



SWEE HONG

FIRST WORLD CITY BUILDERS

SUSTAINABILITY REPORT 2018

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VISION

To be the leading builder of first world city for first world living.

MISSION

We strive to build a first class company with a first class workforce and first grade technology.

“We are committed to implement practices that would enable the Group to create sustainable value for its stakeholders.”



BOARD STATEMENT

Dear Stakeholders,

Swee Hong Limited (the “Company”, and together with its subsidiaries, the “Group”) recognises that sound management of environmental, social and governance (“ESG”) risks and opportunities is key to ensuring the sustainability of its business. The Group is committed to implement practices that would enable it to create sustainable value for its stakeholders.

Since 2018, the Company had identified several areas to develop and implement its approach in managing its ESG performance. In particular, the Company ensured that any health and safety concerns are assessed, managed and owned at all levels of the Company i.e. employees and management at HQ and project site levels, while establishing procedures that promote a strong safety culture.

The directors of the Company (the “Board”) are supported by management in integrating sustainability considerations into its business decisions. As appointed by the Board, management from across the Group is responsible for determining ESG issues that are material to the Group, and managing and reporting the Group’s ESG performance. The Group looks forward to continue sharing its performance on its sustainability journey.

Board of Directors
Swee Hong Limited



ABOUT THIS REPORT

Swee Hong Limited (the “Company”, and together with its subsidiaries, the “Group”) is proud to present our first Sustainability Report for the financial year ended 30 June 2018 (“FY2018”). We are committed to conducting our business in a responsible manner. With this inaugural report, our goal is to communicate our sustainability performance, targets and initiatives to our valued stakeholders on an annual basis.

This report addresses the Company’s practices and performance around its material ESG factors from 1 July 2017 to 30 June 2018. The scope of this report covers the Company’s two main business segments: - the Civil Engineering and Tunnelling business units.

This report has been prepared with reference to the Global Reporting Initiative (“GRI”) Standards 2016: Core Option as they represent the most commonly used sustainability reporting framework/ standards globally. In addition, this report references the following GRI Standards: Non-Core topic-specific disclosures:

- Disclosure 201-1 from GRI 201: Economic Performance
- Disclosure 307-1 from GRI 307: Environmental Compliance
- Disclosure 403-1 & 403-2 from GRI 403: Occupational Health and Safety
- Disclosure 405-1 & 405-2 from GRI 405: Diversity and Equal Opportunity

¹ For Disclosure 405-1, the gender distribution of employees is disclosed in this report, without the breakdown by employee category.

Availability

In line with our eco-friendly efforts and as part of sustainability enforcement measures, we have not printed any copy of this sustainability report for distribution.

Feedback

We value our stakeholder's feedback and welcome queries you may have on improving our sustainability report. Please write to:

Basil Kee
Email: kee@sweehong.sg

ASSESSING MATERIALITY WITH OUR STAKEHOLDERS IN MIND

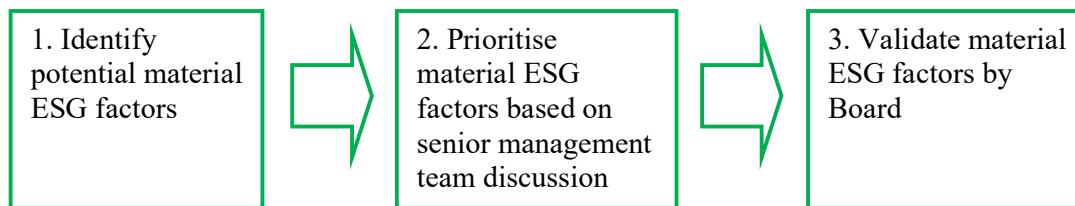
Stakeholder Engagement

Stakeholders play a critical role in determining a business' long-term viability. They are identified and selected based on their importance, representation, responsibility, dependency and proximity to the Company's business. The Company engages its stakeholders regularly through various means to better understand and address their concerns, needs and expectations as follows:

Key Stakeholders	Engagement Methods	Key Topics
Customers	<ul style="list-style-type: none"> • Company website • Face-to-face meetings • External communications via emails 	<ul style="list-style-type: none"> • Economic Performance • Corporate Governance & Regulatory Compliance • Employment Diversity & Equal Opportunity • Employee Well-Being, Health & Safety • CSR Initiatives
Employees	<ul style="list-style-type: none"> • Face-to-face meets • Performance appraisals • Orientation for new employees • Annual appreciation/ festive lunch or dinner • Ad-hoc team gatherings, such as celebration for achieving key project milestones • Internal communications via email 	
Investors	<ul style="list-style-type: none"> • Annual general meetings (“AGMs”) • Annual financial reports • SGX Notices, Circulars, and Announcements • Media announcements 	
Local communities	<ul style="list-style-type: none"> • Corporate Social Responsibility (“CSR”) initiatives 	
Government and Regulatory Agencies	<ul style="list-style-type: none"> • Consultations on industry and regulatory standards and guidelines • External communications via emails 	
Suppliers	<ul style="list-style-type: none"> • Face-to-face meetings • Supplier evaluation exercises • External communications via emails 	

Materiality Assessment

In FY2018, the Company conducted a materiality assessment using the principles of GRI Standards.



In identifying the material ESG factors, the Company considered the following:

- Global and local emerging sustainability trends and which are relevant to the Company.
- Current topics (regulatory & non-regulatory) and future challenges impacting the industry.
- Insights gained from regular interactions with and feedback obtained from internal and external stakeholders.

The assessment yielded five material ESG factors. The Company reviewed the ESG factors identified impacting the organisation and initiated efforts to address them. The Company will review and assess its material ESG factors on an annual basis to ensure their relevance.

Areas	Material ESG Factors
Economic	Economic Performance ²
Governance	Corporate Governance ³
Environment	Regulatory Compliance
Social	Employees' Wellbeing
Social	Health and Safety

² Please refer to the financial statements set out in the Annual Report 2018 for more information on the Group's economic performance.

³ Please refer to the Report on Corporate Governance set out in the Annual Report 2018 for more details on the Group's corporate governance policies and procedures.

Corporate Governance and Regulatory Compliance

Corporate governance and regulatory 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”) such as BCA’s Good Industry Practices, Land Transport Authority (“LTA”), National Environmental Agency (“NEA”) and Ministry of Manpower (“MOM”).

The Board of Directors is the Group’s highest governance body that provides general oversight of the Group’s activities and is collectively responsible for the Group’s overall strategic direction. The Board provides leadership and guidance on corporate strategies, risk policies, corporate governance, business directions and performance objectives. The Board is updated on developments around sustainability and has reviewed the Group’s material environmental, social and governance issues. The Board of Directors is supported by the Audit Committee, the Remuneration Committee and the Nomination Committee.

During the period, there is no correspondence or notifications in relation to any material non-compliance of regulatory requirements. Further, the Audit Committee has not received any “whistle-blowing” letters on the same. In addition, there is no non-compliance with environmental laws and regulations noted.



Employment Diversity and Equal Opportunity

Gender	FY 2018	Annual Targets
Male	159 (92%)	To maintain a gender distribution ratio of - under 90% for male employees; and - over 10% for female employees
Female	14 (8%)	

Employees are fundamental to a business' success. The Company is committed to attracting, developing and retaining dedicated and professional employees that share the Company's values. The Company does not tolerate any discrimination on the grounds of gender, age, marital status, racial origin, religious affiliation, or disability. All employees are evaluated based on their merits and work performance and have an equal opportunity to be trained, promoted and selected for prestigious postings.

There is no incident of discrimination and corrective actions taken during the financial year.

The Company advocates gender diversity and equal opportunities across the organisation. However, given the nature of business is in the civil engineering and tunnelling arena, it is inevitable that over 90% of our employees are male whilst the female employees are mainly engaged in the support functions at different levels.

In addition to promoting an inclusive culture, the Company places great importance on understanding its employees' needs as this is crucial to retaining employees. The Company deploys an "open-door" policy to encourage communication and escalation of issues between line management and employees. Further, the Company has in place a set of "whistle-blowing" procedure for employees to escalate significant concerns directly to the Board of Directors for attention.

During the financial year, the Board has not received any "whistle-blowing" letters on the same.

The Company also has a set of effective employee retention strategy and incentives to increase staff retention. A key area of focus is to help employees achieve their fullest potential and to build a fulfilling career. The Company provides trainings to all new employees joining the Company to deepen their understanding of its operations and culture. Industry certifications personalised training and education programmes, including job rotations, allow employees to gain different skill sets. The Company reviews each employee's development

plan during the annual performance appraisal to ensure that their training needs and goals are addressed.

In appreciation of our employees' invaluable contribution to the organisation, the Company 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 festive luncheons e.g. during Deepavali and Chinese New Year celebrations. This has created a stronger collaborative spirit within the Company.



Employee Wellbeing, Health & Safety

Key Indicator	FY 2018	Annual Targets
Total number of workplace fatalities	0	Maintain Zero workplace fatalities
Accident Severity Rate (“ASR”) ⁴	0	Maintain ASR below Industry average

⁴ASR is based on reportable workplace accident cases to the Ministry of Manpower and refers to the number of lost work days experienced by the Company.

Safeguarding our employees’ wellbeing, health and safety is integral to ensuring smooth operations. The Company believes that maintaining a safe working environment is the responsibility of employees and management at all levels. The Company has established and implemented Health and Safety Policies and Procedures that all business units are required to abide strictly to during their operations.

Corporate Health & Safety Policy Statement:

“We shall work as a team to provide a Safe and Healthy Working Environment by eliminating safety hazards and by reducing risks to ensure the safety and security of our employees, visitors and customers, and we are committed to mitigate risks, including those posed by terrorism, by preparing our employees and protecting our workplace. We shall comply to applicable legal and other requirements to which we subscribe, involve employees in Quality, Occupational Health & Safety and Environment (QOHSE) management, provide sufficient and appropriate resources and continually improve our QOHSE management quality and performance using ISO 9001, ISO 14001, ISO 45001 and ConSASS as management tools. “

At the HQ level, the Company has designated safety officers and has conducted annual fire drills to ensure all staff are aware of the procedures and are able to react quickly when such an emergency occurs. Further, the safety officers conduct periodic spot checks to ensure the safety of staff is upheld. The checks include ensuring the emergency exit doors are not blocked, fire alarm is working, fire extinguishers are up to date and easily accessible, wet floors are wiped to prevent accidental slips and falls etc.

At the project level, health and safety risks and impacts are assessed for all projects and opportunities for improvement in the different project life cycle stages are identified, such as during project plan development, project execution and project handover. In addition, at each project worksite, there is an Environment Health & Safety Committee (EHSC) setup, which consists of a senior manager who is the appointed chairperson, a Worksite Safety & Health Officer (WSHO) who is the secretary, production team leaders, Environment Health & Safety (EHS) personnel, sub-contractors’ representatives and workers’ representatives. During the monthly EHSC meetings, health and safety issues,

recommendations and improvements are standing agenda items of discussion. Key messages arising from the meetings are minuted and cascaded to all site supervisors and workers. The project teams also provide immediate updates on safety issues or incidents to the management to facilitate real-time communication and actions.

At project sites, the WSHO conducts periodic spot checks to ensure machinery and equipment are well maintained at worksites, and that all necessary safety equipment is in place. CCTV are installed for real time monitoring. If any safety incident is reported, the WSHO is responsible for conducting timely investigation and execution of preventive and/ or corrective actions identified. The Company also has a group of appointed clinics to provide readily available medical and healthcare services to all of its employees when needed.

To supplement regular reviews of health and safety related matters at various levels, the Company provides regular trainings to educate employees on the potential occupational health risks and safety hazards and the proper precautions to undertake.

The Company is proud to have achieved its target of zero workplace fatalities in FY2018 and will endeavour to continue this goal in future years. In addition, the Company's ASR is zero in FY2018 and is well below the 2018 average ASR⁵ for the construction sector.

⁵ Average ASR for the construction sector is referenced to the Workplace Safety and Health National Statistics Report 2018, published by the Ministry of Manpower, Singapore.



Corporate Social Responsibility (“CSR”) Initiatives

The Company is committed to being a force of positive influence in the local communities it operates in. Giving back to the society that has supported the growth of the Company is at the core of the Company’s values.

During the financial year, the Company has conducted couple of blood donation drives. However, the Company has identified the need to proactively plan and initiate more CSR activities via employee volunteerism as a key means of contributing back to society. As a start, the Company is planning to set aside a CSR budget to develop its CSR programmes such as corporate sponsorships of social events and to initiate active tracking of, with the aim to increase, employee volunteer hours.



APPENDIX - GRI Content Index

GRI Standard	Description	- FY 2018 Annual Report (AR) Page Reference - Sustainability Report (SR) Page Reference
Organisational Profile		
102-1	Name of Organisation	SR Cover Page
102-2	Activities, brands, products and services	AR Pg 2 – Corporate Profile
102-3	Location of HQ	AR Pg 1 – Corporate Information
102-4	Location of operations	AR Pg 1 – Corporate Information
102-5	Ownership and legal form	AR Pg 3 – Corporate Structure
102-6	Markets served	AR Pg 3 to 5 – Corporate Structure & Current Projects
102-7	Scale of operations	AR Pg 10 to 12 – Financial and Operations Review
102-8	Information on employees and other workers	SR Pg 8
102-9	Supply chain	SR Pg 5
102-10	Significant changes to organisation and supply chain	NA – No significant changes noted.
102-11	Precautionary principle or approach	Although Swee Hong does not explicitly reference the precautionary approach under Report of Corporate Governance in the FY2018 Annual Report, it is committed to prevent environmental degradation through sound management practices.
102-12	External initiatives	NA - Swee Hong has not adopted any external initiatives.
102-13	Membership of associations	NA – Swee Hong has no tie up with external memberships and associations.
Strategy		
102-14	Statement from senior decision-maker	SR Pg 3
Ethics & Integrity		
102-16	Values, principles, standards, and norms of behaviour	SR Pg 2

Governance		
102-18	Governance structure	SR Pg 7 AR Pg 13 to 36 – Report on Corporate Governance
Stakeholder Engagement		
102-40	List of stakeholder groups	SR Pg 2
102-41	Collective bargaining agreements	NA - Employees are not unionised
102-42	Identifying and selecting stakeholders	SR Pg 2
102-43	Approach to stakeholder engagement	SR Pg 2
102-44	Key topics and concerns raised	SR Pg 2
Reporting Practice		
102-45	Entities included in the consolidated financial statements	AR Pg 3 & 55 – Corporate Structure & Consolidation
102-46	Defining report content and topic Boundaries	SR Pg 4
102-47	List of material topics	SR Pg 6
102-48	Restatements of information	NA - Since this SR is the first issuance
102-49	Changes in reporting	NA - Since this SR is the first issuance
102-50	Reporting period	SR Pg 4
102-51	Date of most recent report	NA - Since this SR is the first issuance
102-52	Reporting cycle	SR Pg 4
102-53	Contact point for questions regarding the report	SR Pg 4
102-54	Claims of reporting in accordance with the GRI Standards	SR Pg 4
102-55	GRI content index	SR Appendix - GRI Content Index
102-56	External assurance	NA - No external assurance on SR obtained for this reporting period.

Management Approach		
103-1	Explanation of the material topic and its Boundary	SR Pg 5 to 6
103-2	The management approach and its components	SR Pg 5 to 6
103-3	Evaluation of the management approach	SR Pg 5 to 6
Economic Performance		
201-1 (Non-Core)	Direct economic value generated and distributed	AR Pg 10 to 12 – Financial and Operations Review AR Pg 47 to 52 – Consolidated Statement of Accounts
Environmental Compliance		
307-1 (Non-Core)	Non-compliance with environmental laws and regulations	There is no incident of non-compliance reported.
Employment		
403-1 (Non-Core)	Workers representation in formal joint management-worker health and safety committees	SR Pg 10 to 11
403-2 (Non-Core)	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	SR Pg 10 to 11
Diversity & Equal Opportunity		
405-1 (Non-Core)	Diversity of governance bodies and employees	SR Pg 7 to 8
405-2 (Non-Core)	Ratio of basic salary and remuneration of women to men	NA - Employee remunerations are ascertained based on work experience and academic qualifications, individual work performance and not on any gender consideration.