



HOR KEW

CORPORATION LIMITED

Sustainability Report

For the year ended 31 December 2017

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BOARD STATEMENT

The Board is pleased to present this Sustainability Report, which is prepared with reference to the internationally recognised Global Reporting Initiative (GRI) Standards 2016 and is aligned to the Singapore Exchange (SGX) Listing Rules 711A and 711B. This report covers the Hor Kew Group's financial year 2017 from 1 January to 31 December ("FY2017").

The Group is committed to provide a safe and healthy environment for the employees and aim at all times to be a socially responsible corporate citizen in its business operations. We are aware of the impacts that our business may have on society and the environment, and have therefore identified the Group's material environmental, social and governance (ESG) factors, which employees will follow in their day-to-day operations and practices.

We hope to continue to improve on our sustainability efforts in all the aspects of our business.

ABOUT US

The Group's origin can be traced back to 1979 when Hor Kew Private Limited became the main business vehicle.

In 1983, the Group was awarded the first main building contract. This contract, with a value of \$28.5 million, was for the building of eight blocks of residential apartments.

In 1986, the Group embarked on the first property development project. Since then, the Group has completed several property development projects.

In 1990, the Group diversified its operations vertically and started the business of manufacturing and supply of prestressed and precast reinforced concrete building components as well as prefinished architectural precast components.

In 1994, the Group further enhanced its vertical integration by venturing into the manufacturing and supply of prefabricated architectural metal component business.

The Group has recently expanded its precast and prefabrication operations in Malaysia.

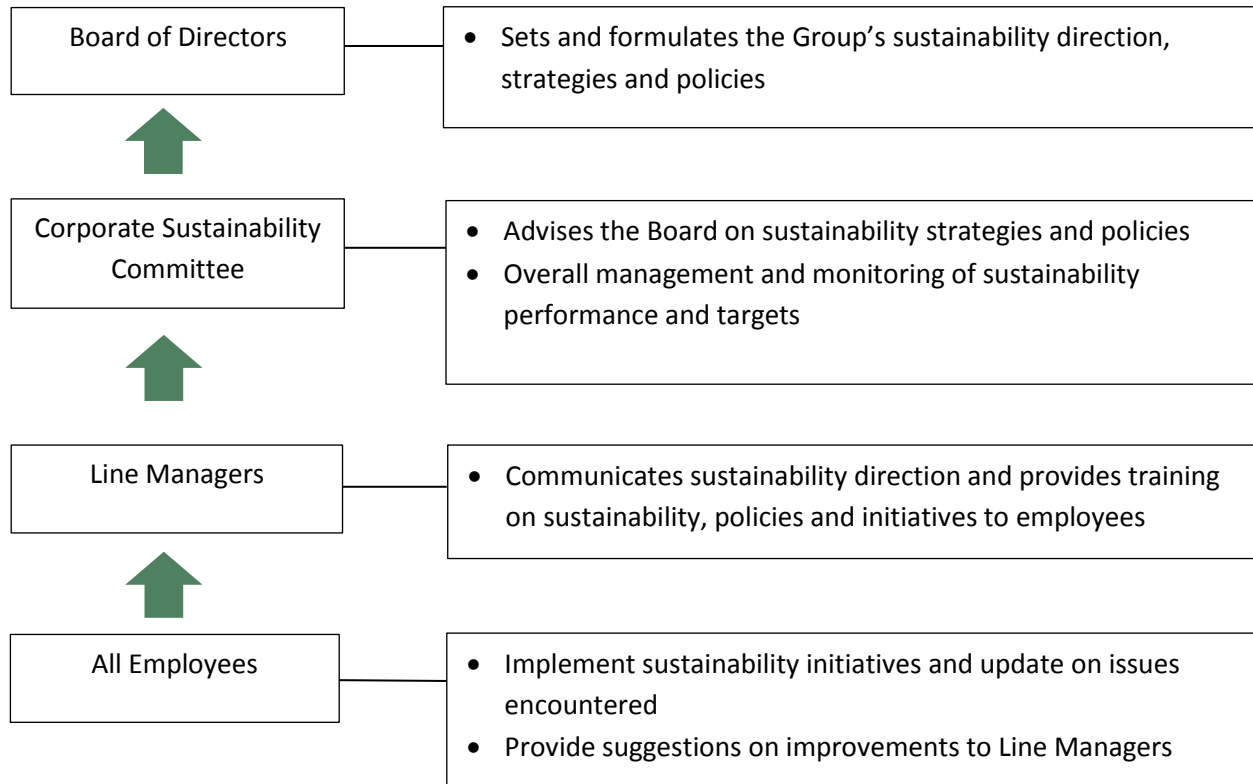
The vertical integration of the Group's operations continues till today, as this enhances better control over the quality and progress of building projects undertaken, thus providing high value-added services to its customers.

Over the years, the Group has successfully completed many projects, and has achieved and received numerous awards.

By leveraging on its steady track record and expertise in the construction industry, the Group has grown to become a main board public listed construction group in Singapore.

GOVERNANCE STRUCTURE

Sustainability Governance is led by the Board of Directors and supported by all levels of the Group.



The Board, with the support of the Corporate Sustainability Committee, will formulate the direction as well as the strategies and policies for the Group. The Line Managers will then disseminate the policies to all employees to ensure that sustainable practices are in place and enforced in the Group's daily operations. Appropriate targets and measurements are developed along the way, and monitored on a regular basis. We will ensure continuous monitoring of the effectiveness of the sustainability governance structure and improve over time.

ABOUT THIS REPORT

Reporting scope

This report focuses on the Group's sustainability performance across its precast and prefabrication activities for the period 1 January 2017 to 31 December 2017.

For the purposes of this report, the Group has included Hor Kew Corporation Limited and its active subsidiaries in Singapore and Malaysia.

Reporting Standard

We prepared this Sustainability Report in accordance with the Global Reporting Initiative (GRI) Standards 2016.

STAKEHOLDER ENGAGEMENT

We value the inputs of all our stakeholders, which allow the Board and the Management to continuously identify areas for improvement in our sustainability efforts. Key stakeholders include our customers, investor, employees, business partners and suppliers. We always reach out to key stakeholders on a regular basis to ensure two-way communication, as detailed below:

Stakeholder	Engagement methods	Topics of Concern	Frequency
Customers	Customer meetings on site progress or issues	- Project progress - Safety issues - Financial issues	Regularly
Investors and the Public	- Quarterly financial results and Annual Report - SGX announcements - Annual General Meeting	Economic business performance	- Quarterly - Throughout the year - Annually
Employees	Regular staff meetings	- Productivity - Training and Development - Safety	Regularly
Consultants, Subcontractors, Suppliers	- Site meetings - Correspondences	- Project progress - Safety issues	Regularly
Government agencies	- Correspondences - Meetings	Compliance with statutory rules and regulations	When required

MATERIALITY ASSESSMENT

The Group dedicates resources to manage the governance of sustainability in an efficient manner to attain optimal results. We followed the GRI materiality approach to gather inputs from stakeholders whilst looking at trends and developments in the precast and prefabrication industry. With these inputs we were able to identify and prioritise the sustainability issues most relevant to us. In doing so, we took into consideration the material topics and future challenges of our industry as identified by our employees and competitors, and also the relevant laws and regulations of the various government agencies in Singapore and Malaysia.

Material Topics	GRI Standards Disclosure	Impact Boundary
Environmental		
Legal and regulatory compliance	Environmental compliance	Precast and prefabrication activities
Waste disposal and management	Effluents and waste	Precast and prefabrication activities
Energy and fuel consumption	Energy	Precast and prefabrication activities
Social		
Diversity and equal opportunity	Diversity and equal opportunity	All employees
Talent attraction and retention	Employment	All employees
Training and education	Training and education	All employees
Occupational health and safety	Occupational health and safety	All employees
Governance		
Ethics	Anti-corruption	All employees

POLICIES AND PRACTICES IN RELATION TO THE MATERIAL ESG TOPICS

Environment

Legal and regulatory compliance

The Group is fully committed to carrying out environmentally-friendly practices in its business operations. We comply with all relevant rules and regulations on environmental issues, and we take steps at all our work sites to ensure the requirements are met throughout the lives of the projects. We work to a higher standard beyond basic compliance, and adopt “green practices” in our precast and prefabrication activities.

Good green practices include but are not limited to the following:

- Dispose of waste products in a responsible manner
- Reduce carbon footprint
- Minimise water wastage
- Minimize noise and air pollution on our plants and at the project sites
- Provide a safe environment for all the Group's employees and the public
- Comply with all relevant regulatory and client requirements
- Educate and train all employees to abide by environmentally friendly business practices
- Monitor any impact on the environment

Waste Disposal and Management

The Group tries to encourage employees to maximise use of paper by using double-sided printing wherever possible. For waste paper printed on single side, our employees will use them for printing on the blank side. We also place recycling bins at various locations to collect and recycle paper.

At all our plants, we also have bins for collecting scrap metal that will then be sold to scrap metal collectors to be recycled. Other construction wastes are properly destroyed and disposed in special designated areas according to the local regulations.

Energy and Fuel Consumption

We try to reduce electricity consumption by turning off lights where not in use. We also use motion-sensor lights that are automatically switched on only when there are people inside the rooms.

We also try to reduce carbon footprint by shutting off machineries and equipment when they are not in use.

Summary of Environmental Performance and Targets

Material Topics		Performance	Target
GRI Index	Waste Disposal and Management		
306-2	Proper disposal of waste	No improper waste disposal reported	To maintain zero case of improper waste disposal
GRI Index	Environmental Compliance		
307-1	Non-compliance with environmental laws and regulations	No incidence of non-compliance with laws and regulations resulting in significant fines or sanctions for FY2017	To maintain zero case of non-compliance with laws and regulations that result in significant fines or sanctions

Social

Our People

We recognise that our employees are the key drivers in helping us operate in a responsible manner. Our employees are employed and work in Singapore and Malaysia. They come from various countries, and are of various age groups and ethnic groups.

Diversity and equal opportunity

Our Group gives equal opportunities to all our employees, and we hire on the basis of qualifications, skills and experience to perform the job. We treat all employees fairly, with respect and dignity, regardless of race, nationality or religion.

Whilst the percentage of female employees is relatively low, this is mainly due to the overwhelming number of male applicants for the manual labour positions, and this is usual in our industry. For office work, we employ fairly and without discrimination.

Talent Attraction and Retention

The Group tries to attract and retain talents by offering a competitive remuneration package. Annual staff appraisals are done to monitor performance of all employees within the Group, with equitable salary adjustments and promotions awarded to the deserving employees, at the same time factoring in the financial performance of the Group. We also offer medical benefits to all our employees.

Training and Development

We continuously provide on-job and external training to our employees so that they are well-equipped to perform their duties efficiently and effectively.

We also try to groom well-performing employees and develop their leadership skills so that they may progress within the organisation by taking up heavier responsibilities or higher positions. We also encourage holding regular meetings within teams to share best work practices and improve on current work procedures.

Occupational Health and Safety

Workplace safety is the top priority at our Group. Due to higher risk of work injuries in our business activities, we educate all our employees on work safety preventive measures. Production personnel are all issued personal protective equipment required in their work, such as safety boots, gloves and helmets.

We also will get visitors, customers' personnel, suppliers and subcontractors to abide by relevant laws and regulations, and follow safety regulations when they are in our manufacturing plants. In 2017, there were zero work-related fatalities in our plants.

Material Topics		Performance	Target
GRI Index	Diversity and Equal Opportunity		
405-2	Diversity and equal opportunity	All employees	Maintain fair employment practices
GRI Index	Employment		
401-1	Employee turnover	Acceptable turnover rate	Maintain an acceptable turnover rate
GRI Index	Training and Development		
404-1	Training of employees	On-job and/or external training provided to all employees	To maintain training and development of all employees
GRI Index	Occupational Health and Safety		
403-2	Accident resulting in fatalities	Zero accident resulting in fatalities	To maintain zero accident resulting in fatalities

Governance

The Group tries to uphold good corporate governance practices in its sustainability efforts. We are committed to ensuring a high standard of corporate governance at all times.

Our Governance Structure on sustainability ensures that all our employees are aware of the Group's direction on carrying out environmentally friendly and ethical business practices, and at the same time allows our employees to provide regular feedback to Management and Directors on how to further improve on these practices.

Anti-Corruption

A whistle blowing policy is in place within the Group to aid in the deterrence and reporting of corporate malpractice and misconducts.

In FY 2017, we have not received reports of any incident of corruption.

Dealings in Securities

The Group abides by the SGX ruling to prohibit its officers from trading in the Company's securities (i) while in possession of material unpublished price-sensitive information, or (ii) during the two weeks before and up to the day of release of quarterly financial results announcements, or during the 30 days before and up to the day of the release of full-year financial results announcements – which is the blackout window period. Prior to the commencement of the blackout window period, an email would be sent out to remind all directors and employees with price-sensitive financial information to remind them to abstain from trading in the Company's shares.

Summary of Governance Performance and Targets

Material Topics		Performance	Target
GRI Index	Anti Corruption		
205-3	Confirmed incidents of corruption and actions taken	No incidents reported	Maintain zero case of corruption

GRI CONTENT INDEX

GRI Standard	Disclosure	Notes/reference/page reference
General Disclosures		
Organisation profile		
GR102-1	Name of organisation	Hor Kew Corporation Limited
GR102-2	Activities, brands, products, and services	This report: About us
GR102-3/4	Location of headquarters/operations	Singapore
GRI 102-5	Ownership and legal form	Annual Report 2017, page 138, Statistics of Shareholdings
GRI 102-6	Markets served	Singapore
GRI 102-7	Scale of organisation	Annual Report 2017, pages 6 to 7, Operations Review
GRI 102-8	Information on employees and other workers	This report: Our people
GRI 102-9	Supply chain	This report: Our people
GRI 102-10	Significant changes to the organization and its supply chain	Not applicable
GRI 102-11	Precautionary Principle or approach	The Group does not specifically address the principles of the Precautionary approach.
GRI 102-12	External initiatives	None
GRI 102-13	Membership of associations	Hor Kew Corporation Limited and Hor Kew Pte Ltd are members of the Singapore Business Federation
Strategy		
GRI 102-14	Statement from Senior decision maker	This report: Board Statement
Ethics and Integrity		
GRI 102-16	Values, principles, standards, and norms of behavior	This report: Board Statement
Governance		
GRI 102-18	Governance structure	This report: Governance structure

Stakeholder Engagement		
GRI 102-40	List of shareholders groups	This report: stakeholder engagement
GRI 102-41	Collective bargaining agreements	Not applicable
GRI 102-42	Identifying and selecting stakeholders	This report: stakeholder engagement
GRI 102-43	Approach to stakeholder engagement	This report: stakeholder engagement
GRI 102-44	Key topics and concerns raised	This report: stakeholder engagement
Reporting Practice		
GRI 102-45	Entities included in the consolidated financial statements	Annual Report 2017, page 79 to 81, Note 4 of Financial Statements
GRI 102-46	Defining report content and topic Boundaries	This report: Materiality assessment
GRI 102-47	List of material topics	This report: Materiality assessment
GRI 102-48	Restatements of information	N/A (inaugural report)
GRI 102-49	Changes in reporting	N/A (inaugural report)
GRI 102-50	Reporting report	Financial year ended 31 December 2017
GRI 102-51	Date of most recent report	N/A (inaugural report)
GRI 102-52	Reporting cycle	Annual
GRI 102-53	Contact point for questions regarding the report	Michael_soh@horkew.com.sg
GRI 102-54	Claims of reporting in accordance with the GRI standards	This report has been prepared in reference to the Global Reporting Initiative (“GRI”)-Core option
GRI 102-55	GRI content index	This report: GRI content index
GRI 102-56	External assurance	Not sought
SPECIFIC DISCLOSURES		
Material Topic		
Environmental Compliance		
GRI 103-1/2/3	Management approach	This report: Environment
GRI 307-1	Non-compliance with environmental laws and regulations	This report: Environment
Occupational Health & Safety		
GRI 103-1/2/3	Management approach	This report: Our People
GRI 403-2	Types of injury and rates of injury	This report: Our People
Human Resources Training		
GRI 103-1/2/3	Management approach	This report: Our People
GRI 404-1	Average hours of training per year per employee	This report: Our People
Anti-Corruption		
GRI 103-1/2/3	Management approach	This report: Governance
GRI 205-3	Confirmed incidents of corruption and actions taken	This report: Governance

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