



Lion Asiapac Limited

Sustainability Report 2020

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About this Report

Lion Asiapac Limited (“LAP”) is pleased to present its fourth Sustainability Report (SR2020). It describes our sustainability performance for the year ended June 2020.

The scope of reporting includes the environmental, social and governance (ESG) practices of our operations in Singapore and Malaysia.

This report has been prepared based on the Global Reporting Initiative (GRI) standards: Core option. No third party assurances have been engaged.

In line with LAP continuing commitment to environmental sustainability, no hard copies have been printed. This report and previous editions are available on the company’s website at <http://www.lionasiapac.com/index.php/investors>.

Feedback

LAP is committed to increasing the transparency in all aspects of its sustainability reporting. Feedback from stakeholders to the Company should be addressed to joey.lah@liongroup.com.sg

Statement from the Board

At Lion Asiapac Limited (“**LAP**”), we consider sustainability issues as a core part of our strategic formulation, determine the material economic, social and environmental (“**ESG**”) factors, and oversee the management and monitor the material ESG factors.

With support from the Board, the Management establishes a framework for our sustainability efforts before they identify, manage and address ESG factors that are material to our business.

Owing to its extensive global acceptance, we have adopted the globally recognised Global Reporting Initiative’s (“**GRI**”) Sustainability Reporting Guidelines, which allow for comparability of our performance.

This report, produced in accordance with the GRI Reporting Guidelines, includes the primary components as set out by the SGX’s requirements for sustainability reporting. It summarises our effort towards sustainability made to the Group’s material ESG matters for the year ended 30 June 2020 (“**FY2020**”).

The Company is committed to making improvements to its sustainability efforts in the areas such as good corporate governance, transparency and accountability, and does so through a set of internal policies, structures and procedures. The Company will continue to work with its stakeholders towards promoting sustainability in its businesses.

Statement from the Executive Director



Dear Stakeholders

As part of our ongoing journey to champion sustainability, I am proud to present this report and share the initiatives and progress made during the financial year 2020. This is our fourth sustainability report to date, and I am very encouraged by the continuous improvements in our ESG practices.

The global repercussion of the COVID-19 pandemic has been very extensive and alarming. LAP is striving to respond, as best as we could, to business continuity, people, health and safety, supply chain, compliance, digital transformation of business practices, among other aspects. We are committed to navigating this very challenging times by engaging our staff, customers, suppliers, and other business partners, to deliver a sustainable result to our stakeholders.

With our core business in lime manufacturing, our plant are optimised with advanced technology to reduce wastage. During the year, we strive to maintain these plant and equipment to produce top quality lime products. Our products have been part of everyday life in the communities. Clean air, portable water and fertile soil are just a few examples of its applications contributing to a greener environment.

Our operations are supported by our most valuable asset, our employees. Health and safety are our utmost priority. We have implemented a safe management framework, including safe distancing measures and work from home practices, in order to minimise the threat from the pandemic. We will continue to review our practices in aligning the welfare of our employees to our business's sustainability strategy.

On behalf of the Board and Management, I would like to thank our team for their efforts and I look forward to future collaboration with all stakeholders to further strengthen our sustainability efforts.

Eric Loh
Executive Director

Sustainability at Lion Asiapac Limited

Sustainability Initiative

Partnerships and good community relations are critical to our operations.

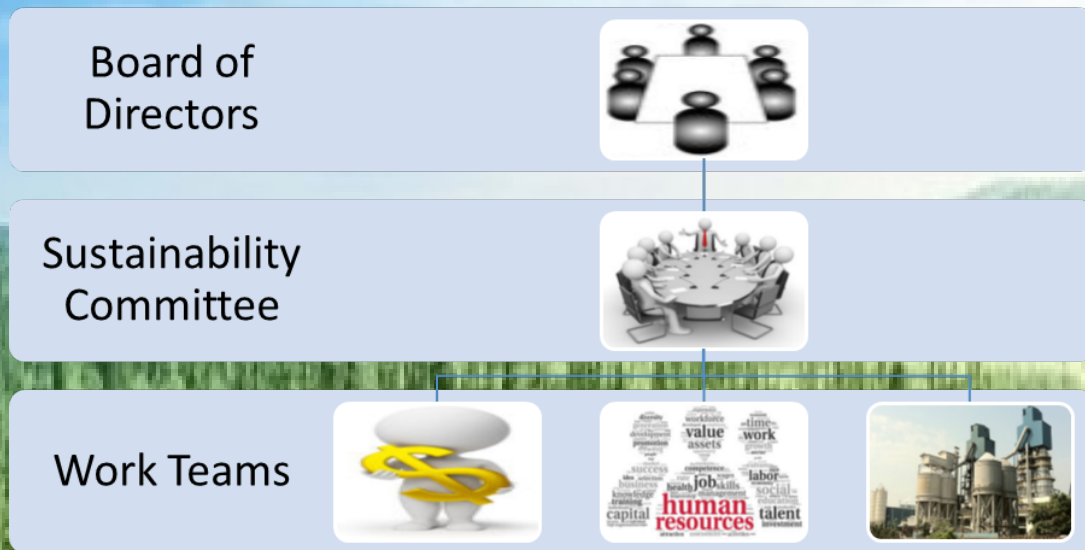
Following collaboration with all relevant stakeholders, LAP ensures that their representations are appropriately identified and that adequate information, including both benefits and negative impacts, are conveyed to the affected.

Our initiative takes into consideration - respect for human rights in the workplace, ban on forced and child labour, elimination of discrimination, provision of fair wages and working hours, and respect for freedom of association, the provision of a healthy and safe working environment, ethical conduct, including efforts to eliminate corruption.

We strongly believe in responsible sourcing, where through collaboration with suppliers, we endeavour to secure only limestone that originates from legal and responsible sources.

Sustainability Committee

In achieving its sustainability goals, the Board sets up its own sustainability team which comprises key management personnel helmed by the Executive Director. While the Board is responsible for formulating corporate sustainability strategies, the sustainability team focuses on implementing sustainability strategies, identifying and addressing emerging sustainability issues.



Finance

Human
Resource

Operations

Sustainability Committee

The Executive Director chairs the Committee, which meets annually, or whenever needed, to plan and review the progress of our sustainability efforts.

The Board receives briefings on relevant ESG matters and consider these ESG risks when evaluating the group strategy.

Sustainability Approach

Good corporate governance, environmental sustainability and social growth are integral to the Group's business strategy.

Sustainability and social responsibility principles form the foundation of LAP's corporate values, in terms of ethical actions and professional behaviour for management and employees.

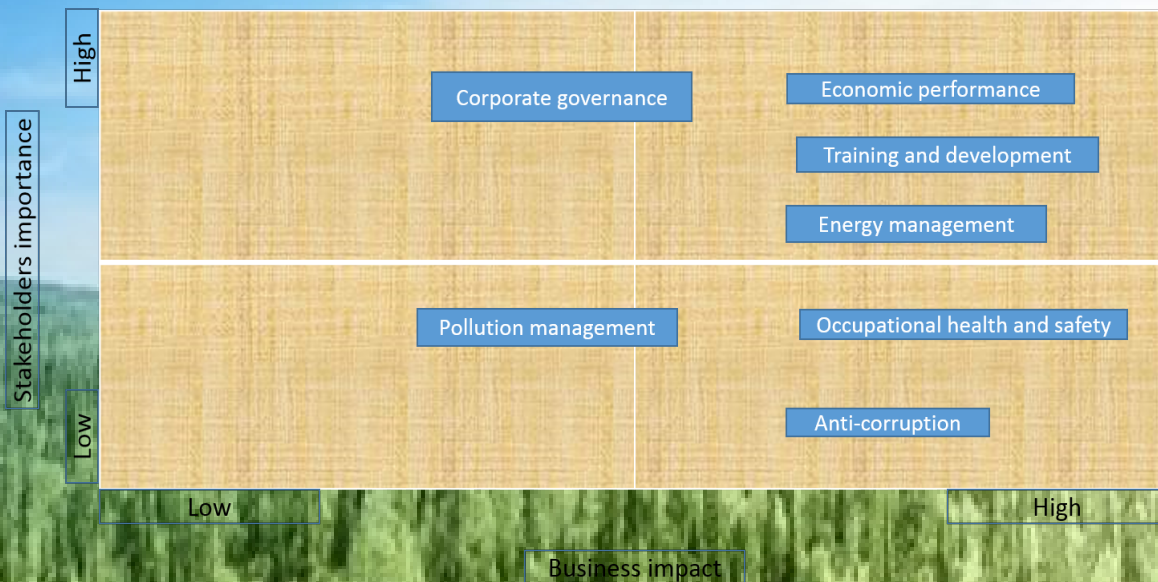
In addition to corporate governance activities, the Group's risk management also anticipates commercial opportunities and mitigates risks to preserve value over the long term. Strategic, operational and commercial risks are evaluated through a precautionary approach.

Materiality Assessment

Our assessment is guided by the GRI reporting framework. Through the ongoing process of interaction with stakeholders, the sustainability committee has reviewed the material factors to reflect the changes over last year. These are the material factors which have been identified:

Economic	Social	Governance	Environment
<ul style="list-style-type: none"> • Economic performance • Anti-corruption 	<ul style="list-style-type: none"> • Training and development • Occupational health and safety 	<ul style="list-style-type: none"> • Corporate governance 	<ul style="list-style-type: none"> • Energy management • Pollution management

The material factors are mapped into the chart below reflecting the stakeholders' importance against the impact on our business.



Stakeholder Engagement

We decide to publish Sustainability Reports every year in accordance with the SGX requirements and GRI Standards. We have not engaged third party assurance.

Report content has been determined based on ongoing stakeholder dialogue and a review of issues that are critical to LAP.

Based on our analyses and discussions with operation management, we have reviewed our materiality matrix to reflect the changes in stakeholders' expectations over last year.

LAP employs a variety of ways to engage its stakeholders and acts upon the feedback received. These stake-holders' engagements contribute towards continuous improvement, strong accountability, informed decision-making and proactive management of sustainability risks and opportunities.

As part of the business transformation process, the Group reviewed inputs from management, employees, independent consultants, comparative studies in the sector and region as well as feedback from the investment community to identify and map stakeholders who influence, or are influenced by, LAP and its operations. The process additionally established the objective of engagement, channels of communication and methods to cultivate relationships that create mutual value and shared trust.

LAP's stakeholders include customers, vendors, technology partners, contractors and regulatory bodies. In general, government ministries are local to the Group's countries of operation.

LAP engaged with the following stakeholders:

- (a) Customers: Regular meetings, platforms to network and build relationships, quotations, corporate website and emails;
- (b) Business partners: Quotations and requests for proposals, regular dialogue platforms;
- (c) Employees: Regular reviews and appraisals, employee dialogue sessions, intranet platform for policies, development programmes and training workshops/courses, meet the management sessions;
- (d) Financial community: results announcements, annual general meetings, corporate website and emails; and
- (e) Government and industry partners: Formal communications with regulatory authorities.

The Key topics and concerns of stakeholders are as follows:

- (a) **Customers:**
Ability to offer competitive and cost-efficient products which are safe and environmentally responsible, flexibility to work together, clear channels of bilateral communication, compliance with customers' product requirements, timely delivery of products;
- (b) **Business partners:**
Terms and conditions of purchasing policies and Agreements, clear two-way communication channels, opportunities for growth and collaboration;

- (c) **Employees:**
Conducive workplace, nurturing environment, fair labour practices and compensation, career growth/personal development opportunities, dynamic two-way communication platforms;
- (d) **Financial community:**
Business resilience and financial performance, timely information, transparent, open and effective communication, responsible management, corporate governance and compliance;
- (e) **Government and industry partners:**
Compliance with regulations, collaborative efforts to share knowledge, joint development and deployment of best practices; and
- (f) **Customers:**
Ability to offer competitive and cost-efficient products which are safe and environmentally responsible, flexibility to work together, clear channels of bilateral communication, compliance with customers' product requirements, timely delivery of products.

Governance

Code of Business Ethics and Conduct & Anti-Corruption Policy

We have a culture of zero tolerance for solicitation or bribery. Ethics is emphasised through all levels of employees through policies. These policies are executed through the annual compulsory declaration of conflict of interest for all employees within a controlled period.

Communication of anti-corruption policy and declaration of conflict of interest to employees	FY2019	FY2020	Target FY2021
	100%	100%	100%

Securities Transaction

LAP adopts a compliance code which establishes the framework of dealing in the securities of the company by employees. Officers who have access to price sensitive information are prohibited from dealing in the securities of LAP within specified time frames. This is aligned with fair market practices and prevents contravening of the law.

Audit Committee and Internal Audit

The Audit Committee (AC), reviews all the operations within LAP to assess the risk likelihood of corruption. The internal audit department conducts independent investigations under the instructions of the AC and the Board. The AC also reviews existing policy and procedures to prevent the occurrence of corruption.

Whistle Blowing Policy

The whistle blowing policy is in place to encourage ethical reporting and to allay all fears of adverse repercussions. Genuine whistle blowers are protected from any unfair treatment resulting from their report and allows the matters to be reported directly to the AC.

The AC considers the nature of the matter and further independent investigations may be carried out by the internal audit department.

Enterprise Risk Management

LAP maintains an enterprise risk framework which manages the risk of failure in achieving strategic objectives. Under this framework, all key operations are required to carry out a self-assessment exercise on a yearly basis.

This risk assessment requires key operations to identify risks, assess risk likelihood and impacts, and consider the effectiveness of the existing controls. All operation heads of department are involved in these assessments and are required to provide a written assurance to the adequacy and effectiveness of their departmental internal control system and risk management.

Incidents in relation to non-compliance and business ethics	FY2019	FY2020	Target FY2021
	Nil	Nil	Nil

Our Operations

LAP is headquartered in Singapore and has been listed on the mainboard of the Singapore Stock Exchange since 1981.

Lime Manufacturing

Established in 2004, Compact Energy Sdn Bhd (CESB) is a wholly owned subsidiary of LAP, based in Banting Selangor, Malaysia.

CESB has 2 units of 600 metric tons per day (MTPD) twin-shaft circular Maerz limekiln with annual production capacity of 430,000 MT quicklime, and 1 unit of 200 MTPD hydrated lime plant with an annual output capacity of 72,000 MT.

The uses of quicklime and hydrated lime include:

- Steel manufacturing
- Soil stabilization
- Sugar production
- Portable water treatment
- Air pollution abatement

Steel Consumables Trading

LAP Trading and Marketing Pte Ltd (LAPT), another wholly owned subsidiary of LAP, deals in the trading of steel manufacturing consumables such as steel scraps and electrodes.

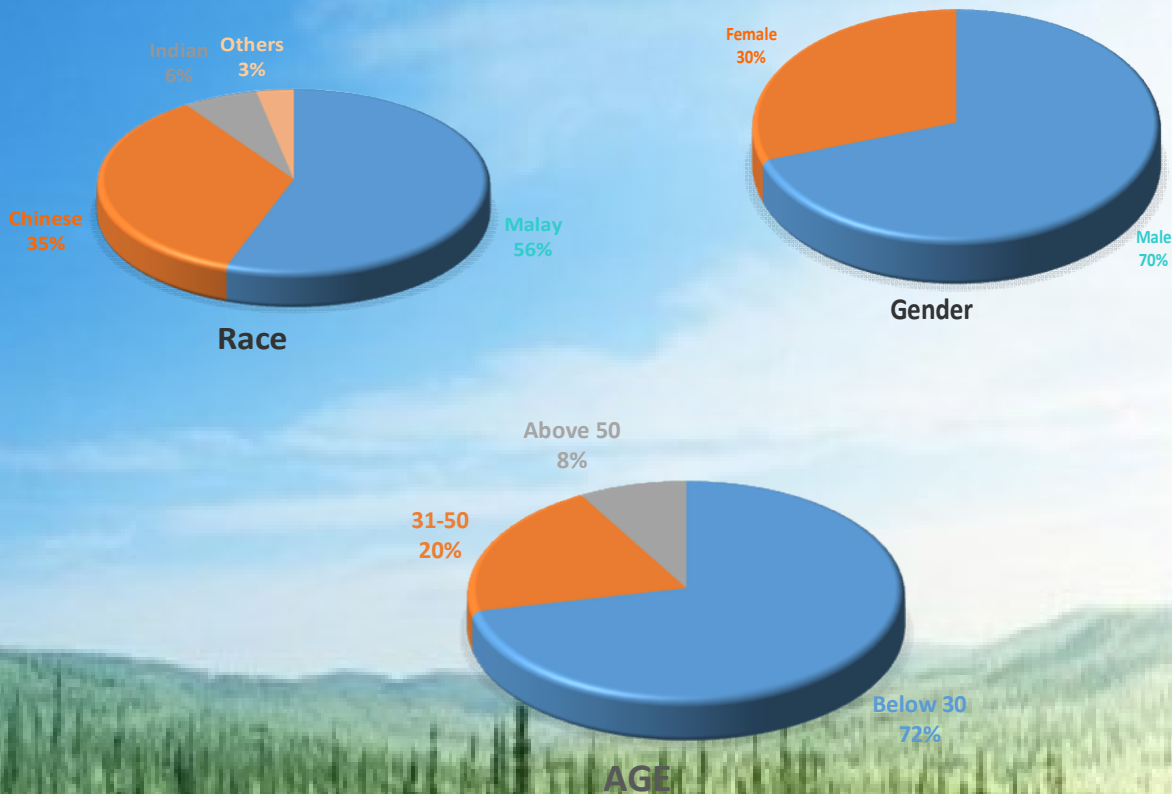
Our Employees

People is most important to the sustainability of our group. Our emphasis in the welfare of our employees can be seen in our dedication to ensure a healthy and ethical work environment. Our operating policies and procedures are all testaments to our effort in this regard.

Diversity

We have a total of 59 employees in LAP, comprising 58 permanent and 1 contract staff. Employees at the headquarters in Singapore consists entirely of Singaporeans and permanent residents.

These are the diversity of the workforce in our group for 2019:



Wages and employee benefits

We have complied with the Ministry of Manpower requirement on wages and contracts documentation. Additionally, permanent staff are entitled to a range of benefits.



Non Discrimination

We have a zero tolerance policy towards gender discrimination and sexual harassment.

Occupational Health and Safety

In response to the Covid-19 pandemic, LAP has implemented various precautionary measures to address the safety and well-being of the staff. These measures include the appointment of safe distancing officers, division of the working groups, enhanced cleaning measure etc. The temperature of all staff are taken twice each day and are encouraged to consult the doctors if they feel unwell. Staff are provided with laptops to facilitate their work from home. The stringent health and safety system at the lime production plant ensures all workers are provided with face masks and temperature taken daily. Emails are regularly sent to employees reminding them of the need for, good hygiene practices and minimise exposure to crowded places.

LAP reported no Covid-19 cases during the year.

It has developed framework to systematically and methodically manage risks in all work processes, where it requires swift investigation of any incident, and promotes a culture of open reporting. We strive for zero fatalities and accidents.

The Safety Committee (SC), comprising the Assistant General Manager and heads of various departments, has been established to implement and monitor the safety program. It is compulsory for all production staff to adhere strictly to the relevant Standard Operation Procedures under the Group's Corporate Policies and Procedures as well as Safety Regulations. Every new staff undergo training and in-house education about health and safety, in addition to training on the job.

The SC conducts safety meeting on a quarterly basis, to instil and reinforce our staff with safety awareness. In our pursuit of a safe working environment, safety procedures are being reviewed and appropriate actions are recommended where necessary. To ensure effectiveness, the meeting requires attendance by all staff, and an attendance rate of 90% is ensured. The safety committee also tests the fire protection alarm system on a regular basis to ensure the system's effectiveness.

The emergent response team is set to comprise all levels of employees from department managers to workers. The team will respond to any incidents such as operational interruptions or natural disaster.

Employees are reimbursed for visits to medical facilities and are protected by insurance.

Accidents and Fatalities	FY2019	FY2020	Target FY2021
	Nil	1	Nil

On 14 December 2019, a most unfortunate accident occurred when the project manager was killed while repair work of a limekiln was undertaken. A revised safety policy was issued immediately, restricting unauthorised personnel entering the lime production area, and a new safety officer was appointed to oversee all safety matters of the factory.

Training and Education

LAP encourages its employees to engage in continuous learning and development. We invest in them and provide support for them, to grow professionally and achieve their full potential. The human resource department plans and develop the training programme for the group.

All employees are entitled to a maximum of 80 hours training per year, which could be in the form of internal or external training. Employees are also accorded annual performance reviews and target setting exercises.

	FY2019	FY2020
Total Training Hours	777	215
Average Training Hours per Employee Trained	7.8	3.3

The significant reduction of the training hours is due to the lock-down in Malaysia and Singapore during the year. We target to keep the average training hours per employee at around 8 hours per year.

LAP provides support for training and education in various ways, including the reimbursement of membership fees and approval of study and exam leaves.

By supporting education and training, the group hopes to retain its people, and build a competitive labour force for its business.

Economic

Markets

The Covid-19 pandemic has severely disrupted global economic activity and led to both demand- and supply-side shocks to both the Singapore and Malaysia economies. Many industries such as steel manufacturing and construction were required to shut down, this has largely affected the sales of the company. With restrictions imposed on travel, this has curtailed overseas business development opportunities for the company. With the gradual resumption of business activities in Malaysia, LAP look forward to improvement to business activities.

The company continues to focus on close collaboration with customers and other business partners, in order to keep abreast of the market. Strengthening business ties with existing customers, developing broader customer base, building customer trust, are all seen as crucial factors for business sustainability. The company strives to deliver high quality products in order to enhance brand loyalty.

Competition remains one of the main challenges, the company emphasises on high quality product and better customer services to differentiate ourselves from our competitors

Customers

Our customers are placed as the top priority, understanding the customer remains the key focus of our marketing strategy. During this lock-down, we have collaborated with affected customers to work out solutions for mutual benefits. We expect these collaborations will help us build a stronger business rapport with our customers.

Product quality, shortest delivery time, provision of on demand solutions, just to name a few, are areas we chose to focus, when building trust with customers is concerned.

Products

Our products are used in numerous industries, including steel manufacturing, water treatment, soil stabilization and sugar production. During the lock-down in Malaysia, we continue to supply to water treatment, sugar production industries as they are considered essential service industries.

Being a quality conscious producer, we place extra emphasis on the quality of our products that we offered to our customers. To ensure only high-quality products leave our plant, our quality control teams conduct stringently inspections before deliveries are made to our customers. Our customer service team proactively communicate with our customers, customer feedbacks are gathered and communicated to quality control team for quality improvement.

Our production team monitors the condition of the plant and make every effort to ensure our plant is operating at its optimum level with consistent output.

Suppliers

The company conducts assessment of its supply networks, which may be seriously impacted by the pandemic, by reviewing existing stock levels, multiple suppliers, and multiple supply source. We are able to select alternative supply source if an existing supply source will to be affected.

We endeavour to ensure that our materials inputs used in our operations are responsibly and reliably sourced.

To achieve the above, we rely on the effective internal management systems, strong supplier relationships, and close customer collaborations. The company is faced with limited raw material selection options, such risk is mitigated through supplier's long-term commitments to our business. The company is aware of this key reliance and continue to actively seek out new suppliers.

Environment

Our plants in lime manufacturing consumes substantial amount of energy during operations and large amount of dusts and gases are produced which could be harmful to the environment if not properly controlled. In LAP's environmental policy, energy usage and emissions remained the two key points of focus.

Energy

Conservation of energy is crucial in our effort to lowering production costs. The energy usage review taskforce identifies energy saving opportunities throughout the entire manufacturing process. Plans and targets are communicated to every staff and reviewed annually. Incentive is given to employees with innovative ideas to reduce the use of energy.

The table below shows the non-renewable fuel consumptions:

	FY2019 KwH('000)	FY2020 KwH('000)
Petcoke	161,108	133,008
Diesel	2,677	2,397
Electricity	10,310	8,675
Total	174,095	144,080
Total Production (MT)	213,438	193,328
Energy consumption rate KwH per MT	0.82	0.75

The total consumptions of the non-renewable fuel decreased as compared to last year and the energy consumption rate reduced from 0.82 KwH per MT to 0.75 KwH per MT. This pertains to the favourable petcoke mix in producing the final products.

While the business environment remains volatile, the operating unit faces intensive market competitions. To consistently producing quality lime continues to be our focus. We will endeavour to maintain the current energy consumption rate.

Besides the aim of maintaining energy consumption rate, the use of cleaner energy in electricity has always been our focus, instead of the reliance on diesel. We will continue to review our operations with the view to improving our energy usage target.

Emission

In lime manufacturing, the amount of dusts and gases generated are subject to environmental control regulations. We consistently monitor our emissions and ensure compliance at all times.

The following tables disclosed the emissions:

Quick lime plant

mg/m ³	FY2019	FY2020	Compliance limit
Dust	2.1 – 79.4	42.6 – 49.7	50

Hydration lime plant

mg/m ³	FY2019	FY2020	Compliance limit
Dust	11.1 – 65.9	28.3 - 49.2	50

The test results are independently conducted by a third party consultant, Procoma Environmental (M) Sdn Bhd. FY 2019's dust emissions from the limekiln and hydration plant have exceeded the compliance limit, this is due to the malfunctioning of the dust filtering equipment. Immediate rectification of the equipment was carried out.

The environmental impact from the emissions was substantially mitigated by the secluded location, where the plant is located and the densely populated area.

Despite the remote location of the plant, we will, nevertheless, continue with our efforts to meet emissions compliance regulations.

Uses of our product to benefit the environment

Our lime products help to address two main environmental issues: water and air pollution.

In water treatment plants, the use of lime is essential for the treatment of drinking water. Raw water will be purified through the removal of impurities and limit the growth of bacteria. Its alkaline nature also helps to neutralise acidity in water. We hope that our products could help to bring such a basic necessity to everyone.

Lime is a cost-effective product in the treatment of waste-water. The odour from wastewater will be removed and the pH adjusted. Metallic components are precipitated from the hazardous liquid preventing contamination of the environment.

The lime products also aid in absorbing and neutralising sulphuric components in the air. Industrial and incineration plants contributing to air pollution will be able to comply with air quality regulations and do their part in protecting the environment with the use of lime.

GRI Content Index – Core Option

GRI Indicator	General Disclosures	Reference
102-1	Name of the organisation	Sustainability Report (About This Report)
102-2	Activities, brands, products and services	Sustainability Report page (Our Operations)
102-3	Location of headquarters	Sustainability Report page (Our Operations)
102-4	Location of operations	Sustainability Report page (Our Operations)
102-5	Ownership and legal form	Annual Report page (Notes to FS – General) Annual Report page (Shareholding Statistics)
102-6	Markets served	Annual Report page (Financial information by operating segments)
102-7	Scale of the organisation	Annual Report page (Business structure)
102-8	Information on employees and other workers	Sustainability Report (Our Employees)
102-9	Supply chain	Sustainability Report (Our Operations)
102-10	Significant changes to the organisation and its supply chain	There are no significant changes
102-11	Precautionary principle or approach	Sustainability report (Sustainability at Lion Asiapac)
102-13	Membership of associations	Singapore National Employers Federation
102-14	Statement from senior decision-maker	Sustainability report (Statement from the Executive Director)
102-15	Key impacts, risks and opportunities	Annual report page (Chairman’s Message) Annual report page (Information on financial risks)
102-16	Value, principles, standards and norms of behaviour	Sustainability report (Governance) Annual report page (Corporate Governance report)
102-17	Mechanisms for advice and concerns about ethics	Sustainability report (Governance) Annual report (Corporate Governance report)
102-18	Governance structure	Annual Report page (Business structure) Annual report page (Management team)
102-20	Executive-level responsibility for economic, environmental and social topics	Sustainability Report (Board Statement)
102-23	Chair of the highest governance body	Annual Report (Corporate Governance Report)
102-24	Nominating and selecting the highest governance body	Annual Report page (Corporate Governance Report)
102-35	Remuneration policies	Annual Report page (Corporate Governance Report)
102-36	Process for determining remuneration	Annual Report page (Corporate Governance Report)

GRI Content Index – Core Option

GRI Indicator	General Disclosures	Reference
102-40	List of stakeholder groups	Sustainability Report (Stakeholder Engagement)
102-41	Collective bargaining agreement	There is no collective bargaining agreement
102-42	Identifying and selecting stakeholders	Sustainability Report (Stakeholder Engagement)
102-43	Approach to stakeholder engagement	Sustainability Report (Stakeholder Engagement)
102-44	Key topics and concerns raised	Sustainability report (Materiality Assessment)
102-45	Entities included in the consolidated financial statements	Annual report page (Notes to FS – Investment in subsidiaries)
102-46	Defining report content and topic boundaries	Sustainability report (Materiality Assessment)
102-47	List of material topics	Sustainability report (Materiality Assessment)
102-48	Restatement of information	Sustainability report (Environment)
102-49	Changes in reporting	Sustainability Report (About this Report)
102-50	Reporting period	Sustainability Report (About this Report)
102-51	Date of most recent report	Sustainability Report (About this Report)
102-52	Reporting cycle	Sustainability Report (About this Report)
102-53	Contact point for questions regarding the report	Sustainability Report (About this Report)
102-54	Claims of reporting in accordance with the GRI Standards	Sustainability Report (About this Report)
102-55	GRI content index	Sustainability Report (GRI Content Index)
102-56	External assurance	We have not engaged third party assurance
201-1	Direct economic value generated and distributed	Annual Report
205-3	Anti-corruption	Sustainability Report (Governance)
302-1	Energy consumption	Sustainability Report (Environment)
305-7	Nitrogen oxides (NOX), sulphur oxides (SOX), and other significant air emissions	Sustainability Report (Environment)
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism and number of work-related fatalities	Sustainability Report (Occupational Health & Safety)
404-1	Average hours of training per year per employee	Sustainability Report (Training and Education)