

Alliance

Construction Materials Limited

A CONCRETE commitment to the
Sustainable Growth of Hong Kong



Sustainability Report
2011 - 2012



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About this report

At **Alliance Construction Materials Limited (Alliance)** we recognize our responsibility in helping to build a better and sustainable world for current and future generations. Also, we are committed to disclosing information about our sustainability performance in order to satisfy the increasing interest by our stakeholders in how we uphold this responsibility. By publishing our first Sustainability Report in February 2011 we started our corporate sustainable journey. We determined at this stage of our learning to publish our Sustainability Report once every 2 years and therefore this is our second Sustainability Report covering the performance of the business for the period 2011 and 2012.

The report has been written with reference to both the Global Reporting Initiative (GRI) G3.1 Guidelines, and the ISO26000:2010 – Guidance on Social Responsibility. Being a private limited company Alliance is not legally required to fully disclose all economic information, the financial data required under the GRI indicators EC1, EC3, EC4 and EC8 was excluded in this report.

To ensure readers' ease of reference the report is structured similarly to our last report whereby we continue to organize the main body of the report in line with the Business in The Community (BITC) Corporate Responsibility Index Framework. Our performance highlights are organized into the four sections: Community, Environment, Workplace, and Marketplace. To allow easy comparison to the GRI Guidelines the GRI Code column was added to the summary of key performance indicators, on page 34 and 46. A GRI table can be found at the end of the report showing how individual GRI items have been covered.

The Verification Statement, on page 61 is made by the Hong Kong Quality Assurance Agency (HKQAA). Here you can find comments on the materiality, completeness, accuracy and reliability of the information presented in this report.

An electronic version of this report is available on the Alliance's web site for download.

Website: www.concrete.hk



Message from CEO

Thank you for taking the time to read our Sustainability Report. Within this report, you will find information and highlights about our efforts from the last two years to create a sustainable business. Creating a sustainable business is our mission.

In the last report we predicted the growing demand for construction materials in Hong Kong due to the launch of some major infrastructure projects. Over the past two years the market volume grew rapidly which offered opportunities for growth of our industry and related industries, but also challenged us with surges in demand for raw materials. These pressures also saw increasing prices coupled with other problems such as, the shortage of skilled labor and, the shortage of land for additional production facilities. Our dedicated Alliance team successfully implemented the new Customer Service Centre, constructed the West Kowloon Concrete Plant, and launched a wide range of quality and productivity optimization initiatives. This commitment to operational excellence has reflected positively in our sales and earnings. For this, I must express my whole-hearted gratitude to all employees.



Further we have made good progress on our climate protection commitment during this reporting period. We recorded a continuous downward trend in our carbon emissions. In 2011 Alliance set a target to measure the embodied carbon of its concrete products and received the first Concrete Product Carbon Footprint Mark in Hong Kong. The certified Carbon Footprint Mark helps customers quickly identify the brands that have measured their footprint and are committed to carbon reduction. We hope this will be a driving force for more carbon reduction initiatives within the industry. Since occupational health and safety is a priority for Alliance, we have continued to push for good practices throughout the operation, aiming to embed a positive safety culture within the organization. Despite our low incident rates when benchmarking with other industries in Hong Kong, we recognized the importance of not remaining on a plateau and have addressed our safety performance in recent years. In order to achieve continual improvement, a safety leadership program was launched in 2012, where the organizational safety culture was measured and safety intervention activities were carried out.

I am happy to see the establishment of the Alliance Volunteer Team in 2011. I see this as a real example of our commitment towards the community development. The enthusiasm of the team members to give their time and energy towards volunteering or participating in charity events has inspired others to do the same.

Our Sustainability Report is about letting our stakeholders know how we carry out our business and our aspirations to be more sustainable. We are aware that there is always room for improvement along the way, constantly learning new insights and determined to remain honest about the areas where we fall short. Through this report I invite our stakeholders to share with us their ideas and thoughts. Your opinions will surely help us shape our future.

David Hogan
Chief Executive Officer



Company Portrait

Corporate Logo



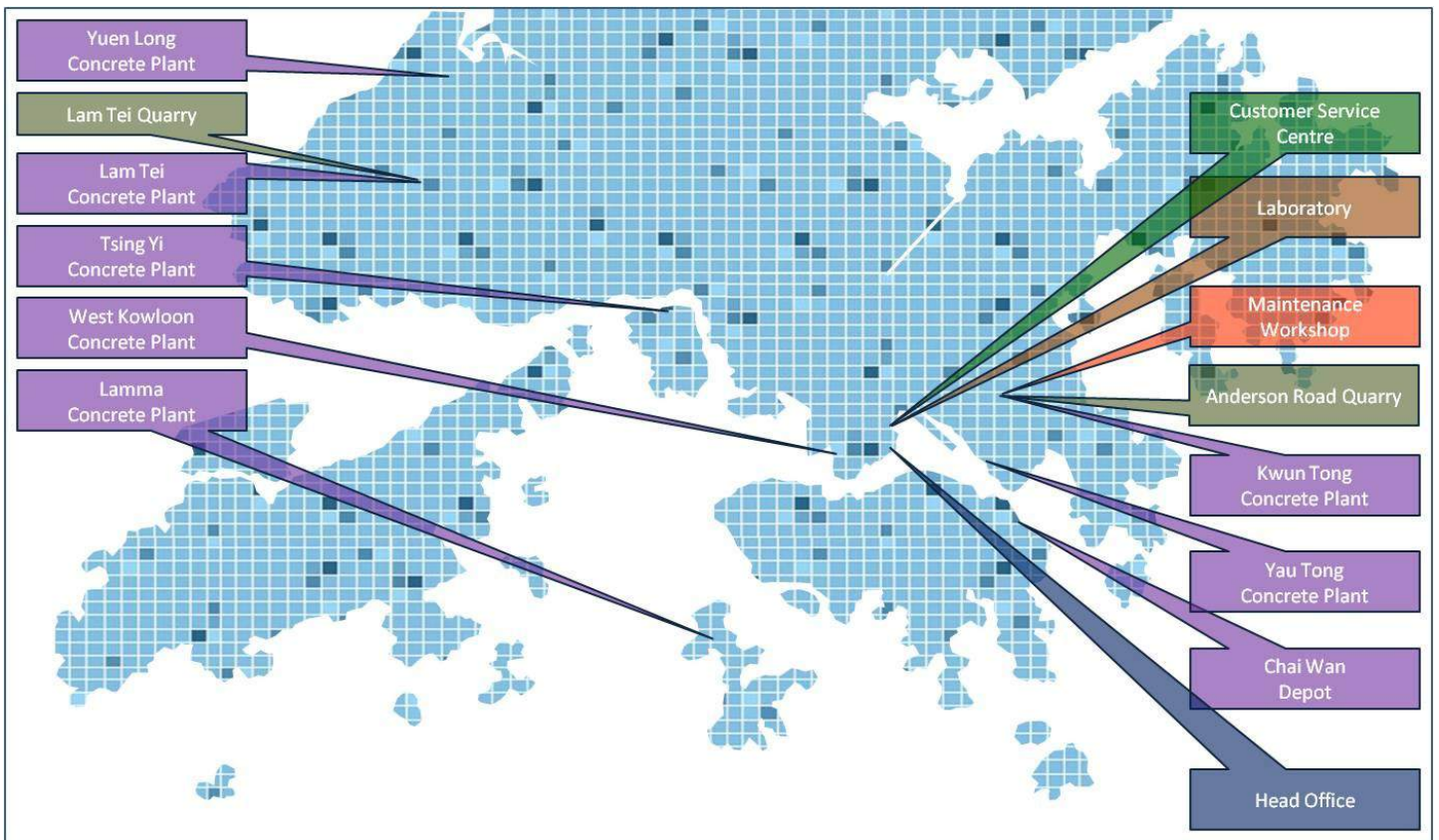
Alliance Construction Materials Ltd. is a dynamic and visionary market leader which is reflected in our corporate logo. The orange triangle represents the commitment of growth and the leading position of the company while the deep blue bottom symbolizes the solid foundations of the two original companies from which Alliance was formed.

The symmetrical composition of the logo symbol illustrates the strong joint venture partnership and the solidity of the company while the two strokes represent a consolidation of the best resources and people. Depicted with a strong wordmark the company is depicted as being solid, prudent and confident.



Company Portrait

Alliance at a Glance



Alliance Construction Materials Limited is a major building materials supplier in Hong Kong. Our Head Office is in Hong Kong and we have 242 full-time employees (as at 30 Nov. 12). The company's core activities are production and supply of aggregate and concrete products to the local construction industry.

We currently operate a total of 8 concrete batching plants with 14 production lines that are fully equipped and well prepared to serve the largest and most complex construction projects within Hong Kong.

Alliance and its joint venture partners are the sole aggregate producers in Hong Kong. Today we operate 2 quarries in Hong Kong and 1 quarry in the PRC, produce a diverse range of products that are compliant to the most stringent specifications for use in concrete,

asphalt, drainage, highways, constructions and marine usage.

The HOKLAS certified laboratory offers a diverse range of quality concrete testing and engineering design services to the production teams, ensuring the best quality products. The Engineering Team helps maintain the mechanical equipment in the concrete batching plants, quarries and mixer trucks; this ensures their best performance every day.

The newly established Customer Service Centre is optimizing the whole concrete operation process, from order taking to product delivery to customers. It ensures the highest efficiency of utilization of our mixer truck fleet, caters to our customer requirements for delivery of concrete in a timely manner.



Company Portrait

Business Lines **Aggregate**





Company Portrait

Aggregates are primary ingredients in ready-mixed concrete and asphalt, they are also widely used in drainage, road paving, marine works and other construction works. The aggregate products that Alliance produces are from mineral sources. They are extracted from stone quarries by means of drilling and blasting, then through the mechanical crushing and screening processes aggregates are sorted by particle sizes before being delivered to our concrete production lines or other customers.

Currently Alliance and our joint venture partner operate 2 quarries in Hong Kong namely the Anderson Road Quarry and the Lam Tei Quarry. They are the 2 remaining operational quarries in Hong Kong with an annual production capacity of 4 million tonnes. The crushing facilities in the quarries also process the surplus rocks excavated from the infrastructure projects.

The Huidong Quarry which is located in Quandong Province in PRC, is a newly developed project with a joint venture partner. After the commencement of the commercial production by end of 2012, the total annual production of the quarries increased to 6.5 million tonnes.

The Quarrying Process

Extraction of rocks from quarry bench

Primary crushing

Secondary Crushing & Screening

Product Delivery

Company Portrait



Business Lines Concrete



Concrete Batching Plant

8 concrete plants with 14 production lines form the largest concrete production network in Hong Kong supplying diverse range of concrete products to local construction projects.



Technical Support Team

Offering our customers engineering design and other technical services, also taking up internal quality control roles ensuring the best quality performance.



Mixer Truck Fleet & Logistics Support

The largest and most modern mixer truck fleet in Hong Kong provides highest delivery capacity satisfying customer needs.



Customer Service Centre

The Customer Service Centre coordinates the customer site, production plants and the mixer truck fleet delivering the best customer support solutions.



Company Portrait

Concrete is a composite construction material that is made up of a mixture of aggregate, cement and water. There are many formulations that result in a variety of properties to suit the different applications such as, building structure and foundation, road paving, bridges and marine works. In addition to the widely used standard types of concrete, Alliance also produces some specialty concrete products, for example the fast-to-set EarlyCrete™ and the ultra light weight FoamCrete™. We have also developed the pulverized fly ash (PFA) concrete and the “Ultra High Strength Concrete” up to 100MPa. The performance characteristics of these concrete products cater for challenging construction needs and have been used extensively in many projects.

As for the environmental impacts, while concrete is known to be a major contributor to greenhouse gas emissions due to its cement content, its long service life, a high thermal mass and very low permeability allowing for energy efficient housing, concrete is increasingly be recognized as a sustainable construction material providing the user with tangible sustainable benefits such as higher energy efficiency and lower maintenance cost.

Transportation of concrete products to project sites is a core activity in the concrete manufacturing and supplying process. Concrete is a time-critical material that has to be transported to locations where it is then processed within a specified time-frame. Our strategically located concrete batching plants allow for short transport distances to all project sites in Hong Kong. With the biggest mixer truck fleet capacity combined with the services offered by the Customer Service Centre not only are the concrete products delivered to the project sites in a timely and energy efficient manner, the truck tracking system assists the project sites to improve their concrete processing efficiency.



Company Portrait



Technical Services

Our HOKLAS accredited laboratory provides technical services to both Concrete and Quarry Divisions. The physical tests for concrete quality comply with CS1:2010 ensuring the concrete we deliver meets high quality specifications. The Laboratory also provides professional technical services to customers addressing other concrete related requirements. We have a team of competence and highly experienced technicians for both laboratory and field testing. We provide on-site technical support on concrete technologies and solutions to customers in order to facilitate their project's progress. We also work with our customers to develop advanced concrete products that meet the project's special requirements such as: adoption of sustainable concrete technology, design of high performance concrete such as self compacting concrete for MTRC XRL Projects; high grade concrete – Grade 90 & Grade 80 concrete for high rise building; as well as concrete mix for long distance pumping with the longest pumping distance up to 2.7km.

We introduced and adopted an automatic data capture system in 2011 with strong analytical database capability to enable better quality control and to upgrade our product quality while optimizing our concrete mix performance. We continue our research to develop new products as well as our development program on concrete technology so we can meet market requirements.





Company Portrait

Customer Service Centre



The **Customer Service Centre** was established in July 2011 with a mission to improve customer satisfaction through better utilization of resources. To achieve this mission, we have formed a team of well-trained Customer Service Officers to manage our customer orders. Using Information Technology systems we further work with our customers to develop the production delivery plan and closely monitor the delivery progress. Our IT systems, including the real time truck tracking system, provide us with a clear picture on the status of our fleet. Powered by the dispatch optimizer, the dispatch plan is revised from time to time based on the real time input of orders and fleet status.

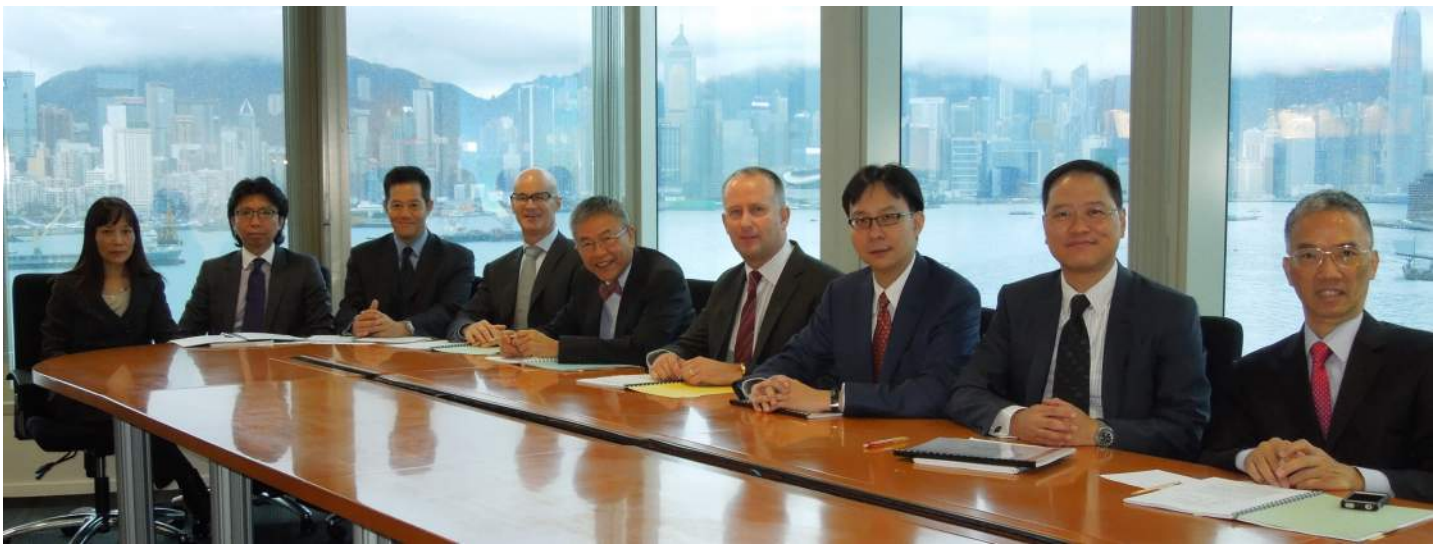
However, we do not simply rely on computer systems to work with our customers. A dedicated Customer Service Manager is assigned to every customer project so as to provide a human touch, yet professional service, to our customers. The role of the Customer Service Manager is to ensure there is no communication gap between us and our customers, thus avoiding misunderstandings while helping to resolve any issues.

By optimizing our customers' needs and our internal resources, we can achieve a win-win situation to all parties. Through the fine-tuning of the dispatch plan, the on time delivery rate should be improved while reducing unwanted waiting time at sites.

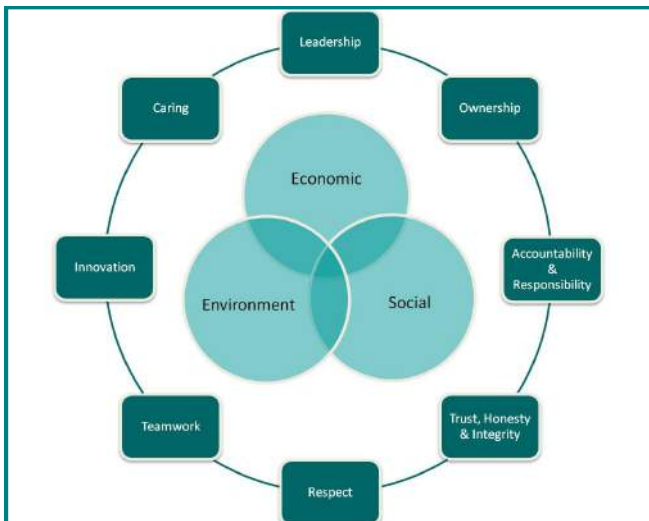
Corporate Governance



Governance



The Executive Committee members (from left to right) Ms Lilian Wong, Mr. Vincent Yu, Mr. Eddy Tsang, Mr. David Hogan, Mr. Lambert Leung, Mr. Kevin Gluskie, Mr. Ivan Chan, Mr. Ross Chow, Mr. Nelson Pang



Our Sustainability Goals which balance the economic, social and environmental needs are supported by a set of documented management principles and are monitored by the Executive Committee and the Board of Directors.

Corporate Governance refers to the systems by which the company is directed and controlled. The governance of sustainability at Alliance involves the relationship between the company and its stakeholders.

Being a joint venture company Alliance's Board of Directors is comprised of Directors appointed from the parent companies (Anderson Asia / Cheung Kong Infrastructure & PICON/ HeidelbergCement). The Board carries out the fiduciary, equitable, statutory and contractual duties in a manner which exercises care, skill and due diligence. An Executive Committee is responsible for the management of Alliance business, and reports directly to the Board.

To ensure the compliance to both the internal policies, statutory requirements and other external codes of practice, Alliance is subject to a number of internal controls such as the audits from both parent companies. In addition, Alliance is subject to external verifications by independent auditors.

The Risk Management Steering Committee manages the sustainability issues that are material to the business. The Committee is chaired by the CEO, and is responsible for the policy and strategy setting as well as allocation of resources that facilitate the incorporation of corporate social responsibility into every business function. Further, the Committee undertakes regular performance reviews ensuring the monitoring and accurate disclosure of all the material matters that should be included in the Sustainability Report.



Commitment to Corporate Sustainability

Strategy & Approach

Alliance aims to be the leading construction materials supplier in Hong Kong. We produce quality products and provide professional services that meet our customers' expectations, while contributing to the economic development of the community in a manner that aims to be socially and environmentally responsible.

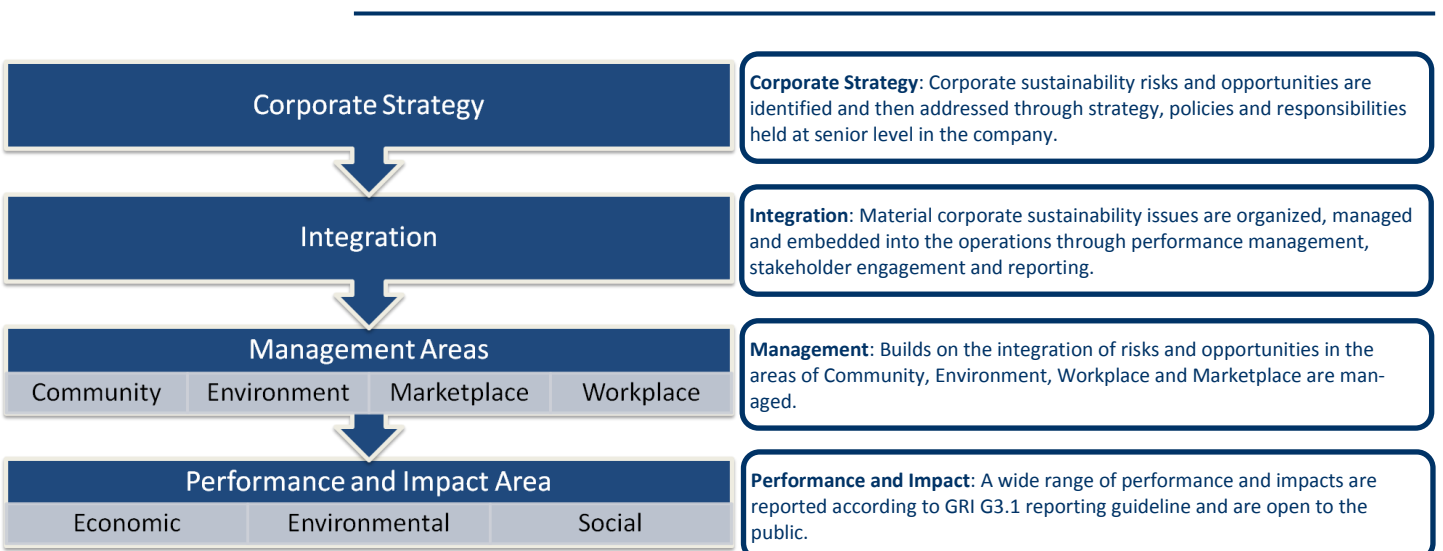
To sustain our business we strive for a balance between economic, social and environmental considerations in the decisions we make.

Sustainability Management

Alliance adopts the Business in the Community (BITC) Corporate Responsibility Index Framework to manage our corporate sustainability matters. We apply a risk management approach to identify the sustainability risks and opportunities. Through the formulating of business strategy, policy setting, and allocation of responsibilities at senior management level these risks and opportunities are addressed. Our stakeholder engagement and the on-going performance management mechanism define the materiality of a particular issue and prioritize it for action.

To ensure that material sustainability issues become more fully integrated into the business planning and decision-making processes they are organized along the four business foundations of Community, Environment, Workplace and Marketplace. They are also organized similarly for this report.

A good balance of economic, social and environmental needs underpins our sustainability goals. While the impacts from our operations are assessed against this triple bottom-line, we measure our sustainability performance according to the GRI G3.1 Guideline, which allows us to benchmark our performance with respect to laws, norms, codes and other performance standards, as well as voluntary initiatives. Through this reporting process we can demonstrate how Alliance influences and is influenced by expectations about sustainable development as well as comparing ourselves with different organizations over time.





Commitment to Corporate Sustainability

Operational Excellence

To ensure that we acquire the most up to date knowledge, Alliance promotes a culture of striving to be the best in everything we do, and as a learning organization we put effort into facilitating the learning of our members. In order to deliver operational excellence and to innovate fast enough in this rapidly changing business environment we have put learning and innovation at the top of our agenda.

When applying this concept of a learning organization to our sustainability context, the ongoing dialogue with our stakeholders allows us to capture the material aspects that are more likely to have a significant impact on our corporate sustainability. These material aspects, identified by our stakeholders, are translated to the five core elements of our Strategic Principles upon which action items are determined and organized. This structured corporate sustainable planning allows the effective allocation of management resources and enables the performance measurement to occur on a continual basis.

Strategic Priorities

Advocacy Role in the Industry: Being the major player in the construction materials industry in Hong Kong, we recognize that we have an advocacy role to play in the trade. Whether it is the product innovation or showcasing the operational good practices we accept that we have a leading role for the continual improvement of both Alliance and the industry as a whole. While providing quality aggregate and concrete products to the construction projects is important for continuous economic growth of Hong Kong, the mitigation of the environmental footprint while contributing to community development are all factors that underpin our corporate sustainability strategy.

Securing long term aggregate source: Both Alliance and the rest of the industry are being challenged by the uncertainties of local aggregate supply since the remaining stone quarries in Hong Kong will be closed in near future. To rely heavily on aggregate supplies from China after 2015 will increase risk in the areas of quality, reliability and traceability. Therefore, securing a stable and long term supply of quality aggregates through the development of new quarry sites has become a key objective of Alliance's strategic planning.

Concrete as a Sustainable Building Material: Concrete is by far the most important, the most versatile, and most widely used building material worldwide. By precise mixing and design engineering, concrete can satisfy almost any set of reasonable performance specifications for a diverse range of applications. However the popularity of concrete comes with an environmental price such as high Greenhouse Gas emissions and the consumption of water and other natural resources for concrete and cement production. Therefore, the core consideration in the business planning process is improving energy efficiency, reducing the carbon footprint, minimizing water and other natural resource consumption to become a more sustainable process and product.

Our Strategic Principles



Under the Strategic Principles action items are determined in 2011:

Excellence in Innovation & Quality

- Industry-wide green initiative
- Developing innovative products

Leading Market Position

- Build innovation teams
- Optimization of processes & systems
- Securing aggregate source
- Compete for talent

Employer of Choice

- Employee engagement
- Health care & promotion
- Employee training & competency
- Upgrade standards & systems
- Partnering & relationship management with subcontractors

Environmentally Responsible Business

- Environmental awareness
- Improve energy management
- Reduce Carbon Footprint
- Increase waste reduction
- Better water management
- Continue environmental impact mitigation
- Research environmental adaption

Community Engaged

- Improved stakeholder engagement
- Employee volunteering
- Focused support of charity
- Developing partnerships with communities
- Aim for transparent reporting



Commitment to Corporate Sustainability



Being a Good Neighbor: Alliance operates in a densely populated city with a high degree of intermixing of industrial and residential areas. Therefore we understand our neighbors' position and how important it is to protect them from any adverse environmental impacts that may occur from our operations. To ensure the continued supply of production capacity that satisfies the growing demand of building materials while not compromising the living standards of the local residents, is a material aspect for Alliance as well as the quarrying and concrete industries as a whole.

Employer of Choice: Building and maintaining competitive advantage in a rapidly changing environment while faced with a permanent shortage of talent is always a challenge to organizations. With the launch of the major infrastructure projects over the last 3 years in Hong Kong the problem of a shortage of skilled labor has been accentuated, both frustrating the employers and hindering economic growth of Hong Kong. The continual efforts in place at Alliance to be the employer of choice and contribute to maintaining our competitive advantage include the on going upgrading of our health and safety standards, enhancement in our CSR performance, investment in employees' training and development, and the enhancement of policies such as equal opportunities.

Health & Safety our Core Value: Occupational health & safety (OHS) continue to be the priority in our sustainability strategy. Since the establishment of Alliance OHS has been the first agenda item of any management meeting. We uphold the belief that "all incidents are preventable and must be prevented" and "all workers have the right to go home safe after their shift". To protect all persons who may be affected by our operations is thus a key company policy and is the responsibility of all of Alliance's managers and employees.

When we benchmark our OHS performance to the industry as a whole, the low incident frequency rates we have maintained over the last 8 years coupled with the numerous external recognitions we have received have not stopped us from striving for the highest possible standard. Reaching a plateau in our OHS performance, although at an advanced level, is seen by the management as a potential risk factor since complacency can be a contributor to failure. To ensure we strive for continual improvement the Safety Leadership Program was introduced in 2012 in order to foster a total safety management culture within the organization.

Within this reporting period OHS took on a more significant risk profile with the construction of the HuiDong Quarry in PRC and the West Kowloon Concrete Batching Plant. This partnering with the sub-contractors has involved guiding them through the project in order to eliminate the introduction of risks and hazards to our work-sites. This resulted in us assisting the sub-contractors to put in place best practices in their operations and the up grading of their safety management systems.

As part of the wider HeidelbergCement Group we are also bound by the Sustainability Ambitions 2020, which published in 2009 stated that Zero Lost Time Injuries has to be achieved by 2020. To translate this ambition into actions, health and safety will remain the top priority at Alliance and will be fully integrated into all decisions.



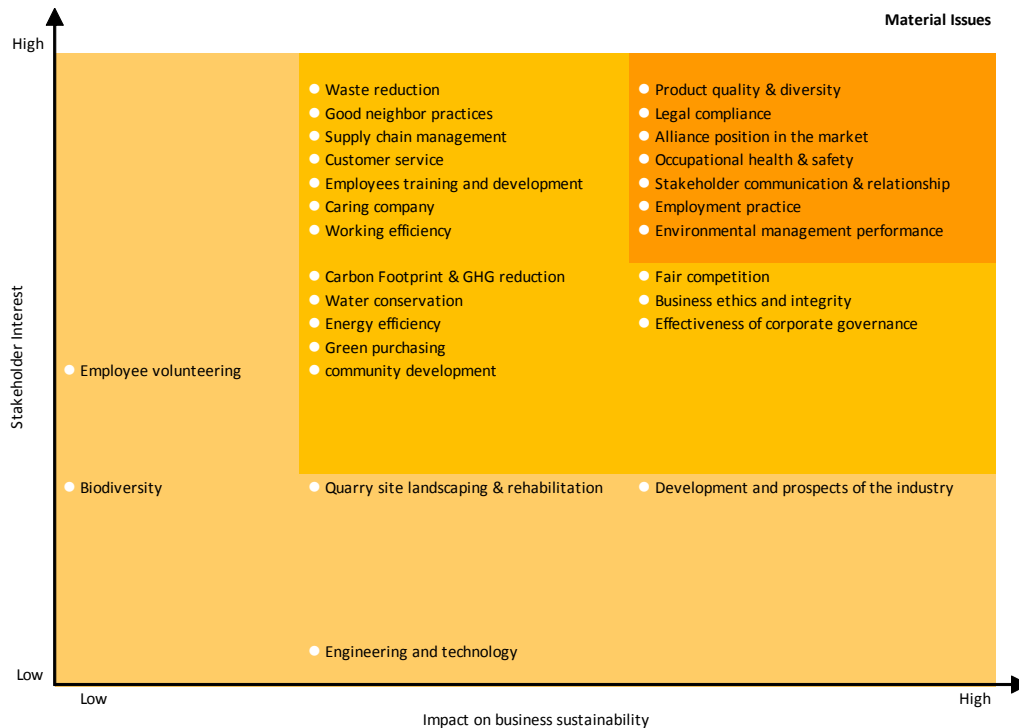
Stakeholder Engagement

Stakeholder Engagement is vital to the sustainability of our business. Stakeholder engagement makes sure that we can address and act appropriately on the issues relative to our economic, social and environmental performance that concern our significant stakeholders the most.

The stakeholder mapping presented in our previous report allowed us to identify those significant stakeholder groups and helped us focus on beginning to engage with them. In this reporting period we developed a more robust stakeholder engagement mechanism so that we could more fully prioritize our stakeholders while determining how the engagement should be done. This is ensuring relevant concerns are being heard and addressed and most importantly to identify where we can improve.

For our primary stakeholder groups, a focus group seminar together with a questionnaire survey were conducted in February 2012 for our employees while a questionnaire survey was carried out from July to September 2012 to gather feedback from our customers. During the year, interviews and liaison meetings were also conducted for other stakeholders. The stakeholder engagement exercises we did not only provided us opportunities to communicate our sustainability strategy, but stakeholder comments and feedback formed the major input for our materiality process by which our key sustainability impacts, risks and opportunities were identified.

Stakeholder Engagement Mechanism				
Inform	Consult	Involve	Collaborate	Empower
Providing stakeholders with objective information.	Gain information and feedback from stakeholders.	Work directly with stakeholders to ensure that their concerns are fully understood and considered.	Partnering with stakeholders in the development of solutions or plan of action.	Delegate decision-making on a particular issue to stakeholders.
Parent Company				
Biannual sustainability reporting and other regular performance reporting.	Regional meetings and other communications.	Regional meetings and other communications.	Regional meetings and other communications.	Corporate sustainability targets and regular auditing.
Employees				
Biannual sustainability reporting; corporate communications & newsletters; induction training & other HSEQ training.	Regular employee opinion survey & HSE climate survey; Corporate HSE Committee.	Employee engagement focus groups.	Employee engagement focus groups; Corporate HSE Committee; annual HSE seminar; employee volunteering team.	Workplace HSE programs.
Lorry Owned Drivers				
Biannual sustainability reporting; newsletters; induction process; HSE training.	Regular liaison meetings; HSE committee meetings.	Regular liaison meetings; HSE committee meetings; customer service centre.	Regular liaison meetings; HSE committee meetings; customer service centre.	
Customers				
Biannual sustainability reporting; company brochures; Carbon Footprint communication materials.	Customer satisfaction survey; stakeholder engagement survey; project-based liaison and other communications.	Social media; project-based liaison & other communications; customer service centre.	Project-based liaison & other communications; customer service centre	
Suppliers				
Biannual sustainability reporting; HSE requirements for suppliers.	Suppliers engagement survey/focus groups.			
Neighbor Communities				
Biannual sustainability reporting; site visits.	Community liaison focus groups.			
Government Departments				
Biannual sustainability reporting; policy feedback; regular liaison meetings.			Trade association liaison meetings.	
Non-Government Organizations (NGOs)				
Biannual sustainability reporting.	BEC & HKGBC Corporate Membership.			
Industry				
Biannual sustainability reporting.			Trade associations; technical working group; HSE working group.	
Certification Bodies				
Biannual sustainability reporting.	Engagement interview/discussion.			



Materiality Process

By reviewing the Indicator Protocols of the GRI G3.1 and applying a risk management approach to our materiality assessment during early 2011 we identified the key risks and opportunities that may have impacts on the sustainability of the business. The risks and opportunities were then mapped against the stakeholders' level of concern for these issues. The materiality assessment and the subsequent mapping exercise formed the Materiality Process which aimed to identify those issues most important to society that have the greatest impacts to the future growth of Alliance. Through this process we developed strategies and solutions to the material issues we identified enabling us to minimize risks proactively while opening up to new business opportunities.

The results of the Materiality Process are shown in the materiality matrix where significant issues relevant to Alliance's business sustainability are plotted against the level of interest by stakeholders. The closer the issues are to the top right corner of the matrix, the more important these issues are to the stakeholders and the more material they are to Alliance's business sustainability. These material issues are detailed in the four sections: Community, Environment, Workplace and Marketplace; as well as the GRI Table at the end of this report. The performance indicators are also summarized in the summary of key performance indicators which have been referenced against the GRI Codes.

Community



Corporate Social Responsibility to Alliance is about demonstrating our values beyond the boundary of the company. It is about contributing positively to the communities to which we belong.



Community

Corporate Social Responsibility a Core Element to our Sustainability Strategy

Alliance accepts our Corporate Social Responsibilities (CSR) and sees this as an integral part of our business. Since the establishment of Alliance we have integrated the social, environmental and other ethical concerns into our business operations. The aim being to impact positively our society while minimizing or preventing any negative impacts that we might have on the communities where we belong.

We started our CSR journey by providing a healthy and safe working environment for our employees; by practicing pollution control measures that protect our neighbors from any negative environmental impacts from our operations, and; donating to community organizations wherever possible. By adopting the guidelines on social responsibility that the ISO26000 advocates we aligned our CSR management to be more strategic and systematic as a result of these guidelines. Since year 2009 this approach has become the core element in our business sustainability planning. As a requirement of HKQAA-HSBC CSR Index Scheme for which Alliance signed up, our CSR performance is subject to the annual verification by an independent party, also based on the ISO26000 social responsibility guidelines.

Fostering a Caring Corporate Culture

Alliance's management has recognized that the true value of CSR management is realized only when caring is embedded into our organizational culture. Whether it is the creation of a healthy and safe workplace for employees, protecting the environment, or contributing to the development of communities, the ability to identify opportunities and thus innovate, requires that every internal stakeholder understand our responsibility to the society and practice it with passion. Through the 3Is, Inform, Inspire and Involve, we promote and foster a caring culture within the organization. Team members are fully informed of the company mission and strategies towards community development, our major stakeholder groups' concerns, and how we benchmark with other leading organizations. They are also inspired by all the successful stories and best practices whether from within the company or from other organizations. To translate the CSR vision making it relevant to every individual's role in the organization, activities like charity events and donations, volunteering works, HSE seminars and workshops, as well as leisure outings are organized for our employees so that they can appreciate the meaning of caring while practicing CSR in an enjoyable manner.





Community



Be a Good Neighbor and a Trusted Member of the Community

We aimed to develop positive relationships with our communities and be a good neighbor in those where we operate. Through effective pollution control measures and our environmental management systems we make every effort to minimize the negative environmental impacts that might affect our neighbors. The on-going dialogue with our neighboring communities, through the stakeholder engagement, allowed us to understand their concerns and their expectations of us. It also offered us the opportunity to communicate with them about the good practices we implemented in our operations that, for example, suppressed or isolated the environmental nuisance at source, such as dust suppression, noise reduction from trucks, eventually protected our neighbors from adverse environmental impacts.

In the reporting period our traffic safety performance remained focused on the public's health and safety as this remains one of our prime concerns. Our focus also went to environmental nuisance monitoring and reduction, as well as enhancing the communication with the communities where we operate. This we learned from the stakeholder engagement exercise, and the on-going dialogue with our communities, to be their major expectations of Alliance.

As reported in the practical examples within this report, management programs such as the Traffic Safety Management Program, Noise Pollution Control Program, and the emissions control program in quarry site, were implemented in this reporting period. Results shown that all these safety and environmental initiatives have been received well as they address the communities' concerns.

Traffic Safety Management Program

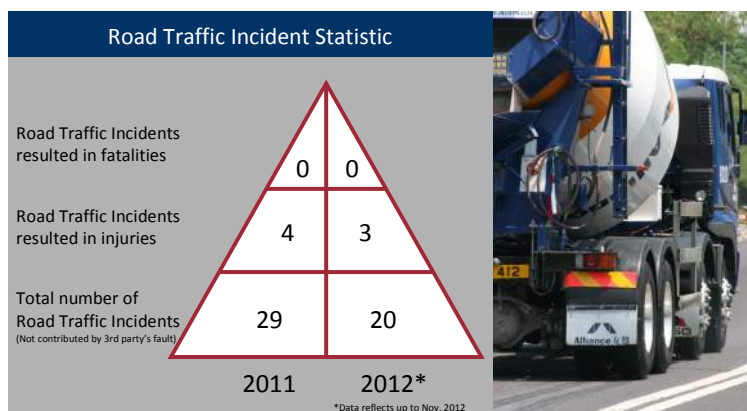
Practical Example

Cement transportation and concrete delivery are core processes in our operations. While the on-time delivery is a commitment we make to our customers, we are fully aware of our responsibility to protect the health and safety of other road users and pedestrian. The Traffic Safety Management Program was developed to ensure the professionalism of our drivers in terms of their driving skills as well as their attitude toward safe driving. Hong Kong School of Motoring (HKSM) was engaged to help in the program by providing fleet safety management services, drivers' driving skill and attitude assessment, regular driving safety forums, post-incident counseling services and re-assessment, as well as publishing the Driving Safety Newsletters.

Within the reporting period we have completed a full cycle of the drivers' driving safety skills and attitude assessment. This exercise not only allowed the management to better understand the level of fleet safety performance but to identify any risk factors that required attention. Professional trainers from HKSM also provided constructive feedback to individual drivers enhancing their driving skills and habits.

The provision of training and information is a core element of the program. While the regular Driving Safety Forums analyzed the causes of traffic incidents with the drivers, providing them with themed driving safety recommendations, and the company's commitment towards traffic safety was also emphasized. The Driving Safety Newsletters we published regularly promoted the importance of driving safety to the drivers, their families and the public in an on-going basis. From 2011 to 2012 altogether 580 man-trained were achieved with the average attendance rate of 86% maintained.

The zero traffic incident is a challenging goal for a fleet with approximately 200 vehicles in such a densely populated city, but we hold the view that all incidents are preventable and must be prevented. We take every single incident, minor or major seriously and we are pledged to investigate each and every traffic incident in a timely manner so that intervention can be taken as appropriate in order to prevent recurrence.





Community

Practical Example

Minimizing Environmental Impacts

Under our Integrated Management System we conduct regular environmental impact assessments. From these assessments we have identified dust and noise, whether from our operations, processes or from the products or from materials transportation, they are major emissions, and if not controlled properly will have negative impacts to the community. It is important we tackle these emissions and therefore during the reporting period we continued upgrading the environmental protection facilities at our production plants. The fully enclosed structure at the crushing plant within the quarries as well as the concrete batching plants combined with the environmental measures we put in place at the worksites resulted in the isolation of the emissions at their source.

The on-going Total Suspended Particulate (TSP) monitoring confirmed the effectiveness of the dust emission control systems. All our worksites were continually able to meet the stringent emission limits. We were also able to extend this to the emissions reduction from our truck fleet operations. By using the newly introduced EURO V mixer trucks which have a higher emission standard, the truck replacement project should enable us to reduce the greenhouse gas emissions and the particulate matters from exhaust by more than 30% as compare with the Euro IV or earlier trucks. In addition, the truck replacement will also improve our energy efficiency by 20%.

Under the noise pollution control program we measure the noise exposures of the sensitive receivers identified at each of our worksites. Although the results of our noise monitoring program showed that the noise generated from our operations would have minimal impact to the overall noise exposure by surrounding sensitive receivers, we have kept track of any changes to the noise levels as a reference to evaluate the effectiveness of our noise pollution control measures. For noise emission control, we have selected low noise emission equipment as well as implementing the isolation and suppression of noise transmission to the lowest possible level.



The newly introduced EURO V mixer trucks reduced greatly the greenhouse gas emissions as well as the particulate matters from exhaust that contributes to the improvement of the air quality in Hong Kong.



The fully enclosed production lines and materials delivery barge confined the transmission of pollutants to the surrounding environment and also isolated the noise generated from the machinery operations.

Community



As a key player in the industry Alliance recognizes that we have a responsibility to our communities. This means we are committed to investing our time, expertise and available resources to help contribute. By partnering with community organizations we supported initiatives and programs that match with our strengths and therefore were able to give back in areas that meet community needs and priorities.

Responding to the high unemployment rate among the younger generation, we offered internship opportunities to under-graduates in order to help prepare them for future employment. By participating in the professional mentoring program which organized by the Hong Kong Institute of Vocational Education (IVE) we sought ways sharing our experience and knowledge, examples of real world business experiences. The hope is to help enable the students to improve their interpersonal skills, be more sensitive to the needs of the job market and eventually enhancing their competitiveness.

Having extensive in-house industrial expertise, knowledge and multi-dimension experience, whether in concrete technology, Carbon Footprinting, or occupational safety & health management, we have valuable data and information relevant for academic research and studies. Through collaboration this experience could be translated into industrial applications eventually benefitting the industry and community as a whole. Alliance is supportive of academia and willing to share experience with academics and professional institutes since we believe this is necessary for sustainable business solutions.

Summer Internship Program

The Summer Internship Program was firstly launched in 2010. As a pilot scheme of this kind within Alliance we partnered with the IVE and started by offering several summer internship job positions to the students from the Purchasing & Logistics Program. The post program evaluation showed us that both the participating students, their lecturers and the supervising managers viewed the pilot positively. They considered the program a valuable initiative where students gained the practical working experience while the company gain insights from new comers as they brought a fresh set of eyes to our operations.

The program was then extended in 2011 and 2012 as more vacancies were offered to both the IVE students as well as students from other institutions. To ensure fruitfulness of the program students were assigned to different departments after their initial orientation day. They were assigned to supervisors who also acted as mentors to the students throughout the program. Students were given on-the-job training and were assigned tasks similar to other permanent staff. At the end of the two-month internship program, students were given the opportunity to present to the management team and their lecturers what they learned and had experienced on the job. They were encouraged to contribute ideas or insights on how to improve the work processes or the working environment they experienced during the program.

The thoughtfully structured program, the enthusiasm of the managers and the lecturers from IVE, with the full participation of the students not only made the program a success but also built mutual trust between the company and the institute. In 2012 Alliance was invited by IVE to donate scholarships to their best performing students. Managers were also invited to their Professional Mentoring Program which provides the final year students with additional avenues of learning by tapping into the professional experience offered by the mentors.



Practical Example



Community

Sharing our HSE Management Experience with professional institutes

Practical Example



Students from the Polytechnic University's Safety Auditing Course visited Lam Tei Quarry for a safety & health management experience sharing

Alliance as a learning organization not only do we benchmark and learn from other successful organizations, we are willing to share our good practices and experience with others in the industry as well as academic institutions.

In our occupational safety and health management we hold the view that all employees should have the right to go home safe after their shift. To realize this mission we place safety and health as a priority within Alliance and over the years we have developed good practices that aim to effectively control the risks and hazards in the workplace. To extend our caring to the employees in other organizations we also seek ways to influence positively other industries, and to support the training and development of safety and health practitioners. An initiative we undertook in the reporting period included sharing of our safety and health management experience with professional practitioners in the field of safety and health. This was done through the delivery of talks in open forums and demonstrations of good practices we have developed in-house. We also offered site visits and experience sharing sessions to students of safety auditing training courses so that they could translate the concepts and theories learnt in the classrooms to industrial applications.

By sharing our Carbon Footprint data and other concrete production information we supported numerous research projects by HKU and HKUST students in an effort to be supportive of academia. We also contributed to the green labeling scheme research project initiated by CIC and HKGBC, which will help drive the green economy of Hong Kong.

Practical Example

No Drug Driving

Drug driving has become an increasing concern within the community as the number of such cases has increased significantly in recent years. As one of the major fleet operators in Hong Kong Alliance supports the efforts made by the government and other agencies to combat drug driving. Within Alliance we promote "No Drug Driving" to our drivers through internal training and other safety publications. We also signed up the "Say No to Drug Driving" organized by the Hong Kong Caritas. To give this safety initiative our full support we put up the "No Drug Driving Hotline" of the Hong Kong Caritas together with promotional messages on the mud flaps of our mixer trucks in an effort to help spread the message to all drivers whilst our mixer truck fleet is travelling our community roads.



Practical Example

Offering employment opportunities to vulnerable groups

Over the last decade Hong Kong has seen an increase in the prevalence of low-income households. Recent researches also shown that the poverty rate has risen from 14.8% in 1995 to 17.7% in 2005. How Alliance can contribute to enhancing the vulnerable groups' ability to escape poverty was thus taken into consideration when determining our CSR initiatives.

We consider the offering of employment opportunities to vulnerable groups, as an important contribution, allowing them to participate in economic activities and thus enjoying the benefits of economic growth. The challenge to us is how to reach out to the target groups. By working closely with Caritas Social Service we have been able to offer employment opportunities, both temporary and permanent, to the target groups resulting in a number of successful.

Alliance 友盟

友盟建築材料有限公司(友盟), 是香港建築業其中一間最具規模的建築材料供應商, 公司於2005年正式成立, 目前擁有超過50名員工。Hanson 認為 Heideberg cement 集團的成員, 及長江建築集團的附屬公司, 即友盟建築材料有限公司(友盟), 於過去十年來, 一直致力於為社會提供高質素的建築材料, 同時, 為配合業務發展, 現誠聘以下職位:

- 1 混凝土廠房文員
- 2 混凝土廠房技工
- 3 混凝土車司機
- 4 技術員
- 5 技術助理
- 6 混凝土廠房維修技工
- 7 股票部文員

福利: 假期、人壽保險、專業培訓、退休福利、牙科、牙科、定期健康檢查、公司樓宇租金

招聘熱線:
2862 2282
2862 2381

Community



Charity & Donations

Community involvement is a key component of CSR at Alliance. We support charitable organizations that are working to make a positive difference in the lives of those in our community. Through working with local charitable organizations or participating in volunteering services our employees exemplify Alliance's values and CSR practices.

We recognize and encourage contributions made by our employees to our local communities as part of our objectives to be a socially responsible corporation and an employer of choice. While we continued making financial donations to selected charities, our focus on charitable support these years went to facilitating our employees to participate in volunteer services, or to contribute their efforts to fund-raising activities for those charities which giving a hand to those in need, all with the aim of embedding a caring culture within the organization.

In this reporting period we established the Alliance Volunteer Team which has been a milestone on our CSR journey. The team has become the entry point for those employees who are enthusiastic about donating their time and effort to community development. It is now an important resource for us to realize our CSR missions.

With the Alliance Volunteer Team formed and the centralized planning of our charitable donations we increased our contributions to community development significantly both in terms of monetary contributions and the time and effort involved.

Alliance Volunteer Team

Practical Example

Alliance Volunteer Team was firstly formed in mid of 2011. The team is headed by our HR Manager with founding members mainly from the head office. In order to have professional support and a volunteer referral service, the team is registered with the Agency for Volunteer Service (AVS). Founding members also attended the volunteer training offered by AVS to make sure they have a better understanding of the requirements of volunteering and to acquire necessary skills for organizing or participating in volunteering services.

The Alliance Volunteer Team was promoted within Alliance through company newsletters and other communications. Stories of employees joining the volunteer services were shared widely between employees. By nominating staff to charity events employees from different sites and teams were invited to join the team. As a result most of them have become active members of the Alliance Volunteer Team.

Since the establishment of the Alliance Volunteer Team we have supported a wide range of charitable activities such as providing volunteers to the carnival for the elderly people in Kwai Chung, to offer transportation support to the baby items recycling project by the Caritas among other events where our employees have demonstrated significant and ongoing community involvement.



The Alliance Volunteer Team established in June 2011.



Employees were referred to volunteering service sharing the experience and joy with volunteers from other organizations.



Community

Practical Example



Small Steps to make Differences



From 2011 to 2012 we have participated in fund-raising events organized by various charities with our footsteps, including Standard Chartered Hong Kong Marathon, UNICEF Charity Run in Disneyland, Joyful Charity Run in Ocean Park, Charity Run and Charity Walk organized by AVS, Sowers Action Challenging 12 Hours Charity Marathon, Pompei Charity Run, and Walk for Sight organized by ORBIS. Our employees have supported other charity events using their talents like playing music in the Charity Music Marathon or donating blood to the Hong Kong Red Cross. The many little steps our employees made for these charity events has assisted the charities to raise HKD71,890.2 for those less fortunate people in the community. The footsteps we contributed to the charity runs or the like also made up a total distance of 1,513 KM, equivalent to the distance between Hong Kong and Xian China.





To contribute to a sustainable planet we at Alliance are continuously looking for innovative ways to lessen our environmental footprint and as such commit to the responsible stewardship of the **Environment** in all our activities.

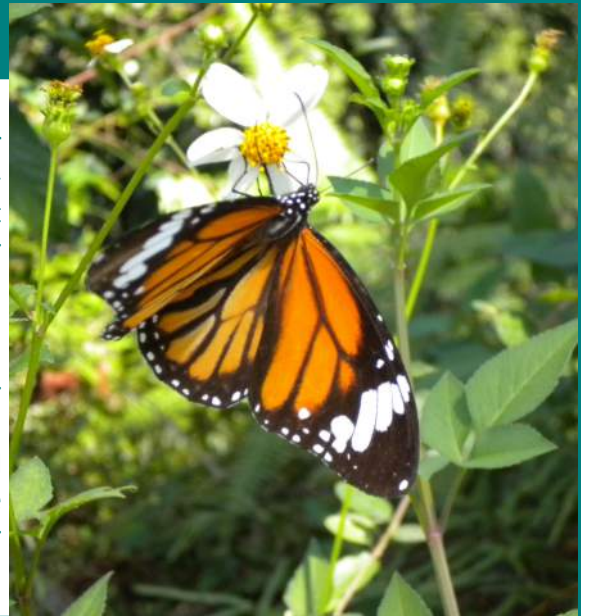


Environment

Harmony with the Environment

To fulfill our responsibilities towards environmental protection we have integrated environmental considerations into all aspects of our operations and every decision we make, from how we extract and consume natural resources to the impacts we have on the environment along our production line. It is our mission to meet the demand for construction materials in a responsible manner.

We understand that the raw materials we extracted including stone, sand and gravel and the fuel or other materials we purchased for our operations are finite resources that require us to extract and use them in an increasingly efficient manner. To practice good environmental stewardship, conserving resources, and restoring our sites for future generations is a commitment we have made in order to create better harmony between our operations and the environment.



Environmental Management Strategy

We apply a risk management approach when managing our environmental protection issues. The Risk Management Steering Committee, chaired by our CEO determines the environmental policy, and through discussion sets the operational teams challenging targets. The ISO14001:2004 certified management system allowed us to assess our environmental impacts and to put in place necessary environmental management plans or control mechanisms to reduce our environmental footprint. This has allowed us to improve our environmental protection performance on a continual basis.

Being part of the HeidelbergCement Group we are also bound by the Sustainability Ambitions 2020. The elements include energy and climate protection, biodiversity, reduction of environmental impacts are core components and critically relevant to our operations and are also inline with our environmental priorities for tackling the local challenges here in Hong Kong.

In 2011 and 2012 we continued to improve our environmental management performance. We maintained full legal compliance of our operational sites as the baseline, while also putting in place additional environmental measures or initiatives such as the slurry water treatment facilities in our concrete batching plant that reduces the solid waste and recycles the grey water that is produced in our operations, all with the aim of achieving the highest possible standards. For our energy saving project our employees continued to contribute innovative energy saving ideas to help improve the energy efficiency of our production plants.

When our energy savings are translated into our Carbon emissions reduction, we have reduced them by 16% of the Carbon emissions from our concrete production and delivery processes as compare to the performance in base-year 2007. Our quarrying operations also achieved a 12% reduction in 2012.

HeidelbergCement Sustainability Ambitions 2020 Key Environmental Performance Indicators 2012	Status	Achievement
% of quarries under active exploitation with restoration plan	✓	100% of quarries with restoration plan (Operations control by Alliance)
35% of mining sites "with high biodiversity value" where biodiversity management plan are actively implemented	✓	None of the quarry sites were identified as "site with high biodiversity value". Quarry restoration plans have incorporated the planning of habitat restoration and species development
50% of sites environmentally audited during the last 5 years (by 2 nd party or 3 rd party auditors)	✓	Under the ISO14001 Certification 100% of the Alliance sites' conducted regular 3 rd party audits since 2006
75% of Ready Mixed Concrete (RMC) Plants where excess concrete from own production is being recycled	✓	Excess concrete handling procedure applies to 100% of RMC Plants. 4 out of 8 RMC Plants installed with reclaimers and filter press system facilitating the recycling of concrete waste and waste reduction
Total specific energy consumption/t of aggregate reduce by 5% vs 2008	✓	As at Oct 2012 specific energy consumption/t of aggregate has reduced by 27% as compare with 2008

Environment



Quarry Restoration

In order to achieve a good balance between economic and environmental needs, when planning and operating our quarry sites, we always consider the impacts that we may have to the environment. For example, we understand the rock extraction process will destroy local habitats and may alter the morphology of the surrounding area. Therefore, the Quarry Restoration Plan we have for our quarry sites addresses the issues of landscaping and habitats, vegetation establishment, species development and other natural resource conservation. The plan also contains professional landscaping designs and recommendations for management programs to restore the quarry sites and create a habitat able to evolve into the kind of advanced ecological community found in the adjacent areas.

In 2011 after the completion of the quarrying restoration works the Shek O Quarry site was handed over to the government as a scenic marina cove. Significant progress has also been made at both the Lam Tei Quarry and Anderson Road Quarry sites where hundreds of thousands of carefully selected trees and shrubs were planted as according to the quarry restoration plans.

In the newly developed Huidong Quarry in the PRC we have taken great care when removing the topsoil as well as seeding the grass and planting trees to protect the slopes from erosion. In addition, we diverted the streams passing through the quarry site to prevent the water body from becoming polluted.

Completion of the Shek O Quarry

Practical Example



The Shek O Quarry has had a long history of contributing a valuable resource to Hong Kong's development. After the completion of the quarrying operations in 2010 and the restoration works in 2011 the quarry site was converted into a marina cove and then returned to the government in February 2012.

The period for Shek O Quarry's progressive restoration lasted more than 10 years, beginning in 1994. The restoration involved the formation of slopes and stream-courses, planting of trees and shrubs, formation of sea-shore, restoration of beaches, construction of foot-paths, and a wide range of landscaping and restoration work.

The restoration of the Shek O Quarry site created both a habitat for wildlife, and provided Hong Kong residents a scenic place to enjoy. This, we consider, to be a positive conclusion of the historic quarry site at Shek O Road.





Environment

Lam Tei Quarry

Practical Example

Lam Tei Quarry is one of the two remaining quarry sites in Hong Kong located in the western New Territories. Rock excavation is currently still in progress. By end of 2012, 81% of the total rock excavation in the contract was completed. For the quarry site rehabilitation, the contract requires us to: restore approximately 14.5ha of land; to trim the quarry benches to a specified final landform; undertake the re-planting of a total number of 25,000 trees and shrubs; as well as a total area of 110,000m² of grassland, while providing a safe environment for future land use; all of which need to be completed by mid of 2015.

From 2011 to 2012 we have completed 11,460m² of Formed Rock Slopes, as well as 8,555m² of Trees Planting with Hydro-seeding areas. From the beginning of the quarry rehabilitation works in 1982 more than 120,000 trees and climbers of 18 carefully selected species have been planted in the quarry site.

Due to the planned rehabilitation plan progressing along side the rock excavation work, much damage has been prevented. For example prevention of the erosion of the bare land and slopes during the quarrying stage; minimizing of the negative impacts to natural habitat; improving of the slope safety and stream courses in the area; provision of a healthy habitat thus ensuring useful land for future development after the completion of the quarrying works.



The completed bench at southern end of Lam Tei Quarry



Formation of bench in progress



Completed bench at western side



The trail plot area



Completed slopes under close monitoring and maintenance



Completed rock filled slope at eastern side of the quarry



The native trees were protected and reserved

Huidong Quarry in PRC

Practical Example



We consciously apply the "Think Global, Act Local" principle, combined with local statutory requirements and other applicable standards, as well as the quarry rehabilitation and other environmental good practices we have developed in our Hong Kong operations to our newly developed Huidong Quarry in Mainland China. The quarry restoration planning considered both the environmental impacts during the operation stage and for land use after cessation of the quarrying works. The planning included natural stream course protection, landscaping design, slope safety, planting of trees and shrubs, development of habitat facilitating biodiversity, and prevention of soil erosion.

Since the commencement of quarrying operations in 2011 we have arranged to protect the surrounding natural stream courses while also completing the construction of wastewater treatment facilities to prevent pollution entering the natural water system. The planting of trees and hydro-seeding were carried out right after the removal of top soil and the formation of the quarry benches and haul roads. This early intervention will prevent soil erosion as a result of prolonged exposure of bare land while suppressing the transmission of dust to the surrounding areas.



Environment



Environmental Monitoring

In recognition of our impacts to the surrounding area, especially to those sensitive receivers, the environmental management at our operations focuses on the isolation of the emissions at their sources. We have also put in place environmental monitoring programs to ensure the emissions will be minimal and not harm the surrounding environment.

Practical Example

Noise Monitoring Program

Similar to many other metropolitan cities noise is always an issue in Hong Kong. Highways run parallel to people's living room, and the mixing of industrial and residential areas are a common phenomenon in this densely populated city which means people are exposed to excessive levels of noise. While the government has introduced statutory controls to reduce the noise nuisance, as an industrial operator Alliance must uphold its duty to not only meet the statutory standards but to practice the highest possible performance level in order to minimize our environmental impacts to our neighbors.

The Noise Monitoring Program we have in place for our worksites has identified, through the regular noise assessment and monitoring, the sensitive receivers in the surrounding areas. By comparing the Acceptable Noise Levels (ANL) suggested by the Environmental Protection Department with the noise levels we measured at the sensitive receivers we have a better understanding of the noise exposure of the sensitive receivers and therefore, how we should contribute to the noise reduction. In the reporting period we have had 100% of our worksites conduct the noise assessment and monitoring. The results of the assessment showed us that the suggested ANLs were being met. The noise assessment confirmed that the major source of noise and therefore greatest irritant for residents and other sensitive receivers is from traffic, and the quarry or concrete plant operations were having minimal effect to the overall noise exposure. We still however, endeavored to improve our noise control standards which include the selection of low noise level air compressors and other production equipment, fully enclosed production plants isolating the noise coming from machinery, improving the efficiency and logistics of our truck fleet operations, and implementing a Noise Pollution Control Plan to ensure the legal compliance and the effective control over the site activities during restricted hours and on general holidays.



The fully enclosed crushing plant in our newly developed Huidong Quarry in PRC isolates the noise at its source



Noise monitoring conducted measuring the noise exposure of the sensitive receivers



The quarry benches at Lam Tei Quarry barricaded the operation plants suppressed the transmission of noise and dust to surrounding areas.



Environment

Dust Emissions Monitoring

Practical Example

Air pollution control is a challenge to operators of the construction materials industry because of dust emissions generated from both our aggregates and concrete production lines. The combined effect from our initiatives such as the fully enclosed production line, the dust extracting and filtering system, and other dust suppression measures that we installed at each emission source point allowed us to meet the most stringent air quality standards which stipulated in the Best Practical Means published by the Environmental Protection Department and the Specified Process License.

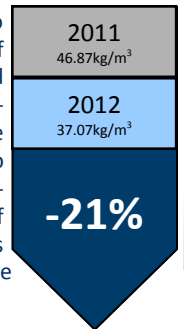
To ensure the effectiveness and reliability of the dust emission control systems, we undertook Dust Emissions Monitoring at all our operation sites. The program included the regular measuring of the Total Suspended Particulates (TSP), inspections of the dust extraction and filtering facilities plus other dust suppression devices, and a preventive maintenance program to ensure the pollution control equipment is always in good working order. In our West Kowloon Concrete Plant, where residential blocks are in very close proximity, we installed an additional air quality monitoring facility for measuring the Respiratory Suspended Particulates (RSP). A hand-held dust monitoring device was also employed to verify the TSP and RSP data allowing us to also conduct instant checking when necessary.



The air sampling devices we installed in the production plants monitor the TSP and RSP levels ensuring compliance to air quality standards providing useful data for evaluating the dust exposure of the surrounding sensitive receivers.

Waste Reduction

Over the last couple of decades the solid waste produced in Hong Kong has grown in parallel with the economy. Information from Environmental Protection Department shows that Hong Kong is running out of landfill spaces and will soon be unable to handle the large amounts of municipal waste. As such waste reduction has become an urgent agenda item for Hong Kong in general as well as Hong Kong's business sector. Waste reduction is an integral part of Alliance's sustainability strategy. By improving our communications with customers we have minimized the volume of returned concrete due to previously inaccurate ordering. The launch of the surplus concrete handling procedure, and investment in the slurry treatment at the concrete plants we have reduced our solid waste disposal to landfill sites significantly. We also put in place an administrative control for monitoring the waste volume per cubic meter of concrete produced evaluating the effectiveness of the waste reduction measures and to explore opportunities for further reduction.



Practical Example

Water Conservation

Practical Example

In the context of water conservation Alliance aspires to reduce the water consumption in our operations while not polluting any water bodies. The No Discharge policy we have in all our concrete batching plant operations has helped drive innovation and good practices to support meeting this challenging target. The waste water treatment plants we installed at our concrete plants also recycles the grey water produced from the concrete plant operations which resulted in avoiding the use of fresh water for plant yard and truck cleaning purposes. In addition, we remove the water from the solid waste that will be disposed of at landfill sites.

At our quarry sites we divert the natural stream courses to prevent them from being polluted, while the artificial lagoons collect the rain water and other surface runoff which is used for dust suppression within the quarry operations. The water discharge monitoring program measures the quality of the water discharged against a set of water quality criteria as stipulated in the discharge license. The waste water treatment facilities within the quarry treat the runoff before it is discharged.

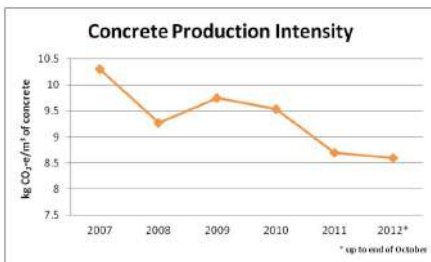
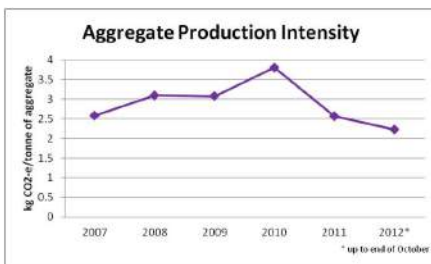
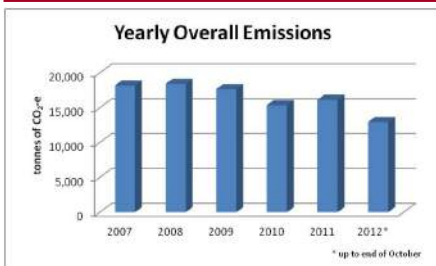
Environment



Energy and Climate Protection

The understanding of the link between the global economic fluctuations and the pressures arising from climate change is increasing. Faced with these global challenges it is necessary for us to prepare and implement the required changes to move to a low-carbon economy. Tackling the threats of climate change thus became one of Alliance's current and long-term business sustainability goals. Since 2008, protection against climate change was widely considered within our business and became an integral part of our environmental policy. We conducted a carbon footprint of our operations in 2008 and using the 2007 data as the baseline for determining our carbon reduction targets. In the reporting period 2011 to 2012 we continued exploring energy saving initiatives and invested in improving the energy efficiency of both the production plant operations and the delivery truck fleet. These energy saving efforts had resulted in significant amount of carbon reduction.

Practical Example



Carbon Reduction

We continued measuring the carbon footprint of our operations and are determined to achieve the determined Carbon Reduction goals of 10% reduction in 2012 and 15% reduction in 2020 as compared to 2007. The carbon footprint and carbon reduction goals are not figures just for publicizing but are the driving force for innovative ways for more energy saving. We set up an energy saving fund within our financial system and we encourage our employees to contribute innovative ideas for improving the energy efficiency of the production plants. This commitment towards climate change has returned several ideas such as:

- replacement of electric capacitors in the concrete batching plants;
- installation of electric frequency inverter and the associated PLC system in the ice conveying system of the concrete production lines;
- replacement of LED spotlights in production plants;
- improvements of the logistics arrangement at quarry sites, and;
- other minor modifications facilitating the switching off of energy consuming equipment when they are not in use.

By the end of 2012 we have reduced the Carbon Intensity of our concrete operations by 16% as compared to the base year 2007. Further, we also had a 12% reduction in the quarry operations carbon intensity, which is ahead of our determined carbon reduction target of reducing 10% by 2012.



Environment

Practical Example

EURO V Mixer Truck Fleet

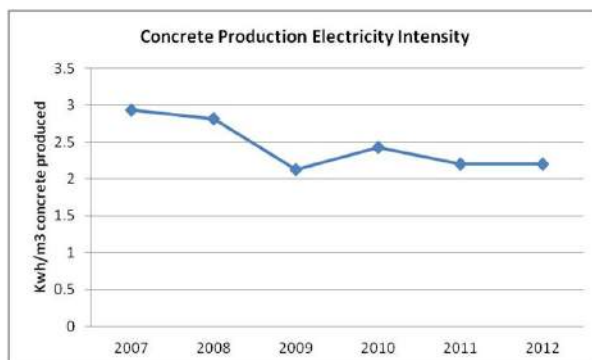


Our carbon footprint showed us that one of the major energy consumption source in our operations was the mixer truck fleet operations. Improving the energy efficiency of the mixer truck fleet is thus an important energy saving goal that we need to achieve. To make sure our climate protection commitment can be delivered and the operational needs will also be met we worked closely with the truck supplier giving inputs to the specifications of the mixer truck. These efforts resulted in the introduction of the environmental friendly 8m³ ISUZU FYH EURO 5 truck. The Common Rail System, EGS System and the Variable Geometric System together with other tailored design features had increased the energy efficiency significantly. Our on-road testing revealed that an average of 20% energy saving can be achieved as compared to EURO 2 trucks. With the higher emission standard there is a reduction in the emission of suspended particulates by 33% and a reduction in NOx by 42% as compared with EURO 4 trucks. From 2011 to end of 2012 we have invested in the replacement of 63% of the mixer truck fleet with the newly introduced EURO 5 trucks. After the completion of the truck replacement project in 2013 a total of 122 EURO 5 mixer trucks will be in the fleet providing more efficient delivery services to our customers while contributing to our climate protection goals.

The Energy Saving Project we launched in 2008 aimed to encourage the participation of employees towards saving energy and being innovative about climate protection. The project is also a management program for promoting and educating staff about good practices and environmental consciousness. The energy saving fund that was established is for supporting studies and the implementation of the energy saving ideas suggested by our employees or collected from the marketplace. Over the 5 years we have invested through the energy saving fund for the replacement with LED / T5 tube lights in the Head Office and the laboratory, installation of LED spot lights in various production plants, installation of translucent cladding in concrete batching plants and quarry crushing plant, modified the PLC system for material conveying, paired the dust extracting facilities operations with the production line, for example. Within the reporting period the energy saving fund supported projects like the installation of a frequency inverter in ice conveying system in the concrete batching plant, lighting replacement projects at various work sites, the study of the U-SAVE device, replacement of electric capacitors in concrete batching plants, and the provision of training to staff.

Energy Saving Project

Practical Example



Compare
2007
-25%

Environment



Natural Resource Conservation

Production of aggregate products and concrete involves the use of raw materials. We fully understand that whether it is the hard rock we extracted from our quarry sites, water and fuel we consumed in the production lines and the raw materials we purchase, these are finite resources. We have the responsibility to ensure that they are extracted and used in an efficient manner, protecting the environment and conserving these natural resources for our future generations.

As the major construction materials supplier in Hong Kong we supply crushed aggregates directly to our customers, as well as using them to produce ready-mixed concrete for local development projects. Our crushing facilities at the quarry sites also accept imported rocks from infrastructure projects in Hong Kong where virgin rocks was excavated. This arrangement turns the surplus rocks into useful materials while avoiding the dumping of a valuable natural resources into landfills as well minimizing the effects of emitting additional greenhouse gases from transporting to other regions.

For water conservation, we have continued investing in slurry water treatment plants within our concrete operations. The system enables us to recycle the waste water generated from our concrete plants allowing us to maintain our “Zero Discharge” policy preventing us from polluting any water body.

The use of alternate cementitious materials such as the pulverized fly ash (PFA) together with other product innovation such as the application of high strength concrete, will reduce, in long run the consumption of raw materials that are required for the sustainable development of Hong Kong.

Practical Example

Recycle surplus rock from development projects

Surplus rocks are generated from the local construction projects, and if not treated in a appropriately planned manner, these useful materials will be disposed of at the public fills or will be transported to other regions. By receiving surplus rock from the major infrastructure projects we help to conserve scarce natural resources by recycling it into useful aggregate products.

In the reporting period the crushing facilities in our Lam Tei Quarry received significant amount of surplus rock from the MTRC Express Link, HATS projects, and various projects from the Housing Authority and Highway Department. The total amount of surplus rock to be imported after the completion of these projects will be more than 2 million tones. This concerted effort by government departments, contractors and Alliance has relieved the pressure on the receiving facilities at public landfills while also generating additional revenue for the government and providing useful materials for local development.



ENVIRONMENTAL PERFORMANCE INDICATORS

GRI Code	Description	Item	2011	2012*
MATERIAL				
EN1	materials used by weight or volume	cubic meters of water used (including ice)	374,726.76	330,463.22
		oxygen used(cubic meter)	2,314.60	2,501.80
		acetylene used(cubic meter)	1,157.30	1,250.90
		kg of explosives	159,471.02	105,922.00
EN2	Percentage of materials used that are recycled input materials	% of PFA in total cementitious materials used	20	19
ENERGY				
EN3	Direct energyconsumption by primary energy source	litres of diesel used	4,474,570.75	3,161,491.00
		litres of patrolium used	89,507.48	86,227.99
EN4	Indirect energy consumption by primary source	electricity consumption KWH	6,330,107.37	5,859,660.73
EN5	Energy saved due to conservation and efficiency improvements	% of diesel consumption per 1m3 concrete reduced (yearly comparison)	-16.95%	-17.75%
		% of diesel consumption per 1m3 concrete reduced (compare with 2008)#	-19.72%	-33.97%
		% of electricity consumption per 1m3 concrete reduced (yearly comparison)	-9.03%	-0.14%
		% of electricity consumption per 1m3 concrete reduced (compare with 2007)	-24.86%	-24.97%
		% of diesel consumption per ton of aggregate reduced (yearly comparison)	-39.60%	-25.84%
		% of diesel consumption per ton of aggregate reduced (compare with 2008)#	-10.50%	-33.64%
		% of electricity consumption per ton of aggregate reduced (yearly comparison)	-12.95%	1.76%
		% of electricity consumption per ton of aggregate reduced (compare with 2008)#	-1.57%	0.16%
WATER				
EN8	Total water withdrawal by source	total water consumption (m3) per year	342,155.00	300,631.00
EN10	Percentage and total volume of water recycled and reused	m3 of rainwater/waste water collected and reused in quarry site	2,344.00	2,360.00
EMISSIONS, EFFLUENTS, AND WASTE				
EN16	Total direct and indirect greenhouse gas emissions by weight	Total scope 1 carbon emissions (tonnes CO2-e)	12,308.00	10,700.05
		Total scope 2 carbon emissions (tonnes CO2-e)	3,682.00	3,518.83
		Total carbon emissions (tonnes CO2-e)	16,128.00	14,361.07
		Carbon intensity - concrete (tonnes CO2-e per m3 concrete)	0.008690	0.008636
		Carbon intensity - aggregate (tonnes CO2-e per ton aggregate)	0.002570	0.0022008
EN17	Other relevant indirect greenhouse gas emissions by weight	Total scope 3 carbon emissions (tonnes CO2-e)	136.00	142.19
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	Carbon reduction as compare with 2007 - cocrete	-15.58%	-16.14%
		Carbon reduction as compare with 2007 - aggregate	-0.44%	-14.62%
EN22	Total weight of waste by type and disposal method	tonnes of construction waste/special waste from concrete plants to landfills	69,451.00	46,808.00
		tonnes of construction waste from LTQ to landfills	890.00	0.00
		kg of chemical waste handled by licensed collectors	16,900.00	7,800.00
		tonnes of scrapped metel sold	43.20	72.37
		kg of paper waste disposed/recycled	815.00	1,565.00
EN23	Total number and volume of significant spills	no. of chemical / cement spilt cases	NIL	NIL
		total volume of spills	NIL	NIL

2012*: Data reflects up to 31 October 2012
: 2007 data not available for comparison

Workplace



We aimed to create a decent workplace for our employees that is, safe and happy, free of discrimination, and offers equal opportunities. We respect the rights of every individual and will inspire our people to commit to our goals and strategies.



We Care about our People

People are one of the most valuable resources at Alliance. As such, we believe that all employees shall be treated with dignity and respect. We do not discriminate against anyone within our working environment. Employees have the right to expect a professional, business-like work atmosphere, and a safe and healthy workplace.

We are open-minded towards other's opinions and ideas and also respect their dignity and privacy. Integrity, openness, honesty and accountability form the basis for our actions. Therefore, we have developed a variety of policies, such as anti-harassment, anti-bullying, and racial equality.

Good human resources practices enhance organizational performance. These practices are generally referred to as "high performance", "high commitment" or "high involvement" practices. All these practices require a high commitment of teamwork. Teamwork is one of the core values of Alliance.

As part of the performance management process, we encourage employees to put forward their own ideas and to identify potential for improvement. Clear targets for managers are agreed upon and documented. We assign responsibility clearly and allow for sufficient individual scope, and the levels of achievement of the individual manager's targets are reviewed and reported in their monthly report.

We foster a corporate culture based on integrity, trust and mutual respect. A Code of Conduct and Business Integrity and Ethics are presented and discussed with all the new employees during their orientation. Workshops on Prevention of Bribery were held for managers to refresh the concept of integrity in the carrying out of their daily duties. All managers and employees of the Company are required to conduct themselves ethically, professionally and competently at all times whilst conducting company business.



Alliance's Decent Workplace Framework

Decent Workplace

When putting sustainability on our business agenda we were determined "to be the employer of choice" with a core sustainability strategic principle being that the success of our business is directly related to our employees. Given the ethical, and legal business landscape, it is the purpose of Alliance as a caring organization to create a decent workplace for our employees.

We developed Alliance's framework for a Decent Workplace in order to ensure there would be adequate focus on the core elements and that actions would be taken to deliver on our commitment. In the reporting period occupational safety and health remain the priority in our business operations. We endeavored to eliminate any safety and health hazards in the workplace, and have made much effort in driving a total safety management culture within the organization. We also extend our safety and health concerns from occupational to employees' daily living and promote work-life balance and other healthy living.

To assist in our employees' personal development and to upgrade the skills of our workforce we continued to invest in employee training and development. Employees were given opportunities to enrich their jobs. The performance management process combined with growth in business over the last two years has created upward mobility equally across the business.

We value the opinion from every individual member and seek effective means for communicating with our employees. In the reporting period we completed the Safety Climate Survey as well as a Staff Opinion Survey each of which are conducted once every two years. Results of these surveys together with feedback collected from other channels of communication, provided us with valuable insights to plan for the achievement of our sustainable goals.



Workplace

Occupational Health & Safety

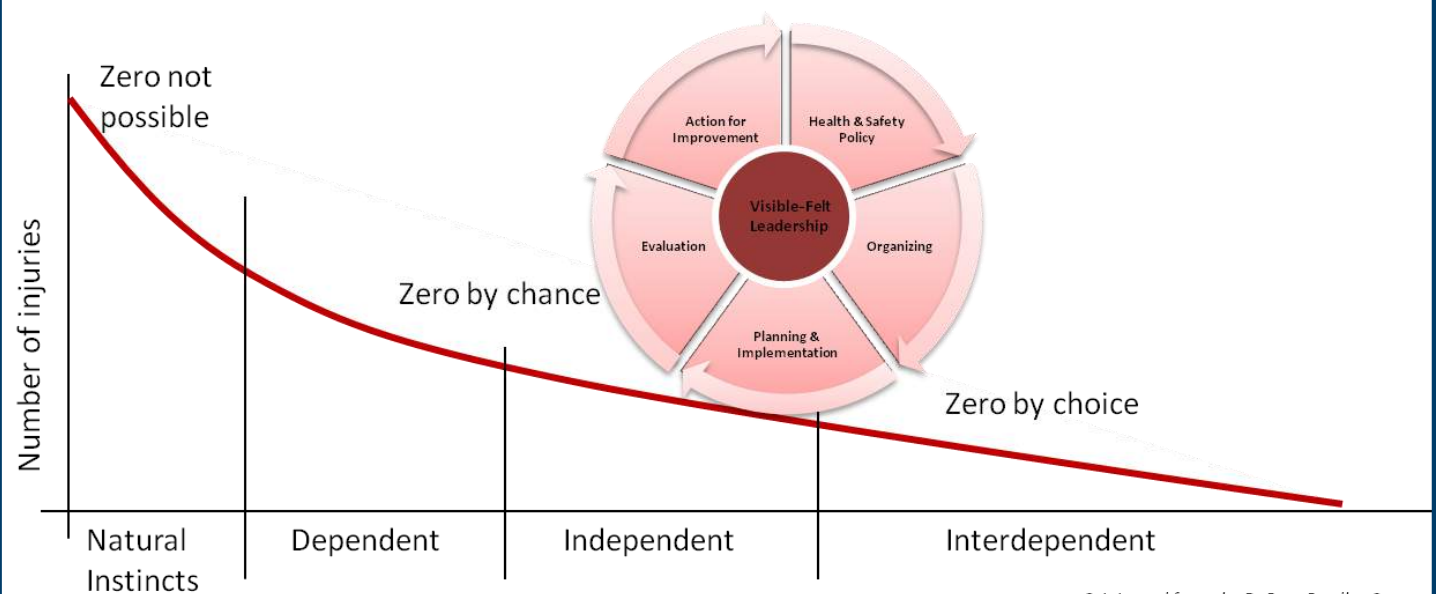
Occupational Health & Safety is our prime objective at Alliance. We strive to create a harm-free workplace for our employees with the "Zero Incident" being the ultimate goal for our occupational health and safety management. We applied a risk management approach when managing health and safety issues and to ensure the effectiveness, efficiency and the reliability of the implementation of our occupational health and safety policy, the OH-SAS18001:2007 certified health and safety management system was integrated with the ISO14001:2004 certified environmental management system and the ISO9001:2008 certified quality management system.

The success of any robust management system requires the support from our employees who are passionate and committed to our business goals and has to also be underpinned by a positive culture. Therefore, we have developed programs such as the monthly management site visit to demonstrate the visibility of management's leadership, the SMART Program, 5S system, and other promotional activities to encourage participation from employees. In addition, we conducted regular safety climate survey that involved employees in the health and safety management planning.

Over the years we have made great strides in lowering the incident rate in our operations. The significant reduction of the Lost Time Injury Rate from 0.8 per 100,000 man-hours exposure in 2005 to 0.2 in 2012 confirmed that we are a step closer to our ultimate goal of creating an incident free workplace. To ensure that we are running on the right track of our Pathway to Occupational Health & Safety Excellence we continued driving the organizational safety culture towards the "Interdependent" stage. This is where our employees will own and believe Health & Safety is a Shared Responsibility.

In 2012 we engaged BST Consultants PTE Limited for a year long safety leadership program. The objective of the program was to develop the safety leadership of the supervisory staff who are key to the implementation of the company health and safety policy. The program kicked off in August with the Safety Leadership Workshops for supervisors and managers. By using the Organizational Culture Diagnostic Instrument (OCDI) the assessment of our organizational functioning and safety climate was conducted. The survey enabled us to identify opportunities for further improvement in our health and safety performance, forming the major input for forward planning in our health and safety management.

Alliance's Pathway to Occupational Health & Safety Excellence



Originated from the DuPont Bradley Curve



Incident Prevention

Responding to the record high accident frequency rate in 2006, we put in place health and safety management controls in the operations with an aim to prevent incidents. Since 2007 the launch of the 5S system resulted in improvement in the housekeeping standard at all our worksites. The more than 4,000 Hazard Identification Reports we received in the SMART Program allowed us to remove most safety hazards from the workplace, improving greatly the safety conditions. Over the years we have successfully reduced the incident frequency rate to a low level as compared to the industry sector in Hong Kong.

Despite the favorable results we have had recently, health and safety remains the focus in our business as we believe “all incidents are preventable and have to be prevented”. In this reporting period a wide range of additional safety control measures were developed that tackled the risks and hazards our employees identified in their workplace including; the installation of overhead cranes to prevent manual handling, the construction of maintenance platforms eliminating the work-at-height difficulties that maintenance workers typically face. We also tightened control over our sub-contractors. The mandatory application of the elevated working platform for working at height is a typical example of the action taken to prevent major incidents from construction works. We also launched the Job Hazard Identification procedure for maintenance works and other construction projects where risks and hazards can be anticipated. This arrangement allowed the workers involved to have a good understanding of the risks and hazards associated with work tasks and the preventive measures needed. With the Sustainability Ambitions 2020 from our parent company we aim to reduce the incident to zero by 2020, which continues to be the ultimate goal for our health and safety management.

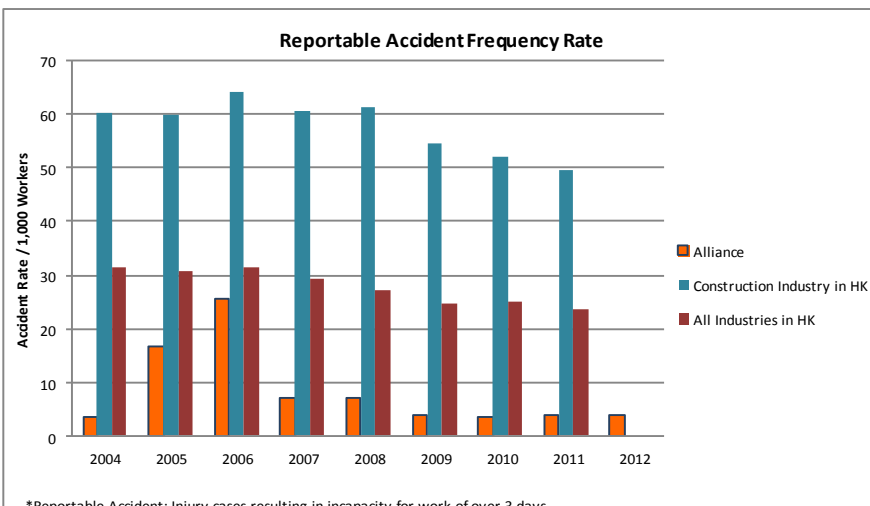
Practical Example

Lost Time Injury Free records



Lam Tei Quarry achieved the 2,000 Days Lost Time Injury Free record on 25 January 2012

With the concerted efforts put in by our management and our employees some of our worksites have achieved our ultimate health and safety goal of “Zero Injury”. The Lam Tei Quarry team achieved the remarkable 2,000 Days Lost Time Injury Free record on 25 January 2012, while we also celebrated the 1,000 Days Lost Time Injury Free records achieved by the Kwun Tong Plant, Yau Tong Plant and the Chai Wan Plant in June 2012. As mentioned by Mr. David Hogan and Mr. Vincent Yu during the celebrations that these high performers are the real leaders in Alliance who have committed to our health and safety goals, taking real action to create an incident free workplace for our employees.



Kwun Tong Plant, Yau Tong Plant & Chai Wan Plant celebrating the 1,000 Days LTI Free record in June 2012

Workplace



Fostering a Positive Health and Safety Culture

Within Alliance we recognize that a positive health and safety culture makes the greatest contribution to our health and safety performance. It was determined by management to set health and safety as our mission and to put every effort in to fostering a positive health and safety culture. This mission is to be characterized by good communications founded on mutual trust, and with shared perceptions of the importance of, and confidence in, the efficacy of preventative measures.

Within the reporting period of 2011 and 2012, we continued our efforts to enhance the employees awareness on health and safety in the workplace, with particular focus on injury prevention. We have had 10,976 and 10,875 man-trained in a wide range of health and safety training topics in 2011 and 2012 respectively; through the SMART Program we removed 1,400 hazards from worksites; 100% of our worksites audited with OHSAS18001 and 5S standards; organized promotional events such as the annual HSE seminar, the HSE promotion day in Lam Tei Quarry; and also completed two cycles of the monthly management site visit.

The two surveys, HSE Climate survey we did in 2011 where employees' feedback, legal compliance status, accident prevention performance and safety behavior observations were evaluated, and the OCDI Survey we conducted in 2012, these surveys confirmed that a positive health and safety culture was being maintained. When we benchmark ourselves with other leading organizations in the industries, the 14 awards we received in 2011 and 2012 had motivated the teams to continue their valuable efforts, while they were also inspired by the good practices that other successful organizations are implementing.

Practical Example

Annual HSE Seminar

The HSE Seminar is an annual event organized to communicate HSE issues across the teams in an open atmosphere. The best performers in overall HSE achievement and those teams maintaining best housekeeping standards were recognized at this event. Within Alliance we emphasize the "Safety is a Shared Responsibility", to encourage our employees to contribute to workplace health and safety. In addition, the employees' representatives of the Corporate HSE Committee were issued with certificates during the event, while those employees who reported more than 25 Hazard Identification Reports, or those taking up health and safety duties such as safety supervisors and "first-aiders" were also recognized with Alliance Badges.

During the HSE Seminars we placed sustainable development as the theme in order to enhance employee awareness of corporate sustainability. The panel discussion conducted by our most senior managers combined with the stakeholder engagement exercise involving employees, both allowed the sharing of ideas that helped inform our corporate sustainability strategy.



Safety Awards were given to best performing teams during the HSE Seminar

Certificates issued to Corporate HSE Committee members recognizing their contribution to health and safety management

Employees contributed Hazard Identification Reports were issued with Alliance Badges as a recognition

Senior management team conducted panel discussion during the HSE seminar

Practical Example

Benchmarking our Health & Safety Performance



Operating under the concept of being a learning organization we seek ways to benchmark ourselves against other leading organizations. From 2011 to 2012, we participated in major health and safety award schemes including the Hong Kong Occupational Safety & Health Award and the Good Housekeeping Award scheme both organized by the Occupational Safety & Health Council; the Considerate Contractor Site Award scheme by the Works Bureau; the Proactive Safety Contractor Award by HKCA; and the Construction Site Safety Award by CEDD. The 14 Awards we received in this reporting period are recognitions of the good works our employees did in creating a healthy and safe workplace. These awards also reinforce positively the importance of health and safety to the business, and with many successful stories shared by other organizations at the award schemes continue to inspire our employees.



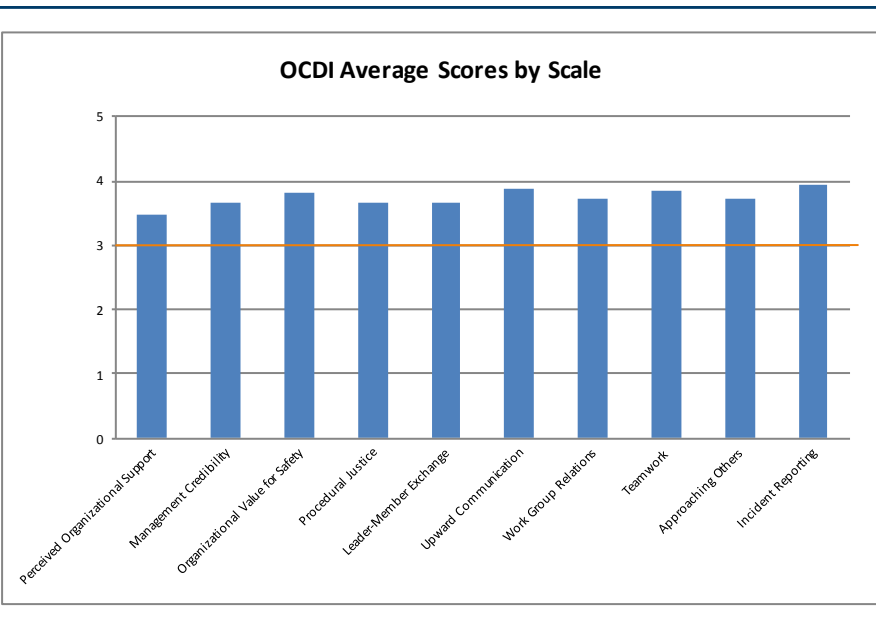
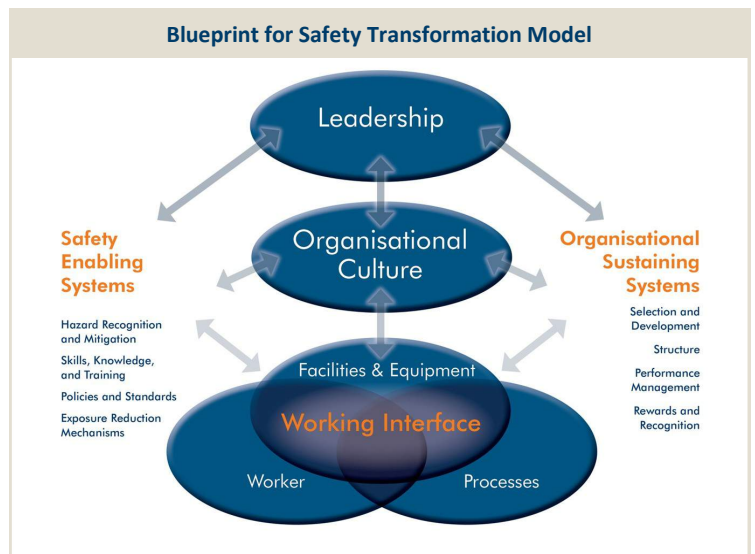
Practical Example

Safety Leadership Program

In 2012 we engaged BST Consultants PTE Limited for a safety leadership program. Our management would like to transform the organization towards being more “Interdependent” along the lines of the DuPont Bradley Curve for organizational safety culture. We had recognized that our health and safety performance had reached a plateau and that it will be a challenge for us to raise our performance to the next level up without the development of a total safety management culture within the organization.

We kicked-off the program with the participation of our managers and supervisors in the safety leadership workshops. These managers and supervisors are key to the success of our health and safety management system. The managers and supervisors were introduced to the Blueprint for Safety Transformation Model and briefed of the program contents. With the buy-in and support of these workplace leaders we then conducted the Organizational Culture Diagnostic Instrument (OCDI) survey in which more than 87% of our employees have participated.

The first stage of the Safety Leadership Program concluded with a series of focus group meetings and interviews in early December where employees from different levels and teams contributed their feedback and ideas on how they perceived the organizational health and safety as well as the way forward.



More than 87% of employees participated in the Organizational Culture Diagnostic Instrument (OCDI) survey which we conducted in September 2012. The survey confirmed a positive perspective within the organization towards the management, the supervisors, the teams and individual team members.

While we benchmarked our survey result with 1,250 organizations worldwide that also did the OCDI, we found that we ranked high in areas such as perceived organizational support, management credibility, procedural justice, leader-member exchange and teamwork. The survey also raised our awareness of the need to continue driving elements such as the organizational value for safety, upward communication and approaching others in order to catch up with leading organizations.



Workplace

Employee Involvement and Consultation

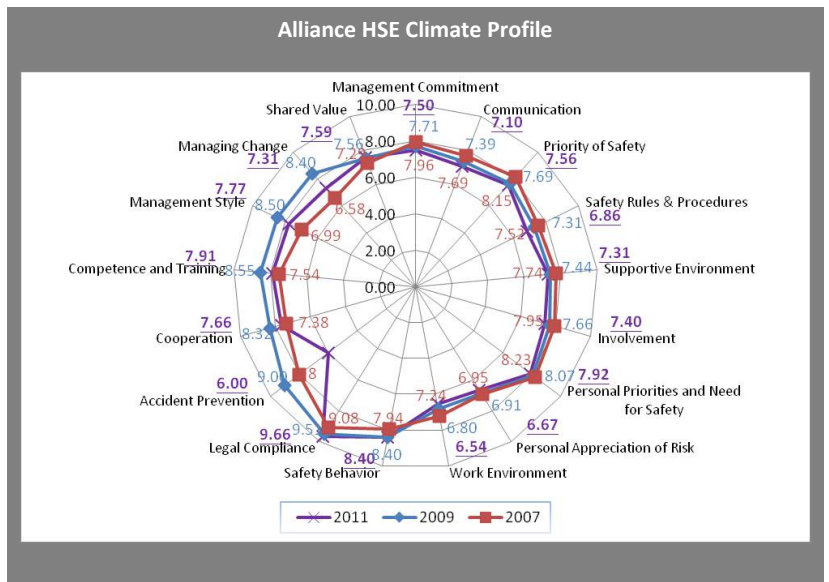
Within the framework of Alliance's Decent Workplace we value employee involvement and participation, and their contribution to the business planning. We see employee involvement and consultation as vital ingredients for building a robust organizational culture and workplace, which not only ensures employees' satisfaction but also promotes business efficiency. The challenge for us is to facilitate the effective communication within our workplace setting where the majority of our employees are working at remote sites. Therefore, by using information technology, we set up Sharepoint Sites on the company intranet such as the CSR Sharepoint Site for communicating various corporate sustainability issues with employees, and the SMART Program site for employees to report directly any hazards they identified at the workplace. The Company Newsletter which is published on a regular basis provides employees with the most up-to-date information about the Company and news from their workplace. Through the monthly IMS meetings and the Corporate HSE Committee meeting, employee representatives address the workplace issues to management and then contribute ideas for improving the work environment.

In 2011 we conducted the HSE Climate Survey, which was designed to collect feedback from employees on the organizational health and safety culture. We also completed the Staff Opinion Survey in 2012 where employees expressed their views on the "perceived importance" and "company performance" of a wide range of elements of human resources management. These surveys together with employees' feedback collected from other communication have formed major inputs for the creation of the Alliance's Decent Workplace.

Practical Example HSE Climate Survey

In 2011 we conducted the HSE Climate Survey, which also assessed the organizational health and safety culture. Through a questionnaire survey we collected feedback from employees on management support to health and safety, team cooperation and shared value, work environment issues and personal perception toward health and safety. The safety behavior observations, the indirect observations from audits and legal compliance evaluation, and the results of the accident prevention efforts formed the overall result of the survey, enable us to visualize Alliance HSE Climate Profile.

When comparing the previous surveys from 2009 and 2007 we confirmed that a positive health and safety culture is being maintained within the organization.



The relatively high score for management credibility revealed there is visible leadership from the management which, also demonstrates that management has earned the trust from employees. Our focus for the future however, should be on workplace intervention in order to secure the commitment of frontline staff towards an incident free workplace.



Practical Example

Staff Opinion Survey

To ensure successful implementation of the human resources management programs and to help the company create a better work environment for our employees, top management considered it important that staff opinion be solicited biannually.

It is becoming increasingly recognized that trust and communication in the workplace are important factors leading to enhanced organizational performance. The survey questionnaire is therefore completely anonymous to ensure we receive open and honest answers from our team members. The Staff Opinion Survey was first launched out in 2008 with a response rate of 68%. The rate then increased to 79% in both 2010 and 2012. The gap between the means of “perceived importance” and “company performance” is 0.14 which is an improvement compared with the 0.18 measured two years before.

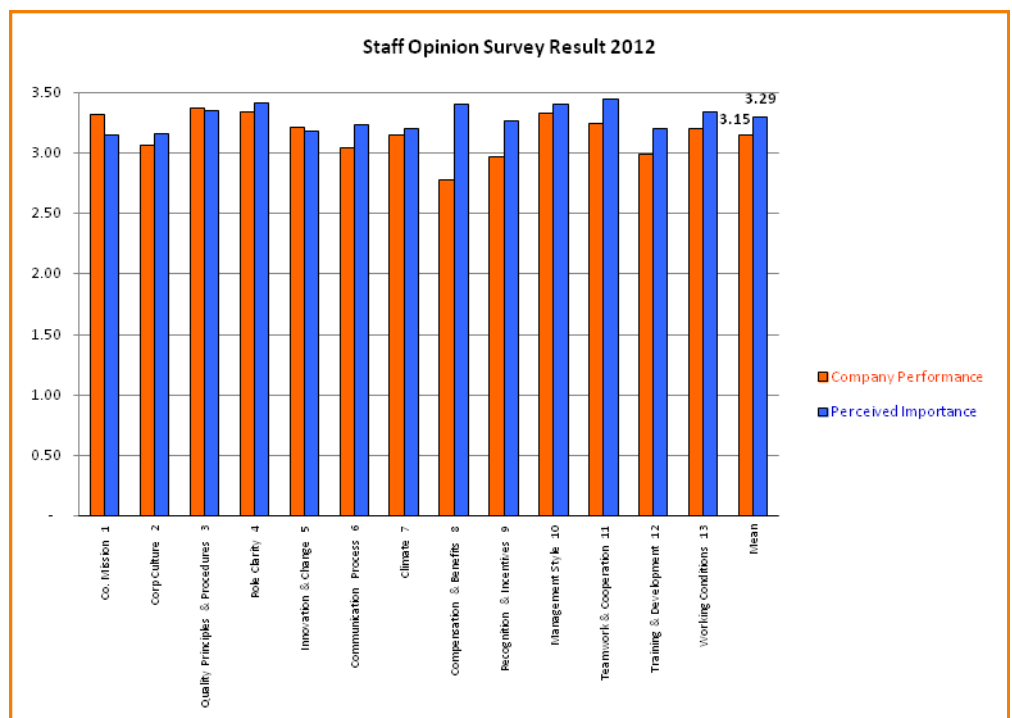
Areas of focus, for the implementation of human Resources Management programs, were identified and discussed helping the company formulate an effective work plan to create a better environment for our employees.

According to the survey results, the best performing areas of the Company are:-

2012			2010		
1	Qualities Principles & Procedures	3.37	1	Qualities Principles & Procedures	3.28
2	Role Clarity	3.34	2	Role Clarity	3.19
3	Management Style	3.33	3	Company Mission	3.18

While areas with greatest gaps in the perceived importance and the company performance are:-

2012			2010		
1	Compensation & Benefits	-0.62	1	Compensation & Benefits	-0.51
2	Recognition & Incentives	-0.29	2	Communication Process	-0.41
3	Training & Development	-0.21	3	Corporate Culture	-0.29



Workplace



Training & Development

Alliance recognizes the importance of providing and promoting training and development opportunities for employees. These opportunities are relevant to their job responsibilities in order to develop a highly competent and motivated workforce. Continuous learning ensures that we permanently update and extend our knowledge.

To assist our employees in managing their work satisfactorily, we strive to develop a learning organizational culture by encouraging our employees to learn and develop themselves. We have a policy in place that allows us to provide training or education assistance to facilitate and encourage employees to undertake appropriate courses to enhance their skills and knowledge applicable to their job and their career development. During the two years 2011 and 2012, Alliance has invested the sum of more than HKD 1.5 million in sponsoring employees to undertake external training programs and courses that were conducted by recognized institutions or institutions of higher learning.

The total number of training hours per employee were 32.5 and 19 in 2011 and 2012 respectively.



Training courses were organized for managers and supervisors enhancing their knowledge and awareness towards fair competition and anti-corruption.



Practical Example

Customer Service Centre (CSC) Training Program



Operation staff were arranged to attend customer service training enhancing their soft skills whilst communicating with customers



Internally, we also develop training courses and seminars relevant to job responsibilities such as the in-house training for Integrated Management System, induction training for newly recruited staff and training for mixer truck drivers and the Customer Service Training for our employees. For example, we organize internal training workshops in order to build an effective and happy customer service team. In February 2011, a series of soft skills training were provided to our Customer Service Officers to train and equip them with the skills required to be a positive and professional customer-oriented team member. In January 2012, a Change Management Workshop was organized to enhance the communication, mutual understanding and co-operation between the supervisors and managers of customer service and other work teams. Besides these, we also organize regular follow up briefing and coaching sessions for the customer service team.

To support and promote personal development of individual employees, we appraise their performance annually against our common targets. Our annual appraisal exercise covered 100% of our employees.



Workplace

Work Life Balance



We emphasize the importance of work life balance in order to maintain a healthy and happy workforce. It is the company guideline that our employees should have at least 10 hours break after work before reporting duty on the next day so as to ensure they have enough time to rest. Employees who are required to work through the night until the following morning are given a day off with full pay.



We regularly remind our employees to make use of their annual leave, to ensure they take time to rest by sending them a notice regarding their annual leave balance. At the beginning of each year, we request our employees to plan their annual leave with their supervisors and we do not encourage employees to accumulate their annual leave.



We arranged for our employees to attend a number of seminars including: the Relationship between Staff Happiness and Enterprise Performance; Management of Body Weight; Hypertension; High Cholesterol and Diabetes; Muscle Flexibility and Stretching Exercise; and Quality Walking Exercise.



In order to assist our team members in managing stress and job pressure while developing a positive mindset, recreational and social activities such as Alliance Marathon Team, football matches, family outings, office open days for watching fireworks display were organized to provide our employees and their family members with occasions for relaxation.

Alliance received the 5 Years+ Caring Company Logo from the Hong Kong Council of Social Service in May 2012. This is the sixth consecutive years since 2006 that we have been awarded the Caring Company Logo. The award is given in recognition of the company's community involvement and our commitment to being a corporate citizen over the past year. We have achieved the criteria of volunteering, giving, caring for employees and caring for the environment.

To promote a culture of Corporate Social Responsibility, we participated in a wide range of charity and volunteering services to support the community; which is further elaborated upon in the Community Section of this report.

Caring Company



We care about and have concern for our employees. Each year, we provide free flu vaccination and free non-mandatory medical examination for all our employees. In October 2011, we encouraged company smokers to participate in the quit smoking program. We also organized various employee social activities such as a company outing, festival buffet dinner, geo-heritage tour, annual dinner; in order to provide opportunities for them to relax and interact socially with one other. During major festivals such as Christmas and New Year Eve, we allowed our employees to have early release from work so that they can have more time to enjoy the festival and gather with their families.

Workplace



A Tidy Workplace is a Safe Workplace

We recognize the importance of maintaining a tidy and clean workplace to our health and safety performance which aimed to prevent incidents. We adopt the 5S System in managing our workplace housekeeping standard where 5S Leaders were appointed in every worksite, and all employees were assigned with housekeeping duties.

Being part of our Integrated Management System, the 5S System is subject to regular audit by Independent auditors. The Internal Audits our safety personnel conducted providing guidance and support to the operation teams for continual improvement, while also selecting best performers to be praised during our annual HSE Seminar.

The housekeeping standards we maintained in all our worksites not only revealed that the 5S System has generated positive results to workplace health and safety, more importantly it offered the employees with opportunities to participate in health and safety management and enjoy the fruitful results they created.



ISO 9001 : 2008
Certificate No.: CC 3022



ISO 14001 : 2004
Certificate No.: CC 3328

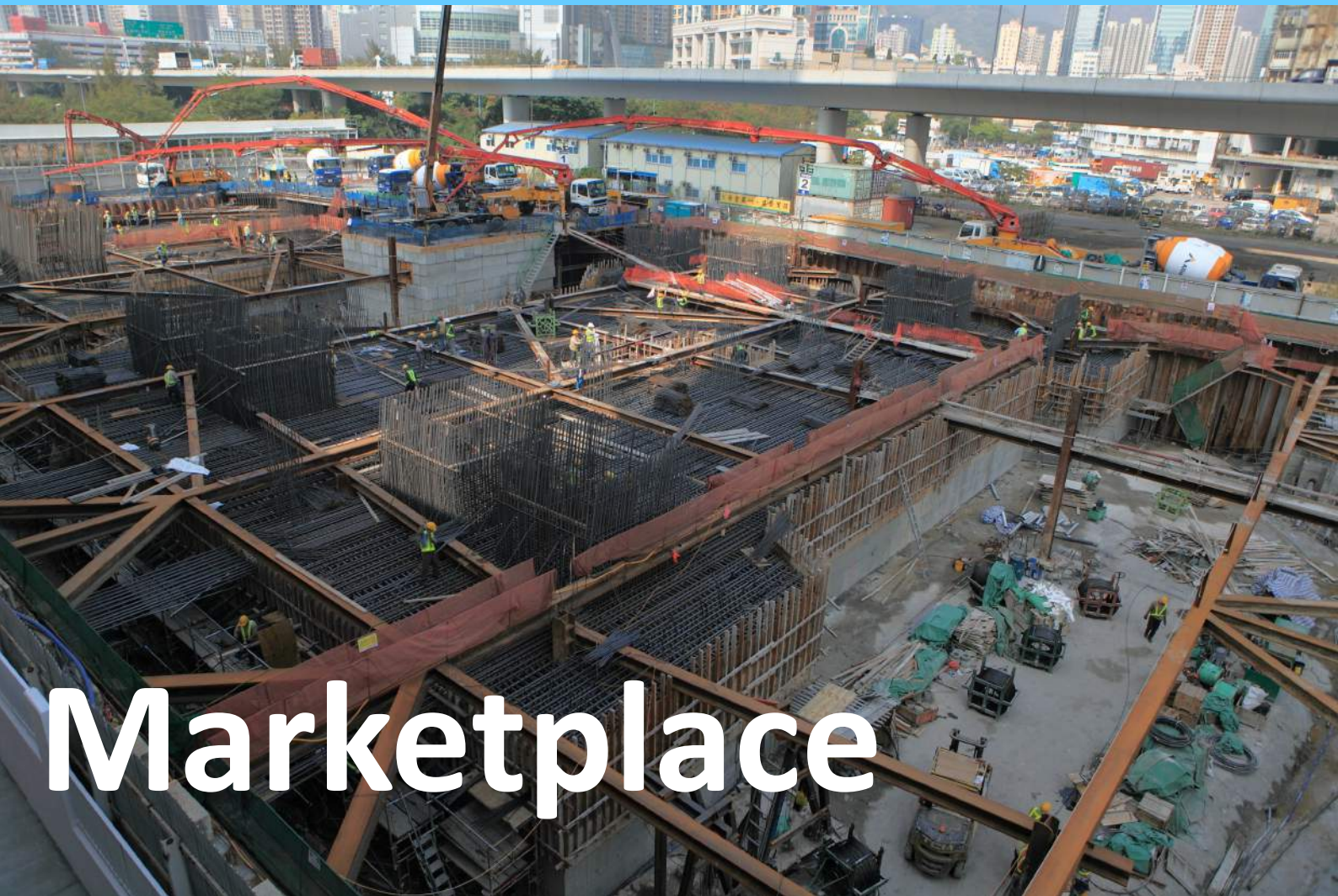


OHSAS 18001 : 2007
Certificate No.: CC 3329

WORKPLACE PERFORMANCE INDICATORS

GRI Code	Description	Item	2011	2012*
MARKET PRESENCE				
EC5	Range of ratios of standard entry wage by gender compared to local minimum wage at significant locations of operation.	% of employees receiving wages higher than minimum wage	100.00	100.00
		Comparison of entry wage to minimum wage (%)	2.20	8.50
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation	% of local hired employees	99.60	99.60
EMPLOYMENT				
LA1	Total workforce by employment type, employment contract, and region, broken down by gender	Total number of employees	272.00	242.00
		% of permanent employees	100.00	100.00
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region	Turnover rate (%)	25.99	29.04
LA15	Return to work and retention rate after parental leave, by gender	Number of employees taken parental leave	0	3
		Retention rate after parental leave (%)	N/A	100.00
OCCUPATIONAL HEALTH AND SAFETY				
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees	% of employees represented in Corporate HSE Committee	100.00	100.00
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work related fatalities	Number of work related fatalities	0	0
		Number of reportable injuries	1	1
		Number of lost days	532	519
		Reportable Injuries frequency rate (No. of incident per 1,000 employees)	3.68	4.13
		Reportable Injuries frequency rate (No. of incident per 100,000 man-hours)	0.17	0.19
		Incident severity rate (No. of lost days per 100,000 man-hours)	89.44	99.75
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members	Total number of man-hours trained in health and safety topics	4691.50	3060.25
		Number of employees taken free medical exam	79	82
		Number of employees taken free flu vaccination	59	90
TRAINING AND EDUCATION				
LA10	Average hours of training per year employee	Training hours per year employee (Internal Training)	8.30	11.30
		Training hours per year employee (External Training)	24.20	7.70
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Assistance on transitioning to a non-working life Retiree offered temporary employment	2	4
LA12	Percentage of employees receiving regular performance and career development reviews	% of employees receiving annual appraisal	100.00	100.00
DIVERSITY AND EQUAL OPPORTUNITY				
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority	% of male employees	87.00	87.00
		% of female employees	13.00	13.00
		% of employees by age: <30	12.00	13.00
		% of employees by age: 30 - 50	51.00	50.00
		% of employees by age: >50	37.00	37.00
HUMAN RIGHTS				
HR4	Total number of incidents and discrimination and corrective actions taken	Number of incidents	0	0
HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms	Number of cases	0	0
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures	% of employees trained	44.49	64.88
SO4	Action taken in response to incidents of corruption	Number of cases reported	0	0

2012*: Data reflects up to November 2012



Marketplace

Through innovation and operational excellence we strive to maintain our competitive edge in a highly competitive market. Being the leading operator in the local construction materials industry we accept our role as advocate to help lead the industry to a sustainable future.



Marketplace

Striving for the Leading Position in a Highly Competitive Market

Alliance is operating in a highly competitive market, and to maintain our market leadership we have to be innovative in everything we do while striving for operational excellence. With a strong focus on our customers, we optimized our operational systems within this reporting period. These system optimization projects improved our productivity as well as enhancing the efficiency of our product delivery process; combined with the upgrading of our product quality control systems we are more able to deliver our commitment of offering best quality products and services to our customers.

In our last Sustainability Report we predicted the sharp market growth as a result of the launch of the major infrastructure projects. With the commencement of mega projects like the HK-Zhuhai-Macau Bridge HK Section; Central Wanchai Bypass, and Shatin-Central Link, the demand for construction materials remained high over the last two years. Other important projects, the West Kowloon Culture District Phase 1, Kai Tak Development, and the Third Runway of HK International Airport, for example, are being anticipated in next two years. In the residential building sector, the government has pledged to increase land supply for private residential development so as to stabilize the property market, while also committing to increase the supply of public housing. All these will increase the demand for construction materials, offering both Alliance and the industry opportunities for business growth.

However, we also face the challenges of a shortage of aggregate

reserves and supplies of other raw materials. The development of our Huidong Quarry and the securing of aggregate supplies from Tai Shing Quarry in Mainland China, strategically satisfied our aggregate reserve needs and strengthened our market position, which allowed us to take advantage of business opportunities from the growing demand for construction materials.

Given the recovery of the economy and stretched resources in the construction industry, the government will likely slow down some of the medium sized and less-critical infrastructure projects. This will trim the demand for construction materials in the coming 5 years which requires us to be more sensitive to cost control and resource utilization so we can cope with any uncertainties that may arise in the future.

Hong Kong is moving towards a Low Carbon Economy. Alliance, being a responsible company and a major concrete supplier, recognizes the important role we can play in the development of a trade-wide standard for green construction materials therefore, we must promote sustainable buildings across our sphere of influence. In 2011 we managed to achieve the first Concrete Product Carbon Footprint Mark in Hong Kong. Further, we engaged with the Hong Kong Green Building Council, and other agencies, for the development of the Carbon Label Schemes for construction materials in the hope that such initiatives can use market forces to drive the industry towards a more sustainable future.

To sustain our position as **Market Leader**, we have to strive for **Excellence** in:

Cost Leadership - improvement in resources utilization;

Resources Sustainability - assure sustainability of key material supplies and any other major resources to ensure the continuity of products;

Product Innovation - product performance improvement to meet with special specifications;

Process Innovation & Excellence - improve process efficiency to meet with more demanding requirements and to facilitate the achievement of cost leadership;

Marketing Efforts - increase marketing efforts to gain customer awareness and drum up new businesses to improve profitability;

New Niche - identify and promote undeveloped market segments which have distinct, special or challenging requirements to which our technical expertise can cater.



Marketplace

Strengthen our Aggregate Reserves

Since the closure of Shek O Quarry in 2011 and the imminent closure of all Hong Kong quarries in 2015, the concrete and relevant construction materials industries are facing a challenge of shortage of aggregate reserves. Relying on the aggregate supply from China will increase risk in areas of product quality, supply reliability and traceability. To stay competitive, and to secure a stable and long term supply of quality aggregates is now a strategic priority for Alliance to strengthen our market position.

In 2011 our newly developed Huidong Quarry in Quandong Province in PRC was commissioned. The quarry will provide an annual supply of 2.5 million tonnes of aggregate to the Hong Kong market once it is in full operation in 2013.

We also secured a stable aggregate supply from Tai Shing Quarry (TSQ) in 2012. Tai Shing Quarry is a major quarry in the Pearl River Delta region. To ensure TSQ's aggregate products will meet the most stringent standards required in the Hong Kong market, we shared our quality management experience with TSQ and assisted them in establishing their Quality Management System (QMS). TSQ passed the ISO9001:2008 certification audit by HKQAA in August 2012 and became the first ISO9001:2008 certified stone quarry in the region.

While we continue exploring opportunities for business growth the securing of stable aggregate supply from both Huidong Quarry and Tai Shing Quarry helped us address the aggregate supply gap, and enabled us to satisfy the growing demand for construction materials in the economic boom.



The newly developed Huidong Quarry will provide an annual aggregate supply of 2.5 million tones to the joint venture partners.



The well established Tai Shing Quarry in PRC



Delivery facilities in Tai Shing Quarry





2012
香港工商業獎
HONG KONG AWARDS
FOR INDUSTRIES

生產力及品質優異證書
PRODUCTIVITY
AND QUALITY
CERTIFICATE OF MERIT



Productivity & Quality Excellence

In 2011 our Project AIMS entered its last stage and therefore we wrapped-up the upgrading of the management and operational systems. We integrated the ERP system with the resources optimizer, and as such improved the efficiency of the whole process from ordering to concrete batching as well as the allocation of delivery truck resources. Through the application of a mapping tool and the GPS truck tracking technology we are able to ensure the on-time delivery of concrete to our customer sites while also providing our customers with accurate information for the management of their concreting.

This system optimization combined with the on-going upgrading of the quality control and production systems ensures we deliver stringent quality controlled procedures for all our production lines, also ensuring the consistency of the product which is needed to meet stringent concrete standards and specifications. The full production data we captured through these quality control systems allowed us to evaluate the performance of all the production attributes, from raw materials performance, batching process to final product performance.

In 2012 we received the Productivity and Quality Certificate of Merit during the Hong Kong Awards for Industries scheme which was an important culmination to the efforts we made in maintaining our Productivity and Quality Excellence.

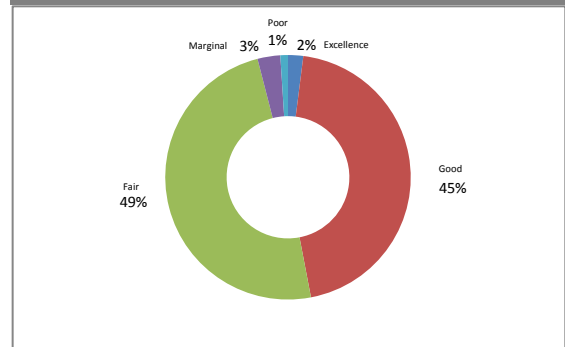
Partnering for Success

We recognize that our suppliers and sub-contractors will have a direct impact on our business success. Therefore it is within our strategy to assist our business partners to improve their performance and to grow with Alliance. While our purchasing policy and procedures provide a platform for fair competition among our listed vendors, the annual vendor assessment of our listed vendors ensures their performance level, in areas such as product and service quality, health and safety management, and environmental protection meet our requirements and alignment with our policies. In 2012 we assessed 273 listed vendors in which 45% achieved the Good performance level, while 49% maintained a Fair performance in the assessment period.

We also shared our knowledge and experience with our sub-contractors. In particular we provided health and safety management and safety training to all the workers who were involved in our projects. We also assisted the sub-contractors that we employed to develop a site safety management system. These initiatives resulted in an “Incident Free” record at all the sub-contracting works in 2011 and 2012.

Although we do not have a local purchasing policy in place, it is our practice to purchase from overseas only when the goods or services we are looking for is not available in the local market. This practice not only enabled us to grow with local vendors, it also minimized our risk with regard to human rights. Since human rights protection is enshrined in the Basic Law and its Bill of Right Ordinance, and therefore being in compliance to Hong Kong Law, a basic requirement of Alliance’s supply contracts, is consistent with the International Covenant on Civil and Political Rights.

Vendor Assessment Results 2012



Marketplace



Sustainable Construction Materials

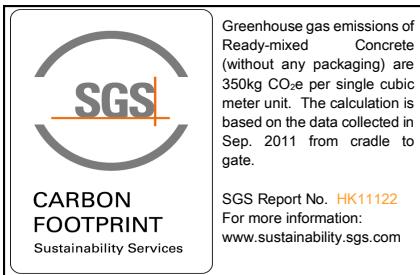


As Green living becomes increasingly mainstream, combined with the need for climate protection, developers have shown greater interest in putting sustainability as a priority. While green building design and carbon reduction initiatives are actions being taken by both developers and contractors in response to the “green economic” trends, concrete is an ideal place to start the sustainable journey, since it is a critical ingredient in buildings and at the heart of most development projects.

Concrete itself is a sustainable material due to its long service life, however the high embodied carbon from the cement is well known as a contributor to global greenhouse gases. To uphold our responsibility to climate protection and to take advantage of business opportunities as a result of these trends we are innovating with our product development. One example is the application of high strength concrete that actually reduces the volume of concrete used helping to drive the reduction of carbon in the industry.

Practical Example

The 1st Concrete Product Carbon Footprint Mark in Hong Kong



Alliance began carbon foot-printing its operations in 2008, and since then we have been proactive in implementing measures to reduce our negative environmental impact. Therefore in 2011, it made sense for Alliance to participate in initiatives that support the reduction of climate change impacts especially for our operations. We have achieved some tangible results and we are pleased to be

the first construction materials company in Hong Kong to be able to provide the certified Carbon Footprint Mark for its ready-mixed concrete.

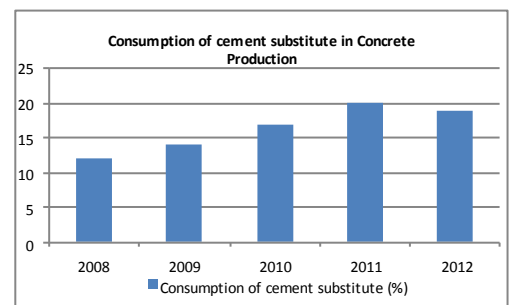
The Product Carbon Footprint was calculated by SGS Hong Kong Limited in accordance with ISO14040:2006 Life Cycle Assessment – Principles & Framework. The Carbon Footprint Mark shows that the corresponding cradle-to-gate Greenhouse Gas emission of a cubic meter of ready-mixed concrete, accounting for raw materials acquisition and delivery, manufacturing, to internal transportation to mixer trucks, is 350kg CO₂e.

The Concrete Product Carbon Footprint Mark, designed to measure the greenhouse gas emissions embodied in the ready-mixed concrete, helps customers to quickly identify the brands that have measured their footprint and therefore committed to carbon reduction. We feel this is an important contribution in our aim to deliver our climate change commitments and support Hong Kong in moving towards a low carbon economy. As we hope more companies will follow this example and adopt the Concrete Product Carbon Footprint Mark, and themselves contribute to the sustainable development of Hong Kong.

Practical Example

Increased the use of Alternate Cementitious Materials

To achieve our carbon reduction goal, we continued looking for new ways to increase the application of alternate cementitious materials aiming to reduce the embodied carbon of our concrete products. Our efforts, through concrete engineering and successful marketing of the concrete mixes that use alternate cementitious materials, have generated positive results for our sustainable material goal. In the reporting period of 2011 to 2012 we have increased the percentage of materials used from recycled sources such as Pulverized Fly Ash (PFA) from 17% in 2010 to 20% in 2011 and 19% in 2012.





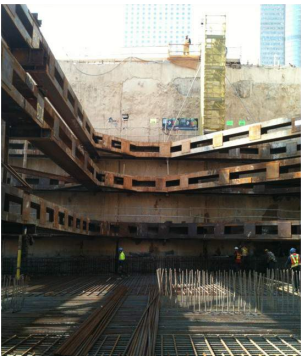
Marketplace

Practical Example

High Performance Concrete

Concrete is extremely versatile, providing designers and builders with the ability to produce aesthetic as well as functional buildings and structures. The requirements of high performance concrete, in terms of its properties and durability provide sustainability benefits within the life cycle of buildings and structures. The solutions provided by Alliance on high performance concrete include: the self compacting properties; long pumping properties of up to 2.7km pumping distance; high strength with compressive strength of Grade 90; high early strength which can minimize the associated works during placing; improving the working cycle and, the overall casting process.

The adoption of high performance concrete minimizes the concrete volume used while providing a larger useable floor area. The durability of the concrete further extends the design lifetime of the structure and enhances the resistance to severe conditions, decreases permeability to maintain structure integrity and minimizes the associated maintenance costs throughout the whole life cycle. The thermal mass of concrete is highly efficient in reducing the energy needed to heat and cool buildings, and its properties in fire resistance also provide safety benefits.



High performance concrete for infrastructure projects



Concrete for long pipeline pumping



High strength concrete for column structure



High early strength concrete to re-open the road within 6 hours for traffic



Marketplace

Customer Focused

We understand that customer satisfaction will only be achieved when we commit to making customer service a priority and can improve the customer experience. To deliver our customer-focused commitment we seek all effective means of communicating with our customers whether it is for their feedback on the quality of our product and services, or any special requests for challenging tasks.

From 2011-2012 we conducted a Customer Satisfaction Survey in which our customers showed a general satisfaction to both the product and services we delivered. Their suggestions made during the survey also formed major input for our customer-focused strategy.

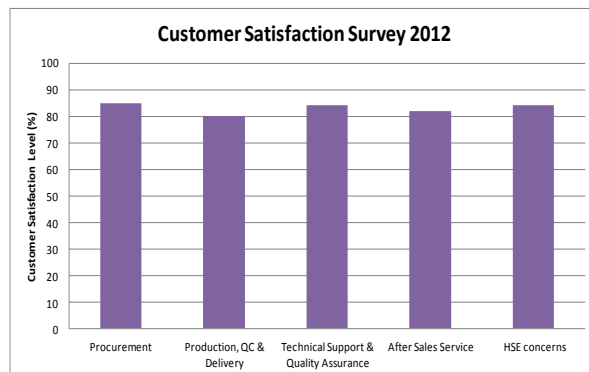


Practical Example

Customer Satisfaction Survey

Customer focus is one of the core principles of our Quality Management. As such we put in place a Customer-Focused mechanism in our Integrated Management System and required that the Customer Satisfaction Survey to be conducted annually. We also set a challenging target of 80% satisfaction level for our managers to help drive a more customer oriented mindset. Through the questionnaire survey our customers provided us feedback on areas such as procurement arrangement, product quality control and delivery efficiency, technical and quality assurance, after-sales service, and our health and safety and environmental performance.

The survey in 2011 and 2012 showed that the overall customer satisfaction level was 83%, which enabled us to meet our challenging target, but most importantly our customers were satisfied with both the product quality and the services that we delivered.



Practical Example Coping with a Challenging Task

Upon the request from our customer Paul Y Construction Co., Ltd. we delivered concrete at open sea just off Lamma Island for the wind farm construction project. This challenging delivery task required us to transport the mixer trucks to the offshore of Lamma Island by marine barge and to carry out concreting works on rough sea.

To ensure an error free and smooth operation, a task team was formed that worked closely with our customer and the barge operator. Each and every step of the task, from preparation of raw materials supply to barge and mixer truck arrangement as well as on-site concreting control was planned in advanced. The preparation work also included technical support in order to maintain the good workability of the concrete throughout the process.

This challenging task which took place on 3 December 2011 during which the task team had to work with the contractor and barge operators tackling difficulties such as strong wind and rough sea was completed in five and half hours.



Selected Awards & Recognitions

2011

Proactive Safety Contractor Award (HKCA)

10th Hong Kong Occupational Safety & Health Award - Safety Performance Award (OSHC)

HSBC HKQAA CSR Index - CSR Advocate Mark (HKQAA)

Hong Kong Awards for Environmental Excellence - "Class of Excellence" Wastewise Label (Environmental Campaign Committee)

2nd Outstanding Corporate Citizenship Award - Silver Award (HKPC)

Good Housekeeping Promotional Award - Merit Award (OSHC)

Heng Sang Pearl River Delta Environmental Award - Bronze Award (FHKI)

2012

Construction Site Safety Award - Gold Award (CEDD)

Hong Kong Awards for Industries - Certificate of Merit Productivity & Quality (HKPC)

11th Hong Kong Occupational Safety & Health Award - Safety Performance Award (OSHC)

Proactive Safety Contractor Award (HKCA)

Considerate Contractor Site Award Scheme - Safety Merit Award (Works Bureau)

Considerate Contractor Site Award Scheme - Environmental Merit Award (Works Bureau)

Hong Kong Awards for Environmental Excellence - Certificate of Merit Manufacturing (Environmental Campaign Committee)

HSBC HKQAA CSR Index - CSR Advocate Mark (HKQAA)

Heng Sang Pearl River Delta Environmental Award - Silver Award (FHKI)



GRI Table

GRI Code	Description	Reported	Cross-reference / Direct answer
ECONOMIC PERFORMANCE INDICATORS			
ECONOMIC PERFORMANCE			
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Not	Proprietary information, not legally required for a privately owned limited company.
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Partially	Message from CEO p.2 Concrete as a sustainable materia p.13 Energy and climate protection p.31-32 Striving for the leading position in a highly competitive market p.48 Sustainable construction materials p.51-52
EC3	Coverage of the organization's defined benefit plan obligations.	Not	Proprietary information, not legally required for a privately owned limited company.
EC4	Significant financial assistance received from government.	Not	Proprietary information, not legally required for a privately owned limited company.
MARKET PRESENCE			
EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	Fully	Workplace performance indicator p.46
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Partially	Partnering for success p.50
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.	Fully	Workplace performance indicator p.46
INDIRECT ECONOMIC IMPACTS			
EC8	Development and impacts of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Not	Proprietary information, not legally required for a privately owned limited company.
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Fully	Alliance's indirect economic impacts, particularly those from community involvement and development, and environmental sustainability are described in Community Section p.18-24; and Environmental Section p.26-34
ENVIRONMENTAL PERFORMANCE INDICATORS			
MATERIALS			
EN1	materials used by weight or volume	Partially	Environmental performance indicators p.34
EN2	Percentage of materials used that are recycled input materials	Fully	Environmental performance indicators p.34
ENERGY			
EN3	Direct energy consumption by primary energy source	Fully	Environmental performance indicators p.34
EN4	Indirect energy consumption by primary source	Fully	Environmental performance indicators p.34
EN5	Energy saved due to conservation and efficiency improvements	Fully	Environmental performance indicators p.34
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	Fully	Energy and climate protection p.31-32
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	Fully	Energy and climate protection p.31-32
WATER			
EN8	Total water withdrawal by source	Fully	Environmental performance indicators p.34
EN9	Water sources significantly affected by withdrawal of water	Not	The water consumption for concrete mixing is from municipal water supply while the water used in quarry site is from both the municipal water supply and surface water collected within the quarry site which have negligible impact to other users of the same water source.
EN10	Percentage and total volume of water recycled and reused	Fully	Environmental performance indicators p.34

GRI Table

GRI Code	Description	Reported	Cross-reference / Direct answer
BIODIVERSITY			
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Fully	Quarry restoration p.27-28
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	Fully	Quarry restoration p.27-28
EN13	Habitats protected or restored	Fully	Quarry restoration p.27-28
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity	Fully	Quarry restoration p.27-28
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	Not	We do not have the data collection systems to gather this information. However according to the Hong Kong Biodiversity Database only limited species of IUCN Red List status of Least Concern will be found in areas adjacent to or overlap with our sites.
EMISSIONS, EFFLUENTS, AND WASTE			
EN16	Total direct and indirect greenhouse gas emissions by weight	Fully	Environmental performance indicators p.34
EN17	Other relevant indirect greenhouse gas emissions by weight	Fully	Environmental performance indicators p.34
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	Fully	Environmental performance indicators p.34
EN19	Emissions of ozone-depleting substances by weight	Not	Not material. Our business does not create significant emissions of ozone-depleting substances thus not reported.
EN20	NO, SO, and other significant air emissions by types and weight	Not	We do not have the data collection systems to gather this information.
EN21	Total water discharge by quality and destination	Not	Not material. We adopte the NO DISCHARGE policy in all our sites. Despite our quarry sites have applied the discharge license from the authority for handling special occasions such as heavy rain, we have put in place water collection systems to retain and recycle water for quarry operations use.
EN22	Total weight of waste by type and disposal method	Partially	Our current data collection systems allow us to report the waste the construction & industrial waste from the concrete plants and quarry sites and are disposed of at the landfills. Environmental performance indicators p.34
EN23	Total number and volume of significant spills	Fully	Environmental performance indicators p.34
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, VIII, and percentage of transported waste shipped internationally	Not	Not material to our operations.
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff	Not	We adopted the NO DISCHARGE policy to all our sites.
PRODUCTS AND SERVICES			
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	Not	We do not have the data collection systems to gather this information.
EN27	Percentage of products sold and their package materials that are reclaimed by category	Not	Aggregate and concrete are sold in bulk thus do not require any packaging.
COMPLIANCE			
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Fully	NIL legal notice / prosecution received in reporting period
TRANSPORT			
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	Partially	Environmental performance indicators p.34
OVERALL			
EN30	Total environmental protection expenditures and investments by type	Not	We do not report by type of expenditure as that information is proprietary.

GRI Table

GRI Code	Description	Reported	Cross-reference / Direct answer
LABOR PRACTICES AND DECENT WORK PERFORMANCE INDICATORS			
EMPLOYMENT			
LA1	Total workforce by employment type, employment contract, and region, broken down by gender	Fully	Workplace performance indicator p.46
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region	Fully	Workplace performance indicator p.46
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	Fully	100% of employees are permanent staff
LA15	Return to work and retention rates after parental leave, by gender	Fully	Workplace performance indicator p.46
LABOR MARKET/MANAGEMENT RELATIONS			
LA4	Percentage of employees covered by collective bargaining agreements	Not	We do not have collective bargaining agreements with any unions
LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements	Not	We do not have collective bargaining agreements with any unions
OCCUPATIONAL HEALTH AND SAFETY			
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	Fully	100% workforce represented in the Corporate HSE Committee which is the formal joint management-worker health and safety committee. A consultation procedure also in place in the OHSAS18001 certified integrated management system.
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	Fully	Incident prevention p.38 Workplace performance indicator p.46
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	Fully	Occupational health & safety p.37 Fostering a positive health and safety culture Workplace performance indicator p.46
LA9	Health and safety topics covered in formal agreements with trade unions	Fully	Topics and issues agreed in the joint management-worker health and safety committee are monitored formally.
TRAINING AND EDUCATION			
LA10	Average hours of training per year per employee by gender, and by employee category	Fully	Workplace performance indicator p.46
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Fully	Training and development p.43 Workplace performance indicator p.46
LA12	Percentage of employees receiving regular performance and career development reviews, by gender	Fully	Annual performance appraisal covers 100% of employees
DIVERSITY AND EQUAL OPPORTUNITY			
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	Partially	Workplace performance indicator p.46
EQUAL REMUNERATION FOR WOMEN AND MEN			
LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	Not	We have one pay scale applies to all employees

GRI Table

GRI Code	Description	Reported	Cross-reference / Direct answer
HUMAN RIGHTS PERFORMANCE INDICATORS			
INVESTMENT AND PROCUREMENT PRACTICES			
HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening	Fully	No significant risk on human rights protection was identified. All investment agreement are subject to the Basic Law of Hong Kong in which the human rights protection is enshrined. Management Committee will be established for major investment such as the joint venture projects for on-going monitoring of the project performance in all areas.
HR2	Percentage of significant suppliers, contractors, and other business partners that have undergone human rights screening, and actions taken	Fully	No significant risk on human rights protection was identified. All purchasing contracts are subject to the Basic Law of Hong Kong in which the human rights protection is enshrined.
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	Not	Not material to our operations.
NON-DISCRIMINATION			
HR4	total number of incidents and discrimination and corrective actions taken	Fully	Workplace performance indicator p.46
FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING			
HR5	operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights	Fully	No risks to freedom of association or collective bargaining were identified. Employees are fully represented in the corporate HSE committee, and Integrated Management Committees. Employee representatives are protected by both the terms and reference of these committees and relevant legislations.
CHILD LABOR			
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	Fully	No risks of child labor were identified. Under the stringent legal requirement and controls child labor is not an issue in Hong Kong where our significant suppliers are located. It is the company policy to employ people who are 18 or older. The employment procedure is closely monitored by HR Manager and employment records are centrally maintained in Head Office.
FORCED AND COMPULSORY LABOR			
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to elimination of all forms of forced or compulsory labor	Fully	No risks of forced and compulsory labor were identified. Under the stringent legal requirement and controls, as well as the economic and labor market situations forced labor is not an issue in Hong Kong where our significant suppliers are located. Alliance's employees are empowered not to perform any work tasks where their safety and health are not secured.
SECURITY PRACTICES			
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations	Not	Not material to our operations.
INDIGENOUS RIGHTS			
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	Not	Not material to our operations in both Hong Kong and in the Guong Dong Province of PRC
ASSESSMENT			
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments	Fully	No significant risk on human rights protection was identified. All operations are subject to Basic Law of Hong Kong in which the human rights protection is enshrined. Legal compliance status also closely monitored by the appointed Compliance Officer and HR Manager. Various communication means also available for the employees to voice out their concerns/complaints. Any complaints received will be handled independently by HR Manager/Compliance Officer who report directly to the CEO.
REMEDIATION			
HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms	Fully	Workplace performance indicator p.46

GRI Table

GRI Code	Description	Reported	Cross-reference / Direct answer
SOCIAL PERFORMANCE INDICATORS			
LOCAL COMMUNITIES			
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	Fully	Alliance adopts an integrated approach in its CSR management. The Risk Management Steering Committee which chaired by CEO takes up the leading role in determining the policy and strategies as well as the community engagement and other CSR programs. These programs cover the entire operations and the engagement programs for individual sites will base on the risks and needs of the affected areas. Community p.17-23
SO9	Operations with significant potential or actual negative impacts on local communities	Fully	As to the scale and nature of our operations the major impacts to local communities are environmental impacts. All the quarry sites and concrete batching plants are subject to the environmental legislations and license requirements. The on-going monitoring of environmental impacts and submission of environmental monitoring data to authorities are essential. During the reporting period no incident of exceeding any prescribed environmental limits was reported. For other environmental data please refer to Environmental Performance Indicators EN1 - EN30. Be a good neighbor and a trusted member of the community p.19
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities	Fully	Be a good neighbor and a trusted member of the community p.19 Environmental monitoring p.29
CORRUPTION			
SO2	Percentage and total number of business units analyzed for risks related to corruption	Fully	All the business units are subject to the annual internal audits by parent companies. Legal compliance status is also closely monitored by the appointed Compliance Officer and the CEO.
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures	Fully	Workplace performance indicator p.46
SO4	Actions taken in response to incidents of corruption	Fully	NIL cases reported in reporting period 2011 - 2012
PUBLIC POLICY			
SO5	Public policy positions and participation in public policy development and lobbying	Fully	Alliance has been actively engaged with BEC, HKGBC, HKQAA, SGS etc. communicating our positions to sustainable development issues like combating climate change and greenhouse gas reduction. In 2011 we also took part in the focus group organized by BEC for the Chief Executive Policy Address 2011-12 through which we expressed our views on sustainable land use in Hong Kong, carbon reduction and other environmental concerns.
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	Not	Not available
ANTI-COMPETITIVE BEHAVIOR			
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	Not	The anti-competitive law was voted to enact in the LEGCO on 14 June 2012 and will have a transition period of at least 12 months.
COMPLIANCE			
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	Not	The anti-competitive law was voted to enact in the LEGCO on 14 June 2012 and will have a transition period of at least 12 months.

GRI Table

GRI Code	Description	Reported	Cross-reference / Direct answer
PRODUCT RESPONSIBILITY PERFORMANCE INDICATORS			
CUSTOMER HEALTH AND SAFETY			
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	Not	Not material to our product groups of aggregate and ready-mixed concrete.
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes	Fully	The issue is not material to our product groups of aggregate and ready-mixed concrete. NIL incident of non-compliance with regulations and other voluntary codes in the reporting period.
PRODUCT AND SERVICE LABELING			
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	Fully	There is no product and service labeling standards in manufacturing and supplying of aggregate and concrete products in Hong Kong. Alliance initiated to develop the Product Carbon Footprint Label and have acquired the first label in Hong Kong. The label disclosed the average embodied carbon in one cubic meter of concrete we produced to the stakeholders.
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	Fully	There is no product and service labeling standards in manufacturing and supplying of aggregate and concrete products in Hong Kong. NIL incident of non-compliance with any voluntary codes in the reporting period.
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	Fully	Customer focused p.53
MARKETING COMMUNICATIONS			
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	Not	Not material to our operations.
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes	Fully	NIL incident of non-compliance in the reporting period.
CUSTOMER PRIVACY			
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Fully	NIL complaint received in the reporting period.
COMPLIANCE			
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	Fully	NIL

Verification Statement

Introduction

Hong Kong Quality Assurance Agency (herein “HKQAA”) was commissioned by Alliance Construction Materials Limited (herein “ACML”) to conduct an independent verification on its Sustainability Report 2011- 2012 (herein “the Report”) for the period from 1st January 2011 to 30th November 2012.

This verification was performed in December 2012 at ACML’s head office (Room 1901A, 19/F., One Harbourfront, 18 Tak Fung Street, Hunghom, Kowloon, Hong Kong). Representative samples of relevant quantitative and qualitative information and data contained in the Report were selected for verification.

Upon completion of this verification exercise, HKQAA is required to deliver the followings to ACML:

- A signed Verification Statement and
- Recommendations for fine-tuning future reporting structure and matters

Objective of Verification

The purpose of this verification exercise was to provide an independent review on the materiality, completeness, accuracy and reliability of the information and data presented in the Report. The verification also aimed to evaluate any opportunities for improvement on ACML’s data management system, data reporting pathways and the structure of the Report.

Scope of Verification

Although this Report has been written with reference to both Global Reporting Initiative (GRI) G3.1 Guidelines, and the ISO 26000:2010 – Guidance on Social Responsibility, there is no contractual requirement to benchmark the content of this Report with GRI level requirements.

Therefore, HKQAA’s verification was limited to the information presented in the Report with respect to the past Sustainable Development performance of AMCL on social, economic and environmental aspects for the period from 1st January 2011 to 30th November 2012.

Verification Methodology

Our verification process has included on-site interview with responsible personnel with accountability for preparing the Report and for providing information for this Report, a full documentation review of the Report and its supporting documents, records, and data, verifying selected samples of data and information from the Report and from the Data Management System.

The responsible personnel interviewed have included Management staff like Human Resources Manager, Finance and Administration Manager, Compliance Officer, Procurement Manager, Risk Manager, Assistant Quality Manager, and Environmental Officer.

Conclusion

Based on the scope of this verification, the information and data available as well as the objective evidences examined during this verification process, following conclusions are drawn at the best of knowledge of assessment team:

1. Materiality

The information and data provided in the Report are able to reflect ACML's significant performance in sustainable development, in particular, to environmental and social impacts, and can provide a general overview of ACML's achievement and efforts paid to its environment and social issues.

2. Completeness

The scope, boundary and time of reporting period of this Report are observed appropriate. Core activities and events are reported in details. Challenges forwards are also discussed.

3. Accuracy and Reliability

Samples of the data and information presented in the Report have been carefully assessed and checked in details by HKQAA assessor. It was found that they are reliable, accurate, and are consistent with supporting materials examined. Based on the information provided for this verification, it was our opinion that ACML has a structural internal reporting and review mechanism, which can ensure a reasonable level of accuracy and reliability for the information presented in the Report.

To conclude, the information provided in the Report is confirmed to be reliable, material, complete and accurate.

Recommendation for Future Report

As ACML has chosen not to report the financial and business figures in its second Corporate Sustainability Report, it is recommended to provide a more comprehensive reflection of sustainable performance on safety and health, social and environmental aspects, which can make reference with the latest version of Global Reporting Initiative (GRI).

Along this Verification exercise, it is observed that there are opportunities for improvement on current Data Management System and the Data Reporting Mechanism from various departments.

A summary of recommendations will be separately submitted to ACML for their consideration on the compilation of the Sustainability Report in next cycle.

Signed for and on behalf of HKQAA



Mr. King Hong Thomas MA
Lead Auditor, Strategic Business Branch
28th December 2012



Alliance 友盟

Your Feedback

Thank you for reading Alliance Sustainability Report. Your feedback and comments are valuable in helping us to move forward in our sustainability journey.

Please contact us for any enquires.

Alliance Construction Materials Limited

1901A, 19/F., One Harbourfront,
18 Tak Fung Street,
Hung Hom,
Kowloon,
Hong Kong.

Phone: +852 2862 2200
Fax: +852 2529 1035
Email: enquiry@concrete.hk