

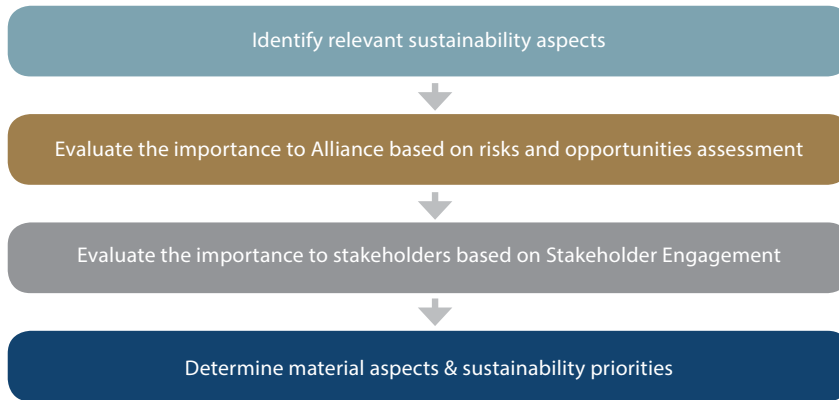


Ambition 2030

Materiality Process and Analysis on Stakeholders' Concern

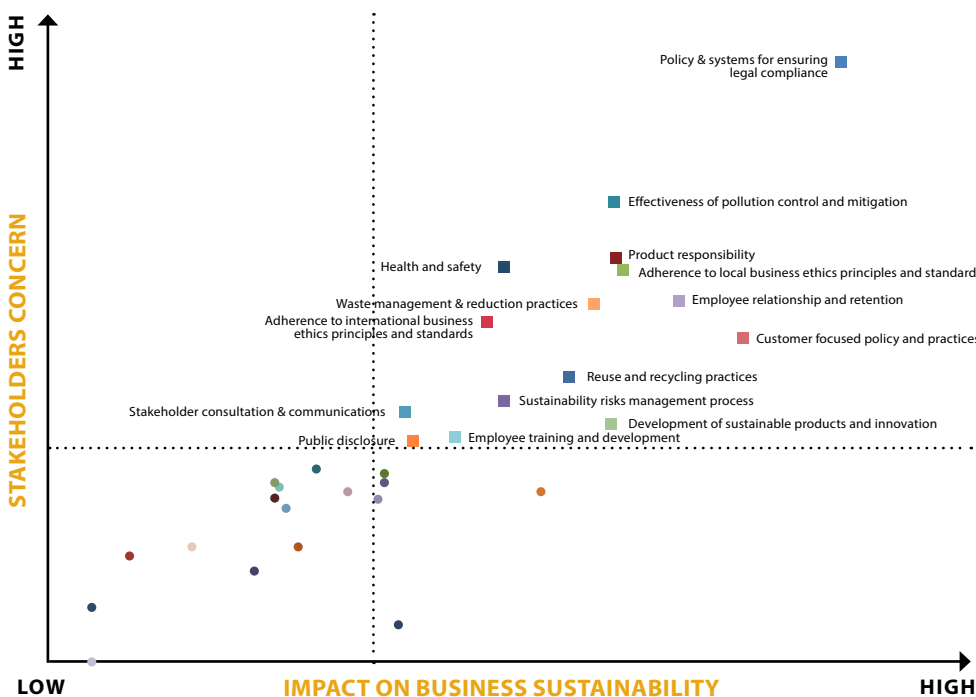
MATERIALITY PROCESS


To identify our substantiality priority, we have gone through the materiality process below:



ANALYSIS ON STAKEHOLDER'S CONCERN

An online survey was conducted to collect our stakeholders comment on the most material issues to them and the most material issues contributing to Alliance's sustainable growth. The chart below reflected their concerns.



 The Top 15 material issues to our stakeholders and Alliance's sustainable growth.

Here are other less material issues:

-  Adherence to global/local reporting standards
-  Policy & process to mitigate climate change
-  Development of production facilities and new services
-  Support local economic development
-  Suppliers management and assessment
-  Green and responsible procurement
-  Enabling circular economy
-  Responsible raw material sourcing and consumption
-  Water conservation
-  Energy management
-  GHG emission monitoring and reduction
-  Environmental monitoring and compliance
-  Habitats protection and biodiversity
-  Driving sustainability and environmental practices
-  Equal opportunity and employment diversity practices
-  Management of local community impacts
-  Community engagement and communications



SUMMARY OF STAKEHOLDERS' FEEDBACK

Together with the feedback received from other engagement activities, major feedback received from the Stakeholder Engagement were summarized below.

SUSTAINABILITY PRIORITIES AND ACTIONS DETERMINED IN LAST REPORTING

Stakeholders agreed that our priorities and actions that were determined in our last report continue to be valid under the current conditions in Hong Kong. Some indicated Alliance should adjust the materiality level for "Waste Reduction" and "Low Carbon Economic Trend" from medium to high in order to give these aspects greater focus within the business since these issues are increasingly pressing now and in the foreseeable future.

GOVERNANCE

Our stakeholders in general gave us very positive views towards our legal compliance and ethical business practices. They also considered Alliance's management systems to be mature and effective and, that should enable us to move forward to go beyond legal compliance to benchmarking with global best practices. Our stakeholders also expect us to take up a leading role driving the industries' ethical business and other good practices.

PEOPLE

Stakeholders recognized the outstanding occupational health and safety performance of Alliance. Given the nature of our operations they agreed that OSH should continue to be placed on the priorities list. The issues of ageing workforce, employee retention and recruitment of younger talents were widely discussed during the stakeholder engagement. The issue of an ageing workforce was seen by some stakeholders to be about the loss of legacy knowledge. They suggested strategic training and development for bridging retirement with the means for recruiting of younger talents in order to address this gap. Both internal and external stakeholders considered staff morale and employees' loyalty to the company to be significant to business sustainability and suggested us to actively engage our employees. The active engagement of staff to gain their support in major business decisions and means for coping within an ever changing business landscape will help the business face the new challenges ahead.

COMMUNITY

While our neighboring communities suggested us to keep the continual upgrading of our pollution control and mitigation measures in our priorities list, stakeholders in general recognized our efforts to operate beyond legal compliance especially the good neighbor practices. With all these good practices, some stakeholders suggested us to communicate proactively with the communities where we operate in order to change the negative perception the communities have of the industry sector. It was suggested by stakeholders that Alliance has to be more strategic with its CSR and community engagement so that efforts made will match with our sustainability ambitions. Reaching out to our communities to build understanding of, and reinforce, our business purpose and our operational competencies, will support the creation of a highly visible connection between Alliance and our communities.

RESOURCES

With the pressing problem of waste reduction in Hong Kong, and the acceleration of the trend toward a Green economy the topics of climate change threats, the sustainable consumption of resources, carbon reduction and the enabling of circular economy were widely discussed in various stakeholder groups. Stakeholders suggested that Alliance being one of the market leaders in the construction materials industries, should be in a good position to drive the circular economy by sharing good practices in carbon and energy management via our supplier relations.

INNOVATION

The importance of innovation and application of advanced technologies, in to various areas of the business, were suggested by stakeholders, including the improvement of workplace standards and practices, eliminate safety risks for high risk tasks, improve efficiency, tackling skilled labor shortage problems, tech-based operations to attract younger talent, product R&D, production process optimization, and environmental initiatives. In terms of climate resilience, stakeholders suggested Alliance to be more proactive about leveraging knowledge and expertise in concrete mix design, GHG reduction and the research and development of products with environmental benefits in order to harness opportunities from the green economy.