



**STAYING
ROOTED**

**ENGAGING
VALUES**

2019
**ANNUAL
REPORT**

SUSTAINABILITY REPORT

BOARD STATEMENT

INNOVATE FOR SUSTAINABILITY

At Ley Choon Group Holdings Limited ("Ley Choon" and together with all its subsidiaries, collectively "the Group"), we are united in upholding the highest standards of Environmental, Social and Governance ("ESG") practices within our organisation. Since we embarked on the sustainability journey, we have tackled the challenge of driving corporate sustainability with conviction and fervour.

Embracing sustainability reporting has challenged the Ley Choon management team to be introspective and re-calibrate the business *modus operandi* under which we have operated.

We have broadened our financial-centric business approach to incorporate non-financial parameters which has since sparked off a more effective management of a new spectrum of ESG parameters.

We believe our sustainable growth and success is only possible with the sustainable development of the communities we operate in, be it social, business or national communities.

While the Group continues to seek breakthroughs for new growth, we recognise the increasing importance of strengthening the sustainability and resilience of our current business operations.

We will continue to explore and evaluate business opportunities (including but not limited to strategic investments, partnerships, or mergers and acquisitions) that have potential to generate value for the shareholders.

EHS EXCELLENCE

In FY2019, we have launched our first Environmental, Health & Safety ("EHS") Monitoring Plan for the Ley Choon Group. This programme aims to increase EHS ownership among employees in daily operations as well as to empower all employees to meet high EHS standards.

As we endeavour to enhance our EHS management system and processes to the highest standards, we aim to review and revise our existing Safety Management System vigilantly. Apart from implementing quarterly internal and external audits, we have also introduced a Competency Skill Test for our site supervisors in order to maintain a balance between Productivity and Safety in our operation.

Another new outstanding Safety Enhancement Programme (SEP) was also introduced in FY2019. The key feature is the use of technology-based analytic tools to analyze the root causes of past incidents/accidents to determine preventive solutions and specific training needed for employees.

As a result, safety training hours have increased from 300 hours in FY2018 to 400 hours from FY2019.

In terms of environmental compliance, we have successfully achieved a 71.4% reduction of incidents in environmental violations.

In FY2019, we have invested in the installation of 10 renewable solar panel lights at our Ley Choon premises as our first attempt in harnessing energy-efficient renewable energy sources.

HUMAN CAPITAL AND INNOVATION

Driving innovation is one of the key goals of our human capital development. In FY2019, we are delighted to present the first Appreciation Award for Innovation that resulted in cost savings for the Company.

Our firm commitment to investing in human capital is reflected in a 5.3% increase in average training hours per employee to 12.0 hours in FY2019. For social impact, the Group plans to increase our contribution in business and community initiatives in the next 3 years.

We remain optimistic in driving the virtuous cycle of innovation and change management to drive greater financial and ESG returns for the Group.

TOH CHOO HUAT

Executive Chairman & Chief Executive Officer



ESG PERFORMANCE FY2019 HIGHLIGHTS

SOCIAL

- 5.3% increase in average training hours per employee to 12.0 hours in FY2019
- Attained 87.4% target for the Customer Satisfaction Index FY2019



GOVERNANCE

- Full adherence to Code of Corporate Governance and maintained the zero-rate for whistle-blowing incident
- Achieved 71.4% reduction of incidents in environmental violations



ENVIRONMENTAL

- Launched the first Environmental, Health & Safety ("EHS") Monitoring Plan to increase EHS ownership among employees in daily operations requirement as well as to empower all employees to meet high EHS standards
- Launched a Safety Enhancement Programme which leveraged technology analytic tool to analyze the root causes of past incidents/ accidents to derive with preventive solutions & specific training needed for employees
- Introduced Competency Skill Test for our site supervisors to strive for a balance between Productivity and Safety in operations
- Installed 10 renewable solar panel lights at our Ley Choon premises as our first attempt in harnessing energy-efficient renewable energy sources

SUSTAINABILITY REPORT

Ley Choon Group Holdings Limited (the "Company", and together with all its subsidiaries, collectively, the "Group") recognises the importance of and seeks continuous improvement to our sustainability reporting. For the financial year ended 31 March 2019 ("FY2019"), the Group deepened our discussion of the material issues that are important to our stakeholders, our strategy in managing these challenges and issues, and how we have performed in terms of our key performance indicators.

Scope of this Report

In FY2019, we maintained the reporting approach by applying the international reporting framework, Global Reporting Initiative ("GRI") Standards, in preparing this sustainability report.

For reference to the GRI Content Index, please refer to pages 33–38.

Reporting Boundaries and Standards	<p>The report is also prepared in accordance with GRI Principles for defining report content, including:</p> <ul style="list-style-type: none"> • Materiality: focusing on issues that impact business growth and are of utmost importance to our stakeholders; • Stakeholder Inclusiveness: responding to stakeholder expectations and interests; • Sustainability Context: presenting performance in the wider context of sustainability; and • Completeness: including all information that is of significant economic, environmental and social impact to enable stakeholders to assess the Company's performance. <p>The Group uses a consolidated operating approach to determine organisational boundaries. Our data is an aggregation of our businesses globally. Our first sustainability report was issued for the year ended 31 March 2017 ("FY2017").</p>
Report Period and Scope	<p>This report covers data and information from 1 April 2018 to 31 March 2019 and discusses the Group's achievements and performance towards Environmental, Social and Governance ("ESG") issues.</p> <p>This report has been prepared in accordance with the GRI Standards: Core Option.</p>
Accessibility	<p>The Group continues to print adequate copies of this annual-cum-sustainability report as part of our environmental conservation efforts.</p> <p>A current electronic edition of the report is available at www.leychoon.com.</p>



Best employee award recipients, Ms. Foo Siew Kuan (Left) and Ms. Wong Siew Yeng, Esther (Right) with Mr. Toh Swee Kim



Accountability to Stakeholders

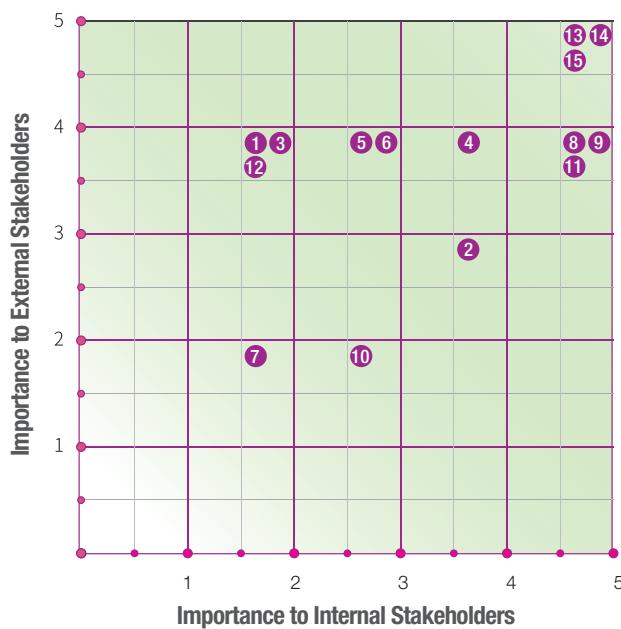
Being a responsible corporate citizen, the Group works closely with our stakeholders to understand their concerns and feedback. The stakeholder engagement provides valuable feedback and information for the preparation of our sustainability report.

Our Key Stakeholders	How We Engage Them	Key Topics
Customers	<ul style="list-style-type: none"> Formal meetings Informal feedback 	<ul style="list-style-type: none"> Project timelines, requirements and specifications Work-in-progress and status Feedback on completed projects
Shareholders and Financial Community	<ul style="list-style-type: none"> Annual General Meeting Announcements through SGXNet Emails 	<ul style="list-style-type: none"> Financial results Key developments such as contract wins, corporate actions, etc. Investor relations
Employees	<ul style="list-style-type: none"> Performance appraisals Team bonding and company events Internal communication through emails and intranet Annual appreciation dinner 	<ul style="list-style-type: none"> Performance and skills Health and safety issues and necessary precautions to note New contract wins Project timelines and status updates
Suppliers	<ul style="list-style-type: none"> Regular meetings Emails 	<ul style="list-style-type: none"> Feedback on their products and services Information of their new products or services
Government and Regulatory Agencies	<ul style="list-style-type: none"> Consultations Discussions Legal counsel 	<ul style="list-style-type: none"> Regulatory and industry standards and guidelines
Local Community	<ul style="list-style-type: none"> Community outreach activities (such as community event sponsorships) Charity events Sponsor technical seminars 	<ul style="list-style-type: none"> Partner with local not-for-profit charitable organisations to identify the target beneficiaries

SUSTAINABILITY REPORT

MATERIALITY MATRIX

Importance to Stakeholders



ECONOMIC	1 Economic Contribution to Society 2 Wage and Local Hiring
ENVIRONMENT	3 Energy Management 4 Environmental Impact Assessment and Mitigation 5 Water Conservation 6 Waste Management 7 Climate Change and Emission
SOCIAL	8 Diversity and Equal Opportunity 9 Training and Staff Development 10 Business Partners Engagement 11 Labour Management Relations 12 Supply Chain and Procurement Practices
GOVERNANCE	13 Legal Compliance and Corporate Governance 14 Anti Corruption and Anti Fraud 15 Health & Safety

MATERIALITY MATRIX

Defining Our Materiality Issues

From the results of our stakeholders' engagement, the Group has adopted a materiality analysis to identify challenges and issues that are important to our stakeholders and which are relevant to our Group.

Our material issues are identified as those that are ranked as high and critical by both our internal and external stakeholders on the materiality matrix. We therefore focus our sustainability efforts and reporting on these issues.

We have identified and compiled 15 relevant sustainability issues for developing this report. These issues were further deliberated and narrowed down through our engagement process with stakeholders. The senior management then reviewed the list of issues and determined the material issues based on importance to our stakeholders and the sustainability impact to our businesses.

The importance of the material issues is ranked based on our meetings and interviews with our stakeholders.

Our Strategic Approach to Sustainability

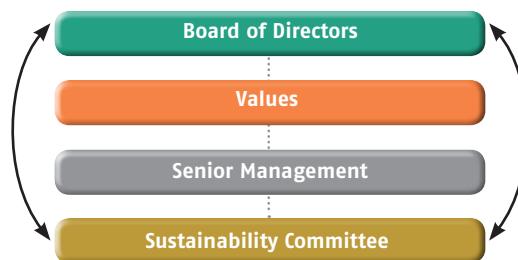
With our vision and corporate values in mind, we are making an effort to integrate sustainability into the businesses of Ley Choon Group, so that it is systematic and seamless. Where possible, we incorporate sustainability considerations in our decision-making processes.

Our sustainability efforts are led by our senior management who ensures that the Group's business objectives are in line with our commitments to sustainable development. Senior management is responsible for on-going communication to the Board of Directors.

Ley Choon's senior management determined focus areas where Ley Choon can have the greatest economic, environmental and social impact, as well as the areas that are most important to our stakeholders.

Ley Choon has taken efforts to seek the opinion of internal and external stakeholders either formally or informally. We aspire to understand the needs and expectations of our key stakeholders and strive to build mutual beneficial relationships.

Governance Structure





ECONOMIC

ECONOMIC CONTRIBUTION TO SOCIETY

At present, the Group operates our businesses across two business segments in Singapore and another two overseas markets in China and Sri Lanka. We manage our one-stop underground utilities infrastructure construction and roadworks service in accordance with sustainability principles. We work closely with our business partners to identify and consider any sustainability opportunities and risks that may arise.

More importantly, we strive to contribute positively to society through our economic presence by contributing to the efficient management of the public infrastructure, namely underground utilities infrastructure, roadworks and maintaining good stewardship of the resources.

In FY2019, we have achieved S\$102.9 million revenue and generated new business opportunities within our organisation in the markets we operate in. Despite our business challenges, we still seek to demonstrate our commitment to actively contribute to the communities and the charitable organisations in Singapore through a formal corporate philanthropy policy which is pegged to our annual contract wins.

For our financial performance, please refer to page 92 onwards of this report.



Mooncake festival volunteering

GOVERNANCE

LEGAL COMPLIANCE AND CORPORATE GOVERNANCE

Corporate governance and legal compliance have always been one of the top priorities for the Group. The decision-making process in the Group is strictly in line with legal and regulatory requirements and in compliance, including but not limited to, with the Code of Corporate Governance issued by Monetary Authority of Singapore and the guidelines of the Building and Construction Authority ("BCA"), Land Transport Authority ("LTA"), National Environmental Agency ("NEA") and Ministry of Manpower ("MOM").

The Company has not received any correspondences or notifications in relation to any material non-compliance of regulatory requirements in FY2019. The Audit Committee received no whistleblowing letters during the year. There were only 4 incidents of environmental violations in FY2019 which reflected our success in achieving 71.4% reduction compared to 14 cases in FY2018.

For further details on Corporate Governance, please refer to pages 43-75.

Ethics & Integrity

To step up our corporate governance and productivity, we have adopted a Performance Point System (PPS) within our code of conduct for employees.

Under the PPS, each worker's individual work performance is rated and ranked according to three categories, namely Performance, Safety and Attendance. The top 30% performers are rewarded by cash incentive on a quarterly basis.

At the same time, we also manage a demerit framework for all workers, which is aimed to reduce misconduct rate among employees and encourage good performance through a fair and systematic framework to govern all disciplinary action.

Our management framework centers on achieving a balance in deterrence for undesirable offences or misconduct versus the reward programme under PPS to reward good and outstanding performance among employees.

Customer Privacy & Data Protection

The nature of our business warrants high level of security and confidentiality of our clients' personal data as well as the business transactions they have undertaken.

We adhere strictly to the guidelines set by the Personal Data Protection Act (PDPA). We have invested to ensure our proprietary IT system meets the highest standards for IT security. Our confidential documents are disposed by waste disposal firms to ensure maximum security.

There is no incident of substantiated complaints concerning breaches of customer privacy and losses of customer data.

SUSTAINABILITY REPORT

ENVIRONMENT

ENVIRONMENTAL HEALTH & SAFETY ("EHS")

The Group recognises the promotion of quality, environmental, safety and health of its employees and the prevention of pollution as an important part of its operations and in meeting the requirements of customers, business partners, employees and the general public.

Guided by our Group's policy that "Safety is everybody's responsibility", we are driven by the steadfast commitment to our employees for a safe working environment in which one can work and excel with full confidence.

In support of our integrated management system policy, the Group commits itself to the provision of workplace, health and safety, prevention of damages to property, the promotion of pollution-free environment and noise reduction to the general public through:

- Reducing environmental impact through "Reduce, Reuse and Recycle".
- Prevention of environmental pollution, injury, ill health and accident that potentially affect our employees, stakeholders, contractors, suppliers, and the general public.
- Continuously improving our management system, process and performance.
- Ensuring compliance to applicable legal legislation and other requirements.
- Green and Gracious practices/code approaches to protect our mother earth and be gracious and considerate to general public.

Occupational Health & Safety

Currently, we have two existing programmes well in place which are the daily toolbox meeting and our monthly safety training. A new worker induction programme is also in place to provide a comprehensive training for all aspects of safety in different work environments for all new employees.

We hold our annual Safety Day to encourage workers to display good safety practices at sites as well as to maintain good housekeeping of equipment, machinery and vehicles. Top 3 winning teams are selected by Management and prizes are given out during our employees Annual Appreciation Dinner. To heighten safety consciousness, we have also integrated a safety related quiz during our Annual Dinner.

For risk management training, we have built in a tie-in with the national SGSECURE Anti-Terrorism programme whereby our workers are instilled with the importance of protecting our worksite against terrorist sabotage.

In addition, workplace fire safety drills are also organised to ensure that our employees are trained to respond effectively during emergencies.

In FY2019, we have launched our first Environmental, Health & Safety Monitoring Plan for the Group. This programme aims to increase EHS ownership among employees in daily operations requirement as well as to empower all employees to meet higher EHS standards.

As we endeavour to elevate our EHS management system and processes to the highest standards, we review and revise our existing Safety Management System vigilantly. Other than implementing quarterly internal and external audits every year, we have also introduced a Competency Skill Test for our site supervisors. We strive to maintain a balance between Productivity and Safety in operation sites.

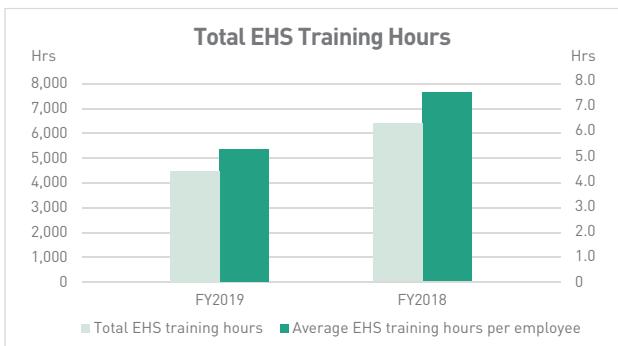
Another outstanding new Safety Enhancement Programme was also introduced in FY2019. This programme aims to enhance our Safety Standards and to lower the Accident Rate (AFR & ASR) within the Group. The key feature is the use of technology-based analytic tools to analyse the root causes of past incidents/accidents to determine preventive solutions and specific training needed for employees.

As a result, safety training hours have increased from 300 hours in FY2018 to 400 hours in FY2019.



ENVIRONMENT

EHS Training	FY2019	FY2018
Total EHS training hours	4,499	6,366
Average EHS training hours per employee	5.4	7.6



There is a decrease in total training hours in FY2019 because most of the workers had already attended the required external training courses in previous years to comply with the applicable law and regulations. In order to maintain the workers' competency, we had increased our internal training hours by conducting more in-house training to workers in FY2019 by 25% up to 400 hours in total.

However, we aim to maintain our average EHS training hours consistently despite the fluctuation in the volume of projects and staff strength every year.



Tool box meeting

Water Conservation & Energy Management

Given the fact that we are in the underground utilities infrastructure business, water and electricity consumption is correspondingly high in keeping up with our business operations.

The water supply to our businesses is drawn from the national water system provided by Public Utilities Board. We have been actively monitoring our water and electricity consumption to control consumption levels, so as to maintain cost efficiencies.

In FY2019, we have actively taken steps to reduce the water, energy and paper consumption within our organisation over the past year.

We have reaped the benefits of our concerted ESG efforts in the first two years. However, in FY2019, we noted that there are 16.9% and 20.5% increase in water and electricity consumption respectively. In terms of expenditure, we noted that there are 35.5% and 30.9% increase in water and electricity expenditure respectively.

The increase in electricity consumption is due to the increase of production in the asphalt recycling plant. The increase in water consumption is due to the increased volume of water used for maintenance of the fleet of vehicles within the Group.

In FY2019, we have also re-installed the use of NEWater at 8 waterpoints in Ley Choon premises.

In FY2019, we have invested in the installation of 10 renewable solar panel street lights at our Ley Choon premises in our first attempt in harnessing energy-efficient renewable energy sources in our premises.

In the light of the liberalisation of electricity market since 1 April 2018, we will be conducting a review on the likely cost saving through the switch of electricity service provider in the financial year ending 31 March 2020 ("FY2020").

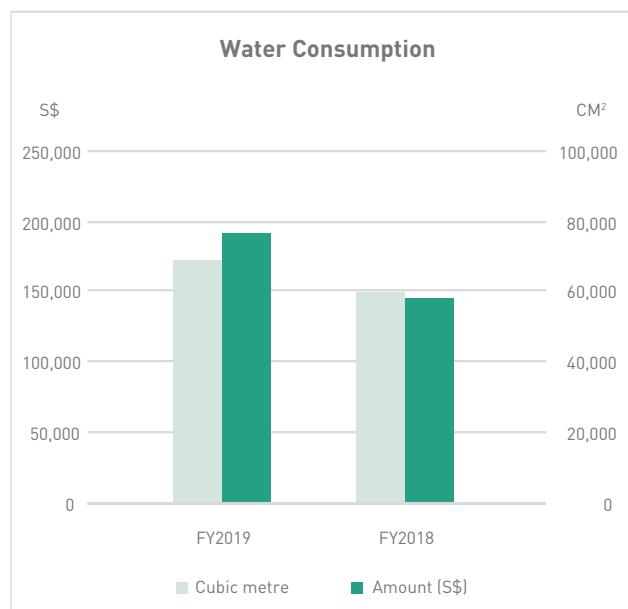


Solar panel lights at Ley Choon premises

SUSTAINABILITY REPORT

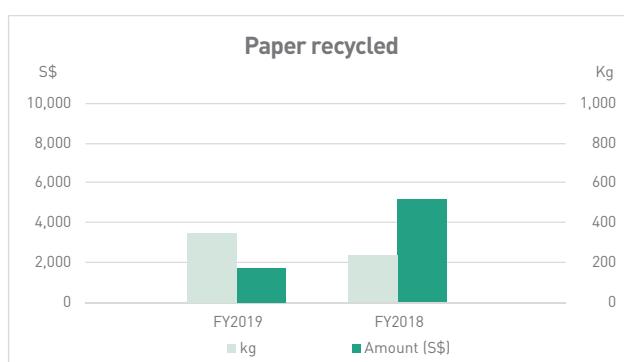
ENVIRONMENT

	FY2019		FY2018	
	Unit (cm ³)	Amount (S\$)	Unit (cm ³)	Amount (S\$)
Water Consumption	69,853	198,097	59,769	146,196

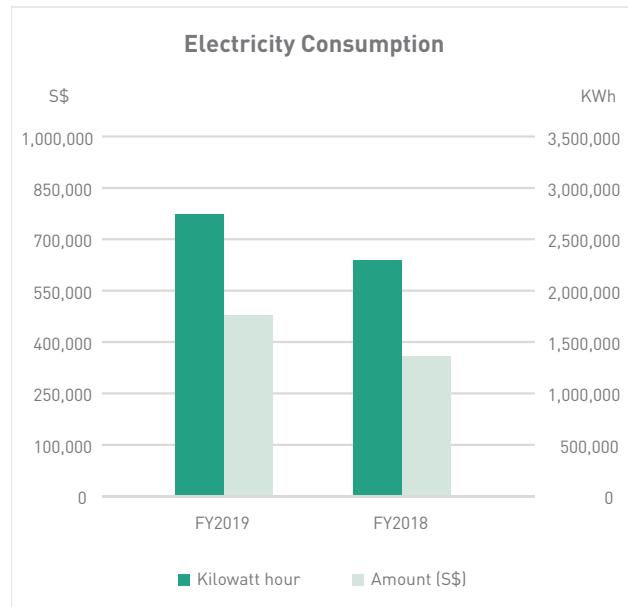


In terms of paper recycling, there was an one-off increase in total weight of recycled paper because of the disposal of old documents which consisted of mostly double-sided papers which could not be re-used in daily printing.

	FY2019	FY2018
Weight of paper recycled	384kg	239kg
Cost savings for paper consumption	\$1,973	\$5,613



	FY2019		FY2018	
	Kilowatt hours	Amount (S\$)	Kilowatt hours	Amount (S\$)
Electricity Consumption	2,765,062	470,357	2,294,250	359,358



Biodiversity Conservation

We practise environmental monitoring and mitigation by incorporating biodiversity conservation within our worksites.

Our biodiversity conservation programme centred on the review of the conditions of the vegetation around the circumference of first two pilot projects for our project sites.



The procedure of monthly observation and preservation of biodiversity around our construction sites have been incorporated in the environmental process for our worksites

ENVIRONMENT

Waste Management

In line with our corporate motto of "Build, Renew, Recycle", proactive mitigation of the environmental impact and protection is deeply embedded within our business model, as aptly demonstrated by the built-in recycling feature of our asphalt premix plant that allows up to 70% of recycled components to be used.

As a strong green advocate of the use of recycled aggregates and asphalt, we promote green environment and are also committed to comply with all applicable environmental regulations set by the BCA, NEA as well as building and construction industry locally and internationally.

We have set for ourselves the mission to (1) review and implement waste management systems and processes to minimize wastage; and (2) to protect water bodies from being affected by contaminated water and waste discharge.

In FY2019, we had labelled all the recycling containers with enhanced visibility for each category of recycled products, so that our staff and customers can have greater ease in their waste recycling management process.



Labelled containers

Pursuing EHS Excellence

We strive to attain EHS excellence through meeting the stringent requirements of BCA, Green and Gracious Builder Award and bizSAFE STAR annually.

In FY2019, we have also received the BCA Green and Gracious Builder Award and bizSAFE STAR for the following subsidiaries of the Group: Ley Choon Constructors and Engineering Pte Ltd, Teacyl (S) Pte. Ltd. and Chin Kuan Engineering and Contractors Pte Ltd

BCA Green & Gracious Awards	bizSAFE STAR
Ley Choon Constructors and Engineering Pte Ltd	Ley Choon Constructors and Engineering Pte Ltd
Teacyl (S) Pte. Ltd.	Teacyl (S) Pte. Ltd.
Chin Kuan Engineering and Contractors Pte Ltd	Chin Kuan Engineering and Contractors Pte Ltd
	Multiform Developments & Construction Pte Ltd
	Pan Alliance Technology International Pte. Ltd.

Customer Satisfaction Index

We have achieved a 87.4% target for the Customer Satisfaction Index FY2019 based on the survey results that were collected from 9 key clients in the private sector. Results shows that our major clients are generally satisfied with the services provided by the Group, especially in the area of working relationship between both parties which scored the highest rating of 4.6 out of 5.

Awards	Customer	Project	
Contractor Safety Recognition Award (Construction)	Public Utilities Board	Proposed 2200mm Diameter Water Pipeline from MNSR – Package 1	
Safety Recognition Award	Changi Airport Group	ZERO Safety infringement for works at Changi Airport in 2018	
Safety Accomplishment Award	Samsung Engineering & Construction	T313 Project 2018 for achieving 5.0 million accident free man-hours	

SUSTAINABILITY REPORT

ENVIRONMENT

Targets & Performance

We have charted for ourselves an Environmental, Health and Safety roadmap which we have embarked on since FY2018.

Aspects	Objective	Targets	Policy
• Quality			
Meet & Exceed all customer's requirement	<ul style="list-style-type: none"> To benchmark customer satisfaction using Customer Satisfaction Index 	<ul style="list-style-type: none"> To meet the average target score of 85% for Customer Satisfaction Index 	<ol style="list-style-type: none"> We aim for 100% on time, on budget completion rate for all our projects. We strive to achieve 100% customer satisfaction rating by our customers. We deliver the highest quality standards in accordance to the project specifications set by our clients.
Performance of services and products	<ul style="list-style-type: none"> To reduce the number of rework cases per year 	<ul style="list-style-type: none"> To reduce and minimise major rework cases by 20% 	<ol style="list-style-type: none"> We aim for zero defects for the performance of services and products delivered to our clients. We will reduce major reworks and related repair by 1%.
• Occupational Health & Safety			
Prevention/Reduction of Accident or Incident	<ul style="list-style-type: none"> To provide safe working environment 	<ul style="list-style-type: none"> To aim for zero accident rate at workplace 	<ol style="list-style-type: none"> We aim for zero accident rate at workplace. We provide for a safe and well designed workplace to ensure our employees are safeguarded against any foreseeable accidents.
Occupational Health	<ul style="list-style-type: none"> To provide a healthy environment and protection for employees at workplace 	<ul style="list-style-type: none"> To aim for zero occupational health incident at workplace 	<ol style="list-style-type: none"> We aim for zero occupational health incident rate at workplace.
Prevention of damages to property	<ul style="list-style-type: none"> To prevent damages to property 	<ul style="list-style-type: none"> To reduce and minimise the repair cost and reduce damages to property by 20% 	<ol style="list-style-type: none"> We aim to reduce the repair costs to less than 5% of the project cost.
Comply with Legal and Other Requirements	<ul style="list-style-type: none"> To comply with legal requirements 	<ul style="list-style-type: none"> To reduce the cases of legal non-compliance by 20% 	<ol style="list-style-type: none"> We comply with all national and international legal regulations to uphold the highest level of health and safety standards at our worksites. We target to achieve zero non-compliance with any environmental regulations.
• Environmental			
Material (Recycling)	<ul style="list-style-type: none"> To protect Earth's natural resources by maximizing the usage of recycled materials in daily operation works. 	<ul style="list-style-type: none"> To increase the usage of recycled material by 1% in Operation Works compared with previous year 	<ol style="list-style-type: none"> We embrace green principles of using more recycled materials in our daily operations.

ENVIRONMENT

Aspects	Objective	Targets	Policy
Energy Conservation	<ul style="list-style-type: none"> To protect our Mother Earth by reducing energy consumption and avoiding pollution 	<ul style="list-style-type: none"> To reduce the total energy consumption by 2% per headcount in HQ building 	<ol style="list-style-type: none"> We implement energy efficient practices, technology and equipment to reduce energy consumption within our premises. We target to reduce the pollution caused by our construction activities.
Water Conservation	<ul style="list-style-type: none"> To preserve our environment by reducing the use of water for our activities 	<ul style="list-style-type: none"> To reduce the total water consumption by 2% per headcount in HQ building 	<ol style="list-style-type: none"> We implement efficient practices, technology and equipment to reduce water consumption.
Biodiversity	<ul style="list-style-type: none"> To deploy the necessary resources to preserve biodiversity and ensuring the sustainability of ecosystems 	<ul style="list-style-type: none"> To engage specialist/experts to set up the environmental programme for protected area prior to the commencement of works 	<ol style="list-style-type: none"> We implement environmentally-friendly practices, technology and equipment to preserve biodiversity.
Effluent & Waste	<ul style="list-style-type: none"> To protect water bodies from being affected by contaminated water & waste discharge To ensure all the contaminated waste are sent for proper disposal by NEA approved General Disposal Facilities 	<ul style="list-style-type: none"> To employ Environmental Control Office/Specialist for Environment Control Measure implementation 	<ol style="list-style-type: none"> We target to treat contaminated waste water before discharging all our projects. We implement effective waste management measures and technology to ensure we maximize the materials we use and the waste disposal/discharge is responsibly managed.
Environment Compliance	<ul style="list-style-type: none"> To ensure we conform to environmental laws, regulations, standards and other industry requirements 	<ul style="list-style-type: none"> To reduce the number of environmental related cases brought by external authorities 	<ol style="list-style-type: none"> We comply with all national and international legal regulations to uphold the highest level of environmental standards at our worksites.



Construction waste recycling

SUSTAINABILITY REPORT

SOCIAL

OUR PEOPLE

To underscore our care and commitment towards our employees, the Group adopts a holistic Human Resource ("HR") strategy focused on fair remuneration and equal opportunities, training and development, employee wellness and engagement, and work-life harmony.

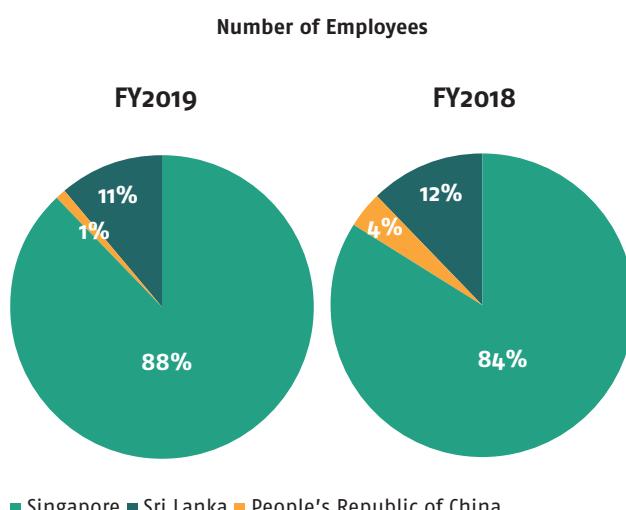
We are fully committed to complying with all applicable labour laws where we operate as well as all mandatory legal regulations and training requirements stipulated by BCA and MOM in Singapore.

Fair Employment Opportunities

The Group currently has a headcount of around 1,000 employees. We provide fair employment opportunities to all, regardless of age, gender, race or nationality. Our Group advocates a policy of harnessing diversity in human resource as evidenced by a fair distribution of employees from varied nationalities and age groups to support our key markets in Singapore, China and Sri Lanka.

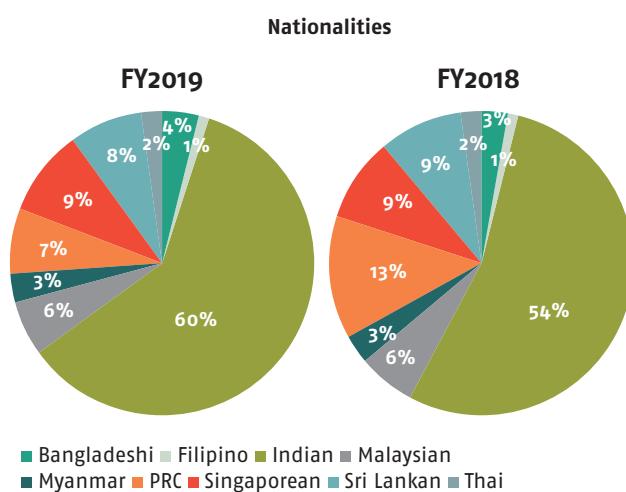
Employees*	FY2019	FY2018
Singapore	810	888
People's Republic of China ("PRC")	5	44
Sri Lanka	99	122
Total	914	1,054

* As at 31 March 2019



Nationalities*	FY2019 Proportion (%)	FY2018 Proportion (%)
Bangladeshi	4	3
Filipino	1	1
Indian	60	54
Malaysian	6	6
Myanmar	3	3
PRC	7	13
Singaporean	9	9
Sri Lankan	8	9
Thai	2	2
Total	100	100

* As at 31 March 2019

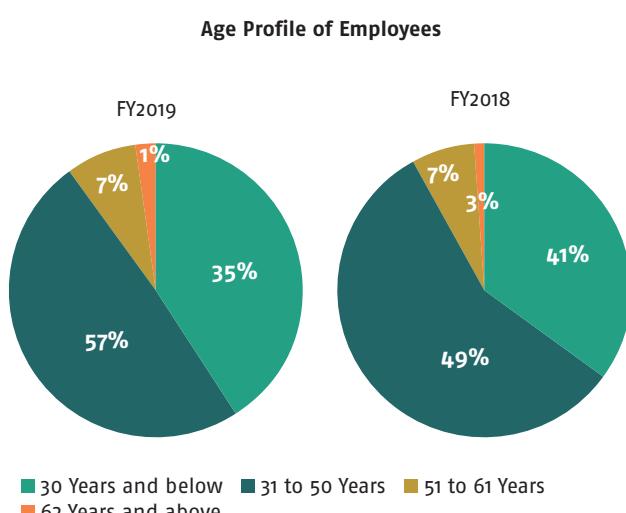


SOCIAL

We maintain a policy of employee diversity through providing employment opportunities to young and older workers beyond the official retirement age of 65. As at 31 March 2019, the youngest staff is 20 years old while we have only 8 senior staff of age 65 and above.

Age profile of Employees*	FY2019 Proportion (%)	FY2018 Proportion (%)
All Employees (include workers)		
30 Years and below	35	41
31 to 50 Years	57	49
51 to 65 Years	7	7
Above 65 years	1	3
Total	100	100

* As at 31 March 2019



In terms of employee skills profile, we have maintained a fair proportion of professional and management team to lead and drive the business growth in our two business segments.

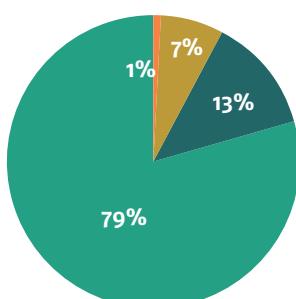
PMET* classification for Employees**	FY2019 Proportion (%)	FY2018 Proportion (%)
Senior Management	1	1
Middle Management (Managers & Professional)	7	5
Executive	13	10
Workers	79	84
Total	100	100

* PMET refers to Professionals, Managers, Executives and Technicians

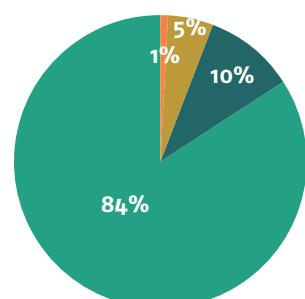
** As at 31 March 2019

PMET Classification for Employees

FY2019



FY2018



Legend: Senior Management (orange), Middle Management (yellow), Executive (dark teal), Workers (teal)

Years of service*

FY2019

FY2018

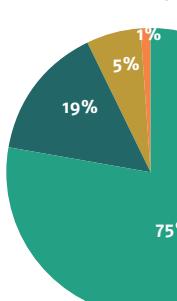
Years of service*	FY2019 Proportion (%)	FY2018 Proportion (%)
5 years and below	75	78
6 to 9 years	19	15
10 to 20 years	5	6
Above 20 years	1	1
Total	100	100

* As at 31 March 2019

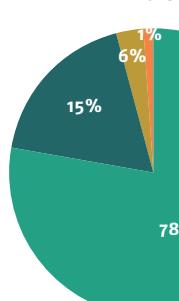
Years of Service

FY2019

FY2018



Legend: 5 years and below (teal), 6 to 9 years (dark teal), 10 to 20 years (yellow), Above 20 years (orange)



SUSTAINABILITY REPORT

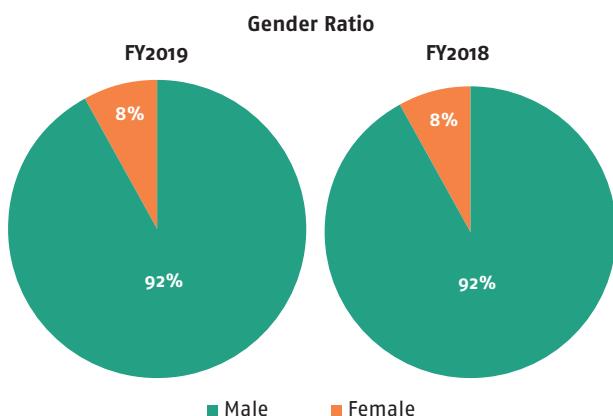
SOCIAL

During FY2019, we have adjusted our employees' strength carefully in response to our business needs.

The Group advocate gender diversity and equal opportunities in our organisation. However, given the nature of our business is in the underground utilities infrastructure construction and roadworks services, it is inevitable that over 90% of our employees are male whilst the female employees are mainly engaged in the support functions at all levels.

Gender Ratio*	FY2019 Proportion (%)	FY2018 Proportion (%)
Male	92	92
Female	8	8
Total	100	100

* As at 31 March 2019



Fair work practices and remuneration are ascertained based on individual work performance and not on any gender consideration at Ley Choon. No form of discrimination is tolerated within our organisation. There is no incident of discrimination and corrective actions taken.

Training & Development

We are committed to investing in the training and further education of our employees as demonstrated by the fact that we have managed to increase our average training hours per employee by 5.3% in FY2019.

Training & Education*	FY2019	FY2018
Total training hours	10,877	11,997
Average training hours per employee	12.0	11.4

* As at 31 March 2019



Embracing Technology Innovation

As our first step to digitise our employee records, we have adopted Fareclock which is a complete time attendance system using facial recognition technology.

Through this implementation, we have enhanced the accuracy of our employee records and attendance system.

The employee self-service electronic system which allows our employees to access their leave records, check and apply for their leave as well as to file transportation claims on or offsite, were well-received. This has greatly enhanced the productivity and data analytics for our leave management system.

E-pay slips are generated for all employees have translated into higher productivity and convenience for employees through the paperless and electronic mechanism.



SOCIAL

Employee Engagement and Wellness

In appreciation of our employees' invaluable contribution to the organisation, the Group continued its annual appreciation events organised for employees of all levels to mingle and bond over social activities.

Other than our annual appreciation dinner, we also organised a bowling tournament in Singapore as part of our annual team building event. This has created a stronger collaborative spirit within the Group.

In addition, we organised a Ley Choon Talentime Show 2019 for our workers during Deepavali in Singapore.

We have also organized our regular Workers Orientation Briefing by senior management with our working level employees to understand and identify their work issues and challenges. Such engagement initiatives will be rolled out to involve the middle management in the following years.



Orientation to newly joined employees



A Safety Promotion Campaign whereby staff and our customers like SP Power were invited to participate in driving awareness and the importance of strong safety management at worksites.

Business Partner & Stakeholder Engagement

We actively engage our business partners and stakeholders regularly to keep them abreast of the developments of our businesses.

Please see the section on Accountability to Stakeholders on page 15 for more information.

Labour-Management Relations

It is important to have effective communication between management and employees, so that employees are more engaged with the organisation and have a more positive attitude towards their work and loyalty to the Group. They are provided with frequent management updates and adequate notice period regarding operational changes.

We often engage our employees in the following ways:

- Bi-monthly management meeting primarily to review the physical & financial progress of the projects.
- Regular dialogue session between CEO & operation staff to understand their practical challenges in the operations and the impediments to improve the productivity, so as to modify the workflow and business processes appropriately.
- Weekly/Monthly Meetings

Team Managers have weekly and monthly meetings with the management team to discuss about operations review and project progress.

• Quarterly Meetings

Management conducts quarterly meetings for Board of Directors to discuss business development and finance.

• Informal Small Group

Meetings are often held by management to listen to and understand our employees' concerns and grievances.

SUSTAINABILITY REPORT

SOCIAL

Appreciation Award for Innovation



Mr Tevarajan Anbuselvan (second from right) receiving the first appreciation award for Innovation from Mr Toh Choo Huat, Executive Chairman & Chief Executive Officer

In FY2019, we set up an Appreciation Award for Innovation to staff who have contributed to the Group by thinking out of the box.

The first Appreciation Award for Innovation was awarded to Mr Tevarajan Anbuselvan from Ley Choon Construction and Engineering Pte Ltd for his ingenious innovation that resulted in significant cost savings for the Company.

He did a creative modification of an existing CCTV tractor used in big diameter CCTV survey for 500–3000mm diameter and also created a support for the same tractor to prevent it from toppling over when turning around inside the bigger sewers. PUB allowed the usage of this modified CCTV set.

As a result, his innovation brought a savings of S\$40,000 for the Group because the Group does not need to purchase another sewer robotic crawler. It also increased productivity by putting idling equipment into full use.



Modification to an existing CCTV tractor



SOCIAL

CORPORATE SOCIAL RESPONSIBILITY

Corporate Philanthropy

In Singapore, we have collaborated closely with our business partners to contribute to the less privileged in society through various charities.

Over the past years, we have supported the good causes of many charitable organisations. In FY2019, we have supported the following beneficiaries:

Beneficiaries	Mission	What did we do?
Cairnhill Constituency Community Centre	Provide grassroot and community activities to residents living in the Cairnhill constituency	"Love Mooncake" Donation and volunteering Donation to Moulmein Cairnhill CCC Catalyst Awards
Soles4Souls	Collection of shoes for the needy in emerging economies	Collected over 100 pairs of shoes for donation



Soles4Souls – Shoe donation drive

SUSTAINABILITY REPORT

SOCIAL

Targets & Performance

We strive for excellence to raise our investments and standards for our human capital.

We have set a three year roadmap along 6 key pillars of:

- (1) Employee Engagement and Excellence
- (2) Fair Remuneration
- (3) Diversity and Equal Opportunities
- (4) Training and Development
- (5) Talent Performance Management
- (6) Corporate Social Responsibility

We are systematically reviewing and setting the key performance metrics for our human resource management system in 1 to 5 years time.

Sustainability Issues	Objective	Targets	Policy
Employee Engagement and Excellence			
Employee Wellness	<ul style="list-style-type: none"> • To enhance employee wellness in both physical and mental state of well-being 	<ul style="list-style-type: none"> • To target employees' well-being by bringing in complimentary basic health screening services through appropriate medical intervention including medication and lifestyle modification • To support mental wellness through the promotion of work-life balance among the employees 	<ol style="list-style-type: none"> 1. We aspire to position Ley Choon as the employer-of-choice for existing and potential employees. 2. We strive to provide a healthy workplace as healthy employees contribute to the Company's growth and corporate culture such as productivity, energy, engagement and morale.
Employee Engagement	<ul style="list-style-type: none"> • To achieve employee engagement through well-designed employee engagement strategy & programmes 	<ul style="list-style-type: none"> • To increase employee engagement to enhance the communication and cohesion of the organisation 	<ol style="list-style-type: none"> 1. We strive to achieve 20% more employee engagement to enhance the communication and cohesion of the organisation. 2. We promote greater social interaction among employees via company-wide programmes and both external and internal communications channels.
Employee Loyalty	<ul style="list-style-type: none"> • To achieve employee loyalty through well-designed employee loyalty strategy & programmes 	<ul style="list-style-type: none"> • To attain employee loyalty to enhance employee morale, motivation and cohesion of the organisation 	<ol style="list-style-type: none"> 1. We strive to attain 80% employee loyalty to enhance the employee morale, motivation and cohesion of the organisation.

SOCIAL

Sustainability Issues	Objective	Targets	Policy
Fair Remuneration			
Compensation & Benefits	<ul style="list-style-type: none"> To provide fair and competitive remuneration and staff benefits which meets the Company's goals of attracting and retaining good talents 	<ul style="list-style-type: none"> To achieve fair and competitive remuneration packages for staff which commensurate with their work experience and skillset 	<ol style="list-style-type: none"> We aspire to position Ley Choon as the employer-of-choice for existing and potential employees. We strive to achieve fair, non-discriminatory and competitive remuneration packages for staff which commensurate with their work experience and skillset. We aim to achieve above 80% rating for satisfaction for remuneration and benefits by our employees in the exit interview responses.
Diversity and Equal Opportunities			
Recruitment	<ul style="list-style-type: none"> To embrace open recruitment approach to attract the best talent to serve in the Group 	<ul style="list-style-type: none"> To effectively recruit good employees with the right profile and required skillsets for the Group 	<ol style="list-style-type: none"> We embrace an open recruitment policy to uphold the principle of fairness and meritocracy in our recruitment and selection process.
Diversity	<ul style="list-style-type: none"> To attain the strength in diversity in terms of gender, age and nationality 	<ul style="list-style-type: none"> To achieve a fair proportion of diversity in terms of gender, age and nationality in our workforce 	<ol style="list-style-type: none"> We strive to achieve a fair proportion of diversity in terms of gender, age and nationality in our workforce.
Training & Development			
Training	<ul style="list-style-type: none"> To implement training programmes which will upgrade and enhance the technical skillsets and professional competencies of our employees in order for them to excel in their current position 	<ul style="list-style-type: none"> To support our employees to upgrade and enhance their professional competencies and technical skillset to meet the required scope of work 	<ol style="list-style-type: none"> We are committed to training and encouraging skills upgrading for all our employees. We provide training to our employees to upgrade and enhance their professional competencies and technical skillset to meet the required scope of work.
Employee Development	<ul style="list-style-type: none"> To implement training programmes which will upgrade and enhance the individual skillsets and interpersonal competencies of our employees for future career advancement 	<ul style="list-style-type: none"> To support our employees to upgrade and enhance their individual skillsets and interpersonal competencies 	<ol style="list-style-type: none"> We provide training to our employees to upgrade and enhance their individual skillsets and interpersonal competencies.

SUSTAINABILITY REPORT

SOCIAL			
Sustainability Issues	Objective	Targets	Policy
Talent Performance Management			
Recruitment & Workforce Planning	<ul style="list-style-type: none"> To attract and recruit good talents which can meet the need of the Company's workforce planning 	<ul style="list-style-type: none"> To recruit effectively good talents who can contribute to the talent mix and skillsets requirements of our workforce planning 	<ol style="list-style-type: none"> We aim to recruit employees who possess the professional skillset and interpersonal skills that meet our workforce planning.
Employee Performance	<ul style="list-style-type: none"> To motivate high employee performance through well-designed employee performance strategy & programmes 	<ul style="list-style-type: none"> To develop an employee performance system which will provide a fair evaluation and high motivation system for employees 	<ol style="list-style-type: none"> We adopt a fair employee performance system which provides a fair evaluation and high motivation system for employees.
Corporate Social Responsibility			
Corporate Philanthropy and sponsorship	<ul style="list-style-type: none"> To position Ley Choon as an employer with strong Corporate Social Responsibility 	<ul style="list-style-type: none"> To achieve 10% increase in our staff volunteering hours 	<ol style="list-style-type: none"> We strive to improve the welfare of the communities while we endeavour towards our business goals. We set a corporate philanthropy policy which is pegged to our annual contract wins.



Fire drill



Annual team building event

GRI CONTENT INDEX

Universal Standard Disclosure		Page reference and reasons for omissions, if applicable
Organisational Profile		
102-1	Name of the organization.	1
102-2	Activities, brands, products, and services	1
102-3	Location of headquarters	1
102-4	Location of operations	1
102-5	Ownership and legal form	1
102-6	Markets served	1
102-7	Scale of the organization	1
102-8	Information on employees and other workers	1
102-9	Supply chain	15
102-10	Significant changes to the organization and its supply chain	N/A
102-11	Precautionary Principle or approach	14
102-12	External initiatives	LCG* has not adopted any external Initiatives.
102-13	Membership of associations	N/A
Strategy		
102-14	Statement from senior decision-maker	12
102-15	Key impacts, risks, and opportunities	12
Ethics and Integrity		
102-16	Values, principles, standards, and norms of behavior	Cover Page
102-17	Mechanisms for advice and concerns about ethics	17
Governance		
102-18	Governance structure	16
102-19	Delegating authority	16
102-20	Executive-level responsibility for economic, environmental, and social topics	16
102-21	Consulting stakeholders on economic, environmental, and social topics	16
102-22	Composition of the highest governance body and its committees	16
102-23	Chair of the highest governance body	16
102-24	Nominating and selecting the highest governance body	16
102-25	Conflicts of interest	15-16
102-26	Role of highest governance body in setting purpose, values, and strategy	16
102-27	Collective knowledge of highest governance body	16
102-28	Evaluating the highest governance body's performance	16
102-29	Identifying and managing economic, environmental, and social impacts	16
102-30	Effectiveness of risk management processes	40-42
102-31	Review of economic, environmental, and social topics	17-32

* LCG: Ley Choon Group

SUSTAINABILITY REPORT

Universal Standard Disclosure		Page reference and reasons for omissions, if applicable
102-32	Highest governance body's role in sustainability reporting	16
102-33	Communicating critical concerns	15
102-34	Nature and total number of critical concerns	15-16
102-35	Remuneration Policies	26, 57
102-36	Process for determining remuneration	26, 57
102-37	Stakeholders' involvement in remuneration	26, 57
102-38	Annual total compensation ratio	N/A
102-39	Percentage increase in annual total compensation ratio	N/A
Stakeholder Engagement		
102-40	List of stakeholder groups	15
102-41	Collective bargaining agreements	N/A, our employees are not unionised
102-42	Identifying and selecting stakeholders	15
102-43	Approach to stakeholder engagement	15
102-44	Key topics and concerns raised	15
Reporting Practice		
102-45	Entities included in the consolidated financial statements	7
102-46	Defining report content and topic Boundaries	14, 16
102-47	List of material topics	16
102-48	Restatements of information	N/A
102-49	Changes in reporting	N/A
102-50	Reporting period	14
102-51	Date of most recent report	14
102-52	Reporting cycle	14
102-53	Contact point for questions regarding the report	39
102-54	Claims of reporting in accordance with the GRI Standards	14
102-55	GRI content index	33-38
102-56	External assurance	N/A
Management Approach		
103-1	Explanation of the material topic and its Boundary	14-16
103-2	The management approach and its components	14-16
103-3	Evaluation of the management approach	14-16



Universal Standard Disclosure		Page reference and reasons for omissions, if applicable
Topic – Specific Standard Disclosures		
Category: Economic		
Aspect: Economic Performance		
201-1	Direct economic value generated and distributed	1–6, 17
201-2	Financial implications and other risks and opportunities due to climate change	N/A
201-3	Defined benefit plan obligations and other retirement plans	26
202-4	Financial assistance received from government	N/A
Aspect: Market Presence		
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Disclosure is not applicable as there is no minimum wage system in Singapore. Furthermore, LCG's direct hires are skilled technical and professional employees whose pay is not linked to particular laws concerning minimum wage.
202-2	Proportion of senior management hired from the local community	8–11 Our senior management is 100% hired from the local community
Aspect: Indirect Economic Impacts		
203-1	Infrastructure investments and services supported	1, 4–5
203-2	Significant indirect economic impacts	17
Aspect: Procurement Practices		
204-1	Proportion of spending on local suppliers	Majority of our business expenditure in Singapore is on locally-registered companies.
Aspect: Anti-corruption		
205-1	Operations assessed for risks related to corruption	17, 40–75
205-2	Communication and training about anti-corruption policies and procedures	17, 40–75
205-3	Confirmed incidents of corruption and actions taken	17, 40–75
Aspect Anti-Competitive Behaviour		
206-1	Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	N/A
Category: Environmental		
Aspect: Energy		
302-1	Energy consumption within the organization	20
302-2	Energy consumption outside the organization	20
302-3	Energy intensity	N/A
302-4	Reduction of energy consumption	19
302-5	Reduction of energy requirements of products and services	N/A

SUSTAINABILITY REPORT

Universal Standard Disclosure		Page reference and reasons for omissions, if applicable
Aspect: Water		
303-1	Water withdrawal by source	19
303-2	Water sources significantly affected by withdrawal of water	N/A
303-3	Water recycled and reused	19
Aspect: Biodiversity		
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	20
304-2	Significant changes of activities, products, and services on biodiversity	20
304-3	Habitat protected or restored	20
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	N/A
Aspect: Emissions		
305-1	Direct (Scope 1) GHG emissions	N/A
305-2	Energy indirect (Scope 2) GHG emissions	N/A
305-3	Other indirect (Scope 3) GHG emissions	N/A
305-4	GHG emissions intensity	N/A
305-5	Reduction of GHG emissions	N/A
305-6	Emissions of ozone-depleting substances (ODS)	N/A
305-7	Significant air emissions	N/A
Aspect: Effluents and Waste		
306-1	Water discharge by quality and destination	N/A
306-2	Waste by type and disposal method	N/A
306-3	Significant spills	N/A
306-4	Transport of hazardous waste	N/A
306-5	Water bodies affected by water discharges and/or runoff	N/A
Aspect: Environmental Compliance		
307-1	Non-compliance with environmental laws and regulations	12
Aspect: Supplier Environmental Assessment		
308-1	New suppliers that were screened using environmental criteria	N/A
308-2	Negative environmental impacts in the supply chain and actions taken	N/A
Category: Social		
Aspect: Employment		
401-1	New employee hires and employee turnover	26
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	N/A
401-3	Parental leave	26

Universal Standard Disclosure		Page reference and reasons for omissions, if applicable
Aspect: Labor/Management Relations		
402-1	Minimum notice periods regarding operational changes	27
Aspect: Occupational Health and Safety		
403-1	Workers representation in formal joint management-worker health and safety committees	18
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	N/A
403-3	Workers with high incidence or high risk of diseases related to their occupation	N/A
404-4	Health and safety topics covered in formal agreements with trade unions	N/A, our employees are not unionised
Aspect: Training and Education		
404-1	Average hours of training per year per employee	26
404-2	Programs for upgrading employee skills and transition assistance programs	26
404-3	Percentage of employees receiving regular performance and career development reviews	26
Aspect: Diversity and Equal Opportunity		
405-1	Diversity of governance bodies and employees	24-29
405-2	Ratio of basic salary and remuneration of women to men	N/A Workers' remuneration are ascertained based on work experience and academic qualifications. individual work performance and not on any gender consideration.
Aspect: Non-discrimination		
406-1	Incidents of discrimination and corrective actions taken	26
Aspect Freedom of Association and Collective Bargaining		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	N/A
Aspect: Child Labor		
408-1	Operations and suppliers at significant risk for incidents of child labor	N/A. All our employees are of legal age for formal employment by law of MOM.
Aspect: Forced or Compulsory Labor		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	N/A
Aspect: Security Practices		
410-1	Security personnel trained in human rights policies or procedures	N/A
Aspect: Rights of Indigenous Peoples		
411-1	Incidents of violations involving rights of indigenous peoples	N/A

SUSTAINABILITY REPORT

Universal Standard Disclosure		Page reference and reasons for omissions, if applicable
Aspect: Human Rights Assessment		
412-1	Operations that have been subject to human rights reviews or impact assessments	N/A
412-2	Employee training on human rights policies or procedures	N/A
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	N/A
Aspect: Local Communities		
413-1	Operations with local community engagement, impact assessments, and development programs	27-28
413-2	Operations with significant actual and potential negative impacts on local communities	N/A
Aspect: Supplier Social Assessment		
414-1	New suppliers that were screened using social criteria	N/A
414-2	Negative social impacts in the supply chain and actions taken	N/A
Aspect: Public Policy		
415-1	Political contributions	N/A
Aspect: Customer Health and Safety		
416-1	Assessment of the health and safety impacts of product and service categories	18
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	N/A There is no incident of non-compliance reported.
Aspect: Marketing and Labeling		
417-1	Requirements for product and service information and labeling	N/A There is no incident of non-compliance reported
417-2	Incidents of non-compliance concerning product and service information and labeling	N/A There is no incident of non-compliance reported
417-3	Incidents of non-compliance concerning marketing communications	N/A There is no incident of non-compliance reported
Aspect: Customer Privacy		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	17
Aspect: Socioeconomic Compliance		
419-1	Non-compliance with laws and regulations in the social and economic area	There is no incident of non-compliance reported

Note:

LCG takes a phased approach to the adoption of GRI indicators and will review the relevance of indicators marked "N/A" to its operations annually.



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