kong

"Globally, concern for the environment is rising and people's mindset towards environmental impact is more matured, which has encouraged companies to allocate more resources for green management and facilitated more good practices. However, in such a competitive market, it's not easy to strive a good balance between project efficiency, cost control and environmental performance. We welcome more green products from Alliance and appreciate that it has proactively developed new digital tools to improve work process, such as the E-docket system. We look forward to more tailored features to enhance efficiency."



RICKY POON
Senior Manager, Corporate Finance Department
China State Construction International Holdings Limited

"We agree with Alliance that talent retention is vital to any business's continuous growth. At China State, we place much emphasis on staff welfare and people development. Aside from career progressions and pay, we strive to build a caring culture and happy workplace by offering extra benefits like Birthday Party and Caring Leave. The construction materials market is facing serious challenges posed by technology evolution such as Modular Integrated Construction (MiC) products, unstable raw material supply and tightening environmental regulations. We are happy to see Alliance's passion in developing innovative and low carbon products, which we believe will be a rising trend for the industry."

MATERIALITY PROCESS

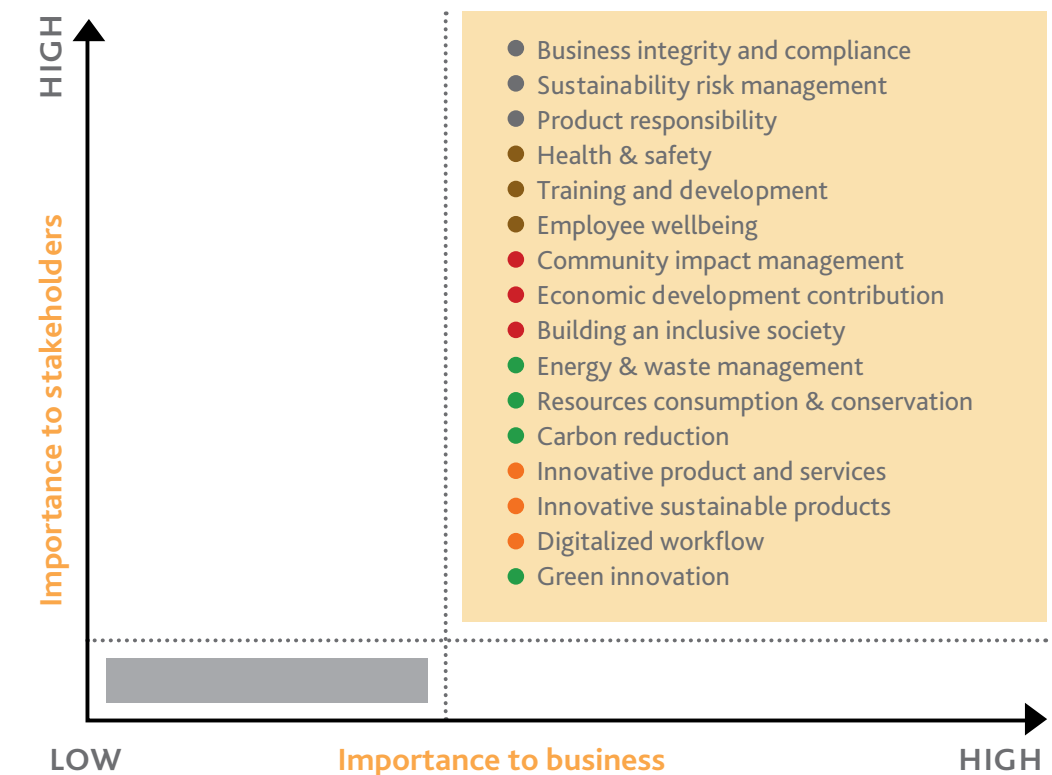
Through the stakeholder engagement process, we have confirmed the top material aspects, with the related risks and opportunities evaluated by the management in our Sustainability Management Workshop. With the framework of our Ambitions 2030, we have reviewed and assessed those material aspects and determined plans and actions for addressing them in each Ambitions 2030 prioritized aspect.

By mapping the management approach of our material topics to the Sustainable Development Goals (SDGs) of the 2030 Agenda for Sustainable Development, we demonstrated our commitment to improve human lives and protect the environment. There are 9 global goals (SDGs) that align with our Sustainable Development Policy.







Materiality Matrix

The materiality matrix set out below reflects the results of the stakeholder engagement and materiality review.



OUR RESPONSE

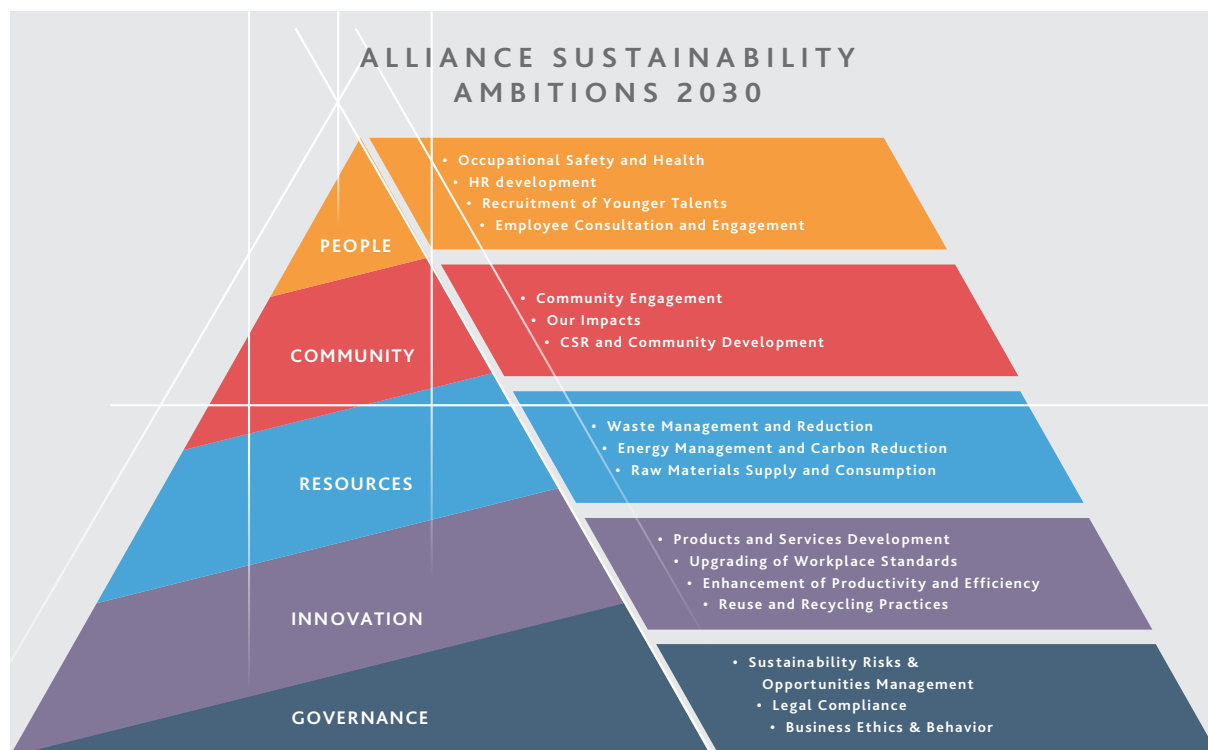
TOP MATERIAL ISSUES	SDGS: 9 RELATED GOALS	AMBITIONS 2030: PRIORITIZED ASPECTS	OUR RESPONSE: REPORT SECTION
1. Business integrity and compliance		GOVERNANCE	<ul style="list-style-type: none">• Governance• Ambitions 2030
2. Sustainability risk management	 	GOVERNANCE	<ul style="list-style-type: none">• About Alliance• Governance• Ambitions 2030
3. Product responsibility		GOVERNANCE	<ul style="list-style-type: none">• Governance
4. Health & safety	 	PEOPLE	<ul style="list-style-type: none">• People• Ambitions 2030
5. Training and development		PEOPLE	<ul style="list-style-type: none">• People• Ambitions 2030
6. Employee wellbeing	 	PEOPLE	<ul style="list-style-type: none">• People• Ambitions 2030
7. Community impact management	  	RESOURCES COMMUNITY	<ul style="list-style-type: none">• Resources• Community• Ambitions 2030
8. Economic development contribution	 	PEOPLE COMMUNITY	<ul style="list-style-type: none">• People• Community• Ambitions 2030
9. Building an inclusive society		COMMUNITY	<ul style="list-style-type: none">• About Alliance• Community• Ambitions 2030

TOP MATERIAL ISSUES	SDGS: 9 RELATED GOALS	AMBITIONS 2030: PRIORITIZED ASPECTS	OUR RESPONSE: REPORT SECTION
10. Energy & waste management	  	RESOURCES	<ul style="list-style-type: none">• Resources• Ambitions 2030
11. Resources consumption & conservation	  	RESOURCES INNOVATION	<ul style="list-style-type: none">• Resources• Innovation• Ambitions 2030
12. Carbon reduction	 	RESOURCES INNOVATION	<ul style="list-style-type: none">• CEO Message• About Alliance Resources• Innovation• Ambitions 2030
13. Innovative product and services		INNOVATION RESOURCES	<ul style="list-style-type: none">• CEO Message• About Alliance Innovation• Resources• Ambitions 2030
14. Innovative sustainable products		INNOVATION RESOURCES	<ul style="list-style-type: none">• Innovation• Resources• Ambitions 2030
15. Digitalized workflow		INNOVATION	<ul style="list-style-type: none">• Innovation
16. Green innovation	  	INNOVATION	<ul style="list-style-type: none">• Innovation



AMBITIONS 2030

During our last reporting cycle, we engaged extensively with our stakeholders and used the subsequent materiality process to shape our sustainability strategy. This strategy "Alliance Sustainability Ambitions 2030" is where we identified the four sustainability pillars - PEOPLE, COMMUNITY, RESOURCES, and INNOVATION as our guiding framework. This model aligns with the UN's 2030 Agenda for Sustainable Development, Hong Kong Government's Climate Ready 2030, as well as our parent companies' policy.

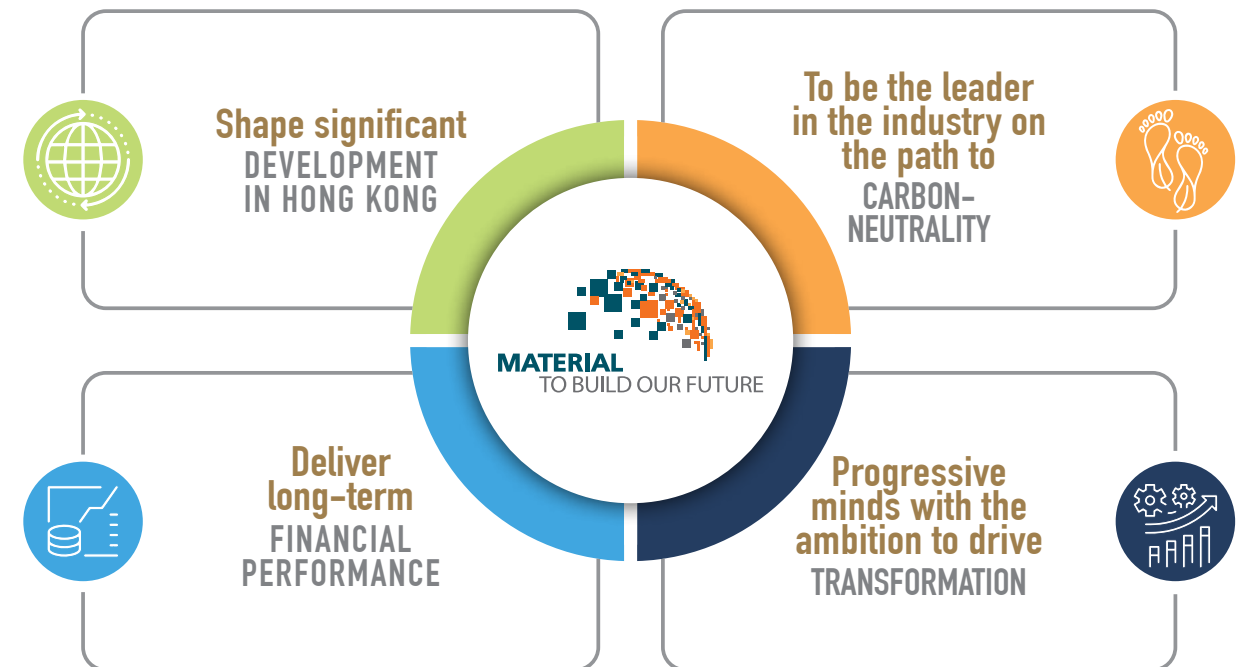


Through this structured agenda we aim to address our material sustainability aspects, and our guided and more focused actions will help us realizing our purpose of building a great, liveable city through sustainable concrete and aggregates solutions.

During the recent engagement, our stakeholders told us that the material aspects we identified in last reporting cycle and the priorities we determined in the four pillars remain valid. They also gave us valuable suggestions on various sustainability aspects such as to escalate our climate protection actions, the connection of our expertise and capability to our CSR activities, and driving good practices within the supply chain via responsible sourcing. We took all these suggestions on board and adjusted our strategic actions. More details of our strategic actions can be found in the "Way Forward" section.

MATERIAL TO BUILD OUR FUTURE

The world is undergoing profound changes. Our concrete and aggregates solutions have contributed significant development for more than half a century. Now it's time to lay the foundation for the future.



The parent companies' policies which align well with Alliance's sustainability strategy and goals direct us further on our sustainability journey. By consolidating the strategic pillars that align with our parent companies' purpose and policies, we redefined the Alliance Sustainability Ambitions 2030 model, ensuring sustainability is embodied into our business decisions and daily practices, and is embedded into the corporate culture.

For more details of our updated Purpose, Vision, Mission, Strategic Pillars and Sustainability Pillars, please refer to "Our Ambition" in "About Alliance" section.

GOVERNANCE

GOVERNANCE

To ensure successful integration and effective management of sustainability within Alliance, we put in place a robust governance structure that is supported by a committed leadership, a clear direction and strategic influence from stakeholder input. Being a joint venture company, we have support from both parent companies, while our strategic sustainability planning is also influenced by the policy and direction they set. The well-defined structure of responsibilities, the internal reporting and auditing support Alliance's ability to live up to the good intentions and ambitions that are embedded in these parent companies' policies as well as the policies we set ourselves.

GOVERNANCE STRUCTURE

BOARD OF DIRECTORS AND EXECUTIVE COMMITTEE

- Manage and monitor the overall corporate governance of Alliance
- Ensure the Company to comply with applicable legislations and the adherence of parent companies' policies and requirements
- The Company's conformance and performance are regularly evaluated by auditors from parent companies

RISK MANAGEMENT STEERING COMMITTEE

- Chair by the CEO and responsible for setting sustainability policies
- Identify the sustainability priorities and determine the strategic actions through the stakeholder engagement and materiality process
- Allocate necessary resources for implementing the strategic actions and carry out performance review
- Disclose strategic planning and performance via sustainability report

FUNCTIONAL TEAMS

- Supported by the Corporate HSE Committee and the IMS Committee that set up in all sites
- Responsible for implementing the strategic actions for realizing the sustainability objectives and targets
- Engage in the development of strategic actions
- Provide feedback on the effectiveness and practicability of strategic actions for achieving the targets

Reference Standards/ Requirements

- Group purpose, mission & vision
- Culture principle
- Policies
- Code of Conduct
- Strategic plan & actions
- Reporting requirements
- Audit standards
- Other standards, e.g. Group HSE standards

Reference Standards/ Requirements

- Alliance's purpose, mission & vision
- Guiding principles
- Company Policies
- Code of Conduct
- Alliance Sustainability Ambitions 2030 Strategic Action Plan
- Local legislations and other applicable standards
- ISO9001, ISO14001, ISO45001, ISO50001, ISO14064, ISO14067, GRI Standard
- CSR & Community Engagement Management Plan
- Business Continuity Plan



The Board of Directors and the Executive Committee are the highest-level bodies that review and monitor all aspects including sustainability management of Alliance. The Risk Management Steering Committee which is chaired by our CEO is a cross functional executive committee that engages leadership across the business. This committee provides oversight and strategic guidance for the implementation of sustainability policy and programs.



The Board of Directors and Executive Committee Members*:

(back, from left to right) Ms. Lilian Wong, Mr. Ross Chow, Mr. Dan Ahern, Mr. Nelson Pang, Ms. Ophelia Ng,
(front, from left to right) Ms. Sim Soek Peng, Mr. Eddy Tsang, Mr. Vincent Yu, Mr. David Hogan, Mr. Ivan Chan, Mr. Angus Ng

* The Company's Board of Directors and Executive Committee Members also include Mr. Kevin Gluskie, who did not join the group photo.

Functional teams are responsible for the implementation of the sustainability actions. The active engagement of all employees enables us to have constructive feedback on how we can further improve our sustainability actions and planning for achieving the long-term sustainability goals.

BUSINESS INTEGRITY AND ETHICS

Legal compliance, business integrity and ethics are identified as material issues by our stakeholders. We treat legal compliance as our baseline when carrying out our business. The Business Integrity and Ethics Policy sets forth principles of business ethics that must be observed by all employees. The Code of Conduct that covers prevention of bribery, soliciting and accepting advantages, conflict of interest and other ethical business behaviours provides clear guidelines and expectations for our employees.



To ensure the compliance to competition law, which is relatively new in Hong Kong, we set up the Alliance Fair Competition Program that consists of Competition Compliance Policy, compliance manual, training and reporting mechanism. To align the behaviour of the managers and to keep them up to date on the fair competition requirements, they are required to complete annually the compulsory competition law training via the e-learning platform. Within the reporting period, a total of 156 managers of the Company completed the training and passed the exam.

In 2019, the Ethics Hotline was set up to enable employees to report violations/potential violations of the law and company policies around the clock. The reporting process is set up so that an employee, if they so choose can report anonymously. All reports received will be handled in a manner that avoids retaliation towards the employees by any members of the Company.

TURN RISK INTO OPPORTUNITY

Concrete Services Limited, our HOKLAS accredited laboratory provides technical support to both internal users and our customers, while playing an important role in quality checks and assurance of both our products and production processes. We also offer diverse testing services to the industry.



In 2017, corruption scandal hit the Hong Kong-Zhuhai-Macau Bridge project that resulted in the Independent Commission Against Corruption (ICAC) arrested 21 people over allegedly falsified concrete test results. This incident was a disaster to the contractor involved, the misconduct by the practitioners also tarnished the reputation of the testing and certification industry.

Being a major aggregates and concrete solutions provider in Hong Kong, the quality of our products is something that we will never compromise as it is of paramount importance to both the building and all people's safety. To ensure the integrity of our quality checks and other test services, we integrate our governance standards and requirements into the management system of the laboratory. In addition to the corruption prevention that is the core part of our code of conduct, the monitoring of compliance and audit, and the encouragement of reporting have guided the professional ethics and integrity of our testing team. Our good practices in corporate governance, when integrated into the management system of the laboratory, enable us to fulfil the most stringent requirements as stipulated in the ISO/IEC 17025:2017 that the Hong Kong Accreditation Service (HKAS) launched in 2018. In 2019, our HOKLAS accredited laboratory provided total solutions to the Public Works Central Laboratory including technical support in concrete supply and quality, testing professionalism to suit their needs and streamlining of their project management.

PEOPLE



PEOPLE

Our people are vital to fulfilling our business purpose and sustainable business success. To keep our workforce thriving, creating a positive employee experience within Alliance is crucial.

Health & safety have been the core of our people management approach due to the nature of our operations. In 2019, we received the accreditation of ISO 45001 Occupational Health and Safety. With the COVID-19 pandemic in 2019 to 2020, our first health & safety agenda was to protect our people from being infected in the workplace. We have been providing ongoing support to our employees, maintaining most stringent personal and workplace hygiene practices, and enhancing social distancing in order to reduce risk of infection. In addition, we executed the Business Continuity Plan (BCP) to maintain our business continuity under such an unprecedented public health crisis.

While much effort was deployed to tackle the public health crisis, in 2020, we modified our Integrated Management System (IMS), in which the health & safety management is an integral part, with an aim to bring our advanced but plateaued health & safety performance to the next level. The modified IMS implemented a new approach driving the total safety management culture within the organization to support our Vision Zero and to achieving a harm-free workplace for our people.



VISION ZERO

Safety.Health.Wellbeing.

As a result of the aging workforce, organizations are facing the challenge of how to fill the talent gap. Within Alliance, we have a group of loyal and well-seasoned workforce who have contributed to our success. In anticipation of a significant number of retirees, we put talent management and succession planning as top priorities in people management. The experience sharing and knowledge transfer to younger generations of Alliance are essential to sustaining human capital in the Company.

Another approach is to maintain a healthy age profile of employees by lowering the average age of our staff. In order to compete, attract and retain younger talents, our training and development programs emphasize engaging them for process and workplace improvements, supporting them to drive positive change in the Company while enabling them to aspire and find personal fulfilment from their work.

PROTECTING OUR PEOPLE

The COVID-19 pandemic had threatened lives and economics around the globe. Alliance has activated the BCP since the very early stage to swiftly respond to the challenges.

1. Quick Response to First Outbreak and Uncertainty

During the first outbreak in 1st quarter 2020, Hong Kong faced shortage of personal protective gears such as surgical masks and hand sanitizers, and the information on coronavirus was limited. The primary objective of our BCP at that stage was to support our employees with protective gears, up-to-date status and information of COVID-19, and to put in place stringent workplace hygiene measures to safeguard the well-being of our employees at work.

2. Proactive Approach to Cope with Repeated Waves of Outbreak

The latest situation of COVID-19 was monitored on daily basis, our BCP had also been adjusted timely to manage the potential impacts to our people. We further explored ways to reduce social contact between employees as well as with other stakeholders. In mid of 2021, the number of local transmission cases remained with increasing number of cases with unidentifiable source of transmission. We decided to take a more proactive approach on early detection and prevention. In addition to advancement such as dockets sanitization and contract free delivery by using digital dockets, we also arranged regular COVID-19 viral tests for our drivers and field technicians, as well as employees who resided at affected buildings.

3. Response to Confirmed Cases

In 2020, there were two drivers diagnosed with COVID-19. Once identified, thorough workplace disinfection by professional contractor had been completed that very evening. COVID-19 viral tests were also arranged for all employees visited the plant within 2 weeks. With prompt response to these incidents as well as high standard of social distancing and workplace hygiene, there was no outbreak or internal transmission across Alliance.

4. Post COVID-19

During this 2 years, public health crisis had become one of the major concerns in Hong Kong. Our workforces had been vigilant in maintaining the Company's BCP and workplace standards, protecting them from internal outbreak. The situation in Hong Kong is regularly monitored and we will continue to take proactive steps to protect our people which are most valuable to Alliance.



CREATING POSITIVE SAFETY CULTURE

We believe every employee should feel fulfilled by the work they do and be able to return home safely every day. We aim to create zero-harm workplace and reduce our workplace accidents completely by 2030.

Fatality Rate:

0

(2004-2020)

Lost-time-injury for
Direct Employee:

0

(2020)

No. of Traffic Incident:

-28%

(compared with 2017/18)

When the IMS was set out over a decade ago, much efforts were placed on establishing specific safety procedures and their enforcement as we aimed to ensure safety compliance. Over the last decade we endeavored to improve our safety management, when reflected on our incident prevention, the efforts we made should have generated positive results as we saw the reduction in both the occupational injuries and the road traffic incidents.

During the safety climate survey we did in 2019, which is a bi-annual exercise since 2005 for evaluating the overall safety culture of Alliance, we concluded that employees hold safety as a shared value but more enhancement on employees' engagement, health and safety training and practicing safety rules were expected.

1. RE-STRUCTURING THE IMS

To strive for a harm-free workplace is our goal for health and safety management and we understood that only a total safety management culture is established we can achieve this challenging goal. We pledged the Vision Zero in 2019 to emphasize our aim in incident prevention. In 2020 we made a big step forward to re-structure the IMS that put much emphasize at:

Employees' engagement and encourage active reporting

Operatives are having first-hand information and user experiences on site every day. By involving them in the decision-making processes, their experiences and opinions can help "making big change with small idea". In this reporting period, ideas contributed by our employees had resulted in upgrading of workplace health and safety standards such as the development of a detailed guideline for safe operation of abrasive wheels, safety practices for working inside ice store, and cement hose control. Several cross-team improvement projects had also been completed, including the use of projected directional signs and warning beam; anti-slippery on staircases; and cement tanker and mixer truck improvement. All these are important for our incident prevention.

Recognizing the capricious nature of our site environment, timely rectifying unsafe acts and conditions is fundamental to maintaining harm-free workplace. With the aim to empower operatives to actively report any unsafe acts and conditions, reporting mechanism with record system had been utilized. We also include timely completion of reported items as part of our IMS objectives.



Risks and hazards identification and removal

We aim to have 100% work process covered by risk assessment and all employees are capable to assess risks and hazards that associate with their works. Our risk assessment cycle had been refined to fulfill our initiative to ensure all work processes are covered by risk assessment with defined safety measures. More user-friendly job hazard analysis tool had also been established to support our workforces to perform risk assessment. With risk assessment skills training delivered to all operatives, supervisors and managers, they can assess risks and hazards before commencement of work.

Guiding the health & safety practices of workers

As all work processes are covered by risk assessment, we can provide employees with more precise safety procedures or guideline by way of Standard Operation Procedure (SOP). The development of SOP will involve relevant work teams and operatives so to ensure they are specific and practical. Training will also be provided to relevant workforces to ensure thorough understanding. The requirements will then be incorporated into inspection and audit programmes to verify the effectiveness of the SOP and any room for further improvement.

In the reporting period, we have revised and established up to 77 SOPs which will also be incorporated into our upcoming training plan. Alternative training mode to improve training effectiveness is also explored, including the use of E-learning platform.



2. LAUNCHING NEW PROMOTIONAL ACTIVITIES

To promote awareness and foster caring culture, several promotional activities had been held.



Poster design contest, heat stress prevention, health examination

For reinforcing safe use of ladder and slip prevention, Hold the Handrail posters design contest was held. Selected designs were also used for display at different areas at our workplaces. During summertime, Heat Stress Prevention promotional programme was conducted where anti-UV arm sleeves and leaflets were distributed to all line operatives. Personal cooling vest, cooling fan, and neck covers were also introduced to employees. All employees were also entitled to flu vaccination program and free annual health examination.

3. ENHANCING TRANSPORT SAFETY

Transport safety is essential to achieving our Vision Zero ambition. With our truck operators on roads every day, we seek ways to support their safe operation and maintain effective communications with them.

Improving truck washing and prevent overload

Daily job arrangements and safety messages are conveyed through digital means. Other technologies such as automated truck washing systems and other mechanical aids were also explored to facilitate effective means for mixer drum cleaning and to prevent concrete spill. The enhanced controls coupled with mechanical aids help prevent truck overload, assist the removal of build-up, and reduce traffic accidents.



SUSTAINING HUMAN CAPITAL

Talents management is vital to sustaining our business success in a constantly changing world. Capitalizing on the experiences of seasoned workers and innovative ideas from younger generations can produce high performance synergy that drive the Company to a new direction.

1. Young Talent Development

Younger talents of Alliance who have unique strengths and abilities that make them potential future leaders. They challenge traditional norms and bring new perspectives into the solutions. To pursue a healthier age profile of employees, we increased the number of new hires below age 30 by 88% comparing to last reporting period. Our employee age ratio below 50 also increased by 14%. During the reporting period, there were also 6 management trainees hired and summer internship positions were offered to different institutions.



VINCENT LO

CONTINUOUS IMPROVEMENT MANAGER

"One of my biggest satisfaction is being able to encounter new ideas and work with different teams every day. Having supported by top management, innovative ideas are realized through improvement projects that bring about performance enhancement and greater customers' satisfaction. Being able to train and coach younger generation of Alliance and see them progress through the development pathway to project management role is very rewarding."

WAYNE LEUNG

ASSISTANT PRODUCTION MANAGER

"I appreciate the many opportunities provided by management, including to lead a plant's operation and to be the project manager for cement pumping automation. Being able to contribute to process and system improvement is very meaningful to me. I feel valued by management as my efforts are recognized and my opinions are welcomed. I am motivated and I looking forward to develop my career in Alliance."

CHAPMAN TONG

CONTINUOUS PROCESS IMPROVEMENT ENGINEER

"In just 4 months of being in Alliance, I was engaged in process enhancement and automation. Being able to study our challenges, identify potential solutions, and witness the improved outcome are truly satisfying. Although I am not familiar with this industry, my colleagues and superior supported my learning and together we were able to drive process improvement that led to increased productivity. I feel valued in Alliance and I look forward to continue my career journey here."

2. Talents Succession

Succession planning is a key strategy to preserve competencies and knowledge transfer to younger generations in a systematic way. Harvesting from seasoned individuals enable younger talents to be more engaged, expanding their potentials, reduce their learning curves and further their development. For critical positions in the Company, successors are identified and being groomed to take up the leading roles in soon future. Training and development programmes including ongoing coaching are arranged to support their personal development.

TONY CHAN

SALES & MARKETING CONSULTANT (AGGREGATES)

"Succession is never just about business continuity, but to sustain and take care what had been built with decades of efforts. As aggregates are fundamental resources in the construction industry, it is vital for a Sales Manager to understand the products and their production processes. Grooming Michael as my successor was very fulfilling. We often discuss our work experiences, market trends, and to exchange ideas. Having him to take lead in projects helped him to gain his own experiences and grow during struggling times. He is also engaged in networking and people management which helped him to develop his career. Most importantly, our mutual trusts and transparency supported him to develop under fast learning curve, building his confidence and independence in taking up this role."



MICHAEL XU

SALES MANAGER - SOUTHERN CHINA (AGGREGATES)

"Tony wasn't just my manager but also my mentor. He helped me to understand the industry and develop my competence to become a Sales Manager. Since I joined Alliance as a Management Trainee, the rotation programme allowed me to learn about different career paths and enabled me to utilize my background to develop in this department. In the past decade, Tony and other senior management members have provided much support and encouragement to me, helping me to overcome self-doubt and challenges. With ongoing coaching with Tony and support from top management, I began to build up my own team since 2016. I am glad I chose to build my career with Alliance. My personal growth and career development would not be possible without the ongoing coaching from Tony."

New Hires of Age
Below 30 Increased

88%

(From last reporting
period)

New Hires of Female
Increased

140%

(From last reporting
period)

3. People Engagement

By involving work teams and individuals in our IMS and improvement projects, they are actively communicating and engaging with one another, creating a culture of teamwork and collaboration. Harmony and friendships are also built through informal engagement means where they get to social and relax in a casual environment. Our annual Staff Party and Christmas Party held in 2019 were also the highlights of our company events where employees enjoyed the festive atmosphere and spent time with their colleagues.



RESOURCES

RESOURCES

Aggregates and concrete are essential building materials for Hong Kong which help us respond to the growing population and the consequent demand placed upon our infrastructure. While the characteristics of concrete such as thermal quality, durable, flexible in design, made from abundant raw materials, and is fully recyclable making it a sustainable building material, we recognize that we consume natural resources and will generate environmental impacts in the entire product life cycle. Therefore, our management approach is to produce our aggregates and concrete as environmental-friendly as possible along all stages of its life span, making it a natural choice for sustainable home construction.

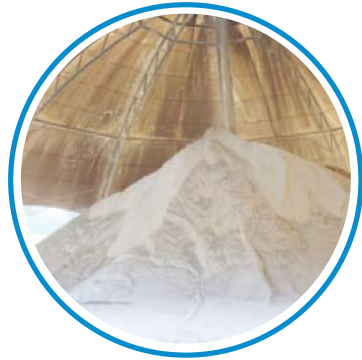
Being aware of the environmental impacts associated with the materials we produce and the resources we consume, we have put enabling a circular economy and climate protection at the top of our agenda to address these resources conservation concerns. We also started looking into our water footprint in order to seek effective means to conserve our water resources.

As a materials supplier we are in the middle of the supply chain. This position enables us to collaborate with our suppliers and customers on the push for a green construction trend that helps resource conservation and the attainment of our long-term carbon neutrality goal.



ENABLING A CIRCULAR ECONOMY

Enabling a circular economy is one of our top priorities as we aim to eliminate waste, a pressing issue in Hong Kong, and to ultimately decouple development from consumption of natural resources, in our operations.



1. EFFICIENT USE OF PRIMARY RAW MATERIALS

In our upstream activities we ensure the efficient use of the primary raw materials that extracts from our stone quarries. Our principle is we take only what we need, since anything extracted from nature must be fully utilized. We also put in place green practices such as quarry restoration, dust suppression measures, and other pollution controls at our quarry site in order to eliminate the environmental impacts.



2. WASTE & WASTEWATER RECYCLING

Concrete waste and solid waste extracted from plant washout are the major sources of waste generated in the concrete manufacturing process. We equip the concrete reclaimer, filter press and the wastewater treatment system in our concrete batching plants. These facilities enabled us to reclaim usable materials from the wastewater and turn them into filling materials for civil works or other engineering usage. The filtrated wastewater is also recycled for trucks and site cleaning.



3. CONCRETE WASTE SOLUTION

For unexpected reasons concrete can be returned from construction sites, and if not handled in a timely manner the returned concrete will be disposed of at landfills. Our solution for tackling this challenge starts with reducing waste at its source. Our Customer Service Centre with the support from our technical and logistics teams, offers our customers solutions to minimize the volume of concrete returned from construction sites due to over-ordering or other concreting problems. For unavoidable concrete waste, the Recycle Concrete Treatment Machine we introduced from Japan turns the concrete waste into recycled aggregates which can be used in producing concrete.



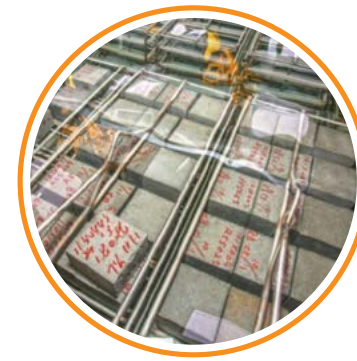
4. PRODUCTS WITH WASTE MATERIALS

The application of waste/recycled materials from other industrial processes, such as fly ash and silica fume into concrete reduces the consumption of Portland Cement as well as the embodied carbon. While we continue using these recycled materials in our concrete products, the construction of GGBS production line in our sister company, Green Island Cement's Tap Shek Kok plant in 2020 made this cement replacement material available locally.



Ground granulated blast furnace slag (GGBS) is produced as a by-product of the iron manufacturing process. The production of GGBS requires little additional energy as compared with the energy needed to produce Portland cement. Also, it can be used to replace as much as 80% of the Portland cement used in concrete. The replacement of Portland cement with GGBS will reduce the embodied carbon of concrete significantly and thus GGBS is considered an environmentally friendly material.

Previously GGBS was imported from Mainland China or other countries. With the first GGBS production plant in Hong Kong ready to produce in 2021 means the carbon emissions that would be associated with the cross-boundary transportation will be eliminated, further reducing its embodied carbon. We supplied more than a thousand cubic meters of GGBS concrete with a replacement ratio up to 60% for Grade 60 concrete, for the construction of the GGBS plant in Tap Shek Kok which has an annual production capacity up to 360 kilo tonnes. The incorporation of GGBS can further lower the carbon footprint as well as improving the product durability and a prolonged service life.



5. INNOVATIVE GREEN CONCRETE SOLUTIONS

The design and construction of built environments must become more resilient to the impacts of climate change, while also cost-effectively meeting the needs from population growth. We offer the market innovative concrete solutions that reduce the embodied environmental impacts in construction and building in-use stages.



- Self-compacting concrete : Reduce the nuisance that may occur from the concreting process such as noise nuisance to surroundings and has the benefit of making the concreting process less labour intensive.
- High grade tremie mix: Enhance the loading of the building for flexible design and accelerate the overall project progress.
- Fast set self-flow lightweight concrete : Enables the casting at inaccessible locations.
- Heat controlled lightweight concrete: Provides enough strength for loading thus avoids the distortion of cast-in items.
- Other value-added products with durability performance: Prolongs the service life of the structures up to 120 years with minimal maintenance, even under aggressive exposure conditions. This high modulus product can provide flexible engineering for skyscrapers up to 100 floors.

WATER CONSERVATION

Water is an essential resource but pressure on freshwater resources globally, are growing due to population growth, increased industrial activity, urbanisation and changing lifestyles. In Hong Kong, the rainwater collected locally can only meet 20-30% of water consumption. The remaining demand is met by imported water from Mainland China. Due to global water scarcity and the increasing water demand from rapidly developing cities in Pearl River Delta area, the Hong Kong Government has implemented the Total Water Management Program to ensure a stable supply of water.

Water pollution is another challenging topic particularly in densely populated cities like Hong Kong. Although the water quality in Hong Kong improved over the last two decades due to the relocation of polluting industries to the Mainland and all the effort made by both the government and the private sectors, water pollution control remains one of the top environmental concerns due to population growth adding further pressure on water quality.

Water is the major ingredient for producing our concrete, we also consume water for our daily operational use. When accessing safe drinking water is becoming a global sustainability issue, we understand how important it is for us to contribute to water conservation even though we have a stable water supply in Hong Kong.

We have started looking into our water footprint with an aim to seek opportunities to reduce our water consumption. We started with the identification of major water usage functions, monitored our direct water use, as well as treating the grey water. We included the quantification of water footprint into the sustainability strategic action plan 2030 and will disclose it together with the reduction target in the next reporting cycle.

COMMITTED TO THE WASH PLEDGE

Within the reporting period, we signed the WASH Pledge which was initiated by the World Business Council for Sustainable Development (WBCSD). Being one of the WASH Pledge signatories, we committed to implementing access to safe water, sanitation and hygiene at all our sites, as well as preventing water pollution in the communities where we operate. We carried out an annual assessment to ensure the provision of international best WASH practices at all our sites. Under the public health crisis of COVID-19, the WASH practices had enabled us to maintain a high standard of workplace sanitation and hygiene which helped prevent the disease from entering our workplaces. The wastewater treatment facilities that recycles the wastewater that we generated removed the pollutants from the water discharge thus preventing the polluted water from entering any public places and water bodies.



CLIMATE PROTECTION

The planet is facing a climate emergency that requires urgent action. According to the 2°C scenario we must achieve net zero emissions by 2050 in order to prevent severe consequences resulting from climate change. Together building and construction are responsible for 39% of the world's total carbon emissions, with operational emissions accounting for 28%. The remaining 11% comes from embodied carbon emissions that is associated with materials and construction processes. Therefore, the built environment sector has a vital role to play in responding to the climate change threat.

Alliance as a total aggregates and concrete solutions provider, we own the responsibility of driving the low carbon transition by delivering products and services that support the vision of Net Zero 2050 and collaborate with all stakeholders within the supply chain to transform Hong Kong into the carbon neutral future.

REDUCE OPERATIONAL CARBON

- Measure & disclose carbon footprint since 2008 and set targets to drive continuous reduction
- Achieve ISO 50001 certification to enhance energy efficiency and reduce energy demand, as well as driving continuous improvement by operational target setting
- Introduce renewable energy, e.g. Installed solar PV systems at selected plants and aimed to have renewable energy sources at all sites
- Improve verification by regular ISO14064 verification and disclose performance via Sustainability Report and other means

ADVANCING NET
Zero
2050

REDUCE EMBODIED CARBON

- Optimize concrete mixes improve their green/low carbon performance and reduce cement content by application of supplementary cementitious materials
- Embrace innovation in concrete solutions, e.g. new products to support customers' holistic carbon reduction initiatives
- Quantify & disclose life-time environmental impact of concrete and support clients' green building assessment & green purchase
- Promote carbon neutral concrete initiatives, support customers' carbon neutrality policy by carbon offset programme, etc.
- Seek breakthrough by product R&D and new technologies

OUR DECARBONIZATION STRATEGIES

1. Measure and disclose: Since 2008 we started measuring the operational carbon footprint and determined our carbon reduction targets. In 2011 we extended the carbon footprint to also quantify the embodied carbon from our products. Through our bi-annually published Sustainability Report we disclosed our carbon footprint information and strategic actions publicly.

2. Reduce energy demand: We studied our energy uses and identified energy saving opportunities. The ISO50001 accredited energy management system enables us to manage our energy consumption and reduction in a systematic manner; and as such improved our energy efficiency of our production plants and offices.

3. Introduce renewable energy: We planned to increase the on-site renewable energy source in our energy mix that helps offsetting carbon emissions from grid electricity we consumed. In 2020 we successfully installed solar PV systems in two selected concrete batching plants which is a starting point of our renewable energy initiative.

4. Improve verification & rigour: To ensure the integrity and completeness of our carbon footprint quantification, our operational carbon footprint is independently verified against ISO14064-1. The quantification of embodied carbon from our products is also verified independently against ISO14067, which is the assessment standard for CIC's Concrete Carbon Label, that we were granted in 2020.

5. Reduce & optimise: We work continuously the concrete mixes optimisation, application of circularity principle in our production such as to recycle the aggregates that extracted from concrete waste and increase use of alternate cementitious materials in concrete to reduce the embodied carbon.

6. Embrace innovation: Innovate in product and services development / improvement to facilitate the carbon reduction from construction as well as during the building in-use stage. For example, through improved product performance to reduce maintenance in the building-in-use stage or to prolong the service life of buildings.

7. Assess product life cycle: We started the Life Cycle Assessment (LCA) for our concrete in 2020. The LCA is an important step for us to disclose the environmental impacts of our concrete products in their lifespan through the issuance of Environmental Product Declarations. The LCA also quantifies the carbon reduction via the re-carbonation process in building in-use stage.

8. Offset as a last resort: Before the visionary goal of carbon neutral concrete can be attained, we offer our customers carbon offset services to support "Net Zero" initiative, using verified offset schemes which offsets the concrete's embodied carbon within the project. We also collaborate with our fuel supplier to offset the carbon emissions from our fuel consumption. In 2019, up to 7,772 Carbon Credits were retired.

9. Promote low carbon products and services: We communicate actively with stakeholders on Alliance's carbon reduction commitment and initiatives and help our customers to make informed green purchasing choices such as disclosing the embodied carbon of concrete products.

10. Plan for the future: We determined the Carbon Reduction Roadmap 2030 that seeks all possible opportunities for reducing the carbon footprint from both our operations and products. The programs we initiated and targets we set in the Carbon Reduction Roadmap 2030 are interim goals in order to hit the "Net Zero 2050".

OUR ACHIEVEMENT IN 2019-2020



DETERMINED CARBON REDUCTION ROADMAP 2030

Carbon reduction is one of the sustainability priorities we identified in our Sustainability Ambition 2030 that we put in place in the last reporting cycle. We reviewed our carbon reduction performance, and the actions/programs we had taken in order to identify further reduction opportunities and to re-visit our long-term carbon reduction roadmap. We followed the recommendations made by the Task Force on Climate-Related Financial Disclosure (TCFD) to conduct a risk assessment. This enabled us to identify the risks and opportunities from climate change that may impact us over short, medium, and long term. The assessment results were major inputs for us to set targets for the Carbon Reduction Roadmap 2030, a significant aspect guiding the strategic actions we determined to address our climate change risks as well as identifying the opportunities.



OBTAINED THE CIC CARBON LABELS

Embodied carbon of the Ordinary Portland Cement accounts for more than 80% of the total embodied carbon of concrete. Therefore, the carbon reduction of concrete relies heavily on the quantity of cement to be used and the carbon reduction performance of our supplier. Recognizing the application of cement substitutes such as fly ash and GGBS are currently the most effective means to cut down the embodied carbon of concrete, collaborating with stakeholders that include policy makers & specifiers, developers and contractors to increase the use of concrete using cement substitutes is a strategic action for decarbonation.

In 2020, we conducted a carbon audit and independent verification according to requirements and standards stipulated in ISO14067 and the CIC Green Product Certification for the entire range of our concrete products. Alliance's concrete products were awarded the Platinum Labels, the highest rating in CIC Green Product Certification – Carbon Label Scheme. The provision of certified low carbon products enables us to provide our customers with an informed green purchasing choice. The disclosure of verified product carbon footprint also serves the purpose of benchmarking, thereby driving carbon reduction initiatives such as increasing the use of cement substitutes in concrete.





INTRODUCED SOLAR PV SYSTEM

Our Scope 2 emissions, mainly from the consumption of grid electricity accounts for approximately 20% of the total carbon emissions from our operations. Over the years we have sought all feasible means to enhance the energy efficiency of our production sites which have contributed to the reduction in 30% carbon emissions from our operations. Our on-going monitoring of our energy performance showed that the electricity efficiency has plateaued making further improvements more challenging. In 2020, we partnered with a solar developer and introduced solar PV systems to two selected concrete batching plants in Tsing Yi and Yuen Long. These systems can generate 83,600 kWh electricity annually. From December 2020, the electricity output will be able to offset a total of 30 tonnes CO₂ per year, equivalent to planting over 500 trees for Hong Kong.

The introduction of solar PV system to two selected sites is an opportunity for us to gain experience with renewable energy. We are planning to increase sources of on-site renewable energy in our energy mix helping us to further offset carbon emissions from the grid electricity we consumed.



DISCLOSING PRODUCT LIFE CYCLE IMPACTS

The use of sustainable building materials is a key part for building a sustainable future. To enable our customers' informed purchasing choices and to serve the increasing market demand in whole-project or whole-life environmental impact assessment, we conducted the life cycle assessment of our concrete products and we are now ready to issue the Type III Environmental Product Declaration (EPD).



COMMUNITY



COMMUNITY

Being a good corporate citizen is important to our business sustainability and we believe that sound community engagement practices provide mutual benefits for us, our neighbours, and the broader community. Our management approach is to exist as a contributing member of the communities where we operate.

To ensure the corporate social responsibility objectives can be met, we established the CSR & Community Engagement Management Plan in 2019 in which the guiding principles are documented below. The guiding principles listed below encompass our belief and value in being a contributing member in the community. They guide us in all circumstances and help creating a caring culture within the organization.

- Be visible: Communicate, sponsor initiatives, meet and show interest.
- Be transparent: Organize open dialogue, be accountable and trustworthy; also make mutual expectations explicit.
- Be pro-active: Show concern, be responsive, resolve difficulties and be prepared to react quickly and in a personal way.
- Be involved: Take initiative, create mutual commitment, and involve employees.
- Be timely: Start the engagement process appropriately and as early as possible.
- Be respectful: Break down the perception of power and ensure mutual respect.
- Be fair: Develop fair conflict resolution mechanisms.
- Be engaged and responsive: Follow through on commitments. Be clear about the objectives, forms and strategies for stakeholder engagement. Manage expectations of outcomes.
- Be consistent: Ensure that stakeholders' engagement is a continuous process, and they are dealt with under the same guiding principles.

We determined in our CSR & Community Engagement Plan three core elements of Environmentally Responsible Practices, Socially Responsible Practices and Employee Caring Practices as they are the areas where major feedback and suggestions were received from the on-going dialogue and engagement with our stakeholders.



ENVIRONMENTALLY RESPONSIBLE

The communities in the areas where we operate told us that they have high expectation for our environmental performance especially the pollution control and mitigation effort. Therefore our community strategies and actions shall always reflect our commitment to be a good corporate neighbor.

MINIMIZING OUR ENVIRONMENTAL IMPACT

Dust and noise control, wastewater treatment, truck washing facilities

Over the years our good neighbor practices that include measures for isolating dust and noise emissions at their sources, facilities for mitigating unavoidable emissions, wastewater treatment system for ensuring best quality of the water discharge, and all the vehicle washing facilities have protected our neighbours from being impacted by the environmental nuisance that may occur from our operations. The legal requirements are the baseline from which we consider our pollution control and mitigation measures, as we continue exploring all feasible ways to upgrade our standards with an aim to better protect our neighbouring communities.



CASE STUDY

Noise mitigation in Yuen Long Plant

After the move-in of a new public housing estate near our Yuen Long Plant, we discussed with a District Council and learnt that the noise from our Yuen Long Plant's aggregates loading process might impact the residents. Although the noise assessment results revealed that the noise level was within the acceptable noise level, we determined to invest additional noise mitigation measures in the entire aggregates loading process resulting in further reduction of noise easing our neighbour's concerns.



SOCIALLY RESPONSIBLE

1. ROAD TRAFFIC SAFETY

Every day we have around 200 trucks travelling on the roads and therefore we will never compromise on public safety. Maintaining a highly efficient truck fleet is crucial for ensuring the supply of materials for development in a timely manner. Therefore, we understand that we have a responsibility to ensure both our truck fleet does not create any traffic burden on the neighbouring communities while upholding the highest possible standard of traffic safety.



Avoid illegal parking by offering parking lots

When planning any work sites, we endeavor to provide truck parking and marshalling areas even though it is challenging for any heavy truck fleet operation in Hong Kong as land is a scarce resource. In our concrete production hub in Tsing Yi, we provided enough parking lots and marshalling areas for the concrete mixer truck fleet, which coupled with our logistics management system and other digital communications applications we were able to ensure efficient truck allocation and delivery while preventing the queueing of trucks on public roads.



Regular inspection and maintenance to ensure safety

As for road traffic safety, we put much effort in maintaining the trucks' safe working conditions, for example, the wheel nut indicator combined with regular inspection and the re-torque exercise has enabled us to maintain a zero "fly wheel" incident for years. The engagement of a professional driving school for the provision of driving safety training to our drivers, and the active intervention to road traffic incidents resulted in continuous improvement of our road traffic safety record. Compared with 2010, the end of 2020 saw our concrete mixer truck incident frequency rate reduced by 72%.

2. SATISFY THE SOCIETY'S NEEDS WITH OUR EXPERTISE

The unprecedented public health crisis from COVID-19 has raised our awareness to how critical the public health system is to the sustainability of the city. We must salute all the health practitioners for their sacrifice and all their hard-work coping with the challenges of COVID-19, and we are honored to be able to take part in major public health development projects with our aggregates and concrete solutions.



Contribute to the 10-year Health Development Plan

Within the reporting period, we participated in major projects under the 10-year Health Development Plan, which is a dedicated plan for upgrading Hong Kong's public health system. These projects include the construction of CUHK Medical Centre and construction of the Hong Kong Children's Hospital; redevelopment of Kwong Wah Hospital, Queen Mary Hospital, Prince of Wales Hospital, and Kwai Chung Hospital; expansion of United Christian Hospital and Haven of Hope Hospital; extension of Tuen Mun Hospital; and the Queen Elizabeth Hospital Ambulatory Care Centre.



Support the construction of quarantine camps to fight COVID-19

At the beginning of the COVID-19 pandemic, there was an urgent need to build 2 quarantine camps at Lei Yue Mun and Penny's Bay. The shortage of aggregates supply from the Mainland due to the suspension of stone quarries by the local authority at that period had seriously disrupted the concrete supply. We mobilized our resources and worked closely with the contractors tackling all the challenges from materials shortage to logistics planning in order to meet the tight construction schedule and finally completed these two projects on time.

3. SUPPORT TO VULNERABLE GROUPS

Although the on-going dialogue with neighbouring communities has shown that they do not demand much from our philanthropic activities, to express our caring to the vulnerable groups and to foster a caring culture within the organization, we identified vulnerable groups in the communities where we operate and give them the needed supports. We also encourage our employees to serve the communities.



Hand Sanitizer Donation

We showed our care to Elderly Homes in Tsing Yi and the ethnic minority group by donating hand sanitizers.



Charity Basketball Game

Alliance and SFK Construction jointly hosted a charity basketball game to raise money to support SAHK's social services in 2019.



Germagic Coating Services

We fully sponsored a Germagic anti-microbial coating service for kindergartens and nursery schools in Tsing Yi.



Mid-Autumn Festival Party

Since 2014, we have held festive party for different elderly homes under United Christian Netherlands Community Health Service (UCN).



Caritas Charity Bazaar

Our volunteers supported Caritas's social services, such as helping in the annual Caritas Charity Bazaars.

EMPLOYEE CARING

We aim to foster a caring culture within the organization as we believe employees can be motivated to be their best professional selves by respect, responsibility, honesty, and kindness. We also committed to being a "family-friendly" organization. We understand employees with family commitments often have to balance between work and family responsibilities.

1. CARING WORK ENVIRONMENT

Provide safe workplaces, medical checks and flu vaccinations

We started with establishing a caring working environment. During the recruitment process, we have emphasized to all employees the importance of health and safety within Alliance and our prime objective to protect all employees from being injured in the workplaces. We also make additional efforts in safeguarding the health of our employees and contract drivers such as by providing free annual medical checks and seasonal flu vaccinations to everyone. The noise and dust monitoring and associated control measures, promotion of health measures and all the welfare facilities against heat stress in summer are measures for preventing our people to suffer from occupational health impacts.



2. PROTECTION AGAINST COVID-19

During the COVID-19, the purpose of our workplace hygiene and social distancing rules are focused on protecting our people from being infected. Since the third wave of COVID-19 we escalated our preventive measures by monitoring daily for any potential infected cases in our employees and drivers' living places and to provide them with the viral test. We further stepped up the protection to mixer truck drivers and our field-testing team after the transmission from a clustered occurred at construction sites. The regular testing for them during this period assured them the earliest possible medical treatment if infection was detected. We are glad that all these healthcare practices prevented the virus from entering our workplaces.

3. FAMILY FRIENDLY EMPLOYER

Alliance is a "family-friendly" organization. To support our employees' family care responsibilities and fulfillment of other personal goals, we expanded the leave package to better accommodate the needs of our employees.



Encourage self-development and wide range of staff benefits

To encourage continued self-development of employees, we offer study leave and exam leave to those who choose to take part-time studies. We also provide employees with compassionate leave; marriage leave and other special leave for them to meet their family needs. The parental leave is offered to both parents for employees to take care of their new-born babies. For living support, the provision of lactation room in the workplace to facilitate breastfeeding for working mothers is an example of our family friendly practice that help fostering a caring culture within Alliance.

We offer flexible work arrangements to our employees, such as early release in festive days, work from home or remote work during COVID-19, and other special requests by individual employees.



INNOVATION

The construction materials industry needs innovation now more than ever. Over the last decade, rapidly evolving technologies have revolutionized every industry and sector. However, the construction materials industry has been held back by unfavourable factors including aggressive timeline and budget expectations, relatively low profitability, and tight boundaries set by regulatory agents across all construction projects.

Deploying new technologies can have significant impacts in areas such as productivity and logistics efficiency, the improvement and reduction of defects correction processes, improvement of product performance, and much more. Our management approach is to put innovation as one of the four strategic sustainability pillars in our last report since we aim to catch up with the rapidly evolving digital world. The digital transformations are paving a strong foundation for us to enhance the connectivity with customers while innovating in our offers of value-added services.

In order to realistically address the urgent need for climate protection while calling for embodied carbon to be made a material focus, innovation in construction materials has become the answer we must provide to help solve this current global problem. The research and development of new or improved products with wider positive environmental benefits is thus a priority for our sustainability innovation pillar.

We marry creativity and technologies and seek innovative means to improve everything we do, including process optimization and the upgrading of workplace standards. The cross-team efforts have generated fruitful results such as the improvement of concrete production lines' productivity. The engagement of employees in these improvement projects has seeded the innovation culture within the organization.



DIGITAL TRANSFORMATION

1. New IT System - SAP

Following from the system optimizations we did earlier, 2019-2020 was a milestone for our digital transformation. We initiated a new IT system project - SAP in early 2019 and finished the system migration in 2020 after tremendous effort made by all teams. The project began with a learning process that included how the existing systems were operating and their compatibility with the new system, then new features were customized based on the requirements. During the critical stage of testing and training, all defects were detected and fixed.

Finally, all the Company's systems were migrated to the new system on 1 November 2020. A new customer portal – Hub that offers a smarter service experience was also launched on the same date. This new system covers all business functions from purchasing, production, sales, finance, human resources, logistics, to operation planning and control, which also benefit our customers in the long run.



2. New App / E-services

To improve the coordination and communication between plants and concrete mixer truck drivers, we developed a new mobile application (app) for the drivers in 2020. With the new app, the drivers can view their respective real-time status within the operational flow whilst simultaneously receiving notifications at crucial operational cycle points, therefore enhance the logistics efficiency. Facing the challenges of COVID-19, we urgently developed an e-docket system to avoid signatures of different parties on the paper documents. So that physical contact in the delivery process can be minimized.



Building on the strong foundation from the new IT system, numerous innovation projects are in the pipeline. These projects involve the application of diverse technologies and digital solutions such as AI. When working with the highly efficient data consolidation and the analysis IT system, Alliance and our customers will benefit from data-driven business decision making. It also strengthens supply chain resiliency to manage volatility and maintain business continuity while reducing operational costs.

PRODUCT INNOVATION

Leadership by our Technical Team allowed us to continue to develop new and improved products through our research and development processes. Our focus was the reduction of environmental impacts that may occur in different stages of the entire lifecycle of concrete.

GGBS CONCRETE MIXES

Replace cement content with recycled cementitious material

Within this reporting period, we made the improved GGBS concrete mixes available. This improved GGBS concrete mixes reduce greatly the embodied carbon by replacing the cement content with recycled cementitious material; while also resolving the problem of low early-stage strength development that normal GGBS concrete mixes have and thus easing the concern for the fast-track construction. Other product innovations such as the self-compacting concrete, high grade tremie mix and highly durable concrete are discussed in the "Resources" section of this report.



NEW WASTE TREATMENT PROCESS

Turn Concrete Waste Into Recycled Aggregates

Another important breakthrough is to turn concrete waste into recycled coarse aggregates that can be used in producing concrete. Due to the setting time limit, wasted wet concrete, if not treated timely will have to be disposed at landfill sites. We introduced a new waste treatment process which can turn the wet concrete into recycled aggregates that are suitable for producing concrete. In February 2019 our special concrete mixed with recycled coarse aggregates was, for the first time, used in Jetline Construction's residential project located on Headland Road in Repulse Bay. The concrete was placed at the gardening area and other places for non-structural use.



PRODUCTIVITY IMPROVEMENT

When innovation is being applied in our aim of striving for operational excellence, it means that we challenge our own ways of working to seek innovative means for continuous improvement. Leading by our Continuous Improvement Manager, we formed working groups for the evaluation of existing processes and practices, and to identify any room for improvement. Within the reporting period in 2019-2020, we improved the productivity of our concrete production lines.

ON-TIME DELIVERY

Express lane in major concrete batching plants

On-time delivery is of paramount importance for enhancing customer satisfaction and hence continuous improvement on the productivity at batching plants is the priority of the Operations Team. In order to achieve the target, the working group evaluated the production data and did large amount of on-site observations and testing. Finally, we came up with the idea of Express Lane that has been introduced and implemented in major concrete batching plants in 2020. During pre-planning, orders are divided into different categories and concrete mixes with similar properties will be grouped together and produced by a designated production line. All the production data will also be recorded in the Company's ERP system to facilitate big data analysis to identify opportunities for further improvement. The continuous production of concrete mixes with similar properties results in a streamlining of the operational processes and improvement in the overall production capability.



CONCRETE QUALITY CONTROL



Digitalization in pre-delivery check and concrete workability analysis

Besides on-time delivery, having stringent quality control in concrete production is also our key to success. We have achieved our first milestone of moving towards digitalization in concrete quality control in 2020. With the digitalized data capturing and analysis, initiatives such as the enhancement of the pre-delivery quality check and new method for slump checking are being studied. The adoption of concrete workability analysis in digital format will eliminate human errors in sampling and testing which in turn will achieve more efficient, consistent, and stable product performance.



WAY FORWARD

During the recent stakeholder engagement process, our stakeholders reflected that the "Ambitions 2030" plan we developed in last reporting period was still valid. We therefore continued to review all the material aspects to determine our strategic goals and actions. With our plans and actions consolidated and reported under the four pillars, it will allow ourselves and our stakeholders to keep track of our performance in attaining the sustainability ambitions through to 2030.

STRATEGIC ACTIONS 2021 - 2030



PEOPLE

CREATION OF "HARM-FREE" WORKPLACE

Bring HSE performance to next level and realize "Vision Zero"

- Enhancement of the H&S management system and practices that emphasized the risks and hazards identification and removal, active reporting and communications, as well as the competence of workers
- Application of new technologies and other innovative means to upgrade workplace H&S standards and management practices

DRIVING SAFETY PROGRAM & SUPPORT FOR DRIVERS

Commit to the health & safety of the public and our drivers

- Enhancement of driving safety skills & attitude via provision of training and other effective interventions
- Engineering & technology support for drivers & for the enhancement of truck fleet safety management

YOUNG TALENT RECRUITMENT & RETENTION

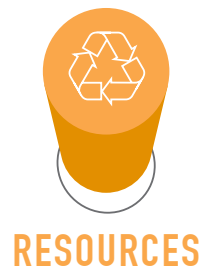
Improve talent management that supports growth of the organization and employees

- Knowledge-based & innovation-led operations that enables the fulfilment of younger talents' aspirations
- Training and development plan that capitalizes on the strengths and abilities of employees, helping them to grow
- Creation of work environment that encourages the exploration and expansion of employees' potential

ACTIVE EMPLOYEE CONSULTATION & ENGAGEMENT

Build strong bonds and support employees to meet future challenges

- Strategic internal communication plan that facilitates employee engagement
- Making employee consultation the integral part for any change management process
- Creation of positive communication and engagement that encourages "voice out" and active listening



CARBON QUANTIFICATION & REDUCTION

Drive reduction via disclosure and benchmarking

- Setting long-term decarbonization targets that align with the "Net Zero 2050" commitment
- Seeking breakthrough in energy efficiency and introduction of renewable energy to achieve the Scope 1 & 2 Carbon reduction targets
- Concrete mixes optimization and other innovative means to reduce the Scope 3 emissions
- Disclosure of verified Carbon Footprint data for local benchmarking

DISCLOSURE OF PRODUCTS' ENVIRONMENTAL IMPACTS

Offer verified green products and support customers' responsible purchase

- Conducting Life Cycle Assessment (LCA) for concrete products and disclosure via issuance of Type III Environmental Product Declaration (EPD)
- Making verified low carbon concrete products available in local market via the CIC's Green Product Certification and HKGBC's Eco-product Directory
- Initiatives to support customers' carbon neutrality commitment, e.g. Concrete Carbon Neutral service

WASTE REDUCTION, RECYCLE & REUSE

Cut waste and seek opportunities to enable a circular economy

- Processes enhancement to avoid unnecessary wastage of concrete and raw materials
- Investment in advanced waste / wastewater treatment and recycling facilities
- Innovative solutions for turning waste into useable materials

QUANTIFICATION & REDUCTION OF WATER FOOTPRINT

Reduce water consumption and contribute to "Clean Water & Sanitation"

- Water footprint quantification, water uses identification and reduction target setting
- Pollution control program and facilities for ensuring the high quality of water discharge
- Pledge to implementation of best practices in provision of clean water, sanitation & hygiene in workplaces

SECURING ROCK RESERVE

Maintain leading position in the markets with strong rock reserve

- Strategic actions for securing rock reserves for our aggregates and concrete business from both local and imported sources
- Advanced systems for resources and logistics planning to ensure stable supplies

RESPONSIBLE SOURCING

Be the preferred supplier for customers; push green practices within the supply chain

- Collaboration with customers and suppliers for green/low carbon initiatives
- Through disclosure to support customers' informed green/responsible purchasing choice
- Implementation of green/responsible purchasing policy and encouraging suppliers' sustainability practices



DIGITAL TRANSFORMATION

Drive the all-round improvement of operations

- Automation and process improvement for attaining operational excellence
- Technologies for upgrading HSE standards and management practices
- Value-added initiative / programs for enhancing customer experience

RESEARCH & DEVELOPMENT OF GREEN PRODUCTS

Seek innovative means to break through the constraints to carbon neutral concrete

- Increasing the application of cement substitutes and other recycled materials in concrete production
- Reducing the lifetime carbon emissions of buildings via value-added performance of concrete

FOSTER INNOVATIVE CLIMATE WITHIN ALLIANCE

Make innovation an integral part of the Alliance culture

- Employee programs to encourage creativity
- Platform for sharing of ideas and facilitate collaboration
- Transformational Leadership, Development Exchange Leadership and Corrective Avoidant Leadership



GOOD NEIGHBOUR PRACTICES

Be recognised by the society by going beyond compliance

- Active communications with the communities to understand their needs and concerns
- Introduction of advanced environmental facilities and practices to our sites
- Effective engineering and management means for ensuring public safety

PARTNERING FOR CARING

Build a better community together

- Strategic partnership with renowned NGO or charity organization for purposeful CSR programmes/activities that best utilize our CSR resources and generate best possible impact
- Partnership with local communities that helps to reach out to those in need and enable just-in-time support

SUPPORTING EMPLOYEES' VOLUNTEERING

Foster a Caring culture within Alliance

- Policy for encourage employees' volunteering
- Employee designed CSR program / activities

DATA & ASSURANCE

ABOUT THE REPORT

This is the sixth report since we started our voluntary reporting in 2011. This Corporate Responsibility report provides an overview of the Company's ESG performance covering Environmental, Social and Governance during the reporting period of 1st January 2019 to 31st December 2020.

Reporting Scope

The scope of this report includes all assets which the Company holds financial significance and operational influence. Besides applying health & safety, green initiatives and other sustainability standards in the assets as stated above and monitoring the adoption progress, we also have different management policies to enhance the ESG performance of our non-operated assets, such as the Huidong Quarry in Mainland China.

Purpose of Reporting

We started the reporting with an aim to enhance our communications with our stakeholders. Along with some major changes in the Company's management strategies, we have made the reporting cycles a significant part of our formal business process whereby we review our operational impacts across a wide range of sustainability issues. We aim to create greater transparency and accountability, as well as facilitating better and more robust decision-making for managing our sustainability risks and opportunities. This has acted as a significant driver to improve our business performance.

Reporting Standards and External Assurance

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option. All our performance data reported follows the GRI standards and guidelines. We have also made reference to the United Nations Sustainable Development Goals ("UN SDGs") in different sustainability aspects in our sustainability planning and performance review. There is a total of 9 SDGs related to our business, how we address these SDGs are covered in the Stakeholder Engagement section of the report. This report has been verified by HKQAA, and their independent Verification Statement is listed in the "Data and Assurance" section.



VERIFICATION STATEMENT

Scope and Objective of Verification

Hong Kong Quality Assurance Agency ("HKQAA") has been engaged by the Alliance Construction Materials Limited "Alliance" to undertake an independent verification of its Alliance Sustainability Report 2019-2020 ("the Report"). The Report stated the economic, environmental and social performance of Alliance in the period of 1st January 2019 to 31st December 2020 for its operations in Hong Kong. The objective of this verification is to provide a reasonable assurance on the reliability of the report content in accordance with the Core Option of the Global Reporting Initiative Sustainability Reporting Standards ("GRI Standards").

Level of Assurance and Methodology

The process applied in this verification was based on the International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board. Our evidence gathering process was designed to obtain a reasonable level of assurance as set out in the standard for the purpose of devising the verification conclusion. The extent of this verification process covered the criteria set in the Core Option of the GRI Standards. The verification process included verifying information relevant to reporting and management procedures, including stakeholder engagement methods and result, and materiality assessment processes. In addition, system and process for collecting, collating and reporting sustainability performance data were verified. Raw data and supporting evidence of the selected representative samples were also thoroughly examined during the verification process.

Independence

Alliance Construction Materials Limited is responsible for the collection and presentation of the information presented. HKQAA does not involve in calculating, compiling, or in the development of the Report. Our verification activities are independent from Alliance. There was no relationship between HKQAA and Alliance that would affect the independence of HKQAA for providing the verification service.

Conclusion

Based on the verification results, HKQAA has obtained reasonable assurance and is in the opinion that:

- The Report has been prepared in accordance with the Core Option of the GRI Standards;
- The Report illustrates the sustainability performance of Alliance in a balanced, clear, detailed and timely manner;
- The data and information disclosed in the Report are reliable and complete.

Nothing has come to HKQAA attention that the selected sustainability performance information and data contained in the Report has not been prepared and presented fairly and honestly, in material aspects, in accordance with the verification criteria. In conclusion, the Report reflects truthfully the sustainability commitments, policies and performance of Alliance Construction Materials Limited, and discloses transparently their sustainability performance that is commensurate with their sustainability context and materiality.

Signed on behalf of Hong Kong Quality Assurance Agency

Ronnie Ng
General Manager, Construction Business
June 2021

PERFORMANCE DATA

Workplace Performance Indicators

GRI Code	DESCRIPTION	ITEM	2019	2020
MARKET PRESENCE				
202-1	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	% of employee receiving wages higher than minimum wage	100%	100%
		Comparison of entry wage to minmum wage	139%	143%
202-2	Proportion of senior management hired from the local community at significant locations of operation	% of local hired employees ¹	87.50%	87.50%
EMPLOYMENT				
401-1	Total number and rates of new employee hires and employee turnover by age group, gender and region	Total number of employee as at 31/12	255	243
			(94.12% permanent employees, 5.88% contract employees)	(95.06% permanent employees, 4.94% contract employees)
		New employees hired (by age group)	23 (<30) 42 (30-50) 12 (>50)	15 (<30) 15 (30-50) 13 (>50)
		New employees hired (by gender)	22 (female) 55 (male)	12 (female) 31 (male)
		Employee turnover rate (by age group) (%) ²	5.26 (<30) 8.91 (30-50) 5.67 (>50)	5.22 (<30) 3.21 (30-50) 3.21 (>50)
		Employee turnover rate (by gender) (%) ²	5.26 (female) 14.57 (male)	2.01 (female) 9.64 (male)
401-3	Return to work and retention rates after parental leave, by gender	% of employees entitled to maternity leave / paternity leave	100%	100%
		Number of employee taken maternity leave / paternity leave	5 (1 female & 4 male)	5 (2 female & 3 male)
		Retention rate after parental leave	100%	80%
OCCUPATIONAL HEALTH AND SAFETY				
403-2	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	Number of work related fatalities	0	0
		Number of reportable injuries ³	1	0
		Number of lost days	121	0
		Reportable injuries frequency rate (no. of incident per 1000 employees)	3.92	0
		Reportable injuries frequency rate (no. of incident per 100,000 man-hours)	0.16	0
		Incident severity rate (no. of lost days per 100,000 man-hours)	18.88	0
403-4	Health and safety training and medical supports to employees	Total number of man-hour trained in health and topics ⁴	5,558.75	5,064.50
		Number of employees taken free medical exam	80	postponed due to COVID-19
		Number of employees taken free flu vaccination	34	42

TRAINING AND EDUCATION				
404-1	Average hours of training per year per employee by gender, and by employee category	Training hours per year per employee (internal training)	26.22	19.88
		Training hours per year per employee (external training)	3.54	4.57
404-2	Programs for upgrading employee skills and transition assistance programs	Assistance on transitioning to a non-working life retiree offered temporary	2	1
404-3	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	% of employees receiving annual appraisal	100%	100%
DIVERSITY AND EQUAL OPPORTUNITIES				
405-1	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	% of male employees	79%	77%
		% of female employees	21%	23%
		% of employees by age: <30	15%	12%
		% of employees by age: 30-50	41%	44%
		% of employees by age: >50	44%	44%
		% of employees (minority group)	0.39%	0.41%
HUMAN RIGHT				
406-1	Total number of incidents and discrimination and corrective actions taken	Number of incident of discrimination	0	0
406-1	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	Number of cases	0	0
205-2	Communication and training on anti-corruption policies and procedures	% of employees trained	100%	100%
205-3	Confirmed incidents of corruption and actions taken	Number of cases reported	0	0

- Note:
- 1. Senior management is defined according to the company's payroll system
 - 2. Measured against average number of employees
 - 3. Defined according to Employee Compensation Ordinance of Hong Kong
 - 4. Health and safety training topics were defined in annual training plan and reviewed by Corporate HSE Committee

Environmental Performance Indicators

GRI Code	Description	Item	2019	2020
MATERIALS				
301-2	Percentage of materials used that are recycled input materials	% of Supplementary Cementitious Materials (SCM) in total cementitious materials used	19.06%	20.04%
ENERGY				
302-1	Energy consumption within the organization ⁷	Diesel consumption (L)	3,064,356.45	2,640,649.17
		Biodiesel (L)	8,217.38	5,696.32
		Petroleum consumption (L)	21,787.99	23,439.55
		Electricity consumption (kWh)	4,942,090.26	6,240,704.06
302-4	Reduction of energy consumption ⁸	% of electricity consumption per 1M³ concrete reduced (yearly comparison)	-12.91%	-14.92%
		% of electricity consumption per 1M³ concrete reduced (compare with 2017)	-8.59%	-24.79%
		% of electricity consumption per M² floor area of Head Office reduced (yearly comparison)	-1.03%	0.95%
		% of electricity consumption per M² floor area of Head Office reduced (compare with 2017)	7.69%	8.56%
		% of fuel consumption per KM travelled by concrete mixer trucks reduced (yearly comparison) ⁹	9.83%	-1.65%
		% of fuel consumption per KM travelled by concrete mixer trucks reduced (compare with 2017) ⁹	14.78%	13.38%
		% of fuel consumption per KM travelled by cement tankers reduced (yearly comparison)	3.50%	0.39%
		% of fuel consumption per KM travelled by cement tankers reduced (compare with 2017)	7.44%	7.80%
		% of fuel consumption per KM travelled by service vans reduced (yearly comparison)	-1.66%	-2.31%
		% of fuel consumption per KM travelled by service vans reduced (compare with 2017)	-1.66%	-6.29%
		% of fuel consumption per KM travelled by aggregate transporting truck reduced (yearly comparison)	0.00%	-7.16%
WATER				
303-1	Total water withdrawal by source ¹	Total water consumption per year (M³)	225,281.15	295,139.76
303-3	Percentage and total volume of water recycled and reused ²	Estimated rainwater/waste water collected and reused (M³)	151,854	165,312

EMISSIONS, EFFLUENTS, AND WASTE				
305-1	Direct greenhouse gas (GHG) emissions (Scope 1) ³	Total scope 1 carbon emissions (tonnes CO ² -e)	8,136.51	7,014.89
305-2	Energy indirect greenhouse gas (GHG) emissions (Scope 2) ³	Total scope 2 carbon emissions (tonnes CO ² -e)	2,659.60	2,527.94
305-3	Other relevant indirect greenhouse gas (GHG) emissions (Scope 3) ³	Total scope 3 carbon emissions (tonnes CO ² -e)	115.01	156.36
		Total carbon emissions (tonnes CO ² -e)	10,911.12	9,699.19
305-4	Greenhouse gas (GHG) Emissions intensity	Carbon intensity - concrete (tonnes CO ² -e per M ³ concrete)	0.0085	0.0068
305-5	Reduction of greenhouse gas (GHG) Emissions	Carbon reduction as compare with 2007 - concrete intensity	17.35%	34.03%
		Carbon reduction as compare with 2007 - overall emissions	40.02%	46.68%
306-1	Water discharge by quality and destination ⁴	Volume of water discharged (M ³)	4,150	8,933
306-2	Total weight of waste by type and disposal method ^{5,6}	Construction waste/special waste to landfills (Tonnes)	39,236	27,917
		Chemical waste handled by licensed collectors (L)	9,400	5,800
		Waste materials recycled (Tonnnes)	6,857	4,681
		Paper waste recycled (kg)	1,357	552
306-3	Total number and volume of significant spills	No. of significant chemical / cement spilt cases	0	0

- Note:
1. All water obtained from municipal source
 2. Estimated from the capacity and operation pattern of the waste water treatment system
 3. Calculation method & principle for application of conversion factors referred to GHG Protocol and Guidelines to Account for & Report on GHG Emissions & Removals for Buildings in Hong Kong; Carbon Footprint data had been verified independent according to ISO14064
 4. Quality, volume and discharge points for water discharge are controlled by Water Discharge License issued by EPD
 5. Data captured from the construction waste chits that issued and controlled by EPD
 6. Data captured from the chemical waste trip tickets
 7. Data captured from contract fuel supplier's on-line statement
 8. Base-year changed to 2017 due to significant change of concrete plants profile
 9. Calculated from representable samples; sample size 46% of Alliance's concrete mixer truck fleet

GRI INDEX

General Disclosures

This report was prepared in accordance with the CORE requirements of Global Reporting Initiative (GRI) 2016 Standards.

GRI Ref.	Description	External Assurance	Cross-reference / Direct answer
102-1	Name of the organization	✓	About Alliance
102-2	Activities, brands, products, and services	✓	About Alliance
102-3	Location of headquarters	✓	About Alliance
102-4	Location of operations	✓	About Alliance
102-5	Ownership and legal form	✓	About Alliance
102-6	Markets served	✓	About Alliance
102-7	Scale of the organization	✓	About Alliance
102-8	Information on employees and other workers ²	✓	About Alliance
102-9	Supply chain	✓	About Alliance
102-10	Significant changes to the organization and its supply chain	✓	No significant changes in this reporting period
102-11	Precautionary principle or approach	✓	Ambitions 2030
102-12	External initiatives	✓	People, Resources
102-13	Membership of associations	✓	Alliance is holding membership in HKCMA, BEC, HKGBC and HKCA.
102-14	Statement from senior decision-maker	✓	Message from CEO
102-16	Values, principles, standards, and norms of behavior	✓	About Alliance
102-18	Governance structure	✓	Governance
102-40	List of stakeholder groups	✓	Stakeholder Engagement
102-41	Collective bargaining agreements	✓	Not a legal requirement in Hong Kong. We do not have such agreements in place.
102-42	Identifying and selecting stakeholders	✓	Stakeholder Engagement
102-43	Approach to stakeholder engagement	✓	Stakeholder Engagement
102-44	Key topics and concerns raised	✓	Ambitions 2030, Stakeholder Engagement
102-45	Entities included in the consolidated financial statements ¹	✓	About the report
102-46	Defining report content and topic boundaries	✓	About the report
102-47	List of material topics	✓	Stakeholder Engagement, Ambitions 2030
102-48	Restatements of information	✓	GRI Table / performance data in various parts
102-49	Changes in reporting	✓	About the report
102-50	Reporting period	✓	About the report
102-51	Date of most recent report	✓	Last report published in 2019 covered 2017-2018
102-52	Reporting cycle	✓	About the report
102-53	Contact point for questions regarding the report	✓	About the report
102-54	Claims of reporting in accordance with the GRI Standards	✓	GRI Index
102-55	GRI content index	✓	GRI Index
102-56	External assurance	✓	Verification Statement

Note:
1. Proprietary information such as financial data which is not legally required for a privately owned company are excluded
2. No significant variations in the reporting period

Specific Disclosures

This report was prepared in accordance with the CORE requirements of Global Reporting Initiatives (GRI) 2016 Standards.

GRI Ref.	Description	External Assurance	Cross-reference / Direct answer
ECONOMIC			
103	Management Approach Disclosure	✓	Ambitions 2030, Governance
202-1	Ratio of standard entry level wage by gender compare to local minimum wage	✓	Workplace Performance Indicators
205-2	Communication and training about anti-corruption policy and procedures	✓	Governance
205-3	Confirmed incident of corruption and actions taken	✓	Workplace Performance Indicators
206-1	Legal actions for anti-competitive behavior, anti-trust and monopoly practices	✓	NIL
ENVIRONMENTAL			
103	Management Approach Disclosure	✓	About Alliance, Ambition 2030, Resources, Community, Innovation
301-2	Recycled input materials used	✓	Environmental Performance Indicators, Resources
302-1	Energy consumption within the organization	✓	Environmental Performance Indicators, Resources
302-4	Reduction of energy consumption	✓	Environmental Performance Indicators, Resources
303-1	Water withdrawal by source	✓	Environmental Performance Indicators, Resources
303-3	Water recycled and reused	✓	Environmental Performance Indicators, Key Achievements
305-1	Direct (Scope 1) GHG emission	✓	Environmental Performance Indicators
305-2	Energy indirect (Scope 2) GHG emission	✓	Environmental Performance Indicators
305-3	Other indirect (Scope 3) GHG emission	✓	Environmental Performance Indicators
305-4	GHG emission intensity	✓	Environmental Performance Indicators
305-5	Reduction of GHG emission	✓	Environmental Performance Indicators
306-1	Water discharge by quality and destination	✓	Environmental Performance Indicators
306-2	Waste by type and disposal method	✓	Environmental Performance Indicators
306-3	Significant spill	✓	Environmental Performance Indicators
307-1	Non-compliance with environmental law and regulations	✓	NIL
SOCIAL			
103	Management Approach Disclosure	✓	Ambitions 2030, People, Community
401-1	New employees hired and employee turnover	✓	Workplace Performance Indicators, People
401-3	Parental leave	✓	Workplace Performance Indicators
403-1	Workers representation in formal joint management-worker health and safety committee	✓	Corporate HSE Committee is formed according to COP for Safety Management which published by Labour Department within which 50% of the committee members are from worker's level
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities	✓	Workplace Performance Indicators, Key Achievements

403-4	Health & safety training and medical supports	✓	Workplace Performance Indicators
404-1	Average hours of training per year per employee	✓	Workplace Performance Indicators
404-2	Programs for upgrading employees skills and transition assistance programs	✓	People, Workplace Performance Indicators
404-3	Percentage of employees receiving regular performance and career development review	✓	Workplace Performance Indicators
405-1	Diversity of governance bodies and employees	✓	Governance, Workplace Performance Indicators
406-1	Incident of discrimination and corrective actions taken	✓	Workplace Performance Indicators

This report was prepared in accordance with the CORE requirements of Global Reporting Initiatives (GRI) Standards in which most relevant Specific Disclosures for the material aspects are disclosed. For those Specific Disclosures that excluded the reasons for omission are 1) Confidentiality Constraint for proprietary information such as the financial or other commercially sensitive data; or 2) Not Applicable; or 3) Information Unavailable such as the suggested grouping/analysis of data not relevant/suitable to the nature/scale/location of our business and operations.

YOUR FEEDBACK

Your thoughts and opinions are very important to us. It will drive our continuous improvement on sustainability performance and reporting. Please contact us anytime through your preferred channels.

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