

ABOUT GIC AND OUR SUSTAINABILITY EFFORTS

OVERVIEW OF GREEN ISLAND CEMENT

Green Island Cement ("GIC") has contributed to the development of iconic infrastructure in Hong Kong for more than 130 years and our cement products have continued to serve as the bedrock of Hong Kong's economic development. We remain the only integrated cement manufacturer in Hong Kong and account for more than 50% of market share in the city.



Tap Shek Kok Plant – Ship Unloader

Founded in 1886 at Tsing Chau (Green Island) in Macau and established in Hong Kong in 1887, Green Island Cement Company Limited ("GICL") has expanded our business and diversified our products through adopting innovative technologies in a sustainable manner. In 2019-2020, we again contributed to the city's development by supplying our cement products to support iconic infrastructure projects in Hong Kong.

In 1998, GIC acquired the former Guangdong Yunfu Cement Plant in Mainland China, which led to the establishment of Guangdong GITIC Green Island Cement Company Limited ("GGGIC") – a joint venture. GGGIC owns a quarry with a large reserve of high-quality limestone. In 2013, a green field cement plant, equipped with waste heat power generation system, was built next to the GGGIC quarry and started operating under Green Island Cement (Yunfu) Company Limited ("GICYF"). It soon became our flagship cement plant, operating at the highest process performance KPIs. Operating in Mainland China has also enabled us to reach our goal of becoming a larger and stronger cement Group and in April 2018, we acquired Yunfu Xiangli Cement Company Limited ("XiangLi"), a cement grinding plant and jetty facilities in Yunfu City.



Guangdong GITIC Green Island Cement Company Limited ("GGGIC")



Green Island Cement (Yunfu) Company Limited ("GICYF")



Yunfu Xiangli Cement Company Limited ("XiangLi")

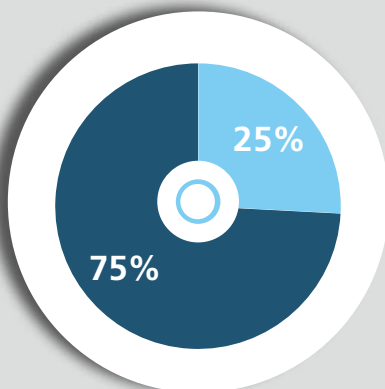


Vessel Loading at Berth of Lazi Bay Limestone Quarry – Philippines

For more information about GIC's history and businesses, please visit <http://www.gich.com.hk/company.aspx>.

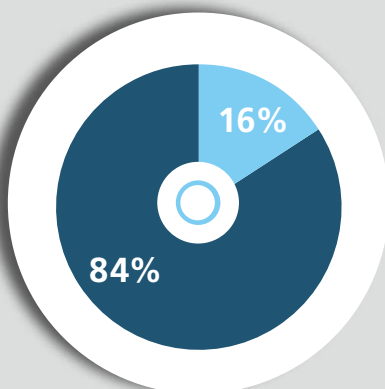
THE NATURE OF OUR BUSINESS

RAW MATERIALS



- Materials from recycled source
- Materials from natural source

CUSTOMERS



- Private customers
- Public sector & commercial projects



01

The CUHK Medical Centre at the Chinese University of Hong Kong

02

M+ Museum

03

Liantang / Heung Yuen Wai Boundary Control Point – site formation and infrastructure works

OUR SUSTAINABILITY APPROACH

We have embedded sustainability into our business to contribute to the industry's efforts to create a sustainable future. Our six core values have guided us to formulate sustainability initiatives in relevant aspects of our business, namely: Quality Excellence, Operation Efficiency, Safety Oriented, Environment Focused, Continuous Innovation and Community Caring. We maintain our systematic approach to implementing sustainability measures at GIC through the guidance of our Integrated Quality, Environmental, Safety and Health Management System ("IMS"). These aspects will be discussed in detail in later chapters.

OUR CORE VALUES



Quality Excellence

We treasure our brand name and commit to provide our customers the best value products and services.



Operation Efficiency

We commit to optimize our process to reduce our reliance on natural resources and reduce our carbon and water footprints.



Safety Oriented

We understand nothing can compensate for the pain of an injured family member and commit to promote SHE culture and prevent any industrial accident from happening.



Environment Focused

We care about our Earth, and commit to conduct our operation sustainably, and use our unique process to help resolve the waste problem in Hong Kong.



Continuous Innovation

We are proud of our leadership in introducing new technologies to the industry, and continue to do so by engaging in innovation, research, partnership and new business opportunities.



Community Caring

We care the need of the community especially our young people, and commit to provide our workforce with a family-friendly working environment.



CORPORATE GOVERNANCE AND BUSINESS ETHICS

We adhere to concrete corporate governance practices focusing on transparency, independence, accountability, responsibility and fairness when conducting our business, all of which align with CK Infrastructure (“CKI”), our parent company. For further information about CKI, please visit the company’s website.

We hold ourselves to the highest ethical business standards to ensure integrity in our business decision-making. We adhere to the Code of Conduct of CKI Materials (“CKIM”), which guides our ethical and legal standards. Various policies are in place to ensure business integrity, such as Prevention of Bribery, Acceptance of Advantage, Offer of Advantage, Entertainment, and Conflict of Interest. The Code of Conduct also specifies the process for reporting concerns about illegal or unethical behaviour as well as preventive measures and whistle-blowing procedures. Our Employee Handbook also incorporates requirements and measures on corruption prevention, protection of intellectual property rights and complaints and grievance procedures, which are covered in our regular training programmes. There were no concluded legal cases regarding corrupt practices brought against our company or employees during the reporting period.

MATERIALITY AND STAKEHOLDER ENGAGEMENT

In 2017, we ran materiality survey and held interviews with our internal and external stakeholders to conduct a comprehensive materiality assessment, thereby identifying the most relevant and significant sustainability issues. Among 36 material issues, the 17 top were ranked in five categories which now guide the content of our current report:



BUSINESS CONDUCT

1. Anti-corruption
2. Compliance with local laws and regulations
3. Brand and reputation
4. Business development, strategies and prospects
5. Corporate governance
6. Corporate values and ethical standards



OUR PEOPLE

1. Employee compensation and benefits
2. Employee well-being
3. Talent attraction and retention



ENVIRONMENT

1. Energy consumption
2. Air quality and carbon emissions



OCCUPATIONAL HEALTH AND SAFETY

1. Occupational health and safety of employees
2. Training on occupational health and safety
3. Facility management



OUR PARTNERS

1. Quality control
2. Data security and protection
3. Quality customer service





Building on the foundation of our previous stakeholder engagement exercises, we identified the following aspects in which GIC needs to place a greater focus. We discuss our progress and initiatives to address these aspects later in this report.

- energy-saving initiatives and reducing emissions
- improving employee training, benefits, and a sense of belonging
- reducing operational costs while continuing to enhance and improve production.

In addition, we continue to engage internal and external stakeholders regularly through various channels such as staff engagement activities, surveys with suppliers and meeting with partners and customers.

COMMITMENT TO SUSTAINABLE DEVELOPMENT GOALS (“SDGs”)

We continue our support of the United Nation’s Sustainable Development Goals (the “SDGs”) and commit to the four SDGs which we had identified as most relevant to our business and which allow us to make the most significant contribution. Our progress on the SDGs in 2019-2020 are highlighted in the following table and details of our actions taken are discussed later in this report:

<p>SDG: 7 AFFORDABLE AND CLEAN ENERGY</p>  <p>Motivation to:</p> <ul style="list-style-type: none"> • Increase renewable energy sources • Improve our energy efficiency <p>Commitment to:</p> <ul style="list-style-type: none"> • Conduct research on the possibility of using alternative fuels from unwanted solid waste to provide cleaner energy and better waste management <p>Progress in 2019-2020:</p> <ul style="list-style-type: none"> • Developed the waste heat utilization system to replace the conventional hot gas generating system in the production of GGBS in our Slag-grinding Plant • Conducted trial burns of solid wastes, such as Polyurethane Residue Derived Fuel and Rubber Derived Fuel as alternative fuels, to supplement coal consumption. An environmental license to adopt these waste materials as fuel was obtained in June 2020. During the reporting period, 1,360 tonnes of alternative fuel were consumed, which led to a saving of 1,488 tonnes of coal imported 	<p>SDG: 8 DECENT WORK AND ECONOMIC GROWTH</p>  <p>Motivation to:</p> <ul style="list-style-type: none"> • Achieve high levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors <p>Commitment to:</p> <ul style="list-style-type: none"> • Safeguard our employees by providing a zero-harm workplace • Offer tailor-made training that best develops the potential of our employees <p>Progress in 2019-2020:</p> <ul style="list-style-type: none"> • Reduced the number of lost days due to work injury by 36.5% (compared to 2017-2018) • Provided ongoing trainings to employees • Enhanced GIC App features to facilitate online training 	<p>SDG: 12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>  <p>Motivation to:</p> <ul style="list-style-type: none"> • Address resource usage • Refer to Targets 12.2 (achieve the sustainable management and efficient use of natural resources) and 12.5 (substantially reduce waste generation through prevention, reduction, recycling and reuse) as we move forward <p>Commitment to:</p> <ul style="list-style-type: none"> • Strive for sustainably-sourced key materials including FGD gypsum, fly ash, bottom ash, and glass to minimize the reliance on natural raw materials • Increase energy efficiency across our supply chain including sourcing, manufacturing, packaging and logistics • Reduce our water consumption • Achieve zero waste in our production process <p>Progress in 2019-2020:</p> <ul style="list-style-type: none"> • Sourced 25% of reused or recycled materials • Continued to utilize non-primary raw materials and fully utilize recycled materials, such as GGBS, flyash, bottom ash, FGD gypsum, waste glass bottles and quarry sieve residues as production materials for manufacturing cement 	<p>SDG: 13 CLIMATE ACTION</p>  <p>Motivation to:</p> <ul style="list-style-type: none"> • Focus on our organizational capacity to address awareness, strategy development and planning around mitigation • Learn more about adaptive capacity and resilience to climate change impacts <p>Commitment to:</p> <ul style="list-style-type: none"> • Support innovative solutions that reduce emissions such as reducing the volume of clinker in cement, as well as the use of low-sulphur raw materials, a low NOx burner and an electrostatic precipitator • Support carbon-trading schemes and the purchase of carbon credits to offset emissions <p>Progress in 2019-2020:</p> <ul style="list-style-type: none"> • Reduced the volume of clinker in total cement product to 81% (compared to 83% in 2017-2018) • Scope 1 emission intensity reduced by 36% (compared to 2017-2018) • Signed the BEC Low Carbon Charter in 2019
--	--	--	--

As a global corporate citizen, we will continue our commitment to supporting these SDGs and help to build a sustainable future.