



## **LION ASIAPAC LIMITED**

(Co. Reg. No. 196800586R)  
(Incorporated in the Republic of Singapore)

### **Sustainability Report for the financial year ended 30 June 2018**



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## **Board Statement**

Sustainability is becoming a key component for companies to promote value creation, and demand for increased transparency on listed companies' environmental, social and governance ('**ESG**') practices has been growing among investors.

At Lion Asiapac Limited ("**LAP**"), with support from the Board, management establishes a framework for its sustainability efforts before identifying, managing and addressing ESG factors that are material to its businesses.

The Board considers sustainability issues as part of its strategic formulation, determines the material ESG factors and oversees the management and monitors the material ESG factors.

Owing to its extensive global acceptance, we have adopted the globally recognised Global Reporting Initiative (GRI) Sustainability Reporting Guidelines, which allows 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 with addresses made to LAP's material ESG matters for the year ended 30 June 2018 ("**FY 2018**").

The Company will continue to make improvements to its sustainability efforts and work with its stakeholders towards promoting sustainability in its businesses.

## **Statement from the Executive Director**

Welcome to LAP's second sustainability report, which covers the financial year 2018.

Our inaugural report in 2017, sets out our focus, ambition and commitment, which are benchmarked against those of leading peers in our industry.

LAP has a corporate duty of care and responsibility towards sustainability in the countries where we operate. Sustainability is a journey, and we are continuously working to improve our performances in all areas.

I am very happy with the progress that has been made here at LAP. I believe that we have come a long way in building valuable partnerships with civil society, continuing our strong engagement with communities and strengthening our relations with local government and business partners.

The efforts of our team have been critical in achieving these successes, and I would like to thank each and every team member for their hard work. We look forward to continuing our journey of improvements and receiving feedbacks from all stakeholders.

Eric Loh

## 1.0 **General**

### 1.1 **Sustainability Committee**

In achieving its sustainability goals, LAP's Sustainability Committee, supported by the operations working groups, identifies material issues before reviewing sustainability efforts. The Executive Director chairs the Committee, which meets annually to plan and review the progress of our sustainability efforts.

Where necessary, frequency of meetings and discussions are increased.

### 1.2 **Approach to Sustainability**

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, with regard to 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.

### 1.3 **Material Assessment**

Our assessment is guided by the GRI reporting framework, and reflects the Group's material ESG factors. At LAP, assessing materiality of ESG factors on our business operations is a continuous process.

Last year, our Sustainability Committee has ascertained material ESG factors based on a review of our business, strategy, business model and key stakeholders, and the following material ESG factors were considered most relevant to LAP.

#### **Material ESG Factors**

Factors	Corresponding GRI aspects	Reference
a) Economic performance	Economic performance	Financial Statements
b) Governance	Corporate governance Business integrity	Corporate Governance Please see below
c) Environment	Pollution management Energy Management	Please see below Please see below
d) Social	Occupational health and safety Training and development	Please see below Please see below

## 1.4 Stakeholders

This is our second Sustainability Report. We expect 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 operational management team, we have reviewed our materiality matrix to reflect the changes in stakeholder expectations over the last year.

LAP employs a variety of ways to engage its stakeholders and act upon the feedback received. These stakeholder 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.

### We 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.

### 1.5 **Our Operations**

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

With 2 units of 600 metric tons per day (MTPD) twin-shaft circular Maerz limekiln, CESB has an annual production capacity of 420,000 MT quicklime and 1 unit of 200 MTPD hydrated lime plant with an annual output capacity of 72,000 MT.

Our raw materials are delivered to our plant by the limestone supplier.

Most of our products are sold for:

- (a) Steel making: during steel manufacturing quicklime assists in the removal of phosphorus, silica and sulphur as calcium phosphates, silicates and sulphides in the slag that is tapped off from the molten steel;
- (b) Soil stabilization: the function of lime is to react with the clay fraction in the soil to reduce the susceptibility of the compacted soil to the weakening effect of increasing moisture content;
- (c) Sugar: lime and carbon dioxide added simultaneously to form precipitate of calcium carbonate which entraps colloidal impurities and the carbonated liquor is then filtered to remove the precipitate;
- (d) Portable water treatment: in water softening the function of hydrated lime is to remove water hardness. It is possible to purify the water against bacteria. Coagulating suspended solid to remove turbidity from the 'raw water'. It serves to maintain the proper pH; and
- (e) Air pollution abatement: the most important role in air pollution abatement is the removal of SO<sub>2</sub> gas generated by the industrial and incineration plants.

## 1.6 Our Employees

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

Breakdown of employees at CESB:

Race	Malay	Chinese	India	Other
	62%	27%	9%	2%

Gender	Male	Female
	78%	22%

Age	Below 30	31 - 50	Above 50
	38%	58%	4%

Our operations depend on maintaining a productive, healthy and satisfied workforce, and we believe our benefits provided are fair and competitive.

### Wages and Transparency

We complied with Ministry of Manpower requirement on minimum wage and contracts documentation. Additionally, permanent workers are also given benefits such as healthcare, insurance coverage, bonuses.

### Non-Discrimination

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

### Health and Safety

We regard the safety of our employees as our key concern and improvements in workplace safety have been at the forefront of our worker engagement activities since inception. We are also working with suppliers and subcontractors to enhance standards throughout our sector; providing safety briefings and incorporating required health and safety standards.

## 2.0 Management Approach

### 2.1 Sustainability Initiatives

Partnerships and good community relations are critical for our operations.

Following collaboration with all relevant stakeholders, a plan has been formulated to ensure that their representations are appropriately identified and that adequate information, including both benefits and negative impacts, are conveyed to the affected.

Our plan takes into regards for - 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.



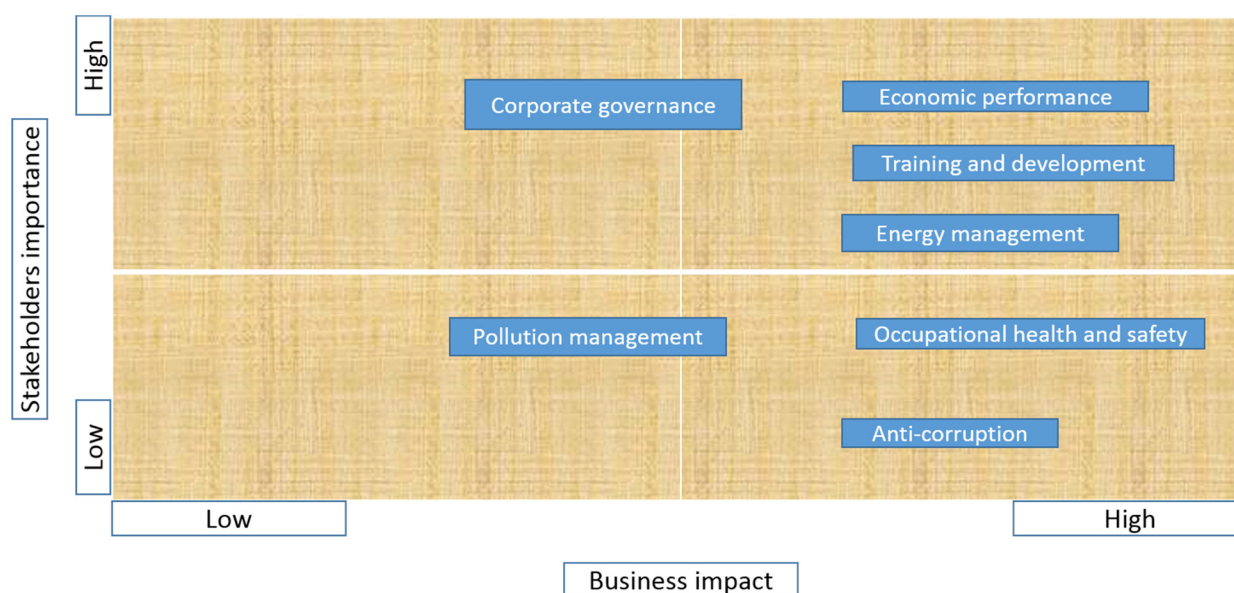
We strongly believe in responsible sourcing, where through collaboration with suppliers, we ensure that all limestones originates from legal and responsible sources.

## 2.2 Managing Sustainability

In 2017, LAP prepared its first sustainability report with the intention to enhance the transparency of the operations and thereby increasing stakeholders' value. The Board also sets up its own sustainability team which comprises key management personnel. While the Board is responsible for formulating corporate sustainability strategies, the sustainability team focuses on implementing sustainability strategies, identifying and addressing emerging sustainability issues

### Materiality Topics:

The methodology of our materiality assessment is in accordance with the GRI standards. The materiality as defined by GRI standards refers to those issues or indicators which reflect the organisation's significant economic, environmental, social and governance impacts. The resulting material factors are plotted in the following diagram.



The material factors allocated within the group are illustrated in the following table:

<u>Material topics</u>	<u>Lime Manufacturing</u>	<u>Group level</u>
1) <u>Economic Performance</u>		•
2) <u>Training and Development</u>	•	•
3) <u>Energy Management</u>	•	
4) <u>Occupational Health and Safety</u>	•	
5) <u>Corporate Governance</u>		•
6) <u>Anti-corruption</u>	•	•
7) <u>Pollution Management</u>	•	

## **2.3 Economics**

### **2.31 Markets**

The market has been facing tremendous pressure from products dumping and has been volatile in the past years. Strengthening existing business ties with customers, developing broader customer base, building customer trust are seen as crucial factors for business sustainability. The company strives to deliver high quality products in order to enhance the brand loyalty.

The company keeps a close scrutiny on the market through close collaboration with customers and other business partners. Competition is one of the main challenges, the company emphasises on high quality product and better customer services to differentiate ourselves from our competitors.

### **2.32 Customers**

Our customers are placed as the top priority in our company. we collaborate with our customers through regular meetings to better understand their needs.

In order to maintain a good customer relationship, the company not only strives to improve product quality, but also commit to the shortest delivery time, the provision of on demand solutions, et cetera.

### **2.33 Products**

Our products could be used in numerous industries including steel manufacturing, water treatment, soil stabilization, sugar production et cetera. 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 feedback 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.

### **2.34 Suppliers**

In the interests of business integrity, we seek to ensure that all the materials inputs in our operations are responsibly and reliably sourced.

To achieve this, 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 addressed through supplier's long term commitments to our business.

The material factors of the sustainability report were discussed at sustainability team meeting, and communicated to the Board for further review. These material factors has remained the same as those highlighted in 2017.

## **2.4 Governance**

We believe that in order to uphold business integrity, we have a culture of zero tolerance for solicitation or bribery.

In line with this, we have developed the “Code of Business Ethics and Conduct” and “Anti-Corruption Policy”. These policies are communicated to all levels of employees within the company, which basically spelled out the behavior expected of every members of the company.

These policies are executed through the yearly declaration of conflict of interest from employees at all level. Declaration are expected from all relevant employees within a controlled period.

The Audit Committee (AC), with the help of Management, reviews all the operations within the group and assess the risk likelihood of corruptions. The company has an internal audit department, where independent investigations are conducted at the instructions of the AC and the Board. The AC also reviews existing policy and procedures for preventing the occurrence of corruption.

The whistle-blowing policy is made known to all employees so as to encourage ethical reporting.

The policy protects genuine whistleblowers 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, if any, and may demand an independent investigation from the internal audit department.

LAP maintains an enterprise risk framework. 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 as to the adequacy and effectiveness of their departmental internal control system and risk management.

## **2.5 Environment**

We do make a conscious effort in addressing the potential environment impact arising from the operation of our business activities.

Our plant consumes substantial amount of energy to power production line, furnace, petcoke grinding mill, blower motors, equipment and buildings. Additionally, the production plant generates substantial amount of dusts which affect the environment.

We consider emissions and energy usage as the two material factors affecting the group’s environmental policy.

### **2.51 Energy**

Energy reduction is very critical to our efforts in keeping down our production costs.

We strive to operate our kilns at its optimum operating conditions through regular maintenance and timely parts replacement.

We have initiated an energy saving program during the year, where an energy-usage review taskforce has been set up, with Compact's general manager, Mr Wong Ming Seong, chairing the taskforce.

Under this program, the team aims to identify energy saving opportunities in areas such as motors, lighting, fuel system and other production areas, before formalizing an energy reduction plan, as well as setting realistic targets annually. The team communicates their energy reduction plan through meetings with departmental managers who will in turn disseminate the message to all operational ground staff.

Under this energy saving program, ideas are collated and employees are rewarded when their ideals are being adopted by Compact.

#### Energy consumption

The total non-renewable fuel consumptions for the year and last year are as follows:

	HY 2018 Kwh
Petcoke	55,700,000*
Diesel	914,000**
Electricity	2,240,000
<b>Total</b>	<b>58,854,000</b>

While we recognize any increase in production level, there will be an impact on the overall energy consumptions, the Group continues to make every efforts in conserving energy.

We intend to put in place an energy reduction plan where we will modify our petcoke grinding mill & blower motors to include a frequency inverter. However, this will be implemented when the plant is being relocated to Gopeng, Perak. The group expects to reduce 1% of the electricity consumption after the frequency inverter is installed.

(\*: Data is converted through information from Petcoke analysis report & online converter function)

(\*\*: Data is converted through information obtained from <https://deepresource.wordpress.com>)

#### 2.52 Emission

In the lime production industry, dusts are inevitably generated during material handling, crushing, milling and shipping. We consistently monitor our emissions and ensure compliance at all times, with all environmental regulations such as Malaysia Environmental Quality (Clean Air) Regulation Act.

When we have to identify location for building a new plant, we consider all factors surrounding the locations to ensure that the impact arising from the operation of our plant to the environment is kept to the minimum.

When the plant is up and running, we put in place pollution abatement measures such as stone wash, installing dust collection equipment, planting trees around the manufacturing plant, and the like.

We assess our dust emissions annually through the engagement of third party consultants.

## **2.6 People**

Our people is most essential to the success of the company. Our emphasis on our employees is reflected in our dedication to building a healthy and ethical work environment. Our strict compliance with all labour laws, our Code of Conduct, our Operating Policies and Procedures are all testaments to our efforts in this regards.

### **2.61 Occupational Health and Safety**

At our lime production plant, the health and safety system is a framework developed to systematically and methodically manage risks in all work processes. It requires swift investigation of any incident, and promotes a culture of open reporting. We strive for zero fatalities and accidents.

As part of the system, a Safety Committee (SC), comprising the Assistant General Manager, Safety Officer and representatives from various departments, has been established to help implement and monitor the safety program. In order to reduce nonconformance, all production staff is expected to adhere strictly to the relevant Standard Operation Procedures under the Group's Corporate Policies and Procedures as well as the Safety Regulations. Training and education about health and safety, in addition to on the job training, are conducted before we place new staff on the job.

The SC conducts safety meeting on a quarterly basis, so as to instill and reinforce our staff with safety awareness, and also to review safety procedures and recommend appropriate actions where necessary, for our pursuit of a safe working environment. To ensure effectiveness, the meeting require attendance from all staff, and the attendance rate must be above 90%. The safety committee also tests the fire protection alarm system quarterly in order to ensure the system is running effectively.

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

Employees are reimbursed for visits to the General Practitioner and Specialists at government hospital, polyclinic and private clinic. Employees are protected by Personal Accident Insurance, Work Injury Compensation Insurance, etc.

### **2.62 Training and Education**

Lion Asiapac believes in the continuing training and development of our employees, who are undoubtedly our most valued assets. We invest in our employees, so that they could grow professionally and achieve their full potential. The group has developed training and development policy which encourages employees to improve their knowledge and skills continuously.

The training and education program is handled by the group HR department. All employees are accorded annual performance reviews and target setting sessions their supervisors who are responsible to identify lacking skills and knowledge for the operation of respective jobs.

The HR department, based on the performance report, helps to source classes for those job-related knowledge and skills. Employees are also assigned, on an ongoing basis where needed, to attend job-related workshops, training sessions and seminars. All employees are entitled to a maximum of 80 hours training per year, which could be in the form of either internal training or external training.

The company gives support for training and education in various forms such as reimburse course or membership fees, approve study and exam leaves, provide transportation claims etc.

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

## **GRI CONTENT INDEX – CORE OPTION**

**SR** – Sustainability Report

**AR** – Annual Report

<b>GRI Indicator</b>	<b>General Disclosures</b>	<b>Reference</b>
102-1	Name of the organisation	Lion Asiapac Limited (“ <b>LAP</b> ”)
102-2	Activities, brands, products, and services	AR (Business Structure) SR (Our Operations)
102-3	Location of headquarters	AR (Corporate Directory)
102-4	Location of operations	AR (Notes to FS – Investments in Subsidiaries) SR (Our Operations)
102-5	Ownership and legal form	AR (Notes to FS – General) AR (Shareholding Statistics)
102-6	Markets served	AR (Notes to FS – Financial Information by Operating Segments)
102-7	Scale of the organisation	AR (Business Structure) AR (Financial Highlights) SR (Our Operations)
102-8	Information on employees and other workers	SR (Our Employees)
102-9	Supply chain	SR (Our Operations)
102-10	Significant changes to the organisation and its supply chain	There are no significant changes.
102-11	Precautionary Principle or approach	SR (Approach to Sustainability)
102-12	External initiatives	SR (Sustainability Initiatives )
102-13	Membership of associations	Singapore : Singapore National Employers Federation
102-14	Statement from senior decision-maker	SR (Statement from the Executive Director)
102-15	Key impacts, risks, and opportunities	AR (Chairman’s Message) AR (Notes to FS – Information on Financial Risks)
102-16	Values, principles, standards, and norms of behaviour	AR (Corporate Governance Report) SR (Corporate Governance)
102-17	Mechanisms for advice and concerns about ethics	AR (Corporate Governance Report) SR (Business Integrity)
102-18	Governance structure	AR (Board of Directors) AR (Key Management)
102-20	Executive-level responsibility for economic, environmental, and social topics	Board of Directors → Executive Director → Head of Operating Units → SR Team Members



102-23	Chair of the highest governance body	AR (Board of Directors) AR (Corporate Governance Report)
102-24	Nominating and selecting the highest governance body	AR (Corporate Governance Report)
102-35	Remuneration policies	AR (Corporate Governance Report)
102-36	Process for determining remuneration	AR (Corporate Governance Report)
102-37	Stakeholders' involvement in remuneration	AR (Corporate Governance Report)
102-40	List of stakeholder groups	SR (Stakeholders)
102-41	Collective bargaining agreements	There is no collective bargaining agreement.
102-42	Identifying and selecting stakeholders	SR (Stakeholders)
102-43	Approach to stakeholder engagement	SR (Stakeholders)
102-44	Key topics and concerns raised	SR (Stakeholders)
102-45	Entities included in the consolidated financial statements	AR (Notes to FS – Investment in subsidiaries)
102-46	Defining report content and topic Boundaries	SR (Stakeholders)
102-47	List of material topics	SR (Stakeholders)
102-48	Restatements of information	There is no restatement of information.
102-49	Changes in reporting	SR (Stakeholders)
102-50	Reporting period	1 July 2017 to 30 June 2018
102-51	Date of most recent report	11 October 2017
102-52	Reporting cycle	Annually
102-53	Contact point for questions regarding the report	Corporate website (Contact Us)
102-54	Claims of reporting in accordance with the GRI Standards	SR (Stakeholders)
102-55	GRI content index	SR – GRI Standards Index
102-56	External assurance	We have not engaged third party assurance.
201-1	Direct economic value generated and distributed	Economic Annual Report
205-3	Anti-corruption	Governance
302-1	Energy consumption	Environment
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Environment



403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	People
404-1	Average hours of training per year per employee	People