

2020 SUSTAINABILITY REPORT

PEC LTD.

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SUSTAINABILITY REPORT



ABOUT THIS REPORT

We are proud to share our third sustainability report, published annually, which outlines PEC's approach to the management of the Environmental, Social and Governance (ESG) risks and opportunities across our business. At PEC, reporting is important to us as an avenue to demonstrate our commitment towards the highest standards of business conduct. We strive to communicate to our stakeholders – with accountability and transparency – annual updates on our sustainability performance as well as our efforts to continue improving as a responsible and ethical business.

SCOPE OF THE REPORT

In our last report, we started setting targets for FY2020 to drive our performance on the material ESG issues for our company and more effectively communicate our ambitions and progress. This year, we continue to report on our activities and progress against our targets, highlighting both improvements made and areas that require further efforts to address. This report covers our activities in the financial year ending 30 June 2020. Where applicable, data from previous financial years have been included for comparison and to show our performance over time.

Unless otherwise stated, the information provided in this report covers the PEC Group's network of engineering facilities and offices located in Singapore, China, India, Indonesia, Malaysia, Myanmar, Thailand, UAE and Vietnam. Some of the chapters include data which is limited only to our operations in Singapore and/or UAE. The scope of the data is stated clearly in the chapters.

REPORTING FRAMEWORK

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core Option. This includes adhering to the GRI principles for defining report content and reporting quality. Our GRI content index, which specifies each of the GRI Standards disclosures included in this report, can be found on page 31– 33. The report also complies with the SGX-ST Listing Rules (711A and 711B) and the SGX Sustainability Reporting Guide.

ASSURANCE

We have relied on internal verification processes to ensure the accuracy and reliability of the ESG data contained in this report and have not sought external assurance for this reporting period.

CONTACT US

If you have any feedback and questions about this report, please contact us at ir@peceng.com

SUSTAINABILITY REPORT

KEY PERFORMANCE HIGHLIGHTS AND TARGETS

	FY2019 Targets	FY2020 Progress	Future Targets
Governance			
Anti-Corruption & Compliance	Maintain zero incidents of corruption and non-compliance in our organisation	Conducted business with integrity and remained consistent with the highest ethical standards, in compliance with all applicable laws and regulatory requirements for the prevention of corruption and bribery	Fully commit to conducting business with integrity and remain consistent with the highest ethical standards, in compliance with all applicable laws and regulatory requirements for the prevention of corruption and bribery
Economic			
Economic Performance*	Maintain at least 85% of procurement spending on local suppliers	**72%** of our total procurement spend was on local suppliers, with a total value of **$111 mil** **1,318** suppliers provided goods/services to PEC	At least **70%** of procurement spending on local suppliers
Customers**	Achieve average of **80%** for our Customer Satisfaction Score	**90.3%** achieved for our Customer Satisfaction Score More than **S$2 mil** invested to upgrade our IT infrastructure and capabilities	Continue to achieve an average of at least **80%** for our Customer Satisfaction Score
Social			
Talent Management	Maintain at least **80%** employee satisfaction in our biennial Employee Satisfaction Survey	**>96%** satisfaction score achieved in our biennial Employee Satisfaction Survey for the past few years (2019, 2017) **$709** spent on average per employee on learning and development **$3.3 mil** spent on training and development **31.3** hours of training received per employee on average **73.3%** of our workers have at least 1 certified skill	Continue to maintain at least **80%** for employee satisfaction in our biennial Employee Satisfaction Survey

* Data is limited only to our operations in Singapore and UAE
** Data is limited only to our operations in Singapore only

	FY2019 Targets	FY2020 Progress	Future Targets
Social			
Human Rights	Maintain **ZERO** incidents of non-compliance relating to discrimination, forced labour, child labour or freedom of association	**ZERO** incidents of non-compliance relating to discrimination, forced labour, child labour or freedom of association	Continue to maintain **ZERO** incidents of non-compliance relating to discrimination, forced labour, child labour or freedom of association
Occupational Health and Safety	Achieve **ZERO** lost-time incidents	**ZERO** fatalities	Continue to achieve **ZERO** lost-time incidents
		0.04 Lost Time Incident Rate (LTIR)	
		19.2 hours of safety training per employee	
		16 Workplace Safety and Health (WSH) Awards, from Singapore Workplace Safety and Health Council including 3 Innovation Awards	
		Awarded the **Singapore Health Award 2019** by the Health Promotion Board	
		OHSAS 18001 certified since 2002	
Environment			
Energy Consumption	Continue to monitor our energy consumption and adopt more energy efficient technologies and practices, where feasible	**4,462** total energy intensity in gigajoules/million man-hours worked	Continue to monitor our energy consumption and adopt more energy efficient technologies and practices, where feasible
Greenhouse Gas (GHG) Emissions	Continue to monitor our greenhouse gas emissions and identify opportunities to reduce our carbon footprint	**358** total GHG emissions intensity in tonnes of CO2e/million man-hours worked	Continue to monitor our greenhouse gas emissions and identify opportunities to reduce our carbon footprint
Communities			
Local Communities**	At least **550** hours of volunteering contributed by our employees	**454** hours of volunteering contributed by our employees	Continue to maintain at least **350** hours of volunteering contributed by our employees

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CEO MESSAGE

Welcome to PEC's third sustainability report. 2020 was an unprecedented year for businesses across sectors globally, with the COVID-19 pandemic bringing about major shifts impacting business as usual. Economic activity was brought to a near-standstill as countries worldwide imposed quarantines and lockdown measures, non-essential industries were halted, and governments remained cautious of subsequent waves of infection. Coupled with oversupply, low prices and volatility in the energy industry, these events led to project cancellations, postponement and delays which have impacted our industry.

With the announcement of the COVID-19 'circuit breaker' measures in April 2020, PEC took swift action to ensure that we could continue operating amid the COVID-19 pandemic while protecting our people. We proceeded to adopt safe management measures at our work sites in line with government regulations, providing employees access to necessary IT applications and data enabling them to work from home.

Amid the setbacks in 2020, we adapted quickly to the 'new normal' and pressed on with our operations. Our ability to operate under the given circumstances is testament to the fact that our years of investment in digitalisation, financial discipline and capacity-building have paid off.

We continue to remain vigilant and prepared to adapt to further changes in the energy sector, ensuring that we are able to respond quickly and effectively. Looking ahead, our strategy for long-term sustainability continues with a focus on delivering specialised services, investing further in digitisation, upskilling our workforce, as well as exploring new business opportunities in adjacent industries such as clean energy. We are confident that our strategy will help PEC to continue setting ourselves apart from other industry players, sharpen our edge to seize opportunities when the energy sector recovers, while enabling us to push forward and remain strong for the long haul.

Robert Dompeling
Group Chief Executive Officer

SUSTAINABILITY REPORT

OUR APPROACH TO SUSTAINABILITY

PEC focuses on continued improvements in the management and performance of material issues to deliver long-term value for all stakeholders. Guided by our values and our Corporate Social Responsibility Policy, we work actively towards being a responsible company.

Sustainability Governance
At PEC, our Board has overall oversight of our sustainability issues. The Board is supported by a Sustainability Management Council which is chaired by our Group CEO. The Council members include key management staff and function heads, who are in turn supported by a sustainability reporting project team. The Council meets and reports to the Board. Our Business Excellence (BE) Committee, which is made up of senior management from different departments and reports to the CEO, sets Business Excellence targets for the company. These targets, which includes both financial and sustainability targets, are endorsed by the Group CEO and are reviewed every year. Our targets set in FY2020 are listed on page 2 of this report.

This approach ensures that our approach to sustainability is in line with SGX requirements, where the Board endorses the material issues presented in this report, as well as provides oversight of the management and monitoring of these material issues through periodic review of the key performance indicators (KPIs).

Our Material Issues
Our last materiality assessment was conducted in FY2018, where we engaged our internal stakeholders including various departments and senior management, to identify our key Environmental, Social and Governance (ESG) risks and opportunities.

PEC VALUES: THE 6CS

- **CARING:**
  We care for our colleagues, the company assets, the community and society
- **CONTINUOUS LEARNING:**
  We strive to continuously improve our services by keeping abreast with the latest technology and know-how
- **CUSTOMER FOCUS:**
  We offer services to the best of our ability and build consensus to maintain an everlasting relationship
- **COMPETENCIES:**
  We strongly believe our service is competency driven and we will take every opportunity to upgrade our competencies
- **COMMITMENT:**
  We are second to none in terms of delivery of HSSE, Quality and Schedule
- **COST EFFECTIVENESS:**
  We are resourceful, confident and willing to benchmark our productivity, sales and profit

Our identified material issues are as follows:

Material Issues	Why This is Material	Covered In
Environment		
Energy Consumption	Electricity is used in our offices and fabrication facilities. We also use diesel for transportation and on-site equipment.	Chapter 11 (Environmental Management)
Greenhouse Gas (GHG) Emissions	Our electricity and diesel use leads to GHG emissions.	Chapter 11 (Environmental Management)
Social		
Talent Management	We are focused on building a talent pool of employees who are able to deliver high quality work for our clients.	Chapter 9 (People)
Occupational Health and Safety and Quality	Our operations include project works and maintenance services, which presents a level of risk for the safety of our workers.	Chapter 10 (Occupational Health and Safety)
Human Rights[1]	A large proportion of our workforce are foreign workers on fixed-term contracts, who require additional safeguards to protect their wellbeing.	Chapter 9 (People)
Communities		
Local Communities	We strive to contribute back to the communities where we operate through our CSR programmes.	Chapter 12 (Community)
Economic		
Economic Performance	Strong economic performance is key to our business success.	Chapter 7 (Economic Performance)
Anti-Corruption	We are committed to conducting business with integrity and remaining consistent with the highest ethical standards policy against corruption and strive to incorporate this culture into all aspects of our business.	Chapter 6 (Governance)
Compliance	Compliance with all applicable laws and regulations is crucial for us to avoid legal risks and build trust with our key stakeholders.	Chapter 6 (Governance)

1 Non-discrimination, forced labour, childlabour, freedom of association and collective bargaining

STAKEHOLDER ENGAGEMENT

We recognise the importance of ongoing stakeholder engagement to improve our business performance. Our efforts are outlined in the table below:

Stakeholder Group	How We Engage	Stakeholders' Expectations	Our Response
Customers	· Meetings · Customer satisfaction surveys · Regular feedback	· On-time and high quality delivery of projects · Safety standards and performance · Cost efficiency · Productivity · Adequate resources	· Rigorous project planning · Adopting stringent health and safety standards · Implementing continuous improvement · Regular training for skills development · Focus on innovation
Employees	· Department meetings · Team building activities · Performance appraisals · Employee satisfaction surveys · Training programmes	· Fair treatment · Recognition · Personal development and career progression · Workplace safety · Work-life balance	· Strict implementation of workplace health and safety standards · Competitive compensation and benefits · Ongoing training programmes · Open door policy to promote transparency and communication · Welfare programmes
Suppliers	· Pre-qualification feedback · Quotations and proposals · Site visits · Quality audits	· Fair business practices · Payment according to contracts · Business continuity and long-term relationship	· Fair selection process · Clarity of specifications and requirements · Efficient processing of payments · Fair treatment · Partnering for mutual growth
Regulators	· Industry meetings and seminars · Inspections · Submission of information when requested · Responding to surveys	· Regulatory compliance · Participation in various programmes to engage the industry	· Governance, policies and procedures to comply with applicable laws and regulations · Regularly updating policies in line with emerging regulatory changes
Investors	· Annual General Meetings · Announcements on the website and the Singapore Exchange portal · Press releases · Annual Report · Dedicated webpage for Investor Relations · Briefings for analysts and fund managers	· Robust management · Transparency · Business growth · Dividend and performance shares	· Robust governance · Risk management · Prudent management of resources · Timely disclosures · Focus on business and sustainability strategies for growth and value creation
Communities	· Community engagement and initiatives	· Safety and pollution control at work sites · Support for community development	· Safe driving training for company vehicle drivers · Noise, dust and pollution control measures · Employment for locals, including internships · Employee volunteering

ENGAGING INDUSTRY ASSOCIATIONS

To keep abreast of wider industry trends and best practices, we maintain membership and engagement with the following industry associations:



OUR RESPONSE TO COVID-19

The COVID-19 pandemic has brought economic activity to a near standstill as countries impose travel restrictions, lockdowns and quarantines to halt the spread of the virus. The Process industry experienced delays and disruptions as the pandemic unfolded, given the fast-moving and unexpected changes both in the outbreak and response strategies by the authorities. The lockdown of dormitories in Singapore also reduced the manpower available to support our operations and this has impacted work activities and slowed down the work progress. In some cases, projects and maintenance turnaround activities were postponed or cancelled. PEC has had to swiftly shift the way it operates to sustain itself in the wake of the pandemic.

Though the 'circuit breaker' was lifted on 2nd June 2020 in Singapore, the COVID-19 Safe Restart criteria, mandated by the Singapore government, presented several challenges to our sector. PEC complied with the COVID-19-related advisories and regulations from the various government agencies in Singapore, and put in place all the necessary requirements. This included implementing a system of Safe Management Measures at worksites, pre-screening and segregating work teams, implementing health checks and protocols, adhering to contact tracing requirements and handling suspect and/or confirmed cases of COVID-19.

To balance between protecting our business today and pivoting for our future, PEC's Business Continuity Team, under the leadership of the Group CEO, deployed additional measures under three strategies: 'COVID-Safe Worksite', 'COVID-Safe Accommodation and Transportation' and 'COVID-Safe Workplace'.

Our Projects

For **'COVID-Safe Worksite'**, PEC implemented Safe Management Measures at all worksites and office premises, as well as appointed Safe Management Officers (SMO) and Safe Distancing Officers (SDO)

responsible for ensuring strict adherence to the new measures. Employees were also allocated into split shifts and segregated into different zones at worksites to reduce physical interaction and to ensure safe distancing. Contact tracing infrastructure such as PEC's SaFe Entry Software Tool and a mandate to activate the TraceTogether application were also put in place for the traceability of our workforce.

Our People
The safety and wellbeing of our valued employees is of utmost importance to PEC. Our foreign workers were especially vulnerable amid the pandemic and had to be reallocated to various facilities to protect their health, isolate suspected COVID-19 cases, and treat the infected. Most of the workers that remained in good health were housed in purpose-built dormitories, hotels, and on-site accommodations, while suspected and positive COVID-19 cases were moved to dedicated facilities and hospitals as instructed by the government.

For **'COVID-Safe Accommodation and Transportation'**, workers of the same project were allocated the same accommodation to reduce intermixing and cross infection of workers. In these accommodations, room leaders were appointed to be responsible for assisting their peers in complying with safety measures and managing the physical and mental wellbeing of those under their care. Wi-Fi access and connectivity were also provided for workers to stay connected with their loved ones and access digital entertainment. To facilitate the commute between their accommodation and worksites, point-to-point transportation was provided by PEC.

For **'COVID-Safe Workplace',** all employees attended and passed mandatory training on the roles and responsibilities to stay COVID-Safe. Periodic swab tests and regular temperature screening were also conducted and strictly enforced. To further promote employee health and wellbeing, we also appointed COVID-Safe Leaders for every 20 employees to facilitate the adoption of COVID-related measures and to ensure the safety and traceability of employees under their care. In addition, we encouraged office-based employees to work from home as much as possible, in line with government directives to close workplaces during the 'circuit breaker'.

LEVERAGING ON TECHNOLOGY: TOOLS DEVELOPED IN RESPONSE TO COVID-19



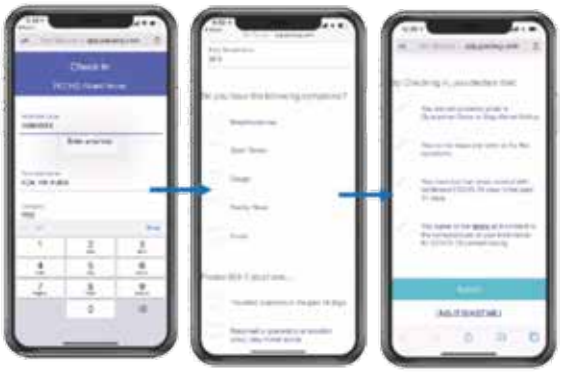
TMIS allowing for contactless face identification at worksites

Time Attendance Information Systems: Contactless attendance-taking at work sites
We installed the Time Attendance Information Systems (TMIS) at entrances of our work sites. The TMIS has facial recognition capabilities allowing it to detect and recognise faces precisely and quickly, with instructions indicated on an LCD screen for contactless attendance taking. This system has been put in place and used by approximately 1,000 staff in Singapore and 900 staff in Malaysia.

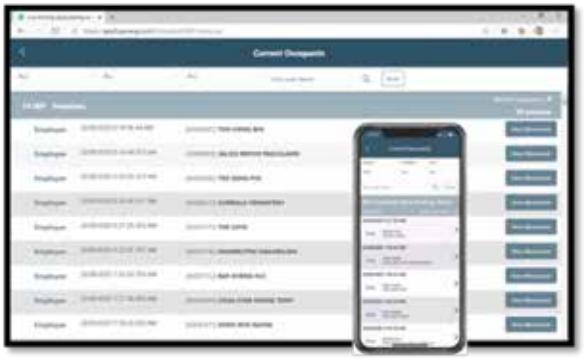
PEC SaFe Entry: Workplace safe entry and capacity management

The PEC SaFe Entry Software Tool was developed by PEC's IT department and used by all employees and visitors to ensure safe entry into workplaces. It enables data collection and verification at entry and exit points of a workplace to facilitate contact tracing efforts.

PEC SaFe Entry also tracks the number of individuals on each floor, allowing SMOs and Facility Managers to limit the entry into specific enclosed spaces based on its current capacity.



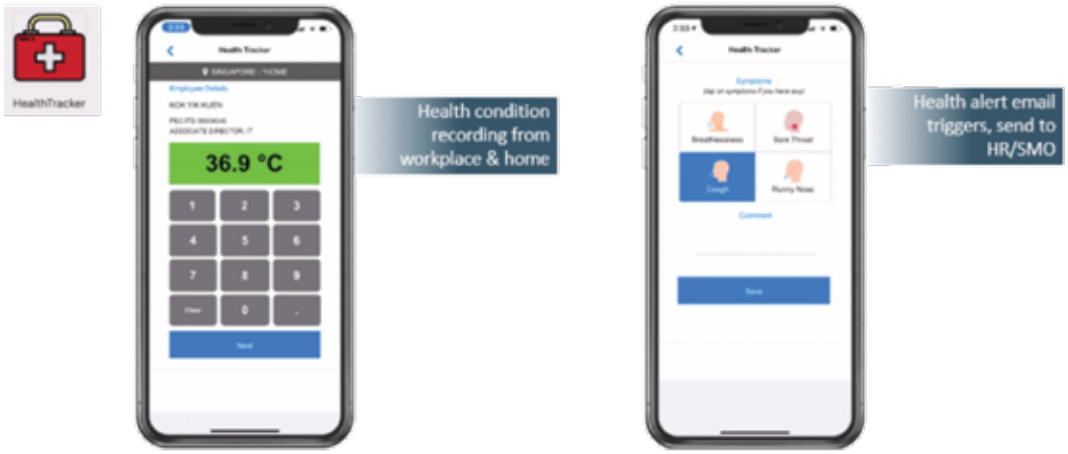
Screenshots of PEC SaFe Entry collecting data for contact tracing



Screenshot displaying information on employees on each floor

Healthtracker: Employee health monitoring

All employees are required to regularly record and report their temperatures daily. Using the Healthtracker mobile application, employees' temperature and symptoms will be recorded and unfavourable readings will automatically trigger an email alert to the relevant HR personnel and SMOs.



Screenshot displaying information of employees' temperature and symptoms

Moving Forward

The coronavirus pandemic has disrupted the usual ways of working and created new norms in our business. As the pandemic continues to affect our operating environment, we will continue to review and adapt our policies, standards, and strategies to manage new risks while ensuring we continue to create long-term value.

GOVERNANCE

We firmly believe that good corporate governance forms the bedrock of our approach to sustainability. Our activities are guided by our Group policies and the Code of Business Ethics and Conduct. More information on how we govern PEC can be found in our Corporate Governance Report found on page 15 - 29 in our Annual Report.

New Anti-Bribery & Corruption Policy
On 31 March 2020, we launched a new company-wide anti-bribery and corruption policy that underpins our commitment to a culture of integrity. The new policy requires all employees of PEC to be conscious of preventing bribery and corruption in all forms. This involves strict adherence to the rules regarding gifts and entertainment, charitable and political contributions, and any other activities that would constitute a bribe or a corrupt act. Employees in doubt were strongly encouraged to seek guidance from their supervisors, the Group Human Resources Department, Corporate Services Department, or the senior management team.

PEC is fully committed to conducting business with integrity and remaining consistent with the highest ethical standards on bribery and corruption as set out in the policy. Any employee found in violation of the policy will be subject to disciplinary action and/or immediate termination in compliance with legal and regulatory authorities.

Updating our Code of Business Ethics and Conduct
The standards of integrity and conduct that all employees must adhere to include:

- Compliance with laws, rules, and regulations in cities and countries in which the company operates
- Avoiding conflicts of interest
- Prohibition of insider trading
- Applying good judgement with regards to gifts and entertainment
- Reporting any illegal or unethical behaviour
- Protecting human rights

Whistleblowing Policy
We also have in place whistleblowing procedures to ensure that any concerns on malpractices within the companies can be surfaced to our management. All employees are systematically made aware and reminded of the procedures every year. PEC adopts a strict non-retaliation policy, where employees reporting a concern in good faith will be protected against reprisals. For more information, please refer to our Whistleblowing Policy.

Training
We conduct training and refreshers for our workforce to continuously improve their understanding on corporate governance. In FY2020, key members of our workforce received training on Anti-Money Laundering and Anti-Corruption and Bribery conducted by ISCA and SBF respectively. Our Board of Directors are also kept up to date with PEC's anti-corruption policies.

There were no substantiated incidents of corruption in our organisation in the reported period.

ECONOMIC PERFORMANCE

We are committed to ensuring the sustainable growth of PEC's business as well as the creation of value for our stakeholders. This is supported by the delivery of strong financial performance for our shareholders.
A summary of our economic performance, extracted from the financial statement, is presented below:

Economic Performance Indicators (S$'M)	FY2017	FY2018	FY2019	FY2020
Revenue	418.6	330.8	392.7	**495.1**
Profit after tax	13.9	10.8	9.8	**(13.2)**
Total expenses (including staff costs)	413.6	322.6	383.9	**512.1**
Staff costs / Employee benefits expenses	149.1	139.2	163.9	**171.5**
Net GST payables	3.6	1.7	1.1	**1.0**
Income tax expense	1.4	2.6	3.1	**5.2**
Retained earnings	170.0	174.6	174.0	**156.2**
Dividend (declared and paid)	7.6	6.4	5.1	**5.1**

Indirect Economic Impact (Supply Chain)

Key Performance Highlights — **Future Targets**



Note: The above figures on indirect economic impact covers our Singapore and UAE operations

Across the Group, our spending on procurement broadly falls into two main categories:

- Equipment, materials and services required to deliver projects and fulfil client expectations such as steel tank plates, pipes, equipment rental, testing services from certification bodies, among others
- Procurement of other types of goods and services to support the day to day running of our operations, such as paper, water, office equipment, electricity and accommodation and transportation for our site workers

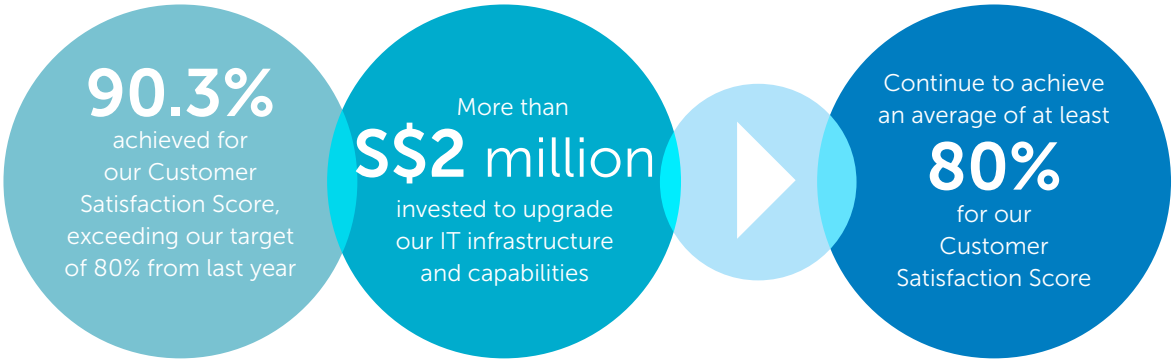
All suppliers are assessed based on our Procurement & Warehousing Policy which comprises indicators such as Quality of Products and Services, Health, Safety, Security and Environment (HSSE), in addition to price competitiveness. We conduct periodic audits to actively manage our suppliers to ensure compliance and continuous improvement.

CUSTOMERS

To ensure the sustainable success of PEC, we are committed to maintaining excellent quality in all our projects. The Occupational Health and Safety, Environmental, Quality and Security (OHSEQS) Committee ensures that we achieve high quality standards to exceed our customers' expectations.

Key Performance Highlights

Future Targets



Note: The above figures only cover our Singapore operations

Product Quality

Our commitment to achieve cost efficiency, higher productivity, safety and timely completion of projects is demonstrated through the following:

- **Quality Policy:** Reflects our commitment to achieving and sustaining total customer satisfaction. Our Quality Management Program includes quality improvement training for employees, effective process control and conducting periodic system assessments.

- **OHSEQS Management System:** Covers all projects and maintenance works undertaken by PEC.

  ◊ **Project execution plans** include a quality assurance plan that details the site organisation structure, the duties and responsibilities of each officer, the control measures, the general execution procedures, and method statements to be adopted by the project team.

  ◊ **Constant performance evaluation** of our list of approved suppliers and sub-contractors are conducted by a quality audit team. Any shortcomings uncovered are rectified in accordance to the quality plan prescribed by the OHSEQS. The quality team also conducts site visits periodically during the project to ensure that work is carried out according to our OHSEQS procedures and all OHSEQS related issues are adequately addressed.

Productivity Management

To achieve greater levels of productivity and efficiency, information across our operations are integrated and updated with the Executive Information System (EIS). It is an enterprise collaborative resource management solution that enables us to plan, schedule and monitor our operations – capturing data such as manpower numbers, equipment usage and material purchases. The EIS also allows us to continuously improve our services by benchmarking our data against industry KPIs.

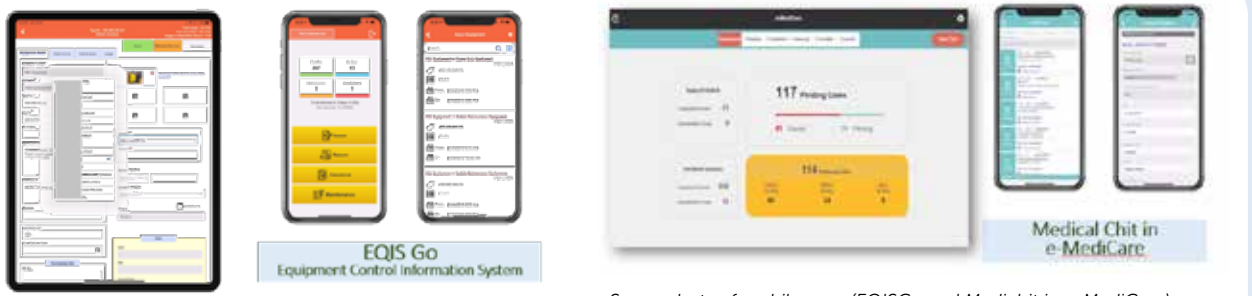
SUSTAINABILITY REPORT

Continued Investment in Technology
The COVID-19 pandemic has underlined the need to shift to agile and digitally-enabled capabilities to stay ahead of the evolving operating environment. Prior to the pandemic, PEC has already been investing in upscaling our technological capabilities – equipping workers with mobile apps that leverage on cloud computing services for them to better execute their fieldwork and expand our Workplace Innovation Initiative. In FY2020, we have invested more than $2 million to upgrade our IT infrastructure and capabilities. Guided by the Infocomm Media Development Authority (IMDA)'s Industry Digital Plans, PEC has been developing its Digital Acceleration Roadmap to strategically implement our digital transformation. This involves building fundamental digital capabilities to optimise our operations, integrating platforms to streamline our processes, and eventually adopting a highly intelligent and autonomous operating model. More information will be shared in our next report.

Workplace Innovation Initiative
PEC's Workplace Innovation initiative empowers cross-department collaboration and innovation to solve business challenges identified by employees at work. With the IT team, employees can co-create digital solutions for issues that current systems do not address. With minimal coding and lean workflows in the development process, apps can be swiftly deployed to improve productivity at work.

Over the past years, PEC's Workplace Innovation initiative has led to the creation of more than 20 mobile applications. These apps include:

- **Equipment Control Information System (EQIS Go):** A mobile app for equipment handling which includes issuance, utilisation monitoring and maintenance tracking.
- **Medical Chit in e-MediCare:** A mobile app allowing employees to issue e-Medical Chit and B2b transactions with panel clinics, including to receive consultation results and Medical Certificates electronically.

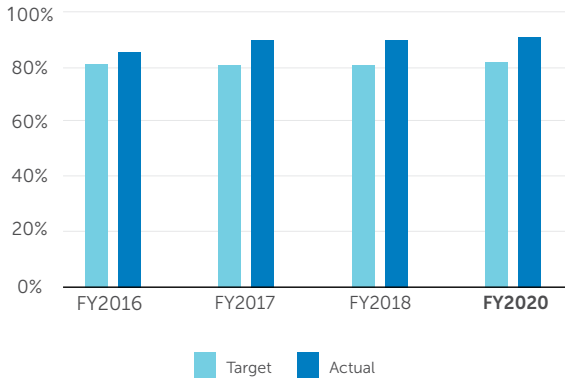


Screenshots of mobile apps (EQISGo and Medichit in e-MediCare) created as a result of PEC's Workplace Innovation initiative

Data Protection and Cybersecurity

As PEC improves its technological capabilities, stronger safeguards must be put in place for effective cybersecurity and data protection across four main premises – End Point Devices such as computers and servers, Networks, Cloud Infrastructure, and Identity. Access to data is strictly controlled through measures such as the System Access Request (ACL), Multi-factor Authentication, Right Management Services and password control. Our technological entities are also protected by next-generation firewalls, advanced threat analytics, malware and antivirus software. In the event of a disaster, PEC's IT infrastructure will be recovered through our Disaster Recovery Plan, enabling the business to quickly resume operations from any unpredictable incidents.

Customer Satisfaction Scores



PEOPLE

Our people are key to PEC's sustainable growth and success. To realise our vision of being a leading service provider and preferred business partner for project works and maintenance services, we have invested heavily in a holistic human resource strategy. Our focus areas include providing continuous training and development to employees across PEC, creating a conducive workplace for our employees to perform at their best, and cultivating a caring environment that values people.

Across the markets we operate in, we have an ethnically-diverse workforce and we are proud to have successfully built an environment that respects and celebrates the cultural differences between our people.

Key Performance Highlights

>96% satisfaction score in our biennial Employee Satisfaction Survey for the past few years (2019, 2017)

$709 spent on average per employee on learning and development

$3.3 mil spent on training and development

31.3 hours of training received per employee on average

73.3% of our workers have at least 1 certified skill

Zero incidents of non-compliance relating to discrimination, forced labour, child labour or freedom of association.

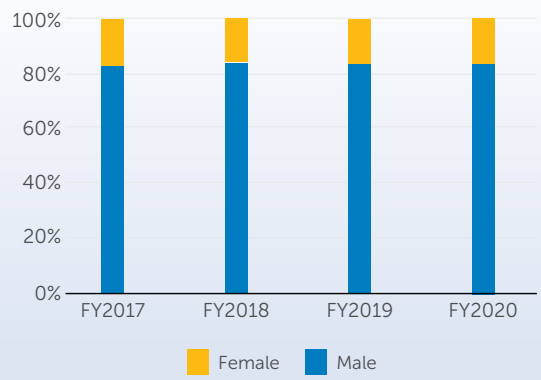
Future Targets

Continue to maintain at least **80%** for employee satisfaction in our biennial Employee Satisfaction Survey

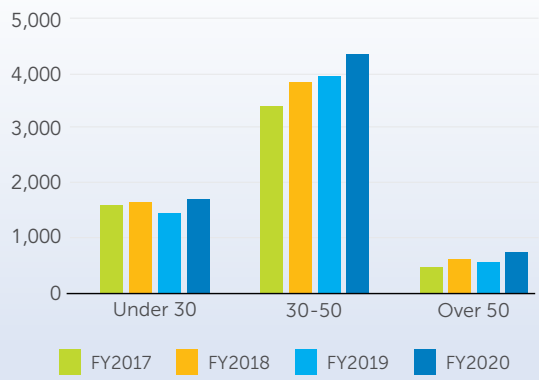
Continue to maintain **Zero** incidents of non-compliance relating to discrimination, forced labour, child labour or freedom of association

Profile of Our Workers

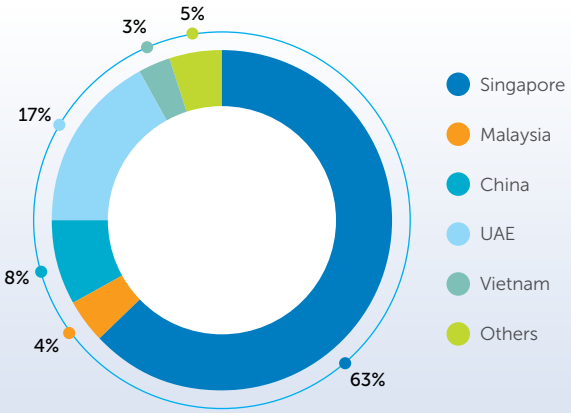
Employees by Gender
(excluding tradesmen)



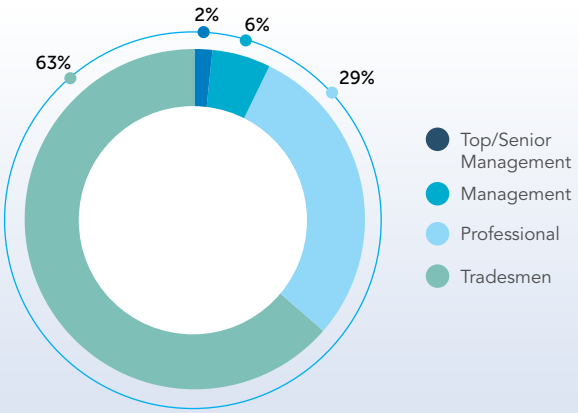
Employees by Age Group



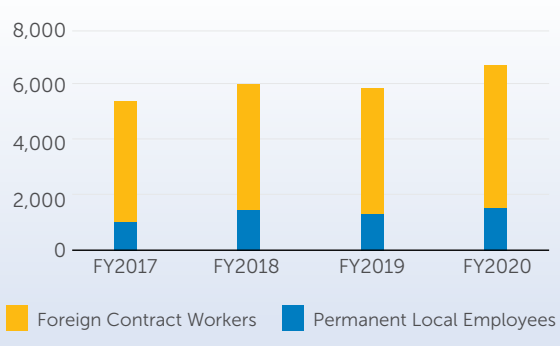
Employees by Country



Employees by Employment Category



Employees by Employment Type



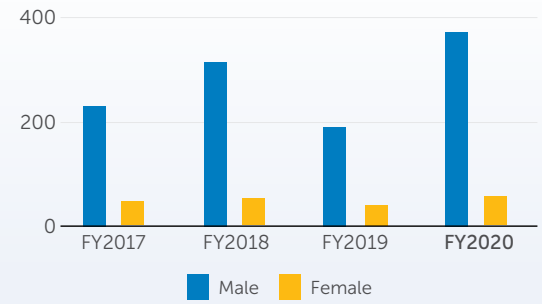
Note:
We have made changes to our employment categories in comparison to SR2019. Employees in 'Top Management' were previously included in 'Senior Management' in SR2019; some employees from 'Senior Management' have now been moved to 'Management'; some employees from 'Management' and 'Professionals' were previous in 'Middle Management'; no change to 'Tradesmen'.

New Hires

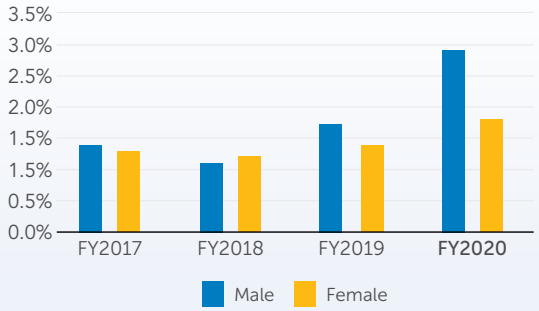
PEC adopts fair employment practices where we hire based on merits (such as knowledge, skills, ability to perform, etc.) regardless of age, race, gender, religion, or marital status.

In FY2019, we hired 433 employees, 40% of whom were hired in Singapore. The other countries with significant hiring were Thailand (44%) and Malaysia (12%).

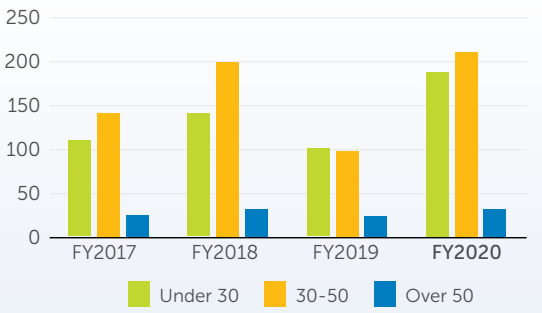
Total Number of New Hires by Gender



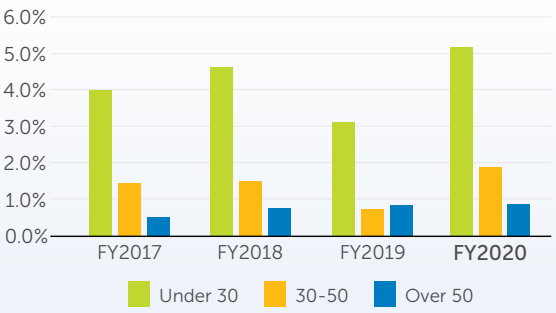
New Hire Rate by Gender



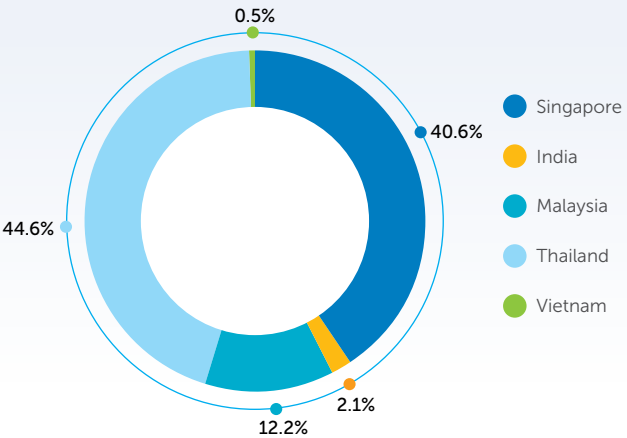
Total Number of New Hires by Age Group



New Hire Rate by Age Group

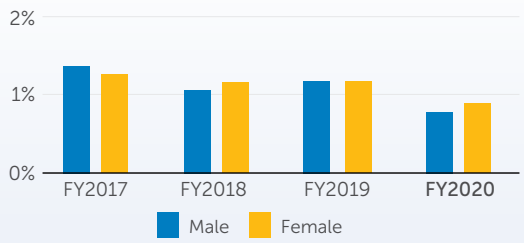


Total Number of New Hires by Country

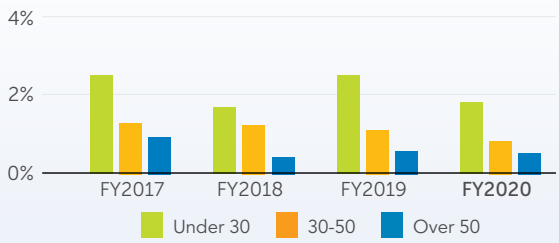


SUSTAINABILITY REPORT

Employee Turnover Rate by Gender



Employee Turnover Rate by Age Group

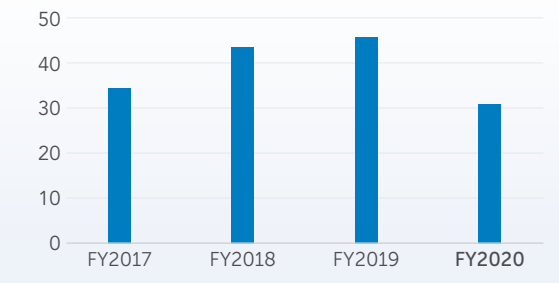


Performance Management
All staff undergo regular performance discussions and receive useful feedback from their managers and supervisors. This helps to improve our employee's performance and contributes to their long-term growth at PEC.

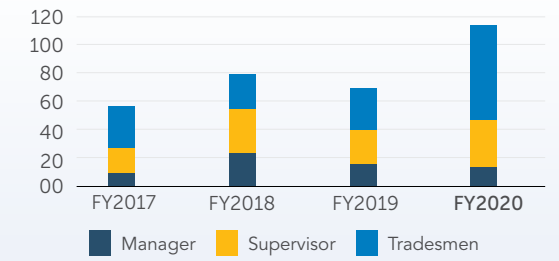
Learning & Development
Our Learning and Development Policy, developed in accordance with the ISO29990 standard[3], is designed to ensure that our employees can deliver the highest quality of work for our customers, while being in a safe and nurturing environment. Technical training we provide for workers include skills such as equipment fitting, welding and machinery alignment. In FY2020, we spent an average of $709 per employee on learning and development for employees across the company.

Average Training Hours Per Employee
Overall, our employees received an average of 31.26 learning hours each. The decrease in figures from the previous year was largely due to the impact of the COVID-19 pandemic, which restricted our ability to organise face-to-face technical training for our employees.

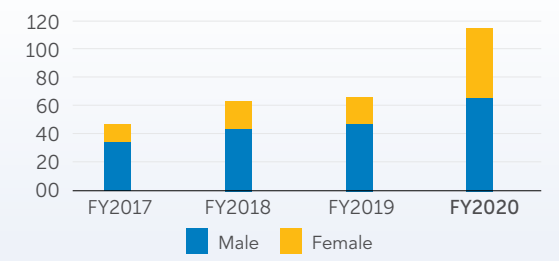
Average Hours of Training
(Per Employee Per Year)



Average Hours of Training by Employee Category
(Per Employee Per Year)

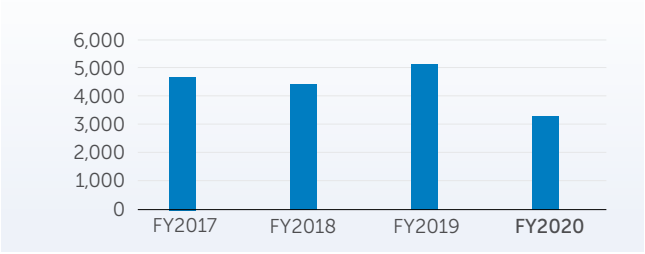


Employee Training by Gender
(Per Employee Per Year)

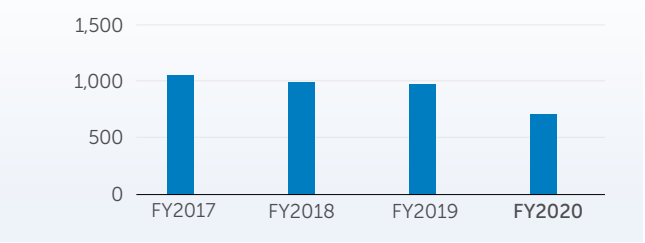


3 ISO29990 specifies requirements for providers of learning services in non-formal education and training

Total Training Expenditure
(S$'000)



Average Training Expenditure Per Employee
(S$)



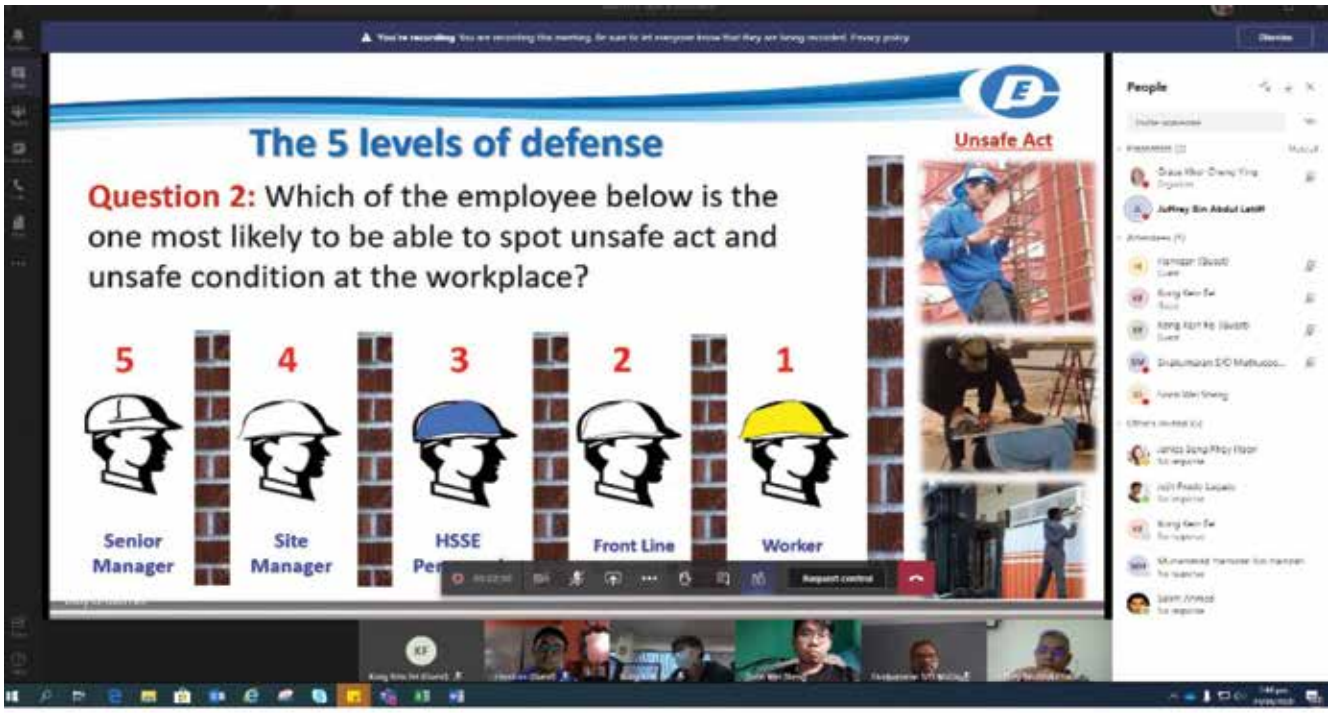
COVID-related Training

In accordance with BCA's advisories, all PEC workers and appointed Safe Distancing Officers (SDOs) and Safe Management Officers (SMOs) working at our construction sites have completed BCA's COVID-Safe Training for Workers and SMO Course for Construction. Similarly, all other appointed SDOs and SMOs have attended training sessions offered by other training providers. This ensures our workers are equipped with skills and knowledge to coordinate the implementation of the safe management measures and implementation plans, while ensuring a safe working environment for all with minimal risks of further outbreaks.

Vocational Training

Despite the suspension of in-person training due to social distancing measures, our workers continued to receive vocational training through online platforms. Lessons were conducted on Microsoft Teams, while learning outcomes were assessed using Microsoft Forms. Through these online platforms, we conducted various courses such as the Safety Induction Program and Supervisory HSSE Program for supervisors and managers. In fact, our tradesmen and supervisors completed more training hours in FY2020 than in FY2019.

With training conducted online, we were also able to expand the reach of our training programs as employees across the region could also join in from their homes or offices. For example, colleagues in Vietnam and Malaysia joined HSSE training sessions hosted by the team in Singapore. Such benefits from conducting training online has encouraged us to rethink how training can be conducted.



Screenshot of our e-learning sessions conducted using Microsoft Teams

Employee Engagement
To cultivate strong relationships between leaders, management, and employees, we ensure that two-way communication channels are kept open, honest, and accessible. An Employee Satisfaction Survey is conducted once every two years, seeking feedback on a range of issues including teamwork, welfare, work environment and leadership. Our overall satisfaction score has ranked consistently above 90%:

Indicator	2013	2014	2017	2019
Overall score	93.4%	94.6%	96.0%	**95.6%**
Job	93.3%	93.4%	96.0%	**94.0%**
Teamwork	96.1%	97.3%	98.0%	**98.4%**
Welfare and Work Environment	91.1%	93.2%	96.0%	**94.0%**
Leadership	94.5%	95.6%	97.0%	**96.0%**

Human Rights
PEC strongly believes in protecting and advancing human rights in our operations. This commitment has been recently built into our Code of Business Ethics and Conduct which guides all employees of PEC. Under the updated code, we reiterated our commitment to treat everyone with respect and dignity, encourage diversity, provide safe working conditions, and promote equal opportunity for all. We prohibit harassment, bullying, discrimination, use of child, compulsory or forced labour and trafficking in persons for any purpose across all our operations.

In FY2020, there were no substantiated incidents of non-compliance relating to discrimination, forced labour, child labour or freedom of association in the reported period.

Employee Welfare
Over the years, PEC has been organising frequent social events to promote a culture of camaraderie among our employees. This year, we were able to hold a number of these events before the COVID-19 pandemic struck.

Employee Welfare during COVID-19
For more information on how we protected employee welfare during COVID-19, refer to Chapter 5 of this report.



Christmas and Chinese New Year celebrations with employees in Singapore



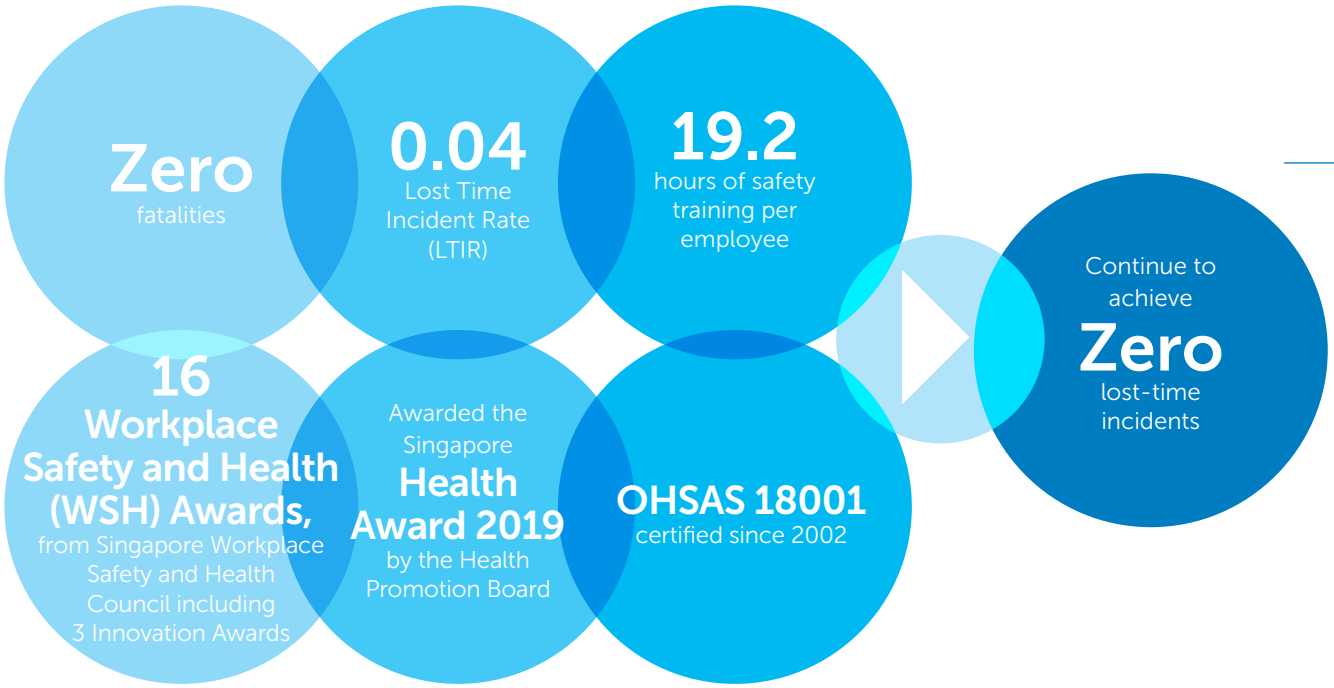


Chinese New Year celebrations with our employees at 2 different premises, with employees at different locations connecting via a conference call

OCCUPATIONAL HEALTH & SAFETY

Recognising that our projects and services pose a risk to the health and safety of our workforce, it is vital that we ensure a healthy, safe, and secure workplace for all our employees. In line with our Health, Safety, Security & Environment (HSSE) Policy, we implement a robust system of HSSE standards and best practices to maintain a zero-accident workplace.

Key Performance Highlights — **Future Targets**



Assessing Risks
Our HSSE Management system, applied to all workers operating within our sites, is in accordance with internationally recognised standards such as ISO 14001 and OHSAS 18001. For all jobs, PEC applies a five-stage risk assessment process under the supervision of experts and trained HSSE personnel. The process includes: preparation, hazard and risk identification, impact assessment, risk control and review.

Communication and Training
We implement the following initiatives to ensure HSSE standards are well-communicated to all employees:

- To continuously review and improve our HSSE performance, Site HSSE Committee meetings are conducted monthly between worker representatives and a Workplace Health and Safety Officer. These meetings ensure that our workers are involved in the development, implementation and evaluation of the HSSE Management system.
- HSSE-related updates are communicated through the intranet, notice boards and during Pre Task Talks

In FY2020, each worker completed an average of 19.2 hours of safety-related training, including supervising safety, PPE, safe driving and other specific tasks.

SUSTAINABILITY REPORT

Reporting of Incidents
Workers are strongly encouraged to report Near Misses and Behavioral Based Safety Observations (BBSO). To promote a culture of speaking up about safety concerns, the PEC SMSGo mobile application makes it convenient for incident reporting. Workers are constantly reminded about their right to intervene and stop work when they encounter an unsafe situation and incentives such as vouchers are given out for timely BBSOs and Near Misses.

Health and Wellbeing
We continue to organise Annual Health Screenings for all our employees to test for illnesses and diseases in its early stages, when it is easier to treat the conditions. These screenings also aim to highlight possible problems our employees should take note of, encouraging them to take corrective measures and lifestyle changes early to remain healthy.





Employees from various departments undergoing Annual Health Screening



Posters shared on noticeboards at all sites to inform PEC employees about the PECare Initiative

PECare Initiative: Protecting the Mental Well-being of Our Employees

We have been running the PECare initiative since 2016, providing support for our employees on mental well-being – a need which heightened due to the stresses brought about by the COVID-19 pandemic. Developed in collaboration with professional psychologists, PECare is a programme available to all our employees in Singapore who wish to discuss issues affecting their own or their peers' mental well-being. Through this programme, we have a team of employee volunteers trained by professional counsellors, referred to as PECare 'champions' and 'coaches'

Workplace Health Promotion (WHP) Programme

Before safe distancing measures were put in place due to the COVID-19 pandemic, PEC held a range of activities under our WHP programme to promote work-life balance and bonding among our employees. The programme included physical activities to promote an active lifestyle, such as piloxing, rock climbing, hiking, yoga and bowling, as well as educational sessions to raise awareness on healthy living, such as healthy cooking, nutrition, the importance of sleep and cancer prevention.





Activities organised for our employees included a paintball challenge and a health talk

Health and Safety Performance

Our commitment to health and safety has paid off, demonstrated by our strong health and safety record, in addition to being OHSAS 18001 certified since 2002.

Awards

Every year, we have been the proud recipients of numerous Workplace Safety and Health (WSH) Awards by the Singapore Workplace Safety and Health Council. This year, we won a total of 16 workplace safety and health awards and 2 commendations. This includes 10 Safety and Health Awards Recognition for Projects (SHARP), 3 WSH Innovation Awards (Silver and Bronze), 2 WSH Performance Awards (Gold and Silver), 1 WSH Award for Supervisor and 2 WSH Officer Commendations. Kindly refer to Awards & Certificates website for further details.

We were also awarded the Singapore Health Award in 2019 by the Health Promotion Board (HPB).

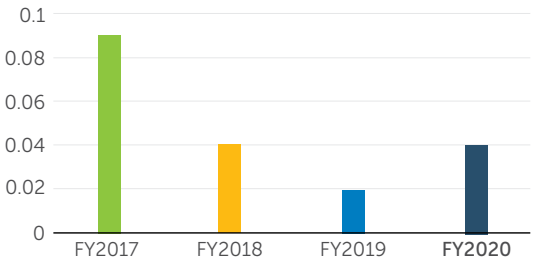


PEC receiving the Singapore Health Award 2019 by HPB on 4th October 2019

Number of Fatalities

2017	2018	2019	**2020**
0	**0**	**0**	**0**

Lost Time Incident Rate
(LTIR)



Note: Data covers all employees operating on our worksites for at least 2 days.

Absentee Rate by Country

	2018	2019	2020
Absentee rate	1.44%	1.49%	**0.81%**
Absentee Rate by Country			
Singapore	4.33%	4.56%	**3.15%**
Malaysia	0.73%	0.40%	**0.32%**
Thailand	-	-	**0%**
Myanmar	-	-	**0%**
UAE	0.14%	0.16%	**0.79%**
Vietnam	0.56%	0.82%	**0.62%**

ENVIRONMENTAL MANAGEMENT

Key Performance Highlights — **Future Targets**

4,462
total energy intensity in gigajoules/million man-hours worked

358
total GHG emissions intensity in tonnes of CO_2e/million man-hours worked

Zero
significant breaches of environmental regulations and spills

Continue to monitor our energy consumption and adopt more energy efficient technologies and practices, where feasible

Continue to monitor our greenhouse gas emissions and identify opportunities to reduce our carbon footprint

Note: The figures for this chapter only cover our Singapore operations.

We have been monitoring our environmental performance across energy/emissions, water and waste, and will continuously seek performance improvements through more environmentally-friendly initiatives.

Energy and Emissions
We use energy largely in our offices and fabrication facilities, including electricity for lighting and air-conditioning. Diesel is consumed by our fleet of vehicles used for transportation between facilities and project sites as well as to power some of our onsite equipment.

We have a number of ongoing energy reduction initiatives:

- **Electrical Energy Management Initiative:** Includes replacement of fluorescent bulbs with LED bulbs within our offices and facilities.
- **Switch-off Practice:** Turning off the lights for an hour over lunch across all PEC sites.
- **Installing lighting motion sensors** within our office staircases and communicating to employees on setting the **air conditioner temperature to 24°C.**

Every month, we monitor our carbon emissions using a dashboard which captures our diesel and electricity consumption. OHSEQS management review meetings, conducted by our QA department and attended by all our directors and Site-in-Charge, are held to evaluate carbon emission performance. We plan to use the trend data gathered to set carbon emissions limits in the future.

Water Conservation
We use municipal water at our office buildings, dormitories and facilities. To conserve water at our dormitories, we implemented an awareness programme which included the display of signs and posters on good practices. We also undertake regular maintenance of plumbing to prevent water leakage. Water saving fittings have also been installed in toilets and washrooms to conserve water.

Managing Waste

Non-hazardous waste
Waste generated in our operations include paper, newspaper, wood crates, wood pallets, carton boxes, plastic bottles, food waste, metal cans and metal scraps.

Hazardous waste
Hazardous waste generated at our facilities include solid toxic waste and used hydraulic oil, which is stored in drums and disposed of by an authorised waste collector. Under the new Mandatory Waste Reporting requirement implemented by the National Environment Agency (NEA), we now report the disposal of all hazardous waste – both solid and liquid – to NEA's online portal (Waste Resources Management System).

Environmental Performance
There were no significant breaches of environmental regulations and spills during the reporting period.

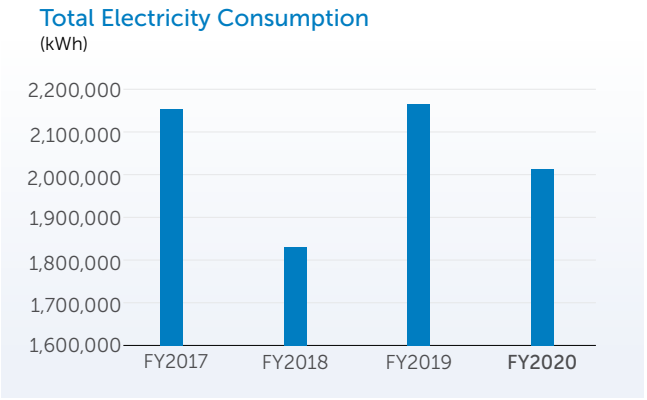
Going Green: Electronic Payment Voucher

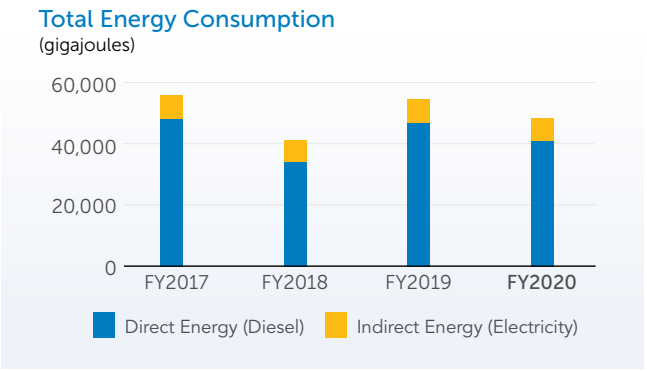
This year, we implemented a new initiative in line with our commitments to manage our waste. This program was initiated in June 2018 and was launched on 1st July 2019, where all purchase orders issued to vendors would be done electronically. The objective of this program was to transition towards a paperless supplier payment process. On top of reducing our paper consumption, this initiative has operational benefits such as enabling us to save on storage space while making it easier for employees to search for documents. To prepare for the transition, we conducted training for various departments and purchased the necessary hardware and software.

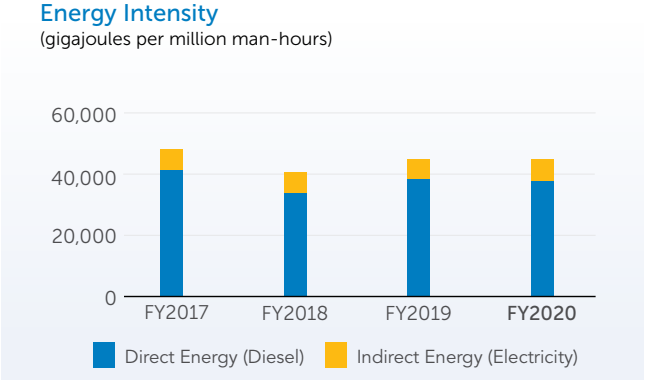
In addition, we continued to make progress on our existing initiatives to minimise waste:

- **Going Paperless:** Most of our documents have now been uploaded to portal/sharepoints. Apart from reducing paper consumption, this also enables our employees to retrieve documents when working from home – a crucial need for employees working from home during the COVID-19 pandemic.

- **Reduce, Reuse, Recycle (3R) Programme:** This programme, implemented at all PEC premises, include carrying out a waste audit to identify recyclable waste, placing recycling bins in various locations, as well as reminders for employees to reduce, reuse and recycle.

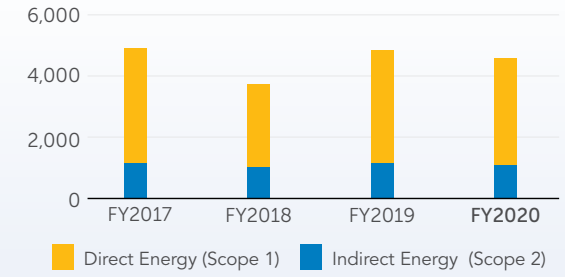




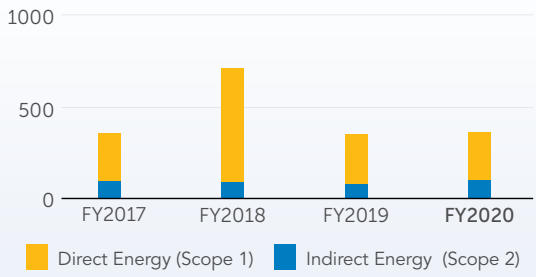


SUSTAINABILITY REPORT

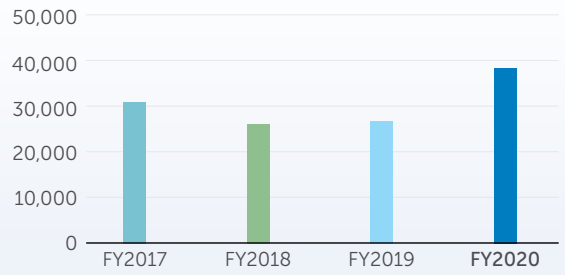
Total Carbon Emissions
(tCO2e)



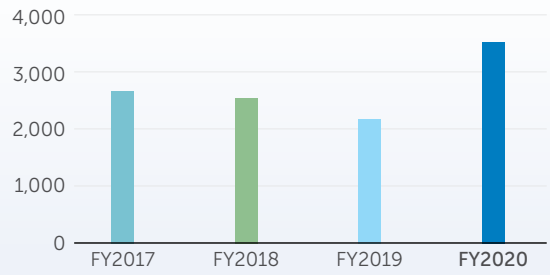
Carbon Emissions Intensity
(tCO2e per million man-hours)



Total Water Consumption
(m^3)



Water Consumption Intensity
(m^3 per million man-hours)

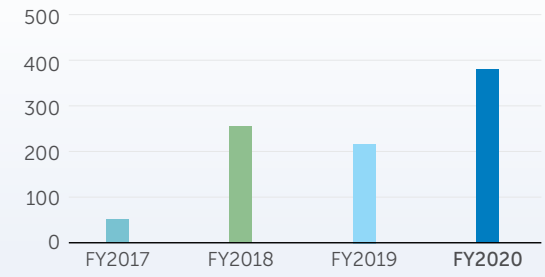


Total Hazardous Waste Generated
FY2020

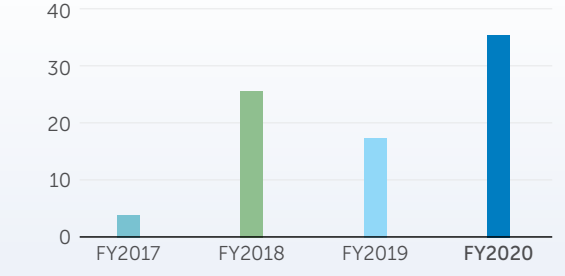
Type of waste	Volume
Solid hazardous waste	0.750 tonnes
Used hydraulic oil	200 litres

Note: PEC will continue to track and report on hazardous waste generated in subsequent years

Total Non-Hazardous Waste Generated
(tonnes)



Non-Hazardous Waste Generated Intensity
(tonnes per million man-hours)



Note:
1. Electricity consumption data is obtained through utility bills
2. Fuel data is obtained through receipts of fuel purchase
3. Electricity emission factor is based on Singapore's Grid Emission factor (AOM) by Energy Market Authority (EMA): 0.4188
4. Conversion factor for kg CO2e to t CO2e : 1 kg = 0.001 t
5. Conversion factor for diesel volume (litres) to energy consumed (gigajoules) is based on methodology provided by the Carbon Disclosure Project (CDP) = 0.03612 GJ/l
6. Conversion factor for litres of diesel to kg CO2e is based on methodology provided by the Global Compact Network Singapore Carbon & Emissions Recording Tool (GCNS CERT) = 2.67 kg CO2e / litre of diesel
7. Only carbon dioxide is considered in our calculations. Scope 1 includes emission sources where the organisation has operational control. Scope 2 includes direct emissions related to purchased energy
8. Water consumption is measured through meter readings

COMMUNITY

Key Performance Highlights — **Future Targets**



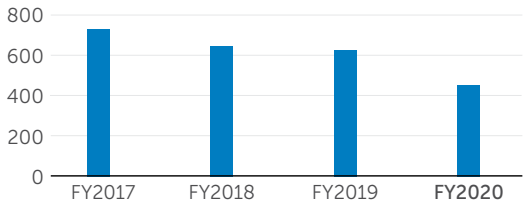
Note:
1 The figures for this chapter only cover our Singapore operations.
2 Our target for volunteering hours to be contributed by employees in FY2021 has been adjusted from 550 hours to 350 hours to reflect anticipated constraints amid the COVID-19 pandemic. Nevertheless, we will be reviewing our corporate volunteering activities to determine more suitable ways of supporting our local communities.

Community events for FY2020 were conducted between July and December 2019. Due to the COVID-19 pandemic and the safe distancing measures put in place by the Singapore government, all community events were put on hold from Jan 2020. Hence, the number of hours volunteered by our employees was significantly lower than the previous year.

Expansion to other countries

This year, PEC expanded our CSR programme to our offices in the UAE, Vietnam and Myanmar. Since then, we have received good feedback and support from management and employees in these offices. We encourage all PEC employees across offices to volunteer together.

Employee Volunteering Hours



Organisations Supported in FY2020

In Singapore, we have been supporting the following organisations for the past three years, focusing on support for seniors, children and the environment:

SUSTAINABILITY REPORT

CSR Programmes in FY2020:

SINGAPORE





July 2019 – PEC participated in Walk for Our Children 2019 at Palawan Green Sentosa. This is an annual fundraising event organised by Singapore Children's Society. It was also an opportunity for our volunteers to bond with their family as they enjoyed the scenic walkathon route along the beach.



Aug 2019 – We partnered with The Organisation of Senior Volunteers (RSVP) to conduct a Mid Autumn Snowskin Mooncake Workshop for beneficiaries from the Down Syndrome Association (DSA). During the workshop, the volunteers and children had the opportunity to make mooncakes together.

Oct 2020 – PEC was awarded a certificate for its participation in the Plant-A-Tree programme at Jurong Island organised by the National Parks Board and JTC Corporation, and for its contribution of S$15,000 to the Garden City Fund.



Nov 2019 – Through the Plant A Tree Programme, PEC played a part in greening our city in collaboration with the Garden City Fund. More than 20 PEC volunteers joined and contributed their efforts, while PEC donated the cost of young trees to plant the trees at designated parks or nature reserves.

SINGAPORE





Dec 2019 – PEC volunteers distributed goodie bags to needy families, with gifts contributed by Compassion Fund Singapore.

Dec 2019 – PEC volunteers partnered with Compassion Fund to bring underprivileged children for an outing to Gardens by the Bay as well to 'Share-A-Gift' with the children. This event was held to promote the spirit of caring and sharing during Christmas.



UAE



Our employees in UAE organised a variety of volunteering activities throughout the year to contribute back to the community, including tree-planting, blood donation drives and participating in a run to raise funds.





VIETNAM

Sept 2019 – Our employees in Vietnam visited Ba Thuoc and Quan Hoa district, the poorest remote mountainous districts of Thanh Hoa Province. Working with the Young Physician Association of Hanoi K Hospital, we organised a CSR activity to deliver free medical check-ups and medicines to over 300 people from ethnic minority groups. We also distributed gifts to the students and provided financial aid to improve the canteen kitchen in the school.









MYANMAR





Nov 2019 – About 20 of our employees in Myanmar donated robes and meals to a monastery, where villagers also benefited from the contributions.

GRI Standard	Disclosure	Page Number(s)
General Disclosures		
Organisational Profile		
GRI 102: General Disclosures 2016	102-1 Name of the organization	75 (AR2020)
	102-2 Activities, brands, products, and services	http://www.peceng.com/html/about.php, http://www.peceng.com/html/business.php
	102-3 Location of headquarters	75 (AR2020)
	102-4 Location of operations	http://www.peceng.com/html/network.php
	102-5 Ownership and legal form	75 (AR2020)
	102-6 Markets served	http://www.peceng.com/html/network.php
	102-7 Scale of the organization	12, 16
	102-8 Information on employees and other workers	16
	102-9 Supply chain	12
	102-10 Significant changes to the organization and its supply chain	12
	102-11 Precautionary Principle or approach	24 – 26
	102-12 External initiatives	8
	102-13 Membership of associations	8
	Strategy	
	102-14 Statement from senior decision-maker	4
	Ethics and Integrity	
	102-16 Values, principles, standards, and norms of behavior	5, http://www.peceng.com/html/about_philosophy.php
	Governance	
	102-18 Governance structure	5
	Stakeholder Engagement	
	102-40 List of stakeholder groups engaged	7
	102-41 Collective bargaining agreements	20
	102-42 Identifying and selecting stakeholders	7
	102-43 Approach to stakeholder engagement	7
	102-44 Key topics and concerns raised	7

SUSTAINABILITY REPORT

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GRI 102: General Disclosures 2016	**Reporting Practice**	
	102-45 Entities included in the consolidated financial statements	1
	102-46 Defining report content and topic Boundaries	1
	102-47 List of material topics	6
	102-48 Restatements of information	1
	102-49 Changes in reporting	1
	102-50 Reporting period	1
	102-51 Date of most recent report	1
	102-52 Reporting cycle	1
	102-53 Contact point for questions regarding the report	1
	102-54 Claims of reporting in accordance with the GRI Standards	1
	102-55 GRI content index	31 – 33
	102-56 External assurance	1
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Energy Consumption		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	24
	103-2 The management approach and its components	24
	103-3 Evaluation of the management approach	24
GRI 302: Energy	302-1 Energy consumption within the organisation	26
GHG Emissions		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	24
	103-2 The management approach and its components	24
	103-3 Evaluation of the management approach	24
GRI 305: Emissions	305-1 Direct (Scope 1) GHG emissions	26
	305-2 Energy indirect (Scope 2) GHG emissions	26
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Talent Management		
GRI 103 Management Approach	103-1 Explanation of the material topic and its Boundary	15
	103-2 The management approach and its components	18
	103-3 Evaluation of the management approach	18
GRI 404: Training and Education	404-1 Average hours of training per year per employee	18
	404-2 Programs for upgrading employee skills and transition assistance programs	19
Occupational Health and Safety and Quality		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	21
	103-2 The management approach and its components	21 – 23
	103-3 Evaluation of the management approach	21 – 23

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GRI 403: Occupational Health and Safety	403-2 Types of injury and rate of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	23
Human Rights		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	20
	103-2 The management approach and its components	20
	103-3 Evaluation of the management approach	20
GRI 406: Non-discrimination	406-1 Incidents of discrimination and corrective actions taken	20
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Economic Performance		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	12
	103-2 The management approach and its components	12
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GRI 201: Economic Performance	201-1 Direct economic value generated and distributed	12
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GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	11
	103-2 The management approach and its components	11
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GRI 419: Socio-Economic Compliance	419-1 Non-compliance with laws and regulations in the social and economic area	11