

Progen
Holdings
Ltd

Sustainability Report

2017

Shaping the Next Generation
of Sustainable Environment



PROGEN

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This sustainability report has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") for compliance with the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalyst. The Sponsor has not verified the contents of this sustainability report.

This sustainability report has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this sustainability report, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this sustainability report.

The contact person for the Sponsor is Ms Jennifer Tan, Senior Manager, Continuing Sponsorship (Mailing address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and Email: sponsorship@ppcf.com.sg).

ABOUT THE REPORT

This is the first Sustainability Report issued by Progen Holdings Ltd (the “**Company**” and together with its subsidiaries, the “**Group**”) and focuses on the environmental, social and governance (“**ESG**”) factors that are identified as material on the businesses of the Group. This Sustainability Report has been prepared in accordance with Rule 711B and Practice Note 7F: Sustainability Reporting Guide of the Listing Manual (Section B: Rules of Catalist) (the “**Catalist Rules**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) and is guided by the Global Reporting Initiatives (“**GRI**”) standards (2016) (“**GRI Standards**”). It has been prepared for the financial year ended 31 December 2017 (“**FY2017**”). The Company has chosen the GRI Standards as it represents the global best practices for reporting on economic, environmental and social topics.

Determination of the Sustainability Report content is based on the four GRI Standards principles, namely:

1. Stakeholder Engagement
2. Sustainability Context
3. Materiality
4. Completeness

As this is the first year that our Company is issuing this Sustainability Report, we have undertaken the phased approach set out in Practice Note 7F: Sustainability Report Guide as specified in the Catalist Rules of the SGX-ST. We endeavor to progressively improve our sustainability reporting in terms of both quality and depth in the years to come.

MANAGEMENT APPROACH

Our sustainability strategy is developed and directed by the senior management of the Company in consultation with the Board of Directors. The management listed various ESG factors before choosing, with the concurrence of the Board, those that materially impact our business, strategy, business model and key stakeholders to be monitored.

The following sections discuss the material ESG factors identified.

ENVIRONMENTAL

Energy Conservation

The Group recognises that its business operations may directly or indirectly contribute to climate change and global warming and is committed to take measures in conserving energy and resources to ensure that its operations have minimal negative environmental impact.

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Indirect Impact

After the Air-Conditioning and Mechanical Ventilation Systems are handed over to our customers, we expect the systems to operate for at least seven years or more. Thus, the systems' impact on the environment stretches over a long period after the sale is made. Other than complying with environmental laws and regulations, we strive to introduce and promote environmental-friendly solutions to our customers. We assist customers to design, install and implement systems that qualify for certification under the Building and Construction Authority (BCA) Green Mark Scheme.

Direct Impact

The Group's headquarter building is designed with green features including energy efficient air-conditioning system, energy saving lighting system and water efficient fittings. Office air conditioners are set permanently at energy saving temperature of 24 to 26 degree Celsius and lights are switched off at sectors/rooms that are not in use.

Within the office, we have implemented two-sided printing and the use of recycled paper whenever possible.

For FY2017, there were no violation of laws and regulations in the environmental aspect resulting in fines or sanction and we target to maintain this track record.

SOCIAL

Talent Retention

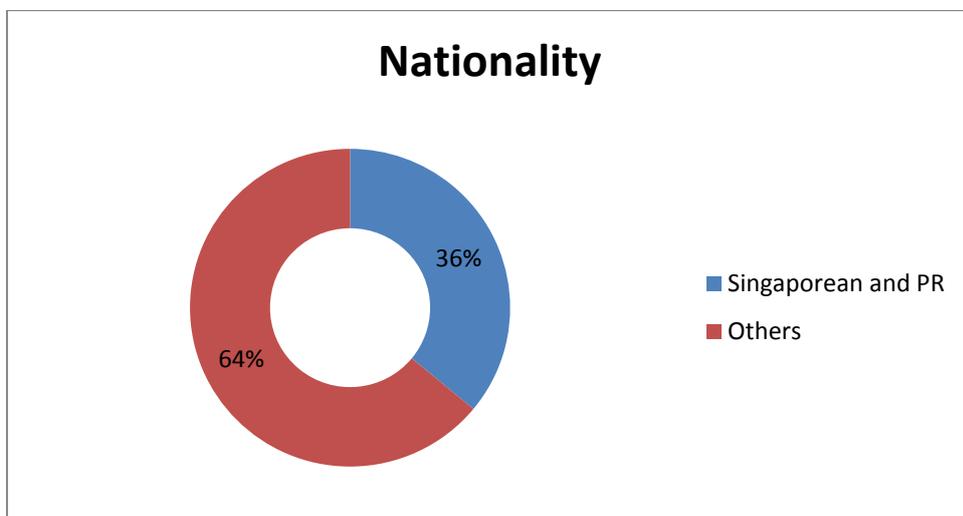
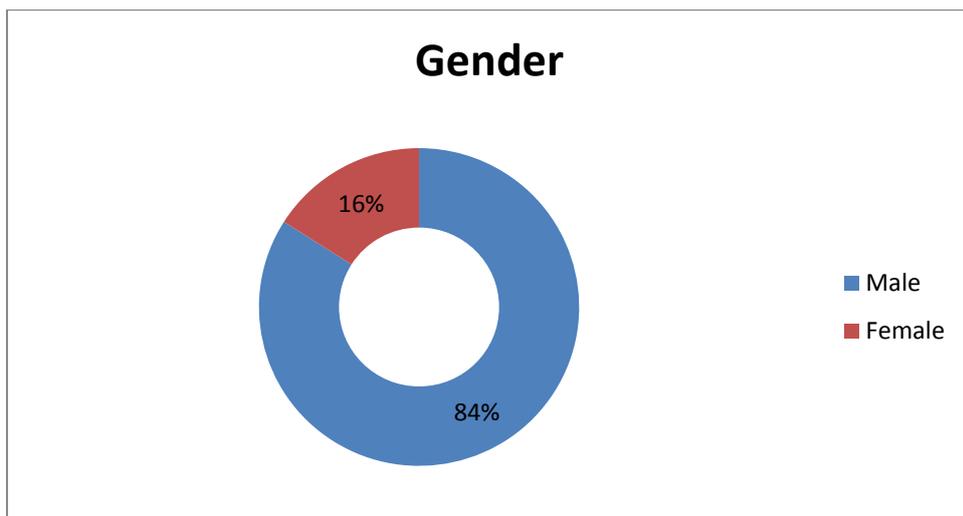
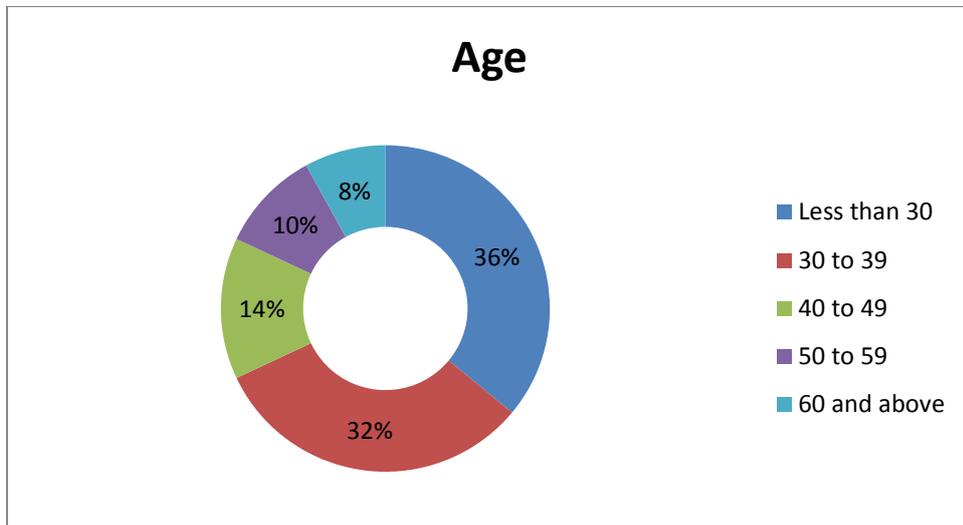
Employees are an important asset in our business. Remuneration packages are reviewed annually to ensure that compensation and benefits are in line with the market to facilitate recruitment and retention of talents. In line with our commitment towards creating a positive work environment, we reward our employees based on their capabilities and performance.

For FY2017, the turnover rate for permanent staff was 4%. For FY2018, we target to maintain turnover rate of below 10% for permanent staff.

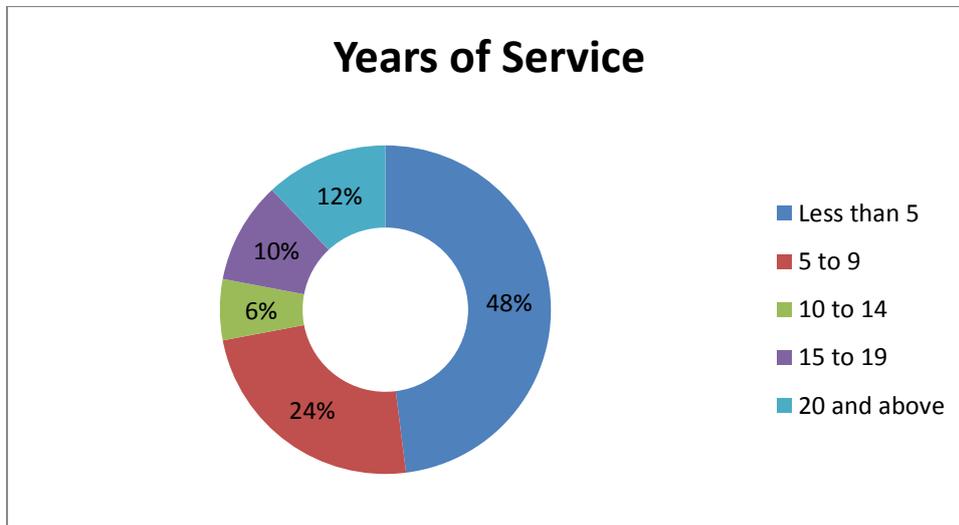
Employment Diversity and Equality

The Group does not discriminate employees based on their race, age, gender religion, ethnicity or nationality. The demographics of employees as at 31 December 2017 are as follows:

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The Company targets to maintain its current employment diversity and equality.

Occupational Health and Safety

The Group is committed to providing a healthy and safe working environment by managing our health and safety risks through various Occupational Health and Safety (OHS) Management programs. The objectives and targets of these programs are to minimise accidents at workplace, create safety awareness to all employees to minimise hazardous working environment and ensure conformance to regulatory requirements.

Regular reviews are carried out to evaluate adequacy of existing safety standards and practices. All employees are periodically briefed on the relevant health and safety measures and the practical precautions to be taken. All work-related injury, regardless of its severity, are to be recorded and corrective action plans are to be implemented to prevent recurrence.

For FY2017, there were no incident of reportable accident and no penalty or fine imposed by the relevant authorities for non-conformance to regulatory requirements and we target to maintain this track record.

GOVERNANCE

Corporate Governance

The Group is committed to maintaining high standards of corporate governance and places importance on its corporate governance processes and systems so as to ensure greater transparency, accountability and maximisation of long-term shareholder value.

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Please refer to our Corporate Governance Report on pages 9 to 29 of Annual Report 2017 for details of our corporate governance practices.

Business Ethics

The Group does not engage in bribery or any form of financial crime. Employees are reminded never to offer, promise or give bribes in connection with our business and must never ask for or accept bribes. There have been no reported incidents of bribery nor any form of financial crime. We strive to continuously uphold all laws aimed at countering corruption and we target to maintain this track record.

Whistle-Blowing Framework

To reinforce a culture of good business ethics and governance, the Group has put in place a whistle-blowing framework, endorsed by the Audit & Risk Committee, which provides the mechanism where employees of the Group may, in good faith and in confidence, raise concerns or observations about possible improprieties in financial reporting or other matters directly to members of the Audit & Risk Committee.

For FY2017, there were no incidences of non-compliance with laws and/or regulations resulting in penalty or fines imposed by the relevant authorities and we target to maintain this track record.

BOARD STATEMENT

Our Board considers sustainability issues to be an important part of strategic planning. In the preparation of this Sustainability Report, the Board of Directors has reviewed and considered the material ESG factors and has overseen the management and monitoring of these material ESG factors. We will continue to monitor, review and upgrade our material ESG factors from time to time and improve our Sustainability Report whenever practicable in the future in order to create long-term value for our stakeholders.