

About this Report

We are pleased to present our second Sustainability Report (the Report), which covers our sustainability performance from 1 January 2017 to 31 December 2018. The Report highlights our approach to sustainability in our operations in Hong Kong and Mainland China, with an emphasis on Hong Kong. Our key performance data are shared throughout the Report in order to show progress and provide transparency and additional performance data can be found in the content index.

In this Report, we provide an overview of who we are as a company, our values and commitments, and how we engage our stakeholders. We also provide details of our approach to managing our relationships with our stakeholders, as well as impacts from our production, employees, suppliers, environmental and community initiatives. The scope of the Report includes our three core business locations, namely our Hong Kong Division, Green Island Cement Company Limited ("GICL") located in Tap Shek Kok, the Guangdong GITIC Green Island Cement Company Limited ("GGGIC") and Green Island Cement (Yunfu) Company Limited ("GICYF") in our Mainland China Division. Our limestone and shipping businesses are not included in this Report.

The Report was developed referencing existing locally and globally recognized reporting frameworks, namely the Hong Kong Stock Exchanges (HKEx) Appendix 27 of the Main Board Listing Rules (HKEx ESG Guide).

In addition, we have referenced select disclosures, from the Global Reporting Initiative (GRI) Standards framework in efforts to better align our non-financial reporting with global Environment, Social and Governance (ESG) indicators.

Again, a content index is included at the end of the Report as a tool to help readers more easily locate relevant information across the Report and GIC's web-based resources, and to demonstrate compliance with the HKEx ESG Guide.

We Value Your Feedback

Your feedback is valuable to our continuous improvement. We welcome feedback and questions on this Report and encourage you to share any queries or comments with us at sustainability@gich.com.hk.



Stakeholder Engagement

While preparing this, our second Report, we saw the opportunity to further understand our impacts through the views of a wider set of stakeholders. The previous stakeholder engagement process began with an exercise focussing on our senior and middle management who were invited to a training session in early 2017, where awareness and understanding of the material issues were identified through in-depth discussion. We also engaged key external stakeholders via interviews to identify the environmental and social impacts of our business and the ways stakeholders expect us to address the issues.

For this Report we extended the engagement to external stakeholders such as our suppliers, contractors, and partnered NGOs. As such an online survey to consult our management, employees, and our external stakeholders was conducted in the middle of 2019. These stakeholders were selected because they represent key groups that we would typically interact with while running our business. By doing so, we have been able to identify areas for improvement and hope to better collaborate on future opportunities to strengthen our licence to operate. Overall, the process has achieved our objective to understand the environmental and social impacts of our business and how stakeholders expect us to address these issues.

The results of the engagement exercise found three top sustainability aspects on which GIC should place a greater focus:



Energy saving initiatives and reducing emissions



Improving employee training, benefits, and sense of belonging



Reducing operational costs while continuing to enhance and improve production

This feedback was shared with GIC's senior management and will be addressed in the coming year, as well as being discussed in this Report.

2017

- Senior and middle management training
- Key internal and external stakeholder interviews

2019

- Online survey for key internal and external stakeholders

Materiality Assessment The Process

The materiality assessment process involved:



The Result

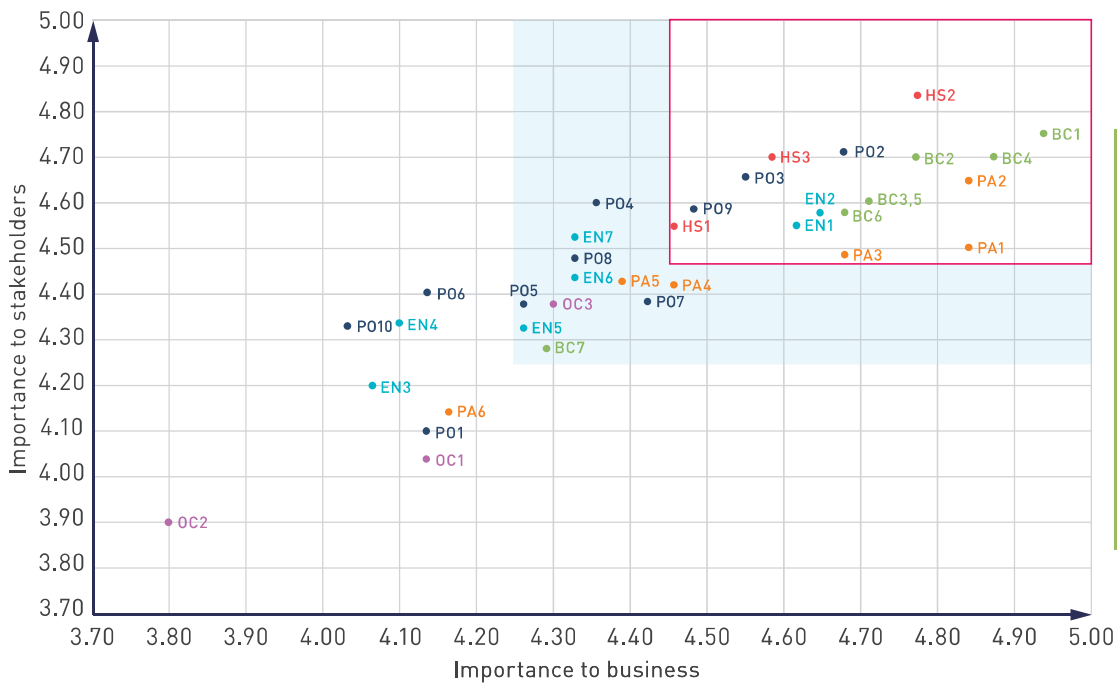
Our Material Issues

The above process resulted in a list of top material issues, as presented in the materiality matrix below.

- There are 17 issues, sitting in the red box in the matrix scored equal or above the mean in the survey, and are identified as top material issues.
- There are 11 issues, sitting in the blue area, had an alternative mean and were top issues in the previous engagement exercise, and are identified as additional top issues.
- The remaining 8 issues, outside the red box and the blue area, were not identified as top issues.

Materiality Matrix

Detailed materiality assessment results are depicted in the following matrix.



The issues plotted within the blue boundary x: 4.25; y: 4.25 in the materiality matrix, correspond closely to the top issues identified by stakeholders, which GIC will continue to consider important and will aim to address.

The top right quadrant lists out highly material issues, whereas the least material issues are shown at the bottom left.

Legend:

BC:	Business Conduct
BC1	Anti-corruption
BC2	Brand and reputation
BC3	Business development, strategies and prospects
BC4	Compliance with local laws and regulations
BC5	Corporate governance
BC6	Corporate values and ethical standards
BC7	Positive industry development

EN:	Environment
EN1	Air quality and carbon emissions
EN2	Energy consumption
EN3	Climate-related risks and impacts
EN4	Green procurement
EN5	Natural resources
EN6	Waste management
EN7	Water consumption and sewage discharge

HS:	Occupational Health and Safety
HS1	Facility management
HS2	Occupational health and safety of employees
HS3	Training on occupational health and safety

OC:	Our Community
OC1	Economic contribution
OC2	Community participation and support
OC3	Community impact

PA:	Our Partners
PA1	Data security and protection
PA2	Quality control
PA3	Quality customer service
PA4	Responsible marketing
PA5	Supply chain management
PA6	Supplier environmental assessment

P0:	Our People
P01	Operations automation
P02	Employee compensation and benefits
P03	Employee well-being
P04	Human rights
P05	Innovation and technology
P06	Labour shortage
P07	Succession planning
P08	Training and career development
P09	Talent attraction and retention
P010	Workforce diversity

We believe this process of highlighting the material issues both from our previous engagement and the current one, supports transparency and provides necessary insight on what should be our top-of-mind issues. In addition, the assessment will also help improve our operational efficiency, and provide better risk management of business relevant topics.

Showing feedback and encouraging on-going discussion will allow a deeper trust in our brand and reputation and enhance our recruitment efforts.