



COLEX
HOLDINGS LTD

Sustainability Report FY2017



About This Report

Colex Holdings Limited (“Colex” or “Company”) is pleased to present its inaugural sustainability report. The report covers the sustainability performance of Colex’s waste disposal and contract cleaning operations in Singapore from 1 January to 31 December 2017.

This report has been prepared with reference to the Global Reporting Initiative (GRI) Standards (2016) and Singapore Exchange Securities Trading Limited’s (SGX) sustainability reporting listing requirements. The GRI guidelines were chosen due to their relevance for our reporting process and alignment with SGX requirements. Colex values and welcomes any feedback, comments or enquiries regarding this report. Please send your questions or feedback to wastemgt@colex.com.sg.

Sustainability at Colex

As part of the waste industry, Colex is fully aware of the shifting priorities and attitudes towards waste disposal globally and nationally. The world population is growing fast and as a result, so will the demand for products and services. As availability of resources reduces, current approaches to consumption, which is the linear approach of “take, make, waste”, will no longer be viable. In Singapore, there are limited solutions for disposing of the waste that the nation generates, landfill and incineration being the main methods.

As a waste management company providing essential community services of waste disposal and commercial cleaning for a wide portfolio of clients including commercial offices, shopping complexes, food courts, cineplexes, residential buildings and warehouses, Colex is in a unique position to contribute directly to this new way of thinking. As a business, the opportunities to address the challenge of increasing waste and decreasing resources is exciting and further innovation is needed to determine viable ways of producing secondary raw materials from waste.

Although a truly circular economy¹ is still a distance into the future, we began this journey with the introduction of our Materials Recovery Facility (MRF) in 2014. The facility itself is not enough, which is why we work with schools and local communities to increase awareness of this subject and increase participation in recycling schemes. Recovery recyclable materials from the waste stream is an important step towards turning waste into a resource as well as a new business revenue for Colex. We continue to improve the efficiency of this facility and remain vigilant for additional opportunities in this area.

¹ An economic model in which resources are never lost, where waste and by-products are re-thought, re-used and recycled, not just at the end of life, but by design.



Sustainability at Colex is not only about recycling, but also touches on our use of resources such as energy and water as well as how we manage and nurture our staff. This year, we have focused on formalising our sustainability efforts as we have developed our first sustainability report. We are pleased to present this report and we aim to build on the progress made over the last year into the future.

Board Statement

The Board of Directors of Colex Holdings Limited (“Board”) presents our first sustainability report.

As a waste management and cleaning service provider, environmental sustainability is at the heart of what we do. The Board considers sustainability concepts to present exciting opportunities for the Company. Sustainability is an integral part of our business strategy and the Board is responsible for overseeing the management of sustainability-related performance. To ensure that sustainability is integrated into our decision-making processes, we have established a Sustainability Steering Committee that comprises representatives from various divisions across Colex. This year, for our first report, a materiality assessment was conducted to determine current material issues affecting our business and stakeholders. This assessment assisted us in developing the content of the report as well as directing us to areas on which we intend to focus our sustainability efforts going forward.

As well as identifying our focus areas, the Board has overseen the various monitoring and management processes for each focus area and been involved in identifying associated key performance indicators (KPIs) and targets for the upcoming year.

We seek to comply with the SGX’s sustainability reporting requirements by aligning our first sustainability report with the SGX’s Listing Manual Section B: Rules of Catalist – Practice Note 7F Sustainability Reporting Guide. The report also references the GRI Standards (2016).

Stakeholder Engagement

Stakeholders are individuals and group that are affected by our activities and operations and also have an effect on our activities and operations. Colex has a number of key internal and external stakeholder groups that are critical to our business. We engage our key stakeholder groups regularly for many different reasons and in a number of different ways, such as through regular meetings and email communications. This helps us to understand their areas of concern and for us to respond to these concerns for the benefit of the business as well as to address any questions raised about our business operations. Through these interactions, we are also able to pinpoint any concerns our stakeholders have around sustainability.



Materiality

It is important to develop a sustainability report that is relevant and pertinent to the readers as well as the business. To this end, we conducted a materiality assessment to identify environmental, social and governance (ESG) factors that are most material to our business operations and of significant interest to key stakeholders. We began with an internal stakeholder survey, which requested that respondents rank various potentially material ESG factors on a scale of 1-5. Following this, a workshop was conducted in April 2017 to gather further feedback from Colex’s representatives on the Company’s material factors. Workshop participants were armed with the following information:

- global and local emerging sustainability trends;
- material topics identified by industry peers; and
- sustainability reporting frameworks.

After the workshop, during which a materiality matrix was used to discuss and prioritise various ESG factors, the following focus areas and material factors were identified to be material to Colex. We will address each of these material factors throughout this report.

Sustainability Focus Areas	Material Factors
Economic	<ul style="list-style-type: none"> ▪ Economic Performance²
Environmental (Waste management operations only)	<ul style="list-style-type: none"> ▪ Waste and recycling ▪ Water ▪ Energy and Emissions
Social	<ul style="list-style-type: none"> ▪ Occupational Health and Safety ▪ Staff Retention ▪ Local Communities
Compliance	<ul style="list-style-type: none"> ▪ Social Compliance ▪ Environmental Compliance ▪ Training and Education

Environmental

Waste and recycling

As a waste management and cleaning service provider, we believe we have an important role to play in minimising the impact of waste and protecting the environment. We are responsible for managing waste generated in the areas we serve.

We were awarded the Jurong sector municipal waste collection contract by the National Environment Agency (NEA) for the second 7-year period in 2013. We continue to collect both waste and recyclable from this area. Solid waste streams collected are taken directly to the incineration facility, while recycled items are processed at our own MRF.

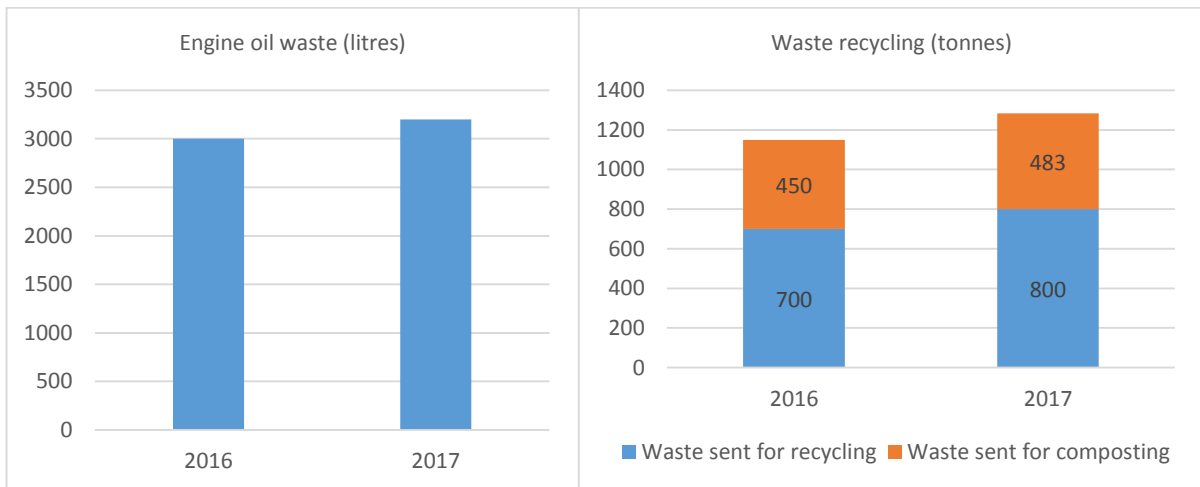
² Please refer to our Annual Report and financial statements for details on this factor.



We take the responsibility of providing this essential community service seriously. We believe it is of paramount importance to ensure that these services are efficiently provided every day or as per expected. Each driver is given a driver job card at the beginning of each day with an assigned collection route. We carefully monitor the pick-ups of waste through the GPS trackers on each collection truck and the GPS tracker is compared with the driver job card. On return to our site, a supervisor signs off each driver job card daily.

Whist picking up waste is currently our key role, we also provide options for recycling by bundling recycling services with general waste contracts to encourage the uptake of these services. To attract more use of these services, we increase their profile by establishing recycling corners with recycling bins provided at the sites with full signage. Once collected, recyclables are taken to the MRF where paper and plastics are sorted manually while metal and aluminium are by automation. Sorted items are bundled and are then sold to the various vendors, who either use the items for local services or for export.

In our cleaning services operations, although waste is less material, we do take care to use non-toxic chemical for cleaning, which are safe for general drainage disposal and we contribute to the recyclables industry by purchasing and using green products such as toilet paper made from recycled fibres.



We are pleased to have increased the amount of waste collected for recycling and/or composting (garden waste) in 2017 from 2016, from a total of 1,150 to 1,283 tonnes. One of the main wastes from our business operations is oil from the workshop. We saw a small increase in the amount of oil waste that we produced from 2016 to 2017. This oil is taken away by a licenced service provider.

2018 Target - Going forward, we hope to increase recycling awareness activities and continue to bundle recycling services with general waste services in order to further encourage recycling of waste rather than incineration.

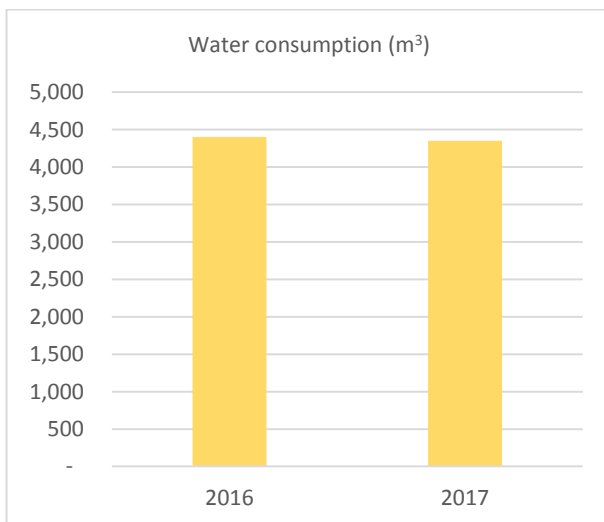


Water

Water is used in our daily operations for washing our trucks and cleaning our MRF. We also use water in our cleaning services. Water availability is a concern in Singapore as Singapore relies heavily on imported water from a neighbouring country so we aim to do what we can to reduce the demand on this precious resource.

To reduce our water use we have highly efficient methods for washing our trucks and MRF. Drivers are trained in these methods and posters are present in our work premises to remind them of these. We also capture rainwater to use, our rainwater tank holds 20 cubic metres of water and we drain this before switching to water utilities.

In addition to managing our water consumption, we also have a responsibility to manage the water produced. This waste water has the potential to be harmful as it may contain contaminants from the waste collected. Therefore, this waste water is collected daily by a licenced contractor. We plan to introduce own waste water treatment process in July 2018 and treated water will be used to wash trucks, further reducing our demand on fresh water resources.



Through these management initiatives, our water consumption decreased by just over 1% from 4,403 m³ in 2016 to 4,352 m³ in 2017. This is 363 m³ a month on average in 2017.

2018 Target – We aim to cap water usage at 550 cubic metres/month and will closely monitor this.

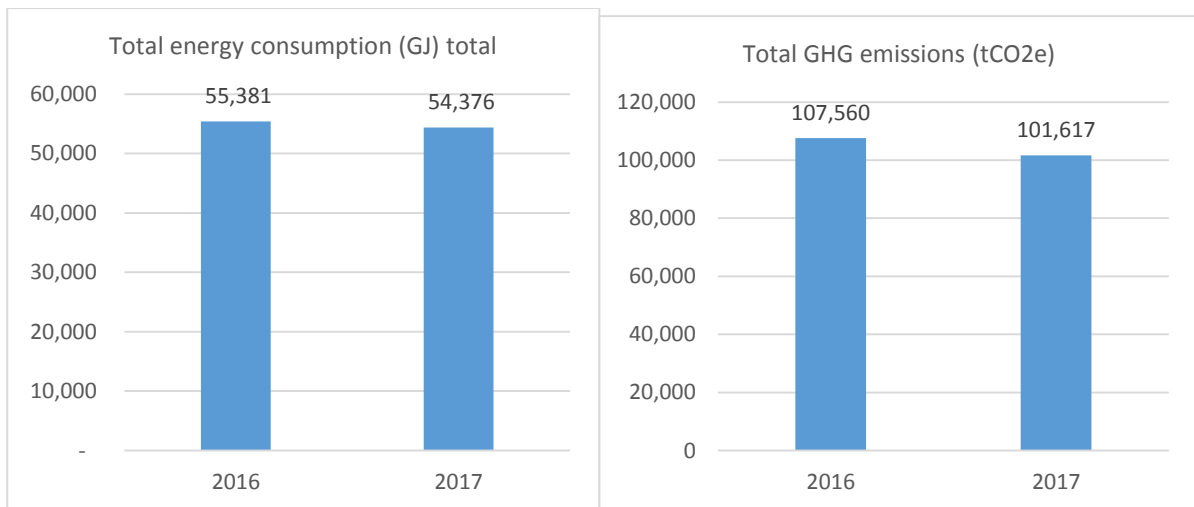
Energy and Emissions

A substantial amount of energy is used in our operations in the form of electricity, which is needed for the operation of the MRF, other machines and tools as well as diesel, which is used in our waste collection trucks and vans. We own 60 trucks and 8 vans. We keep our energy usage to a minimum where possible.



The electricity usage of MRF is tracked and presented to management on a monthly basis in order to identify and fix any sudden increases. The electricity supply to MRF is switched off when not in use and the machine is kept in good energy-efficient working order. As for diesel usage, we currently own 26 Euro5 vehicles, 29 Euro4 vehicles & 10 Euro 3 vehicles. We use the most efficient vehicles as much as possible and regularly upgrade our fleet of diesel vehicles. We keep our trucks in top working order with a truck inspection manual and posters that promote good environmental habits around the site. There is a yearly inspection on all vehicles to comply with the Land Transport Authority’s Carbon Emissions-Based Vehicle Scheme (CEVS) and we adhere to the UN ECE R101 Fuel Consumption standards. As well as keeping our vans and trucks well maintained, we also train staff to use the shortest routes possible, track each vehicle’s diesel usage with a computerised system and diesel usage is presented to management on a monthly basis. Trucks, vans or drivers using exceptionally high amounts are flagged up and checked. Finally, to keep emissions down, we have our own diesel tank and pump which uses high quality, low sulphur diesel, purchased direct from the refinery.

In our office, LED lights and a motion sensor system are used to minimise electricity usage. Lights are switched off when office is not in use and an energy-efficient inverter air-conditioned system is used.



We are seeing benefits from our energy management initiatives as our energy consumption of electricity and diesel combined has decreased by nearly 2% from 55,381 gigajoule (GJ) in 2016 to 54,376 GJ in 2017. Our total GHG emissions, from electricity and diesel consumption combined, have also decreased in correlation with this from 107,560 tonnes of CO² equivalent (tCO²e) to 101,617 tCO²e in 2017.

2018 Target – We aim to cap energy usage at 57,000 GJ per year.



Social

Occupational Health and Safety

At Colex, we are committed to providing our employees with a safe and healthy work environment. A number of our employees are in roles that pose some health and safety risks. As a responsible company, we aim to address and mitigate these risks wherever possible. We constantly monitor the working conditions of our employees to ensure that they comply with international standards. We have achieved a bizSAFE level 3 for our operations. To achieve bizSAFE level 3, our top management attended a bizSAFE Workshop for Top Management conducted by a bizSAFE service provider. We then nominated a Risk Management (RM) Champion to attend a bizSAFE Course to develop a Risk Management Implementation Plan.

This plan was carried out and we are subject to an Ministry of Manpower (MOM) approved workplace, safety and health audit every 3 years to assess the implementation of the RM plan.

Both Colex Environmental Pte Ltd and Integrated Property Management Pte Ltd (both of which are wholly-owned subsidiaries of Colex) employees attend “work at height” trainings, where relevant, as well as other safety training and all new employees attend an induction course which includes safety training. As per the Singapore Civil Defence Force requirements, due to the presence of diesel tank on our property, our Company has an emergency response team who are trained in firefighting and first aid, to respond before the arrival of the fire fighters. Each employee is also briefed on health and safety procedures in accordance to the safety handbook and we are vigilant in following the NEA’s Safety Guide for General Waste Collectors. In our cleaning business, we arrange equipment and chemical suppliers to train cleaners on proper handling of equipment and chemical to ensure their safety.

Performance	2016	2017
Lost Time Injury Rate ³	7.11	5.96
Severity Rate ⁴	129.13	78.21
Incidents of Non-Compliance	0	0

Sadly, we experienced our first workplace fatality in 2017 when one of our drivers suffered a heart attack at work, despite the swift response of our on-site first aid team. We have since trained more employees on CERT First Aid with AED/CPR course to ensure that trained employees are competent to attend to a similar incident in future. As for non-fatality injuries, we are pleased to have reduced our Lost Time Injury Rate and Severity Rate in the last year. We also celebrate zero incidents of non-compliance with health and safety regulation in 2017.

2018 Target – We will target zero workplace accidents resulting in permanent injury or fatality.

³ Lost-time injury rate - Number of workplace injuries per million man hours worked. Our 1 fatality is excluded.

⁴ Injury severity rate - Number of man-days lost to workplace injuries per million man-hours worked. Our 1 fatality is excluded.



Staff Retention and development

We believe that our employees are our biggest asset and we strive to develop and nurture the talent we recruit. High retention creates a positive work environment, strengthens an employee's commitment to the organisation and as a result, both the individual and the company achieving their desired performance level. We aim to provide a work environment which encourages this higher retention.

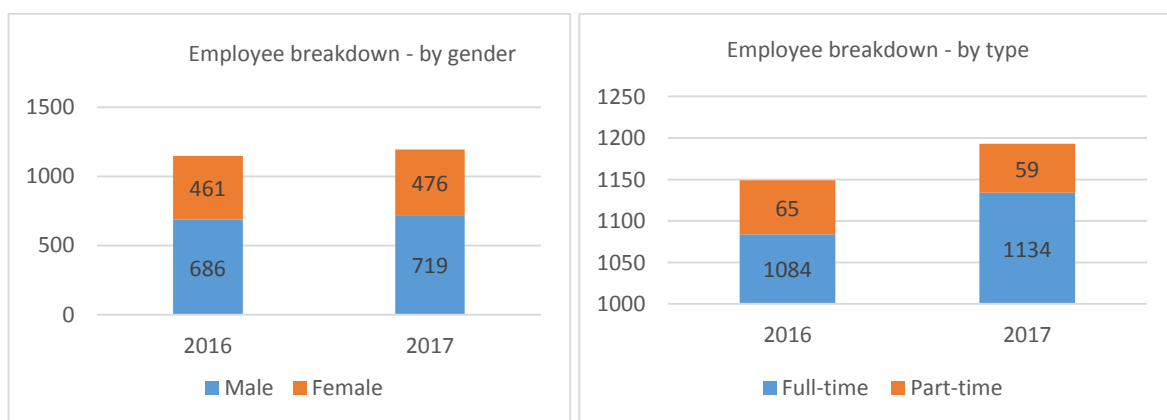
Twice yearly, our employees receive a performance review aimed at assessing their performance and identifying their professional development goals and increasing retention. A compilation of performance appraisal outcomes is passed to management before an annual increment proposal is made and appraisals lead to a competitive remuneration review.

We also offer the following benefits to our employees:

- Full Attendance Incentives
- Recommendation Award referring new crew and new cleaners under friend-gets-friend scheme
- Provision of Daily Productivity Incentive (DPI) in salary package
- Provision of medical fee and proficiency driving test coverage
- Flexi working hours; after completion of jobs, driver are allowed to leave, to encourage productivity and efficiency.
- Birthday vouchers and monthly birthday celebration(s)
- A “buddy system” for new employees
- Year-end gathering for all staff
- Yearly Management Retreat for G&A Staff
- Periodic buffet lunch for site staff

Across our cleaning and waste collection services, we employ 1,195 permanent employees, an increase on our headcount of 1,147 in 2016. In line with our policies, all eligible⁵ employees received a bi-annual performance review in the last year.

2018 Target – We will continue to provide bi-annual performance reviews for 100% of eligible employees.



⁵ Eligible employees are all full-time permanent employees of Colex Environmental Pte Ltd and Integrated Property Management Pte Ltd.

Local Communities

As a waste collection and cleaning company, we provide essential community services. We believe that encouraging better waste management and use of recycling services will continue to have a positive impact on our communities. That is why we have a number of initiatives that raise awareness and understanding. Schools are invited to visit the MRF plant in order to educate them on how it works and to encourage recycling. We also tie up with school for their Community Involvement Program (CIP) for newspaper collection. We implement recycling programmes with the community, such as our cash for trash initiative which is held every Sunday at markets around Jurong. During this initiative, Colex teams up with recycling vendors to pay cash in return for recyclable items.

Despite our best effort, we understand that our business operations can have some negative impacts on local communities. Local communities can be affected by negative noise, smell, traffic and road safety effects arising our business operations. In an effort to provide quality services to the communities we serve, we carefully plan and monitor our waste collection schedule based on residents' needs. A supervisor signs off on our drivers cards daily to ensure that schedules are adhered to. In addition, waste collection during lunch hours is not allowed in business areas and we do our best to accommodate to the residential timing to minimise disturbance. In our cleaning business, major cleaning is done during timings that are convenient for clients and would not affect individuals and this is monitored by supervisors.

2018 Target - We aim to continue to raise awareness about recycling by inviting students from local schools to visit our plants and facilities. We also pledge to respond within 3 working days to all complaints made through our official complaints portal wastemgt@colex.com.sg.

Compliance

As a waste collection company and licenced cleaning service provider, we are subject to various rules and regulations such as social and training regulations set by MOM and environmental regulations set by the NEA. It is imperative that we uphold these licenses in order to continue to operate.

2018 Target – we aim to continue to target zero cases of non-compliance with the relevant rules and regulations set by NEA and MOM.

Social Compliance

Compliance in the social area includes mandatory training and development.

As part of the Singapore Workforce Skills Qualifications (WSQ) and Clean Mark scheme by NEA, 100% of our drivers and attendants are required to attend the respective WSQ module. For our cleaning industry Licencing and Clean Mark Accreditation Schemes, our cleaning staff take part in at least 1 WSQ module – Licencing and at least 50% of our workforce to attend 2 WSQ modules - Clean Mark (Silver).



We are also subject to MOM regulations, such as not employing illegal and “phantom” workers. We assure compliance by conducting spot checks on workers, where managers will check workers’ ID and work permits to ensure that they meet the MOM regulations.

In order to fulfil our social responsibilities, we operate a strict no missed collection policy and adhere to a 7 am - 7 pm collection timing. We are also firm in ensuring our trucks to adhere to speed limits by fitting all trucks with a speed limiter, set at 60 km/h, so as to not endanger the safety of our communities.

Training is provided to directors and relevant employees on a regular basis and when there are substantial new areas of law and policies are made known to all employees via the company handbook.

2018 Target – we aim to continue to target zero cases of non-compliance in respect of the mandatory training and hiring requirements set by MOM.

Environmental Compliance

We hold an up to date NEA Code of Practice for Licensed General Waste Collectors as well as ISO14000 - Environmental management and ISO 9000 - Quality management and quality assurance.

Our operations are subject to the requirements of various environmental laws and regulations enforced by the NEA and other regulatory bodies. We strive to comply with all of these laws and regulations and international standards (such as ISO 14000) by implementing measures to minimise the environmental impact of all aspects of our business. These measures include ensuring no leakages from trucks and proper containment of waste as it is collected.

2017 Performance
Zero incidents of significant ⁶ non-compliance with all relevant social, training and environmental laws and regulations.
2018 Target
Achieve zero incidents of significant ⁶ non-compliance with all relevant social, training and environmental laws and regulations.

⁶ Significant non-compliance is an incident resulting in a fine over SGD5,000.