



FY2022

SUSTAINABILITY REPORT



Leader Environmental Technologies Limited

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Introduction

Methodology and Guideline

The Sustainability Report (“SR”) of Leader Environmental Technologies Limited (“Leader”, and together with its subsidiaries, “Group”) is prepared with reference to the Global Reporting Initiative (“GRI”) Universal Standards 2021, an internationally recognised framework which forms the core of the Group’s disclosure for sustainability reporting. In addition, it also seeks to comply with the Singapore Exchange Securities Trading Limited (“SGX-ST” or “SGX”) Listing Rules 711A and 711B and Practice Note 7.6 (Sustainability Reporting Guide). The GRI Content Index can be referenced from pages 27 - 29 of this SR. In presenting ESG data, the SGX ESGenome portal’s SGX Core ESG Metrics option was used.

The SR covers the Environmental, Social and Governance (“ESG”) issues relating to the Group’s business operations in Singapore and China, and the material ESG factors taken into consideration by the Group in formulating its strategic directions to build a sustainable business in the environmental industry, as well as to create long-term value for its key stakeholders.

For the first time, all listed companies are required to provide climate reporting on a “comply or explain” basis in their sustainability report from the financial year commencing 2022. In the light of this, the Group has adopted and implemented certain recommendations from the Task Force on Climate-related Financial Disclosures (“TCFD”) which can be found on pages 11 - 14 of the SR.

Performance Validation

The Group has not sought external assurance from independent professional bodies. However, the Group has appointed NLA Consulting Pte. Ltd. to perform a review of its sustainability reporting process, a regulatory requirement as mandated by the SGX-ST in December 2021. The Company’s profile can be found on page 52 of the Annual Report under Corporate Governance Report.

Similar to climate reporting, the Group also seeks to comply with, or explain deviations from, the relevant requirements through the disclosure of selected performance measurements of our significant assets in Singapore and China, which is in line with the SGX Sustainability Reporting Guide.

Feedback

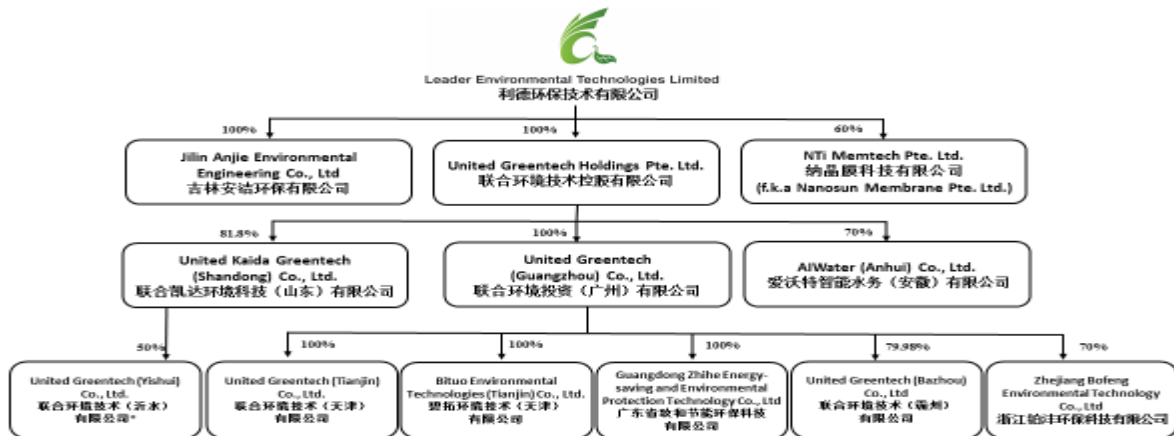
Stakeholders are welcome to provide constructive feedback and suggestions in improving our sustainability report. All queries can be addressed to Ms Lau Dee Dee at deedee@leaderet.com.

About This Report

This report consists of Leader’s ESG strategy, objectives and progress in our targets set in FY2022. It provides an overview of our risks and opportunities, and include forward-looking action plans. In line with SGX’s guidelines, we are reporting according to three key impact heading: Environmental, Social and Governance, along with description of our management approach and performance data.

The activities reported include Leader’s operations in China and Singapore. The ESG data covers 10 subsidiaries in China and one manufacturing site in Singapore. The entities report their performance in all material topics that have been identified at the group level. Sustainability data are given equal weightage in the reporting.

LEADER ENVIRONMENTAL TECHNOLOGIES LIMITED GROUP STRUCTURE
利德环保技术有限公司结构图



* The sustainability reporting did not include the information on the associate as it only exercises significant influence. It also did not include information relating to Jilin Anjie Environmental Engineering Co., Ltd as it had substantially scaled down its business operation, and it will remain dormant going forward.

Sustainability Management Structure

The Board of Directors (“Board”) oversees the management of climate-related risks and ESG issues. The Board is responsible for setting the company's strategy, policies, and objectives in these areas, and ensuring that they align with the organization's values, purpose, and stakeholders' expectations. The Board also oversees the company's risk management processes and ensures that climate-related risks are identified, assessed, and adequately addressed.

Specifically, the Board's responsibilities in respect of climate-related risks and ESG include:

- Ensuring that the company's disclosure of climate-related risks and opportunities is accurate, timely, and transparent, in compliance with the SGX's sustainability reporting requirements.
- Assessing the company's exposure to climate-related risks, such as physical risks (e.g., extreme weather events, sea-level rise) and transition risks (e.g., regulatory changes, technological disruption), and implementing measures to mitigate these risks.

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The management team leads in:

- Developing and implementing ESG policies and programmes that align with the SGX's sustainability reporting requirements and guidelines.
- Monitoring the company's ESG performance and engaging with stakeholders, including investors, customers, employees, and suppliers, to understand their ESG expectations and concerns.
- Ensuring that the company's culture, values, and behaviours align with ESG principles and contribute to the achievement of the company's ESG objectives.

In 2022, we set up a working committee with representatives from Finance, Corporate Affairs and Sustainability. The committee consists of the CFO and representatives from Finance, Corporate Affairs and Sustainability. The members work together to communicate and implement the strategies and policies established by the Board and executive management. The members are responsible for monitoring and reporting the sustainability related KPIs of the group, and for preparing the main content of the sustainability report.

	Responsibility	Members
Board of Directors	Leader's board of directors oversee the management of material ESG factors and climate related risks for the group. The board takes ESG factors and climate risks into consideration in conducting its business.	
Executive Director/ Finance Director	The Executive Director chairs and leads the Group Sustainability Working Committee.	Executive Director/ Finance Director
Group Sustainability Working Committee	The committee consists of the CFO and representatives from Finance, Corporate Affairs and Sustainability. The members work together to communicate and implement the strategies and policies established by the Board and executive management. The members are responsible to monitor and report the sustainability related KPIs of the group.	CFO, Sustainability Manager, Administrator, Finance Manager
Subsidiary Sustainability Coordinators	Each subsidiary has a Sustainability Coordinator appointed, to communicate relevant Sustainability issues to the local teams. They monitor and collect data to support the sustainability goals and targets.	

Board Statement

The Board of Directors of Leader is pleased to present our sixth Sustainability Report ("SR") for the financial year ended 31 December 2022 ("FY2022"). The SR which sets out the Group's initiatives, progress and performances has been endorsed by the Board of Directors and Management.

FY2022 was a challenging year for the Group as the COVID-19 lockdowns in China coupled with the global supply chain disruptions have impacted the Group's business operations in Singapore and China, forcing the Group to defer its ongoing and tender projects as well as production of high-performance membranes. Despite the difficult year, the Group remains confident of its prospects as it continues to focus on exploring and seeking new business opportunities in the environmental space.

SUSTAINABILITY REPORT

With the acquisition of an oil sludge treatment company, Zhejiang Bofeng Environmental Technology Co., Ltd., the Group made positive strides in its transformation as a technology-driven company. The acquisition creates a new revenue stream for the Group in the oil and gas industry as it offers its potential customers an innovative and sustainable solution to minimise the environmental impact of their oil exploration activities.

In line with the Group's sustainability initiatives and commitment, it plans to deploy additional resources in its research and development activities on its recently acquired oil sludge treatment technologies, so as to expand and enhance their capabilities and functionalities. Such technological advancement will provide the Group with cutting edge capabilities, and enables it to grow its environmental-related business in the oil and gas industry, as there are more than 100 oil fields being explored in China each year.

In addition to the Chinese market, the Group is also exploring other potential markets in the South East Asian region, namely, Indonesia and Malaysia. Climate change is perceived as a pressing global issue in the world today. Many corporates acknowledge the urgency to accelerate their decarbonisation efforts, and have set climate-neutrality/net-zero targets and the various pathways towards achieving net-zero emission. The Group reckons that, as an environmental company, it can play a pivotal role in helping its customers reduce the carbon footprint generated from their business activities.

Notwithstanding the lockdowns in China, the Group actively sources for new projects with its networks, as it intends to leverage on its existing patented technologies to build a sizeable portfolio of sludge treatment projects and artificial intelligence ("AI") water management projects. The Group's sludge treatment technologies, especially the Continuous Thermal Hydrolysis, offer customers a sustainable solution to reduce the mass of the sludge produced from wastewater treatment plants to as low as less than 10%, instead of dumping them untreated in landfills.

On the other hand, the application of AI in water treatment projects helps customers optimise their overall costs in terms of energy consumption and chemical usage. At the same time, it improves the efficiency and performance of their water treatment plants, and thus, reducing carbon emissions.






Management strongly believes that the proper executions of the above-mentioned sustainability plans will deliver a strong and sustainable long-term growth for the Group. Board diversity is another corporate concern in recent years. As one of the key drivers of a company's long-term sustainability strategy, a diverse board can offer a cognitive diversity of perspectives in addressing a range of issues from strategy to corporate governance, to addressing social and environmental stewardship.

The Board understands its importance and the benefits of having the right mix of Board members in terms of skills, experience, knowledge, gender, insights and relevance to the Board in making decisions in the best interests of the Group. On an annual basis, the nominating committee will review and evaluate the Board's diversity policy to ensure that it stays relevant to the Group's business needs, and with the key objective of strengthening the Board as a whole to create long-term value for the Group's key stakeholders.

Last, but not least, in pursuit of the Group’s sustainable goals, the Board strongly believes the importance of accountability and governance. While a sustainability management framework has already been put in place, the Board, which plays a critical oversight role, will work closely with Management to ensure that the sustainability management framework remains relevant in progressing the Group’s sustainability goals.

Stakeholder Engagement

We have identified and prioritised five key stakeholder groups. Through various channels, we seek to understand their expectations and interests, and establish meaningful two-way communication so we can adjust and improve business practices as appropriate. These are shareholders, clients, suppliers, employees, and regulators.

STAKEHOLDER	KEY CONCERN	ENGAGEMENT PLATFORM
Shareholders 	The Group operates as a going concern and builds relations with investors	Annual reports Half year and full year condensed interim financial statements Various investors’ meetings, analysts’ briefings and corporate roadshows Annual general meetings Corporate website
Clients 	Products can meet stipulated emission and climate-related requirements	Pre-tender meetings Site visits Face-to-face meetings
Suppliers 	Impact on purchase orders of raw materials, systems, and equipment	Project progress meetings On-site inspections Emails and phone calls
Employees 	Stable, safe, and conducive working environment to thrive in	Office setup with proper lighting and equipment Well stocked pantry Proper safe distancing, supply of sanitiser, masks, and ART kits Flexible work arrangements and hours when applicable
Regulators 	Rules and regulations are adhered to	Third party consultations Regulatory inspections Trainings and course attendance Discussion forums Routine monitoring of communications from regulatory agencies, including through mass media

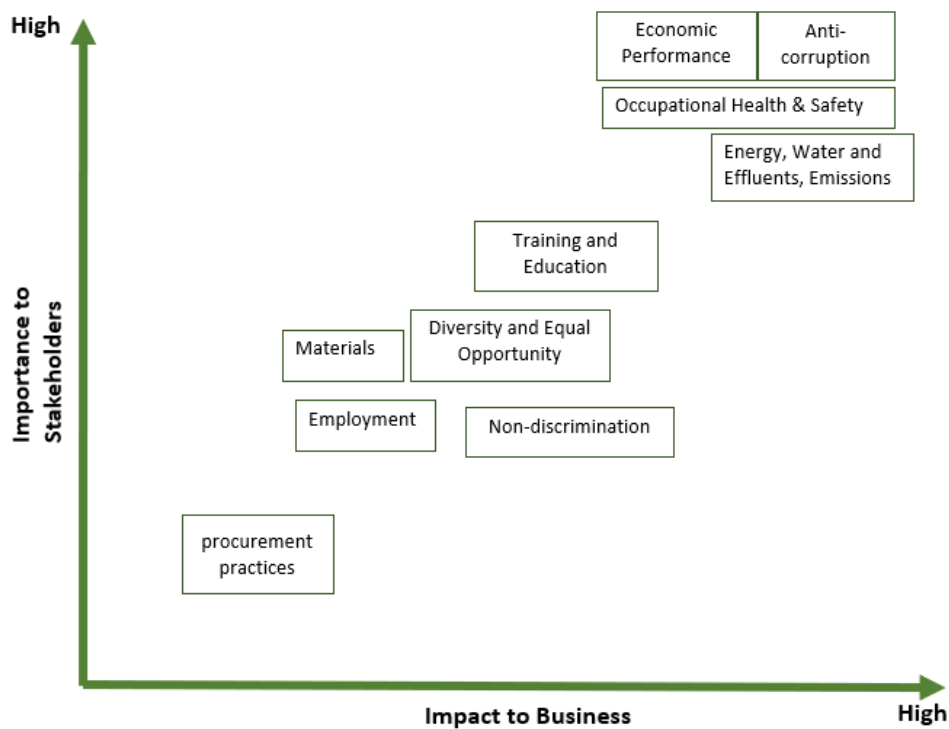
Identification of Material ESG Factors

The Group adopts a targeted approach using questionnaires to determine ESG factors and material factors which are of high importance to our key stakeholders and with significant impact on the Group's businesses. Our materiality approach is closely guided by our core shareholders' value and long-term sustainability of the Group's business.

In FY2022, an internal review and validation of materiality factors was conducted by collecting feedback from key employees who regularly engaged with stakeholder groups, by referencing the topics and disclosures from GRI Standards 2021.

Material ESG Factors

ESG factors are ranked and prioritized based on two parameters: importance to key stakeholders and impact on the Group's business. Based on combined inputs of internal and external stakeholders and our ability to make any influence, the material topics of high interest are economic performance, anti-corruption, energy, water and effluents, emissions, and occupational health and safety.



For the material topics, we have provided more details in the relevant sections of this report.

Summary of Material Factors and Progress

As a continuation of our FY2021 report, we provide an update of our progress against the targets.

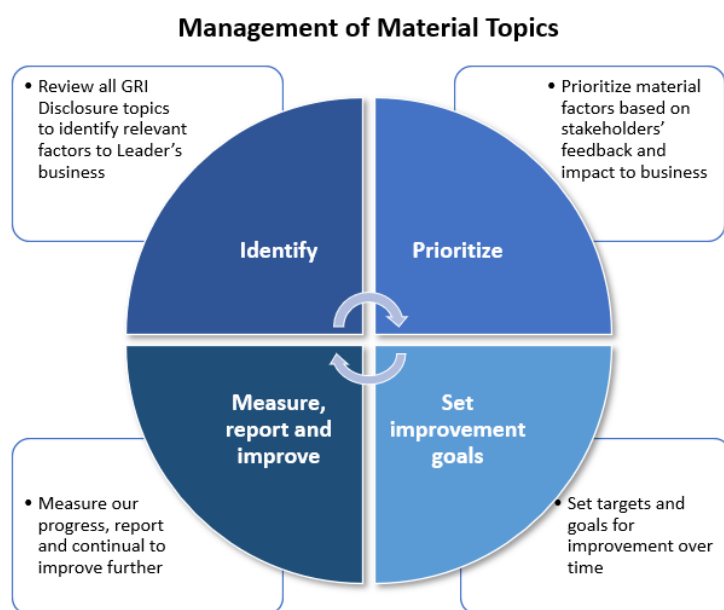
Key ESG Factors	Prior Year Targets	Progress Update on Prior Year Targets	Present Year Targets
Business Discipline	<p>Further develop proprietary technologies to meet increasing stringent regulatory requirements while creating cost savings for our clients.</p> <p>Expend greater efforts to secure more projects on sludge and industrial wastewater treatment which will generate stable and recurring income.</p>	<p>The Group continues to enhance sludge and wastewater treatment technologies in FY2022. The Group has filed a total of 39 patents, out of which 26 have been awarded.</p> <p>The Group started to generate recurring income for FY2022.</p>	<p>Continue to build recurring income from sludge and industrial wastewater treatment.</p> <p>Capture opportunities in oil & gas sector for oily sludge treatment.</p> <p>Develop opportunities in markets outside of China for sludge and wastewater treatment using our AI technologies.</p>
Product Excellence	<p>Further advance our CTH technology to achieve greater effectiveness and efficiency.</p> <p>Commence production of Nano-Hybrid filtration membranes by end of 2022.</p>	<p>Our proprietary sludge treatment technologies are more effective in solving sludge-related problems at a lower cost.</p> <p>The membrane plant shipped out first products in December 2022. It continues to develop and enhance membrane product features such as flux, strength, and durability.</p>	<p>Continue to build track record in sludge and AI water solutions, and work with our clients to realise benefits of cost savings and reduced emissions.</p> <p>Launch new products and add new applications to our membrane product portfolio by 2025.</p>
Occupational Health and Safety	<p>Maintain zero incident via continuous compliance with our Occupational Health and Safety ("OHS") Management system and proactive approach to identify potential threats.</p> <p>Strictly adhere to measures imposed by local health authorities to manage the risk of exposure to COVID-19.</p>	<p>There have been no workplace incidents of injuries and ill-health reported in 2022.</p> <p>All employees are vaccinated against Covid-19.</p>	<p>Maintain zero incident via continuous compliance with our Occupational Health and Safety ("OHS") Management system and proactive approach to identify potential threats.</p> <p>Strictly adhere to measures imposed by local health authorities in relation to COVID-19.</p> <p>Adopt third party certification to ISO 45001 Occupational Health and Safety Management Systems in our key operations in the near term.</p>
Human Capital Development	<p>Bridge knowledge gaps by sending employees for periodic trainings.</p> <p>Build cohesive working team through team building activities and providing a positive working environment for the team.</p>	<p>In 2022, the Group had 42 new hires to maintain proper staffing level. All new hires undergo on the job trainings as part of the job orientation and regular project team zoom meetings are conducted for technology knowledge exchanges and discussions.</p> <p>All employees attended training courses catered to them according to the skill sets required for their roles.</p>	<p>Sharpen our strategic focus on AI and low carbon technologies by increasing our talent pool and seek opportunities to collaborate with institutes of higher learning.</p> <p>Develop and retain talent through competitive remuneration, reward, and recognition measures.</p>

Key ESG Factors	Prior Year Targets	Progress Update on Prior Year Targets	Present Year Targets
<p>Corporate Governance</p>	<p>Continue to uphold best practices to protect the interests of our valued stakeholders.</p> <p>Comply with Task Force on Climate-related Financial Disclosures for FY2022.</p>	<p>The Group remains committed to compliance with regulations and uphold best practices in corporate transparency, strict adherence to legislations and environmental laws.</p> <p>The Group’s policies were reviewed and updated as part of a routine annual review.</p> <p>An overview of our approach to address the TCFD recommendations is included in this report.</p>	<p>We will continue to comply with all legal and regulatory requirements and protect the interests of all stakeholders.</p> <p>Review our risk management processes to keep track of changes in requirements and expectations, including climate-related risks and opportunities.</p> <p>Improve our disclosures on sustainability and climate-related risks and opportunities, to establish performance baseline for emission and resource efficiency, and establish appropriate objectives and targets by FY2024.</p>

Material Topics

An internal review and validation of materiality topics was conducted by collecting feedback from key management and employees who regularly engaged with stakeholder groups. Based on the feedback, the Sustainability Reporting Working Committee reviewed reports from those in similar industries, to understand if the topics are in line with expectations. Due to the current size and scale of Leader’s business, some topics, such as energy and emission have no significant impacts, but we have made efforts to include them as we understand these to be of public interest.

These material topics take reference from GRI Universal Standards 2021. Stakeholders’ feedback has ranked these topics as equally high in priority. The material topics were endorsed by the Board as appropriate to be included in this sustainability report.



In FY2022, we did not set targets for the material factors due to the impacts from the COVID-19 pandemic as the Group’s business activities were affected. With the reopening of China and the resumption of business activities, we will be collecting and analyzing more data, to set appropriate targets for future improvement in FY2023.

Economic Performance (GRI 201)

GRI Disclosure 201-1 Direct economic value generated and distributed

For the company's financial performance, including revenue, operating costs, employee wages and benefits, borrowing costs, government subsidies and payments, use of capital, etc, please refer to pages 11 -12 and 20 of the annual report ("AR").

GRI Disclosure 201-2 Financial implications and other risks and opportunities due to climate change/ TCFD Recommendations

Climate change is one of the most significant risks facing mankind today. It is difficult to estimate the timing and severity of physical effects of greenhouse gases emissions and associated social consequences. It is particularly challenging to demonstrate sound decision making as a business, given the scale and long-term nature of some of the climate change effects.

Leader recognises and accepts that we need to manage climate risks in the course of our business, as part of the global community. In this section, we have combined the guidelines from GRI standard disclosure 201-2 with the TCFD recommendations.

Governance

The Board is responsible for the overall management of sustainability and climate-related risks. The Board is committed and responsible for strategic decision making. This includes review of risks and opportunities associated with climate change in taking up investments, projects and client commitments. The Board reviews material risks and the need for reporting and disclosures, including the Group's sustainability report.

The management team takes operational responsibility in identifying, assessing and monitoring effectiveness of control measures on climate-related risks and opportunities. They determine if there are gaps and deficiencies that need to be brought to the attention of the Board.

Risk Management

Leader's management team under the leadership of the Group CEO is responsible for overseeing the identification and development of plans, and the implementation and monitoring of risks and opportunities. This includes escalation of risk control deficiencies to the Board and facilitating reporting and disclosures of relevant risks and opportunities.

The management team conducted a preliminary review of Leader's operations and supply chain. We gathered some initial data on energy, resource use and emissions for FY2022. This gave us a general view of our exposure to climate risks in our own operations. At the same time, it shows us business opportunities in our technology solutions with the potential to lower energy intensity, resource consumption and emissions for our clients.

Strategy

Leader's overall strategy in addressing climate-related risks is to:

- Continue business transformation to invest in technologies that support energy and emission reduction, carbon capture and circular economy.
- Lower carbon footprint of our own operations and in delivering of our solutions. In line with Singapore government's goals to peak emission no later than 2030 and achieve net-zero emissions by 2050, Leader is keeping this target in mind as our business continues to evolve.
- Diversify our physical locations to reduce supply chain impact in the long term.

We are not yet able to quantify the full financial impact of climate-related risks and opportunities on our entire business. However, we focus on helping clients to reduce energy and resource consumption and lower operating costs. Often, our arrangements with clients are premised on a "no-cure, no pay" basis. We believe this is a more sustainable business model.

We have identified the following climate-related risks and opportunities and the corresponding management plans:

1. Climate-Related Risks

Climate-related risks are divided into two major categories: (1) risks related to the transition to a lower-carbon economy and (2) risks related to the physical impacts of climate change.

a. Transition Risks

Policy and Legal Risks

Our operations could potentially be exposed to risks from changes in government policies and regulations. These include potentially higher cost in energy, water, materials used in our production operations, insurance, and costs to manage and comply with new climate-related regulations.

- We are monitoring the changes in policies and regulations, in markets where we are operating, which relate to sustainability reporting, climate-related disclosures and local regulations. When evaluating new business opportunities, we include considerations of such risks in costing, pricing and decision making.

Technology Risk

Our technology solutions for clients could face competitions from newer lower-carbon, energy-efficient alternatives that could make our solutions in sludge, wastewater and membrane products less attractive.

- As a technology business, we are investing in technology development continually. We regularly engage in discussions with academia, technopreneurs, clients and investors to have better understanding of new research outcomes and technologies.

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- We appointed Emeritus Professor Ng Wun Jern as Advisor to the Board, as an additional channel in areas such as strategic business, scientific and technological insights, and people talent insights, to widen our perspectives on associated risks and opportunities.
- The membrane business has set up an R&D Centre in Singapore, and will continue to grow its team and capability, with the view to develop more sustainable products.
- We are adopting and developing AI to integrate into our wastewater management solution, with the view to change the traditional engineering approaches.
- As part of our business, we have in place a strategic plan to invest in promising “Green Technologies” as a way to adapt to and capture climate-related business opportunities.

b. Physical Risks

Our operations and supply chains could be affected by physical environmental risks, such as extreme weather events and availability of resources like energy and water. This could affect our assets, premises, ability to serve our clients, logistics and transportation, and employee safety.

- We seek to reduce our carbon footprint by keeping our work premises compact, multi-functional, and by locating close to our key clients and employees, wherever feasible. Both within our own premises and for our clients, we are working on energy efficiency with cost savings, water re-use and recycling, and new applications for sludge treatment by products. It is our long-term goal to achieve circularity in our sludge and wastewater management solutions.
- In view of potential supply chain concerns, we intend to establish alternative membrane production facilities outside of Singapore to be closer to end-users and raw material suppliers. The membrane manufacturing facility in Tuas Singapore is supplementing energy needs with solar power, as detailed on pages 16 - 19.
- The Group established office premises in different cities to have better access to local talent and to spread out location-related risks, so that alternative office premises could be accessible as contingency. Coming out of the pandemic, we are setting up work processes so that employees could work remotely.

Climate-Related Opportunities

The urgency to mitigate and adapt to climate change also produces opportunities for Leader, as we seek to transform our business to meet the challenges of decarbonisation. We see the following as opportunities as an environmental business.

Products and Services for Resource Efficiency

Leader's solutions in sludge and wastewater management are designed to achieve better resource efficiency, lower emission, and cost savings for our customers. We continue to tap current technologies such as automation and AI to enhance our technologies. This supports the decarbonisation and sustainability goals of our clients, our business, and the planet.

Our Green Investment strategy is in place, as we continually scout for scalable, significant, and sustainable technological products and services which synergize with our existing portfolio.

In our own premises, we are putting in place programmes to reduce energy and emission intensity. Our premises are designed to use natural lighting and LED as much as possible. Our Tuas manufacturing plant is supplementing energy requirements by solar power.

Opportunities in Different Markets

Leader's sludge and wastewater management solutions can potentially create benefits in terms of lowering energy and emission intensities. While we have some project success in China, we are seeking opportunities to make an impact in Singapore and other ASEAN countries. In FY2022, we conducted active discussions with Singapore's Public Utilities Board ("PUB") to introduce our sludge management solution, which includes potential applications for biochar products. The discussion is ongoing. We continue to seek partnerships with local agencies and financial institutions as a way to diversify our transition and physical risks.

Metrics and Targets

We have set the following targets and metrics to measure our progress in managing climate-related risks and opportunities:

- Grow green technology portfolio and improve revenue in near term;
- Reduce energy and emission intensities in our own operations;
- Establish alternative manufacturing locations for our membrane business to diversity risks and to be closer to suppliers and customers.

Anti-Corruption (GRI 205)

At Leader, we are committed to preventing corruption in all of our operations. Through our anti-corruption policies, risk assessments, training and awareness-raising activities, monitoring and evaluation mechanisms, and engagement with stakeholders, we strive to ensure that our operations are conducted with the highest standards of integrity and ethical behaviour. We will continue to monitor and improve our anti-corruption efforts to ensure that they remain effective in preventing corruption and contributing to a more sustainable and equitable world.

Anti-Corruption Policies

- We have developed and implemented a comprehensive anti-corruption policy that sets out our commitment to preventing corruption in all of our operations. Our policy includes provisions for:
 - Compliance with all applicable laws and regulations related to corruption prevention
 - Prohibition of all forms of bribery, extortion, and other corrupt practices
 - Clear guidelines on gifts, hospitality, and other expenses that may be seen as giving rise to a conflict of interest
 - Procedures for reporting and investigating any suspected incidents of corruption
 - Regular training and awareness-raising activities for our employees and stakeholders on anti-corruption policies and practices

Anti-Corruption Risk Assessment

- We regularly conduct risk assessments to identify and evaluate the risks of corruption in our operations and supply chain. Based on the results of these assessments, we have implemented measures to mitigate these risks, including due diligence checks on suppliers and contractors, enhanced monitoring of high-risk areas, and continuous review and improvement of our anti-corruption policies and practices.

Anti-Corruption Training and Awareness

- We believe that training and awareness-raising are essential components of our anti-corruption efforts. We provide regular training to all employees on our anti-corruption policy and related topics, such as conflict of interest and gifts and hospitality. We also provide training to our suppliers and other stakeholders on our anti-corruption expectations and the importance of preventing corruption.
- To date, all our directors and senior management team members and key employees have received training on ethical conduct, insider trading and whistle blowing measures. We continue to raise awareness through regular communication.

Anti-Corruption Monitoring and Evaluation

- Leader has put in place a whistle-blowing policy, where the Audit Committee (“AC”) has oversight and monitors the said policy, which provides for the mechanisms by which employees and other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters to the Independent Non-Executive Directors of Leader, with the objective of ensuring that arrangements are in place for the independent investigation of such matters for appropriate follow-up action. The policy protects the complainant from detrimental or unfair treatment or victimization when he/she raises any concern in good faith and without malice.

- All such investigations will be undertaken by the AC Chairman and the identity of the complainant is kept confidential.
- During FY2022, there were no complaints, concerns or other matters received from the channel established under the whistle-blowing policy.

Energy (GRI 302)

An organization can consume energy in various forms, such as fuel, electricity, heating, cooling or steam. Energy can be self-generated or purchased from external sources and it can come from renewable sources (such as wind, hydro or solar) or from non-renewable sources such as coal, petroleum or natural gas).

Leader mainly uses purchased energy, i.e., electricity from power grid in China and in Singapore. In our membrane production facility, solar power became available in November 2022, and is now supplementing our energy usage.

Energy consumption can also occur throughout the upstream and downstream activities connected with an organization's operations. This can include consumers' use of products the organization sells, and the end-of-life treatment of these products. In this report, we only report on energy usage within Leader, mainly in the premises and locations where we operate.

We did not set specific target for energy consumption and energy intensity, as the business is at a growing stage and there was impact from reduced business activity due to the COVID-19 pandemic. We will continue to monitor consumption in FY2023, with a view to establish a base year/ reference year, so that meaningful targets can be made.

Energy Consumption

The total energy consumed in Singapore and China during FY2022 was 84,229 KWH. This includes 9580 KWH of solar energy, generated through solar panels installed on the rooftop of our subsidiary, NTi Memtech Pte. Ltd. ("NTi"). Though Leader owns 60% of NTi, we have control over its operations, and all emissions and energy usage, etc. are presented in full.

We did not set specific target for energy consumption as the business is at a growing stage and operating at reduced activity levels due to the COVID-19 pandemic. We will continue to monitor consumption in FY2023, with a view to establish a base year/ reference year, so that meaningful targets can be made.

Energy Intensity

Leader's average energy intensity was 0.9 KWH per thousand RMB revenue in FY2022. We choose total revenue as the measure for energy consumption intensity, consisting mainly of purchased electricity in Singapore and China. We have chosen total revenue as the intensity measure, as it is objective, and allow comparison in future years.

Solar Power at NTi

NTi is consistently striving to reduce carbon footprint in all aspects of business activities. One of such efforts put in action is the deployment of solar facilities on its existing roof. The standard E8 Type factory purchased from JTC has a gross roof area of 3,358 m², of which 1764 m² has been covered by 810 pieces of solar panels, leaving just walkways for maintenance access. The project is based on the Power Purchase Agreement (PPA) signed with Urban Renewables (Singapore) Pte. Ltd. and the project was completed in November 2022.

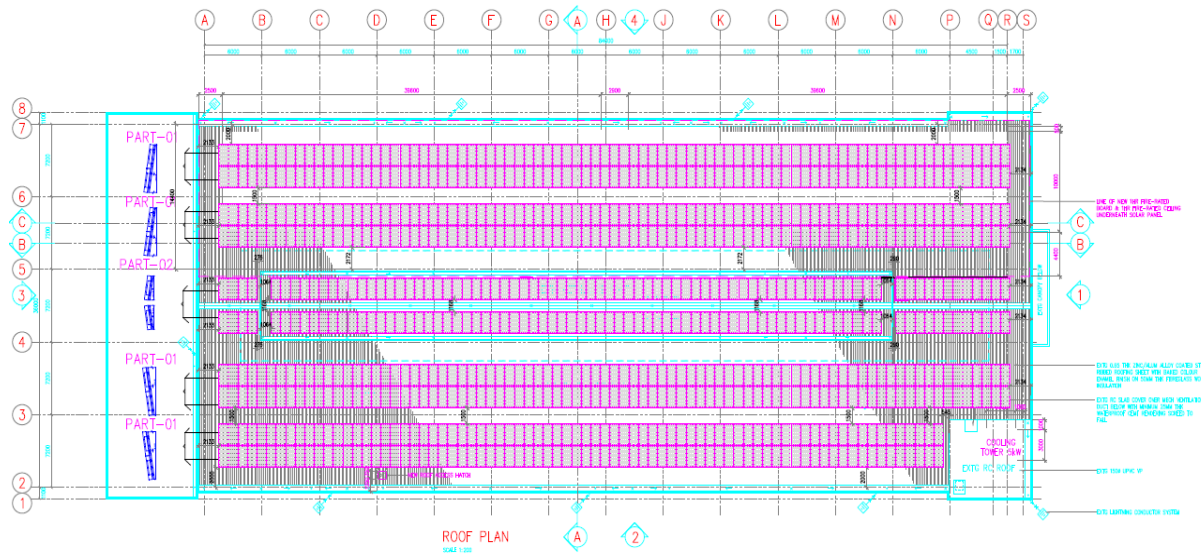


Figure 1 Solar Roof Plan Obtained Authority’s Approval

The project achieved a 3-win situation:

1. NTi enjoys the carbon free green energy without paying the set-up fee, but only the solar tariffs at nearly 1/3 of the market rate (S\$11 cents for solar tariffs vs. S\$28.95 cents for SP tariffs).
2. In return, the solar vendor uses NTi’s rooftop to own and operate the solar facilities and recover the costs by collecting tariffs from the building owner and fees from the open market upon excess power export.
3. The excess power exported supplements the national grid power supply, playing a small but meaningful role in reducing the reliance on carbon-based energy generation, hence helping the reduction in the overall carbon footprint.



The total installation is able to generate 400 kwp (peak power) and is operational for not less than 4 hours a day based on Singapore's weather conditions on annual average basis. The generation starts as early as 6am through 7pm during good days. This means that it is able to cover or supplement majority daily electricity usage.

Real-time data shows that, since the operation of solar installation, NTi has saved 49 tons of coals used for power generation and avoided 58.3 ton of CO₂ generation. This is equivalent to 80 trees planted.

SUSTAINABILITY REPORT

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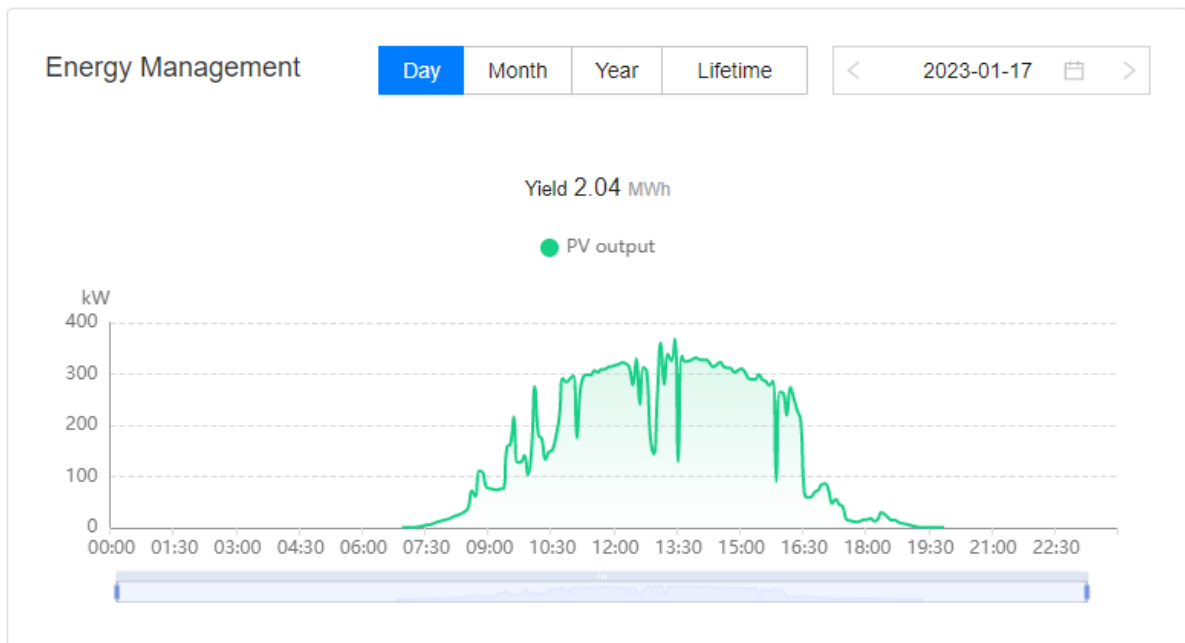
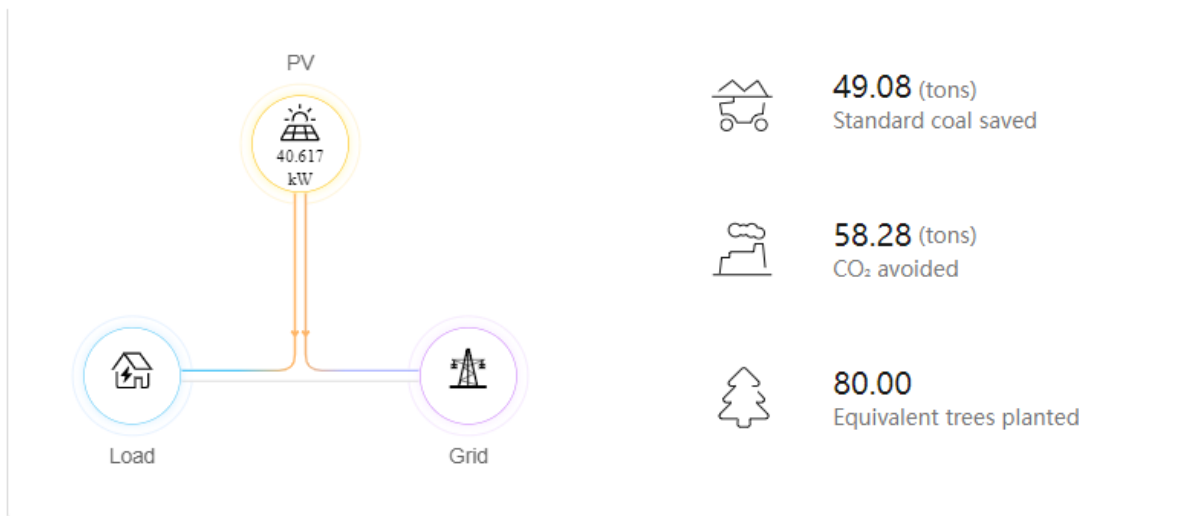


Figure 2 NTi Real-time Solar Generation Status

On the financial aspects, the consumption of 7,139.4 kwh solar generated electricity from 17 November to 17 December 2022 translates to a net saving of $7,139.4\text{kwh} \times (28.95 \text{ cents/kwh} - 11 \text{ cents/kwh}) = \$S 1,281.5$. The net export during the same period was 5-fold the amount to 35,715 kwh. As NTi moves into mass production, the savings realised from solar power could be even more significant.

Emissions (GRI 305)

GHG emissions are a major contributor to climate change and are governed by the United Nations (UN) “Framework Convention on Climate Change” and the subsequent UN “Kyoto Protocol”. In FY2022, Leader’s GHG emissions are mainly from company-owned vehicles, business travel and purchased electricity. The total equivalent GHG emission was 62.3 Metrics Tonnes.

We did not set specific emission target as the business is at a growing stage, with much reduced business activity particularly in China, where there were strict covid-19 control measures throughout FY2022.

Emissions: Scope 1

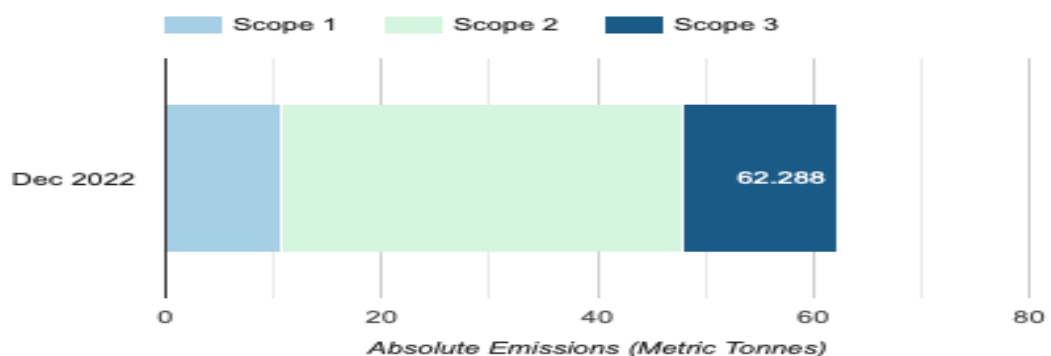
GHG Emission from company-owned vehicles in China was 10.72 MT CO₂equivalent. This was calculated using the Carbon Calculator tool, based on petrol consumption, provided at <https://singapore.g17.eco/carbon-calculator>. Leader did not have other Scope 1 emission sources.

Emissions: Scope 2

Leader’s Scope 2 emissions are from purchased electricity from providers in Singapore and in China. The total amount of purchased electricity in Singapore was 35,006KWH, equivalent to 14,300 KgCO₂e, using the Carbon Emission Tracking Tool from Global Compact Network Singapore. Total amount of purchased electricity in China in FY2022 was 39,643 KWH, equivalent to 22,834 KgCO₂equivalent (using <https://singapore.g17.eco/carbon-calculator>) The electricity consumption is based on utility bill records for the year.

Emissions: Scope 3

Leader began to collect data on transportation from employee business travel in our offices in Singapore and China in 2022. We are able to report partial emission arising from air travel from Singapore and land transport of China employees who used their vehicles for business travel locally. The data presented is only partial reflection of Scope 3 emission. This does not include domestic air travel in China during FY2022. The emission data exclude employee commuting to and from work, and that arising from purchased goods. GHG emission for transportation in Singapore is calculated using the Carbon Emission Tracking Tool provided by Global Compact Singapore, while that of China was estimated using the Carbon Calculator Tool (<https://singapore.g17.eco/carbon-calculator>).



Emission Intensity

Total GHG (CO2) Emissions Metric Tonnes	Organisational Metric Used to Calculate Intensity	Total Revenue (RMB '000)	Total Emissions Intensity (by Revenue)	Total Organisational Headcount (Number of Employees)	Total Emissions Intensity (by Total Headcount)
62.29	Revenue (RMB)	90,103	Minimal		
62.29	Headcount (Number of Employees)			74	0.84

Water and Effluents (GRI 303)

Leader’s business in industrial wastewater treatment means that we play a strategic role in supporting clients’ need to comply to regulatory discharge standards and to re-use and recycle water. In our own operations, water is consumed in our offices and our membrane manufacturing plant. We have designed our membrane plant to recycle most of the process water.

Water Consumption And Intensity

Water consumption is the portion of water use that is not returned to the original water source, whilst **Intensity** calculates only the intensity of total water intake of the overhead and production process.

Water Consumption

In FY2022, a total of 1,829 m3 of water was consumed by Leader’s operation. This was from piped sources and were used in office and production activities.

Water Intensity

Water intensity worked out to 23.8 Litres of water per thousand RMB in revenue. We choose total revenue as a measure of water intensity, as it is a key resource to our business, even as it is our goal to help our clients to reuse and reclaim wastewater.

We did not set targets for water consumption and intensity, as during the past 2 years, the COVID-19 pandemic reduced much of our business activity. We will be monitoring our water consumption in FY2023, with a view to establish performance baseline for future improvement.

Occupational Health and Safety (GRI 403)

Leader has a growing pool of talented employees, bringing with them diverse background, culture and experience to grow together with the company. In the face of COVID-19 pandemic, they continued to serve, and were able to work remotely in part while complying with local public health and workplace safety authorities’ requirements.

Occupational health and safety management systems are tailored to local requirements and implemented at operating subsidiaries. AIWater has its quality, occupational health and safety and environmental management systems certified to ISO 9001, ISO 14001 and ISO 45001. United Greentech (Tianjin) and NTi are preparing their quality, occupational health and safety and environmental management systems to be certified to ISO standards.

As part of the management system processes, hazard identification and risk assessment are conducted and reviewed regularly so that our employees are aware of risk exposures and take appropriate measures to protect themselves and to prevent injuries. Incident reporting and investigation procedures are in place. Employees attend regular safety meetings and training, including evacuation drills, in compliance with local regulations.

All our employees are provided with access to medical care through provision of medical and insurance benefits.

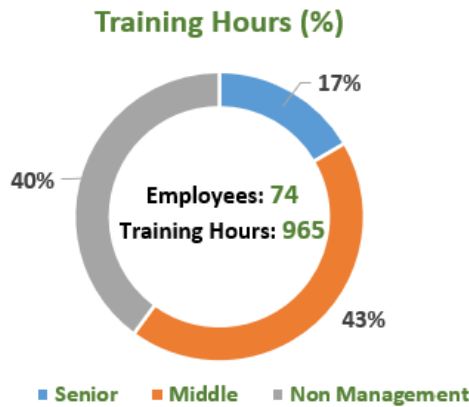
During FY2022, we did not have any incident of workplace injuries and ill-health among our employees and contractors who work directly with us on projects.

i. a) The Number of Fatalities as a Result of Work-related Injury	i. b) The Rate of Fatalities as a Result of Work-related Injury	ii. a) The Number of High-consequence Work-related Injuries (Excluding Fatalities)	ii. b) The Rate of High-consequence Work-related Injuries (Excluding Fatalities)	iii. a) The Number of Recordable Work-related Injuries	iii. b) The Rate of Recordable Work-related Injuries	iv. The Main Types of Work-related Injury	v. The Number of Hours Worked
0	0	0	0	0	0	0	148,000

i. The Number of Fatalities as a Result of Work-related ill Health	ii. The Number of Cases of Recordable Work-related ill Health	iii. The Main Types of Work-related ill Health
0	0 – As COVID-19 pandemic is addressed globally, we do not include infections among employees, which might have arisen from work premises.	The COVID-19 pandemic taught us many precious lessons. The potential spread of COVID-19 remains a threat in our workplaces. In FY 2022, we continued to adhere closely to advisories from local and national authorities regarding COVID-19 infection prevention and control measures. As this is a community health issue, we do not count COVID-19 infection as a workplace event.

Human Capital Development (GRI 404)

Being people centric, the Group promotes fairness, non-discrimination, and equal opportunities throughout the organisation. Investing in staff development through upskilling enables our employees to upgrade their capabilities and grow in abilities to build a future-ready workforce.



Employees at all levels are provided with appropriate training that enables them to not only effectively and efficiently complete their tasks but also for their professional development. Training courses are catered according to the skill sets required for their roles and functions. We aim to build a highly competent, innovative, and skilled team.

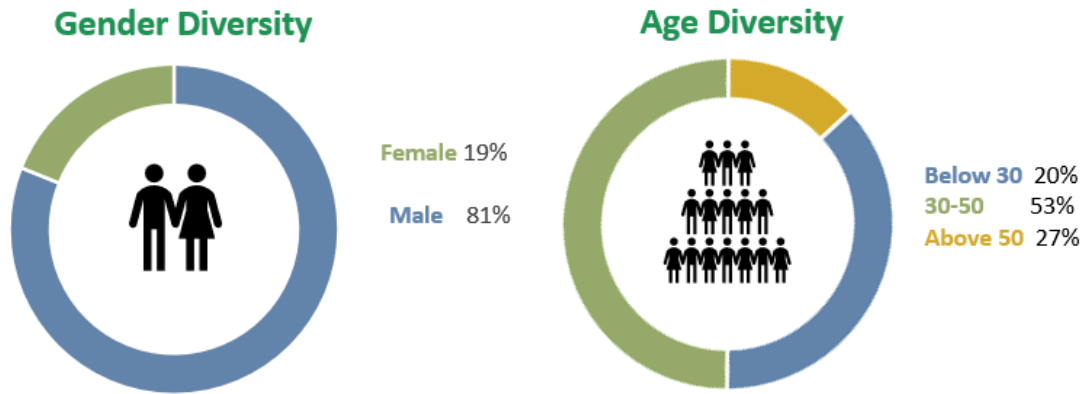
In addition, all Board Directors are encouraged to attend regular training to keep abreast of new developments. For example, all Directors have attended the sustainability training courses prescribed by SGX-ST.

Beyond human capital management, we strive to identify and groom future leaders internally to ensure a robust pipeline of future leaders who bring diverse perspectives to the Group.

Equality And Diversity Policy (GRI 405)

The Group promotes equality and diversity in the workplace and recruits based on merit in relation to the function. We recognise and value diversity in the backgrounds of our employees as well as their knowledge, skills, and experiences, and focus on fostering fairness and providing equal opportunities to create a productive workforce.

Due to the nature of the industry that we operate in, there are typically more male employees. Research shows that age diversity in the workplace can improve organizational performance. We have a balanced pool of workforce that brings with them diverse experiences and perspectives.



Code Of Conduct

The Group places top priority in upholding high standard of corporate governance and maintaining an ethical corporate environment to safeguard the interests of the shareholders and investors. The Code of Conduct serves as the foundation for the Group’s effective corporate governance. Our Code of Conduct provides our employees with clear and documented guidance on acceptable standards of ethical behaviour and raises the employees’ awareness of their corporate and social responsibilities towards stakeholders and the expected strict adherence to the Company’s established guidelines.

Supply Chain Management

The Group believes in building a resilient and sustainable supply chain and has procurement policies over the selection of suppliers and our procurement process.

The main suppliers of the Group comprise suppliers of raw materials, systems and equipment to our business operations and subcontractors. For suppliers, we will perform the necessary due diligence checks based on the evaluation criteria established in accordance with the Group’s procurement policies before entering any transaction with them. Subcontractors are typically engaged for integration of equipment and systems, installations, and civil engineering works for our projects.

In situations where several suppliers meet our project requirements, the Group will select those with a good reputation for being environmentally and socially responsible. This underpins our commitment to a sustainable supply chain.

Delegation Of Authority And Payment Approval Policy

The Group has in place delegation of authority and payment approval policy in all subsidiaries in Singapore and China that enhances the control of the payment approval process. Prior to the implementation, our internal auditors were tasked to perform a review of the policy and approval matrixes and to make recommendations to improve. In addition, annual audit was also conducted to ensure adherence to the policy.

Business Continuity Plan

With the global impact of COVID-19, business operations had to be adapted quickly to minimize potential impacts and mitigation steps had to be implemented appropriately.

Having a Business Continuity Plan (“BCP”) helped our teams to be better equipped to deal with the many unexpected scenarios that were evolving at a fast pace and to constantly adapt to the changing environment.

The recovery plan is documented within the BCP together with the operational guidance to allow the stakeholders to put them into action. The BCP phases of assessment are illustrated in the diagram below.

PHASES OF ASSESSMENT



Looking Forward In FY2023

The Group shall continue to drive progress in FY2023 through our people and our culture, by engaging our current employees, attracting best-in-class talents, and increasing the diversity of our workforce.

In line with the requirements of the SGX-ST, the Group will focus on evolving the identification, assessment and monitoring of the effectiveness of control measures on climate-related risks and opportunities. With conscientious collection of relevant data, we will address gaps and deficiencies and achieve overall progress both in reporting and implementation.

We continue to focus on the development and utilisation of AI in wastewater. Through machine learning, predictive and early intervention capabilities, we aim to achieve informatization, digitalization, intelligence and automation of water treatment plant operations while ensuring compliance with regulatory standards and achieving maximized energy saving and cost reduction.

GRI CONTENT INDEX

GRI STANDARD	DISCLOSURE	LOCATION	REMARKS
GRI 2: General Disclosures 2021	2-1 Organizational details	AR 1	
	2-2 Entities included in the organization's sustainability reporting	SR 4	
	2-3 Reporting period, frequency and contact point	SR 3	
	2-4 Restatements of information		No restatement of information.
	2-5 External assurance	SR 3	No external assurance.
	2-6 Activities, value chain and other business relationships	AR 2-7	
	2-7 Employees	SR 23	
	2-8 Workers who are not employees		Not applicable.
	2-9 Governance structure and composition	SR 4-5	
	2-10 Nomination and selection of the highest governance body	AR 25-27 and 28	
	2-11 Chair of the highest governance body	SR 4-5 AR 27	
	2-12 Role of the highest governance body in overseeing the management of impacts	SR 4-5	
	2-13 Delegation of responsibility for managing impacts	SR 4-5	
	2-14 Role of the highest governance body in sustainability reporting	SR 4-5	
	2-15 Conflicts of interest	AR 22	
	2-16 Communication of critical concerns		No critical concerns raised during the reporting period.
	2-17 Collective knowledge of the highest governance body	SR 23	The Board of Directors have attended the sustainability training courses prescribed by SGX-ST.
	2-18 Evaluation of the performance of the highest governance body	SR 4-5	
	2-19 Remuneration policies	AR 38-44	
	2-20 Process to determine remuneration	AR 38	
	2-21 Annual total compensation ratio	AR 42,43, 141 and 144	
	2-22 Statement on sustainable development strategy	SR 5-7 and 8-10	
	2-23 Policy commitments	SR 5-7 and 9-10	
	2-24 Embedding policy commitments	SR 5-7 and 9-10	

GRI CONTENT INDEX (Cont'd)

GRI STANDARD	DISCLOSURE	LOCATION	REMARKS
	2-25 Processes to remediate negative impacts	SR 14-16	
	2-26 Mechanisms for seeking advice and raising concerns	SR 14-16	
	2-27 Compliance with laws and regulations	SR 14-16	
	2-28 Membership associations		No membership association.
	2-29 Approach to stakeholder engagement	SR 7	
	2-30 Collective bargaining agreements		No collective bargaining agreement.
GRI 3: Material Topics 2021	3-1 Process to determine material topics	SR 8-10	
	3-2 List of material topics	SR9-10	
	3-3 Management of material topics	SR 10	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	SR 11 AR 11-12 and 20	
	201-2 Financial implications and other risks and opportunities due to climate change	SR 12-14	
	201-3 Defined benefit plan obligations and other retirement plans	AR 141 and 144	
	201-4 Financial assistance received from government	AR 140	
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	SR 14-16	
	205-2 Communication and training about anti-corruption policies and procedures	SR 14-16	
	205-3 Confirmed incidents of corruption and actions taken	SR 14-16	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	SR 16-19	
	302-3 Energy intensity	SR 16-19	
	302-4 Reduction of energy consumption	SR 16-19	
GRI 303: Water and Effluents 2018	303-5 Water consumption	SR 21	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	SR 20-21	

GRI CONTENT INDEX (Cont'd)

GRI STANDARD	DISCLOSURE	LOCATION	REMARKS
	305-2 Energy indirect (Scope 2) GHG emissions	SR 20-21	
	305-3 Other indirect (Scope 3) GHG emissions	SR 20-21	
	305-4 GHG emissions intensity	SR 20-21	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	SR 9	
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	SR 22	
	403-2 Hazard identification, risk assessment, and incident investigation	SR 22	
	403-3 Occupational health services	SR 22	
	403-4 Worker participation, consultation, and communication on occupational health and safety	SR 22	
	403-5 Worker training on occupational health and safety	SR 22	
	403-6 Promotion of worker health	SR 22	
	403-8 Workers covered by an occupational health and safety management system	SR 22	
	403-9 Work-related injuries	SR 22	
	403-10 Work-related ill health	SR 22	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	SR 23	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	SR 23 - 24	