LOW KENG HUAT (SINGAPORE) LIMITED

SUSTAINABILITY REPORT
FOR FINANCIAL YEAR ENDED 31 JANUARY 2018

Date: 7 December 2018

Sustainability Report

A Sustainability Committee was established to assist the Board in ensuring the progress and improvement of Low Keng Huat (Singapore) Limited and its subsidiaries ("the Group") in its management, monitoring and reporting of the material environment, social and governance risks factors that are relevant to its business operations. This sustainability report seeks to communicate to the stakeholders on its sustainability actions and performance for the ESG factors in relation to their impacts on the organization's long term strategy and goals. Key governance issues of the Group are addressed in the Corporate Governance Report section on Page 17 to 40 in the Annual Report FY2018.

The Sustainability Committee ("SC") had applied the Global Reporting Initiative (GRI) framework and selected GRI Standards ("GRI-referenced claim basis") to prepare its sustainability report. It had also used the GRI's Reporting Principles to define its report contents, and GRI 103: Management Approach for the material assessment of the sustainability topics. Applicable portions from the following topics specific standards were adopted: Disclosure 403-1 (a), 403-2 from GRI 403: Occupational Health and Safety 2016, Disclosure 306-2 (c) from GRI 306: Effluents and Waste 2016, and GRI 302-1 and GRI 302-3 from GRI 302: Energy 2016. The SC had ensured that the sustainability report was prepared according to SGX Listing Rule 711A & 711B.

Scope

The sustainability effort in policies development and performance in relation to the first-year reporting was centered on the Group's business segments in property development covering the Balestier and Kismis Lodge construction projects, and the property investment segment at Paya Lebar Square retail mall and Westgate Tower.

As per SGX Guides, the SC has undertaken a 3-year report development journey ("Phased Implementation Approach') and planned to improve the reporting in the future by continually reviewing the ESG factors assessment and adding factors which would become material. It is also targeting to work toward full implementation for the report to include sustainability issues of overseas business operations by year 2020.

Materiality

The SC had conducted a study amongst the key stakeholders to identify the sustainability topics that are relevant to our abovementioned business segments and the findings have enabled us to review and further develop our sustainability practices and policies to address those ESG issues that were considered to be material according to GRI 103: Management Approach.

Sustainability Practices

The Board has considered these sustainability issues as part of its strategic formulation, determined the material ESG factors and ensures they would be managed and monitored against the performance targets in the forthcoming year.

1. Occupational Health and Safety

1.1 Materiality Considerations

The Ministry of Manpower ("MOM") requires all companies to comply with the Workplace Safety and Health Act by putting in place safety measures to prevent occurrence of workplace related incidents or accidents that put their employees' lives at risks.

Although the construction sector is an important sector of the Singapore economy, it is also one of the more hazardous and riskier workplaces. According to the National Statistic published by the WSH Institute in the Workplace Safety and Health Report 2017, a total of 61 cases of fatal injuries involving construction works were reported over the past three – year periods from 2015 to 2017. This contributed to an injury rate of 417 per 100,000 workers in 2017, which is above the national average rate of 369. For occupational disease ("OD") incidents, a total of 123 cases were reported in 2017, an increase from 93 in 2016. This contributed to an OD incidence rate of 27 versus all sectors of 23.6 in 2017.

1.2 Sustainability Actions

We are committed to uphold occupational health, well-being and safety of our employees and contractors at construction sites and managed buildings. A Quality, Environment, Health and Safety ('QEHS') Policy is well in place and it is incorporated in our Environmental Management System ("EMS") that ensures compliance with the Workplace Safety and Health Act to create a safe and clean working environment as we believe it plays a major role in operational performance and productivity. Our EMS has achieved ISO 14001 and the Occupational Health and Safety Assessment (OHSAS) 18001 certifications and it also conforms with the Green and Gracious Builder Guide launched by the Building and Construction ("BCA").

At the construction sites, our EMS seeks to safeguard on-site workers against hazardous health risks and strive to achieve an accident free workplace by adhering to these key practices and policies: 1) Staff training on EHS, 2) housekeeping policy and air-quality control, 3) site security and access control, 4) sites inspection, 5) traffic control, 6) public safety, 7) noise management plan, 8) wastes management, and 9) fire evacuation and emergency plan.

Beyond caring for our own employees, we also ensures that the safety of our commercial tenants and members of the public at our managed buildings are safeguarded against accidents, mishaps and incidents such as burglary, lift and escalator malfunction, power and water supply failures through various safety measures undertaken by our Managing Agents. Key safety measures include the Emergency Response Plan, Fire Evacuation Plan, In-Place Protection Plan, Tremor Emergency Plan and Arson Prevention Plan.

We take necessary steps to seek continual improvements in our EMS by closely monitoring its health and safety performance from financial year 2019 onward.

2. Wastes Disposal

2.1 Materiality Considerations

According to the National Environment Agency's ("NEA") waste management and recycling statistics, 9,400 tonnes of construction wastes were disposed in Singapore during 2017. In addition to land pollution resulting from waste disposal activities, construction wastes and debris from sites may contain toxic substance that can also cause environmental health risk. As construction wastes are non-incinerable, the onus is on the contractors to invest in efficient wastes reduction practices to minimize their impact in the environment.

2.2 Sustainability Action

Our EMS ensures that all construction wastes and debris are disposed according to NEA regulations. Apart from disposal, we also seek to manage our construction wastes generated by builders according to our '3Rs' practices of waste reduction, reuse and recycling whenever possible.

We will continually monitor and seek improvement in our waste disposal and minimization practices as we work towards achieving the 2019 target.

3. Energy Usage

3.1 Materiality Considerations

Based on the International Energy Agency (IEA) 2015 data, Singapore ranked 123rd of 142 countries in terms of CO2 emissions per unit of GDP. The Singapore government has designated 2018 as the Year of Climate Action and the country is committed to reduce its emissions by 36% per unit of GDP compared with the 2005 level by 2030.

According to the Ministry of the Environment and Water Resources, one important way to limit the effects of climate change in the coming decades is through the reduction of total greenhouse gas emissions ("GHG") and Singapore's pivotal strategy to achieve GHG reduction is to improve energy efficiency by promoting the adoption of energy efficient measures and technologies across all key sectors and activities in the Singapore economy. The Energy Efficiency Programme Office (E2PO), a multi-agency committee led by NEA and the Energy Market Authority (EMA), was established in 2007 to achieve these objectives.

The Singapore Budget 2017 had announced that a carbon tax will be levied on facilities producing 25,000 tonnes or more of greenhouse gas emissions in a year from 2019.

3.2 Sustainability Actions

At the construction sites, energy consumption is tracked every month by the monitoring of electricity and diesel consumption. Energy efficient air conditioning systems that are in compliance with the Energy Labelling Scheme are used at sites offices to minimize energy usage.

The Group has achieved the Green Mark Gold Plus and Green Mark Platinum Certification for the Paya Lebar ("PLS") Square Mall project in 2013 and the Westgate Tower ("WGT") project in 2015 respectively. The Green Mark status facilitates in the continual development and improvement of our energy efficiency management plan and it has been re-certified todate for expiry in 2019 for PLS and 2021 for WGT.

Key Performance Indicators

The Group is committed to develop and maintain an internal system and process for the collection and analysis of key performance data and information, including the review and measurement of these data against performance targets for each material ESG factors:

1 Occupational Health and Safety

1.1 Managed Buildings

Health and Safety	Unit of Measurement	FY2018 Actual	FY2019 Target
Accident Incident	Number	Nil	Nil
Workplace Injury	Number	Nil	Nil
Fatalities	Number	Nil	Nil
Occupational Diseases	Number	Nil	Nil

1.2 Construction Sites

Health and Safety	Unit of Measurement	FY2018 Actual	FY2019 Target
Accident Incident	Number	2	Nil
Workplace Injury	Number	2	Nil
Fatalities	Number	Nil	Nil
Occupational Diseases	Number	Nil	Nil

2 Construction Wastes Management

Wastes Management	Unit of Measurement	FY2018 Actual	FY2019 Target
Wastes Disposed	Kg/sq m GFA	9.7kg/sqm	9kg/sqm

3 Energy Management

3.1 Construction Sites

Energy Management	Unit of Measurement	FY2018 Actual	FY2019 Target
Energy Usage	Kwh/sq m GFA	47Kwh/sqm	45Kwh/sqm

3.2 Managed Buildings

Energy Management	Unit of Measurement	FY2018 Actual	FY2019 Target
Energy Usage	MWh	11,516	11,575