



**INTERNATIONAL CEMENT GROUP LTD.**

SUSTAINABILITY REPORT 2019

# CONTENTS

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**CONTENTS**..... 1

**ABOUT THIS REPORT** ..... 2

**CORPORATE PROFILE**..... 4

**LOOKING FORWARD** ..... 9

**SUSTAINABILITY APPROACH** ..... 10

**ECONOMIC**..... 13

**ENVIRONMENT** ..... 15

**SOCIAL**..... 20

**GOVERNANCE**..... 31

**GRI STANDARDS CONTENT INDEX** ..... 32

# ABOUT THIS REPORT

## BOARD STATEMENT

We are pleased to present the annual Sustainability Report (the “Report”) of International Cement Group Ltd. (“ICG” or the “Company”, and together with its subsidiaries, the “Group”) for the financial year ended 31 December 2019 (“FY2019”). This Report is prepared in compliance with the requirements of Singapore Exchange Securities Trading Limited (“SGX-ST”) Listing Rules 711A and 711B, and references the Global Reporting Initiative (“GRI”) Standards, Core option.

This Report highlights the key economic, environmental, social and governance (“EESG”) related initiatives carried out throughout a 12-month period, from 1 January 2019 to 31 December 2019, and it includes information on the Group’s key operating entities as follows:

### **Cement segment**

- Tajikistan
  - International Manufacturing Company Chzhungtsai Mohir Cement LLC (“IMCCMC”)
  - Mohir Cement LLC (“MCL”)
- Kazakhstan
  - Alacem LLP (“ALACEM”)

### **Aluminium segment**

- Malaysia
  - Compact Metal Industries Sdn Bhd (“CMISB”)
  - Selaco Aluminium Bhd (“SELACO”)

Sustainability is a part of the Group’s wider strategy to create long-term value for all stakeholders. As such, the key material EESG factors for the Group have been identified and cautiously reviewed by management. The information provided in this Report has not been verified by an independent third party. We have relied on internal data monitoring and verification to ensure accuracy of data and information. The Board of Directors of the Group (the “Board”) oversees the management and monitoring of these factors and takes them into consideration in determining the Group’s strategic direction and policies. We have adopted the precautionary principle to minimise negative effects of conducting our business whenever feasible.

Recognising the importance of sustainability, the Board leads the sustainability efforts at the Group. It has considered sustainability issues as part of its strategic formulation, determined the material EESG factors and overseen the management and monitoring of these factors.

## **REPORTING FRAMEWORK**

The Group has chosen the GRI framework as it is the most established international sustainability reporting standard that covers a comprehensive range of sustainability disclosures and in respect of the extent to which such framework is applied, this Report has been prepared in reference to the GRI Standards reporting guidelines, Core option. Moreover, this structured framework promotes reporting a full and balanced picture of the Group's material matters and the management of its impact.

## **FEEDBACK**

We welcome feedback from all stakeholders with regard to our sustainability efforts, as this will enable us to improve our policies, systems and results. Please send your comments and suggestions to [contactus@internationalcementgroup.com](mailto:contactus@internationalcementgroup.com).

22 April 2020

# CORPORATE PROFILE

## OVERVIEW

The Group owns and operates the largest cement plant in the Khatlon Region in Tajikistan in Central Asia. With an annual production capacity of 1.2 million metric tonnes, it is also one of the two largest cement producers in the country. In addition, it owns and operates a grinding station with an annual production capacity of 0.6 million metric tonnes in Tajikistan.

In December 2019, the Group completed construction of its first plant in Kazakhstan, located in Almaty, with an annual capacity of 1.2 million metric tonnes. This plant is expected to commence commercial production in mid 2020.

The Group also has an established business in manufacturing and marketing aluminium extrusions used for the construction industry in Singapore.

The core businesses of the Group are as follows:

## CEMENT

Our core business is the production and/or sale of cement and related products. We own a cement plant and a grinding station in Tajikistan (which produces cement under the “Mohir” brand), and a cement plant in Kazakhstan (which produces cement under the “Alacem” brand). Our cement is primarily used in the construction of infrastructure projects such as roads, bridges, highways and railways as well as commercial and residential buildings. We sell our cement to local customers as well as to regional partners.

We have been able to continually increase our production capacity in the Central Asia region year-on-year. With our two cement plants and grinding station, we have a combined annual cement production capacity of 3 million metric tonnes, more than double of our capacity last year. This puts us in an advantageous position to meet the projected demands for reconstruction, urbanisation, and infrastructure growth in the Central Asia region.

We expect to further bolster our capabilities in the region where we are currently exploring joint venture opportunities with local partners to construct new cement plants.



## Tajikistan

We own and operate the largest cement plant, the Mohir plant, in the Yovon district, Khatlon region in Tajikistan in Central Asia. With an annual production capacity of 1.2 million metric tonnes, it is also one of the largest cement producers in the country. In the past year, operations at the Mohir plant gained ground, largely due to growth in the country's construction sector leading to an increase in demand for cement. In addition, the plant's brand name has gained traction after three full years of operations, thus resulting in the Group gaining a bigger market share in Tajikistan.

In May 2019, we completed the US\$32.8 million (\$45.9 million) construction of a grinding station in Tajikistan, adding 0.6 million metric tonnes to our total production capacity. While our main cement plant is located in the Yovon district, our grinding station is in the Kolkhozabad district of the Khatlon Province, which is closer to our export customers. This greatly reduces overall transportation costs.

Our operations in Tajikistan target both domestic and export markets. Currently, our export sales are to Afghanistan and Uzbekistan. We sell our products to retail customers, construction firms, and distributors who then resell our cement to other end users. We are optimistic about the future of the plant and its contribution to our revenue stream, especially considering the Tajikistan government's commitment towards reconstructing the country's infrastructure.

We also plan to invest US\$15.0 million (S\$21.0 million) to build a drywall (gypsum plasterboard) production line within our main Tajikistan cement plant. Construction is slated to commence in 2020 and is expected to be completed within a year. With an annual production capacity of 30 million square metres of drywall, our production line will be able to meet local demand, as well as enter into markets within the Central Asia region. Tapping into our existing distribution network in Tajikistan, we are optimistic that this new business will further enhance our product offerings within the construction sector.



## Kazakhstan

In December 2019, we completed construction of our first cement plant in Kazakhstan, the Alacem plant, with an annual production capacity of 1.2 million metric tonnes. Owned and operated through a joint venture with our local partner, Mr Nurzhan Shakirov, the Alacem plant is the Group's largest investment in Central Asia to date, with a construction cost of approximately US\$130.0million (S\$182.0 million), including other ancillary facilities. The plant is expected to commence commercial production in mid 2020 and will supply cement to the domestic market, specifically the Almaty and Taldykorgan areas, as well as the Horgos port near the Kazakh-Chinese border.



## ALUMINIUM

We are an established industry player in the manufacturing and marketing of aluminium windows and doors for residential properties. We own a fabrication plant at Sedenak, Johor Bahru, which undertakes the fabrication work to add value to the aluminium windows, doors, curtain walls, cladding, and roofing panels.

The projects secured during the year were for public-sector residential projects within Singapore. These projects are expected to be completed progressively over the next 2 to 3 years. As at 31 December 2019, the Group has an order book (including variation orders) of S\$22.7 million.

Although the construction demand is expected to improve steadily over the medium term, the Group is cautious on the outlook of the aluminium business as the operating environment remained challenging amid stiff competition and rising business costs.

During the year in review, the Group decided to streamline the operations of the aluminium business by disposing the leasehold land, building, and plant and machinery of the extrusion plant at Pasir Gudang, Johor, which was completed in December 2019.



## LOOKING FORWARD

Moving forward, we will continue to expand our footprint in Central Asia with more projects in the region. The Group is currently exploring entering into joint ventures with local partners to construct new cement plants within this region.

Aside from our cement operations, we have begun exploring other extensions into the construction sector. At our main cement plant in Tajikistan, we will begin construction of a drywall production line with an annual production capacity of 30 million square metres which is expected to be completed in 2021.

Looking ahead, we are optimistic about future business opportunities in the Central Asia region. Demand for cement is slated to increase in the next year, driven by the projected plans for reconstruction, urbanisation, and infrastructure growth in the region. With our continued success in Tajikistan and the planned commencement of commercial production at the new Kazakhstan plant in mid 2020, we are well-positioned to meet these demands.

We will continue to explore opportunities to increase our overall production capacity through investments in construction of cement plants, acquisitions, joint ventures, and/or strategic collaborations, particularly within the Central Asia and Southeast Asia regions.

### UPDATES ON COVID-19

The Group also recognises the potential implications of the recent COVID-19 outbreak on our business, and we will continue to carefully monitor our operations for both cement and aluminium segments. Business continuity measures have been put in place and we will continue to cautiously explore avenues for sustainable growth.

# SUSTAINABILITY APPROACH

## OUR SUSTAINABILITY APPROACH



## STAKEHOLDER ENGAGEMENT

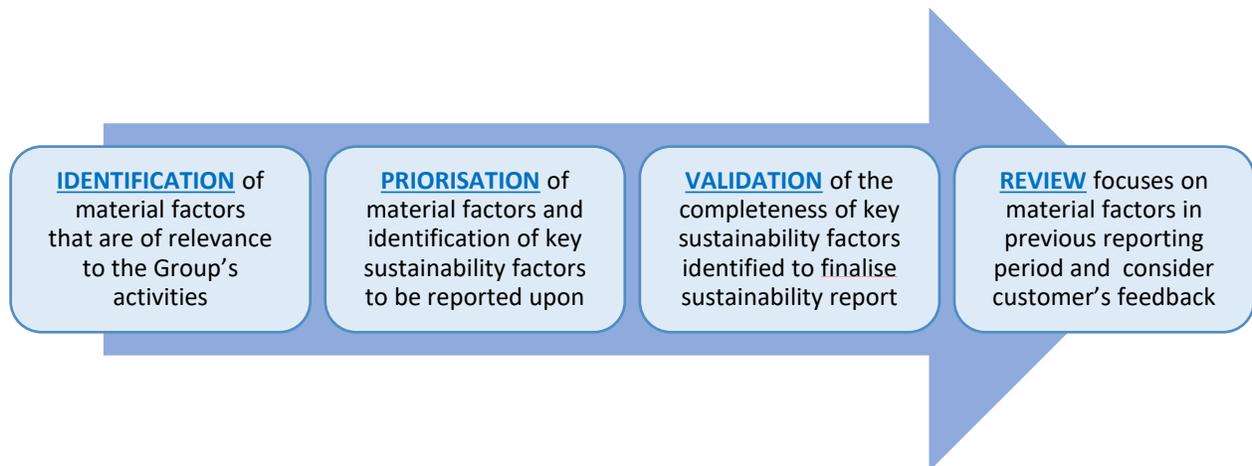
An important starting point in our sustainability journey is to identify our stakeholders and material aspects relevant to our business. The interests and requirements of key stakeholders are also taken into account when formulating corporate strategies. These key stakeholders include, but are not limited to, employees, customers, suppliers, investors and regulators. We adopt both formal and informal channels of communication to understand the needs of key stakeholders and incorporate these into our corporate strategies to achieve mutually beneficial relationships.

The following sets out our engagement platforms with our stakeholders:

Stakeholders	Key topics and concerns	Means of communication and exchange	Actions taken
Employees	<ul style="list-style-type: none"> <li>• Protecting employees' basic rights and interests</li> <li>• Promoting capability enhancement</li> <li>• Broad choices for career development</li> <li>• Sense of belonging and identity</li> <li>• Sharing outcomes of corporate development</li> </ul>	<ul style="list-style-type: none"> <li>• Open dialogues</li> <li>• Team bonding</li> <li>• Disclosure of relevant information</li> </ul>	<ul style="list-style-type: none"> <li>• Safeguarding employees' legal rights and interests</li> <li>• Providing fair opportunities and platforms for work, learning and promotion</li> <li>• Career planning</li> <li>• Fulfilling individual values</li> <li>• Creating a happy environment</li> </ul>
Customers	<ul style="list-style-type: none"> <li>• Providing high quality products</li> <li>• Providing high quality services</li> <li>• Protection of rights and interests</li> <li>• Timely delivery</li> </ul>	<ul style="list-style-type: none"> <li>• Email queries and feedback</li> <li>• Seeking customer opinions</li> <li>• Market feedback</li> </ul>	<ul style="list-style-type: none"> <li>• High quality raw materials</li> <li>• Technological innovation</li> <li>• Development of customer service system</li> <li>• Customer satisfaction survey</li> </ul>
Suppliers and service providers	<ul style="list-style-type: none"> <li>• Products and services</li> <li>• Fair business conduct</li> <li>• Honest transactions</li> <li>• Timely performance of contracts</li> <li>• Win-win by cooperation</li> <li>• Compliance and comparable pricings</li> </ul>	<ul style="list-style-type: none"> <li>• Face to face meet-up</li> <li>• Annual review</li> <li>• Contracts and agreement</li> <li>• Assessment for approved vendors</li> </ul>	<ul style="list-style-type: none"> <li>• Exploring new areas for cooperation</li> <li>• Responsible procurement</li> <li>• Disclosing procurement information</li> <li>• Enhancing common beliefs</li> </ul>
Investors/Regulators	<ul style="list-style-type: none"> <li>• Honesty and integrity</li> <li>• Regulated operations</li> <li>• Profitability</li> </ul>	<ul style="list-style-type: none"> <li>• Group annual report</li> <li>• Annual general meeting with investors</li> </ul>	<ul style="list-style-type: none"> <li>• Ensuring compliance with laws and regulations</li> </ul>

## MATERIAL ASPECTS ASSESSMENT

An important part of our sustainability journey begins with the identification of relevant aspects. Relevant aspects are then prioritised as material factors which are then validated. The end result of this process is a list of material factors disclosed in the sustainability report. The assessment process is as shown below:



We conducted a materiality assessment during the year with the help of an external consultant. A materiality review was conducted, incorporating inputs from engagements with key stakeholders.

To determine if an aspect is material, we assessed its potential impact on the economy, environment and society and influence on the stakeholders. Together with senior management and our external consultant, aspects were identified and prioritised through internal workshops, peer reviews and social impact assessments on site.

Applying the guidance from GRI, we have identified the following material aspects:



# ECONOMIC

## ECONOMIC PERFORMANCE

The Group recorded revenue of S\$131.2 million in the financial year ended 31 December 2019, up 15.0% from S\$114.1 million for the financial year ended 31 December 2018. This was due to an increase in revenue from the cement segment of S\$19.1 million, or 20.2%, on the back of higher cement sales volume driven by the strong demand for cement in Tajikistan. However, the increase was partially offset by a decline in revenue from the aluminium segment of S\$2.0 million, or 10.4%, as a result of lower sales from projects and sales of aluminium related products.

### CEMENT

The cement segment accounted for 86.8% of revenue in FY2019 as compared to 83.1% in FY2018. Revenue increased by 20.2% to S\$113.9 million in FY2019 on higher sales volumes due to stronger demand for cement in Tajikistan. As a result, the segment's profit before tax rose by 13.0% to S\$38.1 million.

Geographically, the increase in revenue was mainly attributable to the additional revenue contribution from Tajikistan of S\$21.0 million in FY2019. This was driven by greater demand in cement in Tajikistan where the construction sector had grown by approximately 7% in 2019. Cement sales volume increased by 16.7% from 1.2 million metric tonnes to 1.4 million metric tonnes in FY2019.

### ALUMINIUM

The aluminium segment accounted for 13.2% of revenue in FY2019 as compared to 16.9% in FY2018. Revenue dropped by 10.4% to S\$17.3 million in FY2019 due to a decline in sales from projects, and in sales of aluminium related products. Loss before tax increased to S\$3.8 million, from S\$2.5 million the year before as a result of the decline in sales and losses incurred from the disposal of the extrusion plant in Pasir Gudang.

For details on financial results, please refer to our FY2019 Annual Report Financial Highlights page 3, Operations and Financial Review pages 12 to 18, and Financial Statements pages 45 to 125.

## **ANTI-CORRUPTION**

In our dealings with customers, we get our employees to strictly uphold the Group's policy on anti-corruption/bribery. We may also ask our suppliers through a supplier questionnaire on whether they have anti-corruption clauses with their upstream suppliers. Meanwhile, the Group has formulated directives and regulations, provided anti-commercial bribery trainings, executed anti-commercial bribery commitment letters and taken a number of other measures targeting at the risk of commercial bribery, to ensure that its business activities are carried out on the premise of lawfulness and compliance.

In FY2019, the Group was not involved in any litigation cases concerning corruption, bribery, blackmailing, fraud and money laundering (FY2018: nil).

## **WHISTLEBLOWING**

Our whistleblowing policy provides a mechanism for employees and external parties to report concerns over alleged wrongful acts. This policy is posted on various locations in the office so that employees are well aware of the policy. Employees can expose fraudulent practices by reporting via phone calls, fax, emails and WeChat. Anonymous protection is provided to whistle-blowers.

There were no whistleblowing cases in FY2019 (FY2018: nil).

Our goal is to maintain zero incident of corruption. We will regularly review our policies on whistleblowing and anti-corruption.

## ENVIRONMENT

As an environmentally responsible group, we continue to maintain our core focus well into the future and our proactive commitment to environmental awareness and stewardship.

### EFFLUENTS AND WASTE

Due to our business nature, there are effluents generated from the production process. We monitor effluents every day to ensure compliance with government regulations.

#### CEMENT

Type of waste	Total	Disposal method
Sewage and waste	140,000 tonnes of fly ash (FY2018: 120,000 tonnes)	We purchase fly ash waste produced by power plants and use them as raw materials which helps to reduce to amount of clinkers utilised in the clinker-to-cement production process. This not only solves the problem of environmental pollution caused by the disposal of fly ash by these power plants, but also contributes to energy saving and reduction of other materials required for production.
Waste rock	133,000 tonnes (FY2018: 60,000 tonnes)	During the limestone mining process, waste rocks are recycled and blended into the raw materials for cement production.
Coal gangue	800 tonnes (FY2018: 1,000 tonnes)	The coal gangue with excessive hardness and low calorific value in the process of raw coal grinding is recycled and added to the raw materials.

In addition, all cooling water used for production equipment is recovered and recycled after the cooling tower and treatment. There is no loss of water resources throughout the production process. The sprinkler method of self-owned well water is used to irrigate the plant area. Water generated from the production process is reused after filtering and treatment, and there is no sewage discharge. Wood, paper and plastic packaging materials such as refractory materials, equipment components and other packaging materials, as well as combustible waste generated in the production area, are all burned in the high-temperature rotary kiln to increase the heat required for calcination. Construction waste, testing cement blocks, replacement refractory brick castables are added as mixtures to cement ingredients to realise and utilise waste effectively.

#### ALUMINIUM

Type of waste	Total	Disposal method
Sludge	69 tonnes (FY2018: 71 tonnes)	Sludge is sent to a waste management centre which has an incineration plant, a solidification plant, a physical and chemical plant, and a secured landfill and clinic waste treatment centre. Sludge from the coating division is disposed by an authorised collector twice a year.
Waste water	211,200 litres (FY2018: 243,800 litres)	Water used for surface preparation is treated by qualified waste water consultants. Treated water sample is tested in a laboratory to ensure compliance with environmental requirements for discharge to the public water system. The Group reuses the treated water as water curtain which evaporates during the coating process.

The Group has also established policies and procedures for handling other solid and liquid waste generated:

- Waste generated must not be stored more than 6 months, or 20 tonnes in the designated area.
- Wastes should be packed with suitable packaging to prevent contamination of the surrounding (for example, ink and waste sludge must be kept in jumbo bags while used metal drums must be stored on pallets).
- The date on which waste is collected must be shown on a label on the waste packaging.
- Waste packages must be stowed properly to prevent them from spillage or leakage of the waste.
- Waste storage area is locked and only accessed by authorised personnel handling the waste.
- Waste is collected and disposed by certified waste collectors.

During FY2019, there was no incident of non-compliance with safety and environmental requirements (FY2018: 1).

We target to maintain the level of effluents and waste that is compliant with government standards.

## ENERGY

Besides ensuring optimum production capacity, our plants are also designed with environmental protection in mind. We incorporate comprehensive pollution mitigation measures in our cement production process, such as a new suspension preheater (“NSP”) dry process which is more fuel and energy-efficient as compared to traditional technologies. NSP technology involves the pre-heating of raw materials to ensure their substantial decomposition prior to being mixed and fed into the rotary kiln. This pre-heating process greatly reduces the energy consumption in clinker production as it significantly reduces the amount of raw material to be broken down before the calcination and formation of clinkers can take place. Apart from reducing damage caused to the environment, such energy-efficient measures also lower costs incurred during production.

The plant’s design took into consideration efficient environmental protection in its processes which includes pollution mitigation measures.

We use energy only when needed. Regular checks are conducted on the entire plant to ensure lights were switched off when not in use. Printing of paper is minimised and paper is recycled for internal use. From time to time, meetings with a focus on energy conservation and consumption reduction are held to solve technical issues encountered during daily operations.

In FY2019, to further save energy, reduce cement manufacturing costs, enhance market competitiveness, achieve energy-saving targets and ensure sustainable development of production and environment, we managed to save energy and reduce consumption by focusing on high-tech transformation. Measures on improvement of energy efficiency were as follows:

1. Carried out AC frequency conversion speed regulation of the cooling fan of the grate cooler – By regulating the motor speed, the operating efficiency of the motor was greatly improved, and the energy loss was effectively reduced.
2. Utilised high-tech to transform the existing production process by upgrading the third-generation grate cooler into the “fourth-generation step-type” grate cooler – This further reduced heat loss, improved heat utilisation efficiency, and effectively reduced energy consumption.
3. Effectively used the enhanced cement grinding aid to reduce the consumption of cement clinker – The usage of cement grinding aid could save about 40,000 tonnes of clinker used in the production of cement each year which approximates 4% savings.
4. Set up research team and conduct monthly evaluation to tackle the power and coal consumption issues in the clinker processing and cement manufacturing processes, and ensured that the operation of the equipment was at full capacity to maximise the output of the equipment.
5. Replaced and installed energy-efficient rated air-conditioners in the office to reduce the energy consumption and energy cost saving.
6. Replaced and installed a new “Jaguar” ZLS series air receiver with inverter technology in production lines to reduce energy consumption.



In FY2019, the cement operations has shown remarkable energy saving results with a reduction of 1.2 million kWh (FY2018: 3 million kWh) of electricity and 1,100 tonnes (FY2018: 1,500 tonnes) of raw coal.

In FY2020, we target to further enhance energy management, reduce energy consumption, enhance energy management systems, improve employees' awareness of energy conservation, optimise process operating parameters, enhance equipment operating rate, develop corrective measures, implement remediation and implement timelines for root causes identified, so that energy wastage problems can be alleviated.

We aim to reduce electricity consumption in FY2020 by the following:

Entity	Electricity	Raw Coal
CMISB	5%	N/A
IMCCMC	1%	1%
MCL	2%	N/A
ALACEM (plant completed in end FY2019)	N/A	N/A

**EMISSIONS**

Effective control of dust and gas emissions improves the environment in which our plants operate and enables them to help meet the need of local residents' clear waters and green mountains. Not only should this objective be part of our corporate social responsibility, it would also benefit us in the form of cost savings and waste reduction. We use advanced equipment for our production lines to ensure that dust and gas emissions are within a controllable range. Our equipment is well-equipped with an energy saving and environmental-friendly precipitator and bag filter which reduces the dust emission by 50,000 tonnes every year. By operating the rotary kiln and raw material mill simultaneously at the same time, raw materials absorbs carbon dioxide, sulphur dioxide, nitrogen oxides and other gases, which reduces the gas discharge by more than 20,000 tonnes per year. By running the kiln synchronously and humidifying and stopping spraying, it can save more than 48,000 tonnes of tap water per year.



As for the aluminium business, gas emissions from the polyvinylidene fluoride (“PVDF”) wet paint coating line and powder coating line are released through the respective chimneys. Air emission monitoring is conducted yearly to determine the quantum of solid particles and volatile organic compound through chimneys. This practice is to ensure that Standard Environmental Quality (Clean Air) Regulation 1978, Standard “C”, Part V Requirement of Malaysia is met. The Group has complied with this regulation in FY2019 (FY2018: zero non-compliance).

We aim to maintain zero incidents of non-compliance in coming years.

## **ENVIRONMENTAL COMPLIANCE**

It is a continuous challenge to successfully manage environmental issues. Sustainable practices have been incorporated into our business model and implemented throughout the Group. Our products and services meet relevant safety and environmental requirements from our customers and regulatory bodies. The industrial development and the awareness of environmental protection of Tajikistan is relatively weak. However, as an international group, we always prioritise environmental protection in terms of design and installation, strictly in accordance with safety and environmental requirements. The harmonious development of the local economy and environment is fulfilled as part of the social responsibility of the Group.

During FY2019, there were no major cases of non-compliance (FY2018: one minor incident and fine for the discharged waste water).

Our objective is to have zero cases of non-compliance towards environmental requirements.

## **SUPPLIER ENVIRONMENTAL ASSESSMENT**

The Group continues to reduce its environmental impact and encourage its stakeholders, such as suppliers and trading partners, to meet the same expectations.

Our procurement team conducts meeting with suppliers regularly and arranges site visits to their offices and mining areas. We recommend suppliers to adopt new mining models and minimise any adverse impact on the environment.

In addition, during the new supplier selection process, we choose companies without outdated technology, processes and equipment and consider environmental criteria whilst selecting new suppliers. We also conduct annual evaluation on our key suppliers and ask them to provide us their policies on monitoring and managing of supply chain with regards to environmental issues, efficient use of resources, ethics, training or safety issues. We request all suppliers to provide their respective ISO14001 certification. We have received 100% feedback from our suppliers.

We aim to continue to include the sustainability related factors in selection, conduct evaluation of suppliers and work together to reduce the adverse environmental impact.

# SOCIAL

## OCCUPATIONAL HEALTH AND SAFETY

The Group is firmly committed to a policy which enables all work activities to be carried out safely, and with all possible measures taken to remove or at least reduce risks to the health, safety and welfare of workers, contractors, authorised visitors, and anyone else who may be affected by our operations. We ensure compliance with the Work Health and Safety Act in the respective countries that we operate in.

We have established a safety management system and set the safety management principle of “Safety first, Prevention first, Comprehensive management, Full participation”. To further implement the safety management policy and the principle of "One Role, Duo responsibility, Joint management", we set up a management team which focuses on the standardisation and implementation of the safety system throughout the Group and at all employee levels with defined responsibilities.

All new employees are required to undergo mandatory safety training and drills to ensure familiarity with the machines before they can work without supervision. A health and safety officer is also appointed for each entity to ensure site safety, monitor and assess hazardous and unsafe situations, and develop measures to ensure personal safety. In addition, we also conduct safety briefings and provide safety instructions to third party employees, such as the wearing safety helmets.

A Health and Safety Committee has also been established by each operating subsidiary where members meet up regularly to receive reports on health and safety and environmental audits, accident statistics, communications with enforcing authorities and from relevant sub-groups, and recommendations to relevant internal management on any corrective action required.

Safety signs are posted on the walls and Closed Circuit Televisions (“CCTVs”) are installed on gates and next to road crossings.



In FY2019, safety management trainings pertaining to Safety System, Emergency Planning & Documentation, Safety Operation Procedures and Safety training sessions were conducted with 6,873 attendees (FY2018: 5,300) in total. Assessments were conducted after trainings. These trainings improved each employee's safety awareness and skills.

Given that we value our employees' health and safety as a priority within our organisation, achieving these required certifications and implementing the framework of systems is vital to our organisation. The implementation of the framework has enabled us to systematically identify, reduce and mitigate risks involved in the operations within the Group.

During FY2019, we have obtained/renewed the ISO9001:2015 Certificate for Compact Metal Industries Pte. Ltd. and the Certificate of Safety Excellence Unit issued by Tajikistan City Government for IMCCMC.

### CEMENT

The operations in Tajikistan (IMCCMC and MCL) has operated safely for 365 days (FY2018: 365 days) since January 2019. There were no major or minor safety-related incidents in FY2019 (FY2018: nil). We achieved all targets for FY2019 and FY2018:

- Zero death and serious injury;
- Zero minor injury;
- Zero number of people who are not qualified for safety training or training; and
- Zero fire accident.



### ALUMINIUM

During FY2019, there were no minor or major incidents (FY2018: 2 minor incidents) at our plants in Malaysia.

We understand that accidents do happen during work and we will strive to reduce the number of accidents in the upcoming year by constantly inspecting our machines and reminding workers to be vigilant at work. We have set the KPI for FY2020, aiming to achieve zero number of accidents and zero direct economic losses from accidents through continuous implementation of the standardisation of the safety system, safety training and emergency management. Detailed key performance indicators (“KPIs”) has been included in the KPI booklet and responsibilities have been announced with letters of declaration signed by designated personnel.

## TRAINING AND EDUCATION

We strongly believe that workplace training is essential to keep the Group competitive. Training provides employees with the expertise they need to fulfil their role and aid them in their career progression. By constantly providing training to employees, we are continuously engaging them and this in turns improve employee retention and growth. At the same time, it boosts a feeling of value in the employees where they will feel more appreciated and will stay longer with the Group. We provide regular training to strengthen teamwork, work efficiency and skills for all level of employees.

List of our training programmes in FY2019 were as follows:

- Forklift Training
- Employment Insurance System
- Construction Safety Orientation Course/Re-certification
- Building Construction Supervisor Safety Course
- Safety Awareness Training including First Aid Training and CPR Course
- Internal Quality Audit
- Time Tracking System
- Leave Management System
- Enterprise Management
- Language Training
- Finance
- Statistics Methodology and Practice
- Business Administration
- Safety Management
- Quality Management
- Equipment Management
- Machine and Equipment Inspection and Maintenance
- On-site Safety Training
- Cement Production Process Training

Information on staff training hours is as follows:

**Tajikistan (IMCCMC and MCL):**

Staff Training	FY2019	FY2018
Total number of staff trained	591	520
Total training hours	47,480	30,680
Training hours per person	80	59

In FY2020, we plan to conduct 60,000 hours of training for our operations in Tajikistan.

**Kazakhstan (ALACEM):**

Staff Training	FY2019	FY2018
Total number of staff trained	26	N/A – No operations
Total training hours	624	
Training hours per person	24	

In FY2020, we plan to conduct 3,000 hours of training for our operations in Kazakhstan.

**Malaysia (CMISB and SELACO):**

Staff Training	FY2019	FY2018
Total number of staff trained	23	63
Total training hours	483	421
Training hours per person	21	7

The operations in Malaysia target to conduct 150 hours of training in FY2020 on areas such as Internal Quality Auditor, Supervisory Skills, Risk Management ISO9001:2015, Quality Control, Mould Setting & Changing Saw Blade, Implementation of Social Security Organisation (“SOCISO”) to foreign workers, First Aid & CPR Training and Seminar Keselamatan & Kesihatan Pekerjaan.



## **DIVERSITY AND EQUAL OPPORTUNITY**

We embrace diversity, and at the same time expect employees to be aligned with the Group's vision and strategic initiatives. Even though our staff consists of people with different nationalities and academic qualifications, we strive for fair treatment. We are committed to provide competitive remuneration and benefits to our employees. We are also committed to safeguard our employees' health and safety against any potential workplace hazards.

The Group practises fair employment and is committed to eliminate discrimination and encouraging diversity amongst our workforce.

As at 31 December 2019, we had a workforce of 81, 452 and 195 employees in Malaysia, Tajikistan and Kazakhstan respectively (FY2018: 170, 320 and 41 respectively). In December 2019, the Group disposed certain property, plant and equipment of a manufacturing facility in Malaysia. The corresponding workforce was transferred to the purchaser and accordingly, the headcount has been excluded from total workforce as at 31 December 2019.

In FY2019, there were 21, 195 and 168 new staff hired in Malaysia, Tajikistan and Kazakhstan respectively (FY2018: 18, 114 and 16 respectively).

Profiles of our headcount and new hires were as follows:

**Tajikistan (IMCCMC and MCL):**

**FY2019**

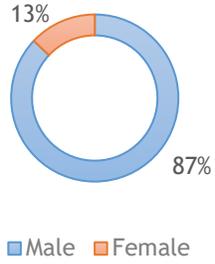
**FY2018**



**Kazakhstan (ALACEM):**

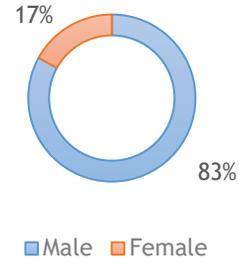
**FY2019**

Gender Breakdown

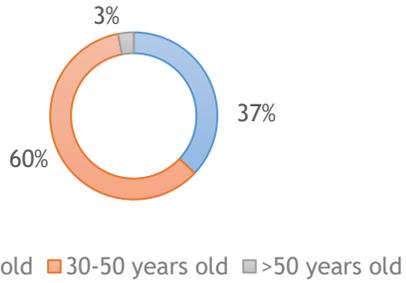


**FY2018**

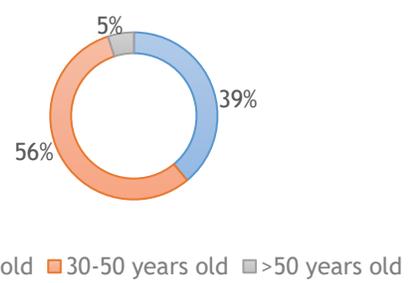
Gender Breakdown



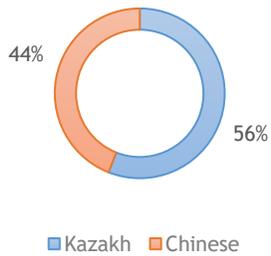
Age Breakdown



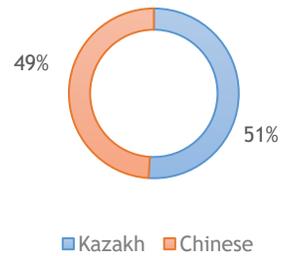
Age Breakdown



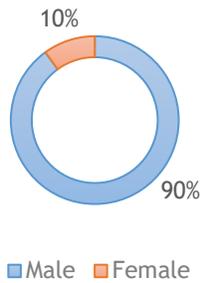
Nationality Breakdown



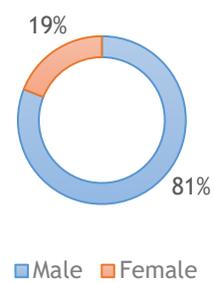
Nationality Breakdown



New Hire by Gender

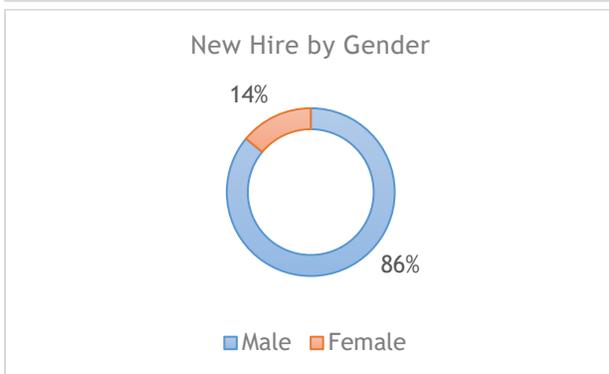
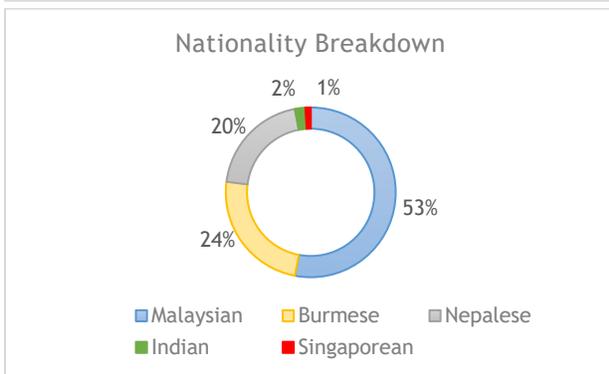
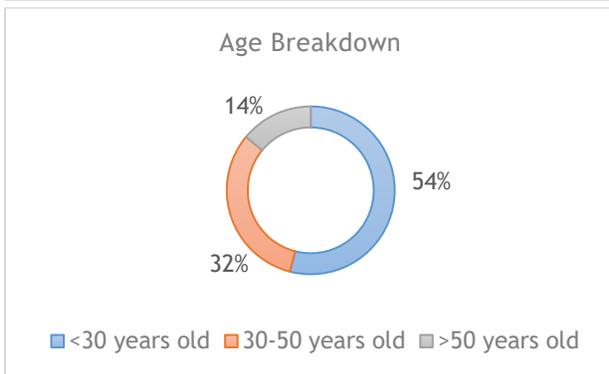
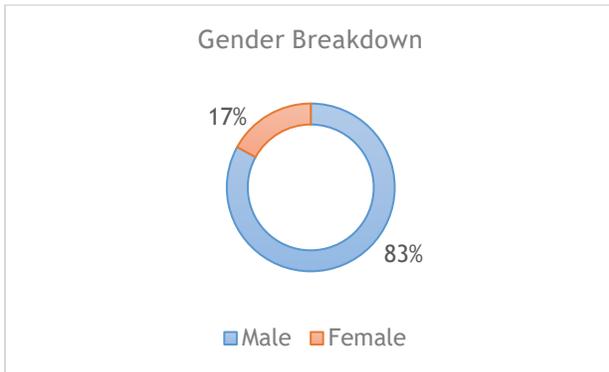


New Hire by Gender

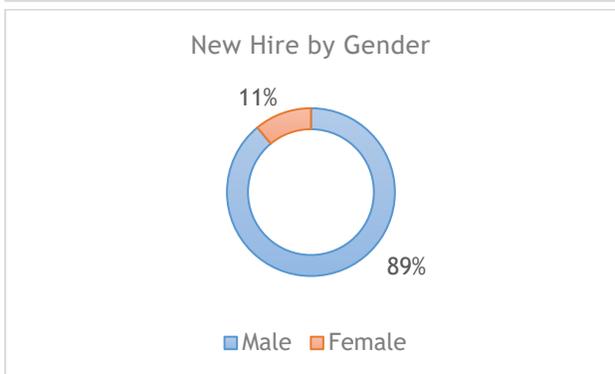
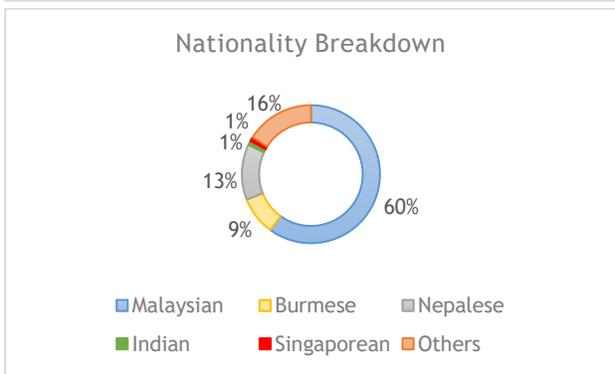
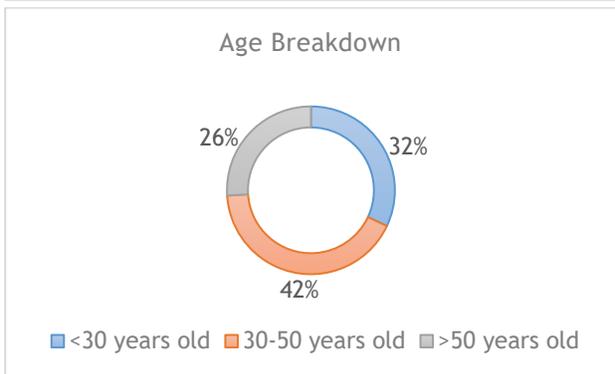
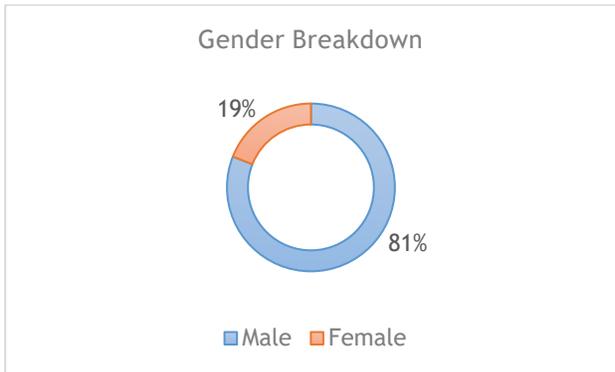


**Malaysia (CMISB and SELACO):**

**FY2019**



**FY2018**



Every employee plays an essential role in our Group and we pay utmost attention to the wellbeing of our employees. We achieve success by promoting a collaborative work environment in which everyone is committed to achieve our corporate goals based on open and honest communication while showing care and support for each other. We organise different types of activities for our employees regularly, such as basketball, table tennis, tug-of-war, skipping rope competition, movie screenings, and luncheon gathering during Christmas & New Year Eve etc. We also set up rooms for table tennis, billiard, KTV and mahjong, and a convenience store for employees.



## CODE OF CONDUCT

The Group sets out the expected code of conduct in its employee handbook and ensures compliance with labour and employment laws, including working hours. Furthermore, the Group does not discriminate against anyone because of age, gender, national origin, disability, religion, sexual orientation, marital or maternity status, union membership or political opinion, among others. An Equality and Diversity Policy has been established where the Group is committed to promoting equality and diversity and in ensuring that individuals are treated fairly and valued. The Group recognises that it has clear obligations towards all employees to ensure they are treated fairly. Non-compliance in relation to discrimination must be reported to the manager, human resources or through our whistle blowing system.

In FY2019, there was no complaints on discrimination (FY2018: nil).

We aim to maintain zero incidents of complaints on discrimination and continue to have diversity and equal opportunities for employees.

## LOCAL COMMUNITIES

The Group embraces the philosophy of giving back to the community by encouraging proactive involvement in the Group’s various corporate social responsibility (“CSR”) initiatives and environmental conservation programs. Contributing time and resources, we are committed to aid the development and improvement of the society in which we live and work. The Group has continuously contributed to the development of local transportation, catering, service and other related industries. Since commencement of operations, we have continuously hired from the local labour force of local communities in respective countries. It is not only alleviating the local employment pressure in a timely manner, but also playing a positive role in promoting regional economic development.

Overall, in FY2019, we donated a total of approximately 1.4 million Tajikistan Somoni (\$\$0.2 million) and 1,000 metric tonnes of cement to the national Tajikistan government, as well as to the local administrations of Yovon district and various urban areas surrounding Kurgan city. The bulk of the monetary contribution went to the Tajikistan National Development Education Fund to support the betterment of education in the country. We also made donations to more than 10 Tajikistan college students in order to alleviate the financial burden of their educational expenses. Most of the donated cement went towards local infrastructure improvements such as a 320 metric tonnes donation that was used to build schools in the Kulob district.

In Kurgan, part of our contribution went towards improving the conditions of Kurgan Nursing Home for its elderly and disabled residents. We had previously visited the nursing home numerous times in FY2018 during the construction of our cement grinding station in nearby Kolkhozabad which we had made donations then. In Yovon, our donated cement was used to enhance and upgrade local amenities such as sports facilities, fire protection facilities, and education facilities. In addition, part of our donated money went towards the construction of a bridge in the Yovon district. The bridge, which is nearing completion, was built by the local government in order to enhance ease of movement for district residents.

We will continue to engage in CSR initiatives in the coming year. As we continue to expand into the region, such as with our latest completed cement plant in Kazakhstan, we hope to build stronger relationships with the communities around us and give back to them wherever we can.



## CUSTOMER PRIVACY

The Board is of the view that cyber security and data privacy are important in safeguarding both the Group's data and that of our customers, suppliers, business partners and employees. The Group takes measures to guard against protecting confidential information for both our internal and external stakeholders by complying with the Personal Data Protection Act of each country. For FY2019, there were no significant fines or non-monetary sanctions for non-compliance with laws and regulations (FY2018: nil).

We aim to maintain zero incident of non-compliance with laws and regulations.

## SOCIOECONOMIC COMPLIANCE

We pride ourselves in having good corporate governance and observing compliance with applicable laws and regulations. The Group is committed to conduct the business with integrity and to safeguard the interest of all our stakeholders, both internal and external.

Our goal is to be compliant to all laws and regulations. During FY2019, there were no significant fines or non-monetary sanctions for non-compliance with laws and regulations (FY2018: nil).

## AWARDS

Since first introduction of our cement brand three years ago, we have rapidly built up our reputation and won the recognition of customers in Tajikistan. In FY2019, our operations in Tajikistan received awards on Safety, Quality Product, Economic Contribution and Leading Construction Material Enterprise.



# GOVERNANCE

## CORPORATE GOVERNANCE

Lawful and compliant business conduct are the fundamentals of an enterprise and it starts with our production and operation activities. The Group is committed to build an excellent enterprise, abide by state laws and regulations strictly, implement and execute industry-related policies diligently. We also adhere to business ethics, build stringent management systems and decision-making processes, and reduce system constraints. At the same time, we identify controls over key processes and improve our internal control systems continuously to regulate the Group's production and business conduct.

In FY2019, the Group further focused on enhancing its capabilities of governance. Specifically, it sought legal support service for significant decisions at the head office, focusing on strengthening guidance, coordination and supervision of any major disputes at the subsidiary level, and carried out activities to increase awareness for preventing legal risks among all employees.

Please refer to the FY2019 Annual Report pages 23 to 34 on details of the Code of Corporate Governance.

## ENTERPRISE RISK MANAGEMENT (“ERM”)

ERM is an integral part of good corporate governance as well as resource management. A thorough and comprehensive ERM framework enables the Group to identify, communicate and manage its risks and exposures in an integrated, systematic and consistent manner. For details on ERM, please refer to the FY2019 Annual Report page 30.

We aim to perform risk assessment annually and ensure compliance on disclosures in accordance with SGX-ST requirements.

# GRI STANDARDS CONTENT INDEX

GRI Standard	Disclosure	Reference/Description	
<b>GRI 101: Foundation 2016</b>			
<b>GENERAL DISCLOSURE</b>			
<b>GRI 102: General Disclosures 2016</b>	102-1	Name of organisation	International Cement Group Ltd.
	102-2	Activities, brands, products and services	Sustainability Report (“SR”) pages 4 to 8, Annual report (“AR”) page 2
	102-3	Location of headquarters	AR pages 2, 21
	102-4	Location of operations	AR page 2
	102-5	Ownership and legal form	AR pages 2, 19
	102-6	Markets served	AR pages 2, 12 to 16
	102-7	Scale of the organisation	AR pages 2, 19
	102-8	Information on employees and other workers	SR pages 24 to 28
	102-9	Supply chain	SR pages 4 to 8, AR pages 2, 12 to 16
	102-10	Significant changes to the organisation and its supply chain	N/A – There were no significant changes.
	102-11	Precautionary principle or approach	SR page 2
	102-12	External initiatives	SR page 29
	102-13	Membership of associations	None
	102-14	Statement from senior decision maker	SR pages 2 to 3
	102-16	Values, principles, standards and norms of behaviour	SR page 31
	102-18	Governance structure	AR pages 23 to 34, SR page 31
	102-40	List of stakeholder groups	SR page 11
	102-41	Collective bargaining agreements	None
	102-42	Identifying and selecting stakeholders	SR page 10
	102-43	Approach to stakeholder engagement	SR page 11
	102-44	Key topics and concerns raised	SR page 11
	102-45	Entities included in the consolidated financial statements	AR pages 19, 83 to 85
	102-46	Defining report content and topic boundaries	SR pages 2 to 3
	102-47	List of material topics	SR page 12
	102-48	Restatement of information	None
	102-49	Changes in reporting	None
	102-50	Reporting period	SR page 2
	102-51	Date of most recent previous report	29 May 2019
	102-52	Reporting cycle	Annually
	102-53	Contact point for questions about the report	SR page 3
	102-54	Claims if reporting in accordance with the GRI Standards	SR page 3
	102-55	GRI content index	SR pages 32 to 33
102-56	External Assurance	We may seek external assurance in the future.	
<b>MATERIAL TOPICS</b>			
<b>GRI 201: Economic performance 2016</b>	201-1	Direct economic value generated and distributed	SR page 13
<b>GRI 205: Anti-corruption 2016</b>	205-2	Communication and training about anti-corruption policies and procedures	SR page 14
<b>GRI 302: Energy 2016</b>	302-1	Energy consumption within the organisation	SR pages 16 to 18

GRI Standard	Disclosure	Reference/Description
<b>GRI 305: Emissions 2016</b>	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions
<b>GRI 306: Effluents and waste 2016</b>	306-1	Water discharge by quality and destination
<b>GRI 307: Environmental compliance 2016</b>	307-1	Non-compliance with environmental laws and regulations
<b>GRI 308: Supplier environmental assessment 2016</b>	308-1	New suppliers that were screened using environmental criteria
<b>GRI 403: Occupation health and safety 2018</b>	403-1	Occupational health and safety management system
	403-5	Worker training on occupational health and safety
<b>GRI 404: Training and education 2016</b>	404-1	Average hours of training per year per employee
<b>GRI 405: Diversity and equal opportunity 2016</b>	405-1	Diversity of governance bodies and employees
<b>GRI 413: Local communities 2016</b>	413-1	Operations with local community engagement, impact assessments, and development programs
<b>GRI 419: Socioeconomic compliance 2016</b>	419-1	Non-compliance with laws and regulations in the social and economic area