



KORI HOLDINGS LIMITED

Sustainability Report 2018

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CEO's Message

Dear Stakeholders,

I am pleased to present the Sustainability Report of Kori Holdings Limited ("Kori" or the "Group") for the financial year ended 31 December 2018 ("FY2018"). This report is prepared by taking reference from the Sustainability Reporting Guide in Practice Note 7F of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist ("Catalist Rules") and references the Global Reporting Initiative ("GRI") Standards which represent the global best practices for reporting on a range of economic, environmental and social impacts. This report highlights the key economic, environmental, social and governance ("EESG") related factors and initiatives carried throughout FY2018.

The Group has a broad view on sustainability that looks beyond simply our environmental impact but also encompasses creating a positive impact to the society and industry which we are in. We believe that our continuous commitment to make positive changes to the community is our driving force towards long-term commercial success.

We endeavour to reduce the environmental impact of our operations, and we are well aware that continuing our efforts in reusing materials is essential to achieving this environmental target.

In addition, we are committed to safeguarding the welfare of our workforce. We strictly comply with local labour regulations where we operate, and we implement adequate safety measures to ensure that workplace health and safety risks are minimised. We endeavour to achieve zero health and safety incidents at our worksites.

We would like to take this opportunity to thank our employees and business partners for their support, expertise and engagement in helping Kori establish its role as a trusted partner in building a more sustainable economy.

Sincerely,

Mr. Hooi Yu Koh
Executive Chairman and CEO

Organisation Profile

Headquartered in Singapore, Kori was founded in 1982 and listed on Catalist of the SGX-ST in 2012. Our operations are in Singapore and Malaysia and we have two business segments, namely structural steel services and tunnelling services.

Structural Steel Services

We are a licensed structural steel contractor specialising in the design, supply and erection of Earth Retaining and Stabilising Structures (“ERSS”). In general, we design, purchase and fabricate reusable steel struts and steel beams for temporary or permanent strutting works in earth retaining or stabilising structures for excavation works.

Tunneling Services

We supply skilled personnel with the required technical expertise to provide macro-tunnelling works. Macro-tunnelling is used in the construction of underground railways, road tunnels, sewer tunnels water mains and various utilities tunnels where they will cause minimum disturbance to the environment and traffic flows. Our tunnel engineers and well experienced and trained staff coordinate with tunnelling managers from main contractors to undertake the full range of macro-tunnelling construction works. Our Group is one of the few players in the market that are able to carry out such macro-tunnelling operations in Singapore and Malaysia as a sub-contractor.

Please refer to our Annual Report for financial year ended 31 December 2018 for more detailed information on our organisational profile and financial performance.

Our Sustainability Story

At Kori, we recognise that implementing sustainable policies and measures is a priority in our business that is important for the long-term development and success of our business. The Group strongly advocates sustainable practices that create positive impacts to the environment and society.

Sustainability Targets and Performance

We have obtained our license in structural steel for specialising in the design, supply and erection of ERSS, such as steel struts and steel retaining walls, as well as steel decking systems. To maintain the license, we are rigorously assessed by the Building and Construction Authority (“BCA”) on renewal of the license every three years.

We have achieved 100% reuse of steel inventory for all our projects in FY2018, leading to direct cost and resource savings. Furthermore, minimal waste is produced through steel reuse, thus reducing our carbon footprint throughout the lifecycles of our projects.

We have successfully implemented the Kori Large Paneling Traffic Decking System, which is a reusable steel platform for public traffic diversion with premix surface designed specifically for Singapore, in one of our projects in 2010. This sustainable design improves the efficiency and stability of decking works and is now widely adopted throughout infrastructure projects in Singapore. We are the first in the construction industry to provide services/solutions for the design of pre-cast road diversion deck panels in 2010. This is relatively cheaper than the normal method of steel road diversion deck panels and is an innovative design which is the first for the industry.

The Group will continue to maintain and uphold our material saving initiatives and sustainable construction practices. We will continue to monitor and explore new ways to minimize the environmental impacts of our operations, whilst maintaining strict compliance with local environmental regulations where we operate in.

We will continue to develop a safe working environment for our employees and endeavour to maintain the record of zero workplace safety incidents.

Below is a summary table of the Group’s sustainability targets and performance for FY2018 as well as targets and proposed action plans for FY2019.

Environmental Performance in FY2018	
FY2018 Target	Performance Update
Environmental management	Achieved 100% reuse of steel inventory for all projects
Environmental compliance	Achieved zero environmental non-compliance
Environmental Targets for FY2019	
FY2019 Target	Action Plan
Promote environmental sustainability	To maintain 100% reuse of steel inventory for all projects
Environmental compliance	To maintain zero environmental non-compliance
Social Performance in FY2018	
FY2018 Target	Performance Update
Occupational health and safety	Achieved zero reportable safety incidents
Social Targets for FY2019	
FY2019 Target	Action Plan
Occupational health and safety	To maintain zero reportable safety incidents

Noteworthy Awards

The Group has won numerous accolades and awards in recognition of our excellence in construction practices, such as Land Transport Authority (“LTA”) Sub-contractor’s Safety Recognition Awards since 2012 as well as Safety Recognition Awards from our clients.

Governance and Statement of the Board

At Kori, sustainability is prioritised at the Board level. We have established a Sustainability Task Force to implement and manage the Group's sustainability measures efforts. The Task Force is chaired by the CEO.

The Board incorporates sustainability issues into the strategic formulation of the Group. The Board approves the material environmental, social and economic factors identified by the Sustainability Task Force and ensures that the factors identified are well-managed and monitored by the Task Force.

Please refer to the Corporate Governance Report in our 2018 Annual Report for more information on corporate governance practices and risk management structure.

Stakeholder Engagement

The Group believes that sustainable growth is dependent upon meeting and exceeding the reasonable expectations of its key stakeholders. We determine material issues based on the principle of materiality to stakeholders. We actively engage in meaningful and productive dialogues with our stakeholders and participate in various industry and government forums to keep abreast of any material stakeholder issues.

We identify key stakeholders as groups which have material impact or could potentially be impacted by our operations. The following table summarises our key stakeholders, engagement platforms and their key concerns.

Stakeholders	Engagement platforms	Key concerns	Read more in the following sections
Employees	<ul style="list-style-type: none"> • Remuneration and benefits • Training and development • Ethics and conduct • Diversity and fair employment • Health and Safety 	<ul style="list-style-type: none"> • Performance appraisal • Training and education 	<ul style="list-style-type: none"> • Ethics and Integrity • Health and Safety • Our People
Suppliers and Subcontractors	<ul style="list-style-type: none"> • Health and Safety • Environmental compliance • Social compliance 	<ul style="list-style-type: none"> • Site inspections and site meetings • Supplier and subcontractor evaluation 	<ul style="list-style-type: none"> • Environment Protection • Health and Safety • Managing Our Suppliers
Governments and Regulators	<ul style="list-style-type: none"> • Anti-corruption • Employment practices • Health and Safety 	<ul style="list-style-type: none"> • Licensing • Site inspection 	<ul style="list-style-type: none"> • Environment Protection • Health and Safety • Our People, Our Assets
Community	<ul style="list-style-type: none"> • Environmental and social compliance • Regulatory and industrial requirements 	<ul style="list-style-type: none"> • SGX announcements • Annual reports • Sustainability reports 	<ul style="list-style-type: none"> • Our People, Our Assets • Environmental Topics • Contribution to our Industry and Caring of Our Community
Shareholders and Investors	<ul style="list-style-type: none"> • Economic performance • Anti-corruption 	<ul style="list-style-type: none"> • SGX announcements • Annual reports • Investor relations management • Sustainability reports 	<ul style="list-style-type: none"> • Ethics and Integrity • Contribution to our Industry and Caring of Our Community

Reporting Practice

Our sustainability report is produced in accordance with the GRI standards' **"Core"** option, covering our Group's performance from 1 January 2018 to 31 December 2018.

The GRI standards represent the global best practices for reporting on economic, environmental and social topics.

The report also incorporates the primary components of report content as set out by the SGX's "Comply or Explain" requirements on sustainability reporting under Catalist Rule 711B.

GRI does not require external assurance and the Group's Sustainability Task Force has assessed that external assurance is not required as the Group is focused on strengthening the foundations for the sustainability report in FY2018.

This report supplements the Group's 2018 Annual Report. Detailed section reference with GRI Standards is found at the GRI Standards Content Index section of this report.

The Group's material topics are identified based on its impacts on our internal and external stakeholders, as outlined in the Stakeholders Engagement section.

Material Topics	Boundaries (i.e. which segment, country or subsidiary, where applicable)
ECONOMIC	
Indirect Economic Impacts	The Group
Anti-corruption	
ENVIRONMENTAL	
Materials	The Group
Environmental Compliance	
Supplier Environment Assessment	
SOCIAL	
Employment	The Group
Occupational Health and Safety	
Training and Education	
Diversity and Equal Opportunity	
Non-discrimination	
Local Communities	
Supplier Social Assessment	
Socioeconomic Compliance	

Ethics and Integrity

Anti-corruption (GRI 205 -1, 205-2, 205-3)

The Group takes a strong stance against corruption and malpractice and does not tolerate any impropriety, statutory non-compliance or wrongdoing by employees in their work. The Code of Conduct strictly prohibits any acts by employees to use their position to obtain advantages for themselves.

The Group is strongly committed to a high legal and moral standard in all of our business activities. We have adopted a Personnel Policy to place emphasis on high standards of professionalism and ethics. All employees are required to read, understand and agree to comply with the purposes and provisions of the Personnel Policy. Employees are held liable for their failure to comply which may result in disciplinary actions. The severity of these disciplinary actions depends on circumstances and the gravity of the misconduct.

The Audit Committee of Kori had developed and approved whistleblowing procedures outlining their responsibilities and the procedures to receive certain complaints and allegations. Employees of the Group and any other persons may, in confidence, raise concerns about possible improper financial reporting or other matters to Chairman of Audit Committee, CEO or Administration Manager. The objective for such arrangement is to ensure independent investigations of such matters and for appropriate follow-up actions. The Company did not receive any whistle-blowing reports in FY2018.

Interested-Party/Persons Transactions

The Company is required to comply with the requisite rules under Chapter 9 of the Catalist Rules for interested person transactions. All interested person transactions are properly documented and submitted to the Audit Committee for review on a half-yearly basis to ensure that they are carried out on an arm's length basis, on normal commercial terms and will not be prejudicial to the interests of the shareholders.

Dealing in Securities

In line with Rule 1204 (19) of the Catalist Rules on dealings in securities, the Group issues a half yearly letter to its Directors, officers and employees prohibiting dealings in listed securities of the Company from one month before the announcement of the semi-annual and annual financial results, and ending on the date of the announcement of the relevant results. The Directors and employees are expected to observe insider trading laws at all times even when dealing with the Company's securities within the permitted trading period.

Environmental Protection

Kori is an environmentally responsible corporate citizen and we strive to operate in a prudent and sustainable manner. To optimise the environmental management of our operations, we evaluate potential environmental risks and impacts before implementing our sustainability strategies. We also strive to adopt new technologies where possible to achieve our environmental targets.

Steel Reuse

GRI 301-2

Steel is heavily used in our structural steel projects. The steel struts we use are designed to meet the requirements and specifications of different projects, thus they vary in size and length. To save natural resources and minimise negative environmental impacts, the Group has adopted practices to reuse 100% of our steel materials in new projects after dismantling. In addition, the steel beams we use are mostly pre-fabricated off-site to reduce material wastage.

Technology Adoption

GRI 203-2

We have successfully developed the Kori Large Panelling Traffic Decking System with our unique and advanced expertise in steel decking works built through years of practice in various projects. For the Kori Large Panelling Traffic Decking System, we use steel panels which consist of a special type of rugged grid-pattern beams sections as a temporary platform which permits more efficient and stable decking works. This method is now widely adopted throughout infrastructure projects in Singapore. We are the first in the construction industry to provide services/solutions for the design of pre-cast road diversion deck panels. This is more cost-saving than the normal method of steel road diversion deck panels and is an innovative design which is the first for the industry. This will not only be a boon to the industry but also increases productivity by saving time and improving construction efficiency.

Managing our Suppliers

GRI 308-1

The Group has gone the extra mile to ensure that all contractors and subcontractors are informed of their environmental responsibilities, and are able to meet the standards expected by the Group. All contractors and subcontractors are reviewed and selected based on their environmental compliance.

We endeavour to enhance our evaluation criteria of new and existing contractors and subcontractors to include the evaluation of their environmental policies.

Environmental Targets and Compliance

GRI 308-2, 307-1

Kori carefully monitors the different stages of all services to ensure strict compliance with relevant laws and regulations, including adherence to the permissible noise levels set by National Environmental Agency (“NEA”).

In FY2018, there was no incident of environmental non-compliance and negative environmental impact in our supply chain.

In order to maintain strict compliance with environmental regulations and achieve our targets for FY2019, we have reviewed our performance in FY2018 and developed an action plan for FY2019.

Environmental Performance in FY2018	
FY2018 Target	Performance Update
100% steel reuse	Achieved 100% reuse of steel inventory for all projects
Environmental compliance	Achieved zero environmental non-compliance
Environmental Targets for FY2019	
FY2019 Target	Action Plan
100% steel reuse	To maintain 100% reuse of steel inventory for all projects
Environmental compliance	To maintain zero environmental non-compliance

Our People, Our Assets

At Kori, we strive to create an inclusive workplace environment where there is mutual respect, fairness and equality for all our staff and workers. We provide training and development opportunities for staff to continue to learn and improve their skills. We also strive for zero fatal accidents at all sites and have implemented measures to ensure workplace safety.

Occupational Health and Safety

GRI 403-1, 403-2, 403-3, 404-2, 414-1, 414-2

We are committed to providing a safe working environment to our employees, suppliers and contractors. We have implemented adequate health and safety policies, standards and practices, as well as a Safety Committee that actively reviews, monitors, improves and implements all issues related to occupational health and safety.

Kori performs risk assessments on steel strutting and decking works regularly. Potential hazards are identified and evaluated, and control measures are thereafter implemented to minimise the identified risks.

In addition, we educate and train our employees on proper health and safety practices at work. We also engage external qualified safety consultants for their advice and guidance on programs and initiatives to prevent any potential occupational accident and injury.

We provide opportunities and support our staff in their acquisition of knowledge and certifications on workplace health and safety. Our management and supervisory staff are encouraged to attend certification courses such as the Building Construction Supervisor Safety ("BCSS") Course for all supervisory staff and the Lifting Supervisor Safety Course for all lifting supervisors.

Furthermore, the Group assesses all contractors and subcontractors to ensure that they are informed of their workplace health and safety responsibilities, and are able to meet the

standards expected by the Group. We evaluate their track record and worksite health and safety practices during the quotation and tendering process before awarding the contract.

In recognition of our efforts, Kori has been internationally for meeting Health and Safety Management requirements such as BS OHSAS 18001:2007 and has obtained bizSAFE Level Star certificate from Workplace Safety and Health Council of certified Singapore.

In FY2018, there was no major work-related injury and incident at our worksites and among our suppliers.

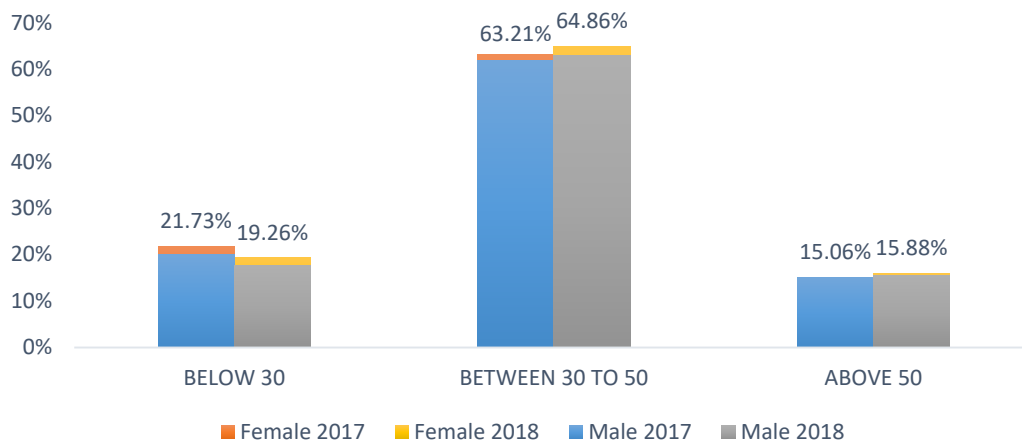
Our Workforce

GRI 401-1, 405-1

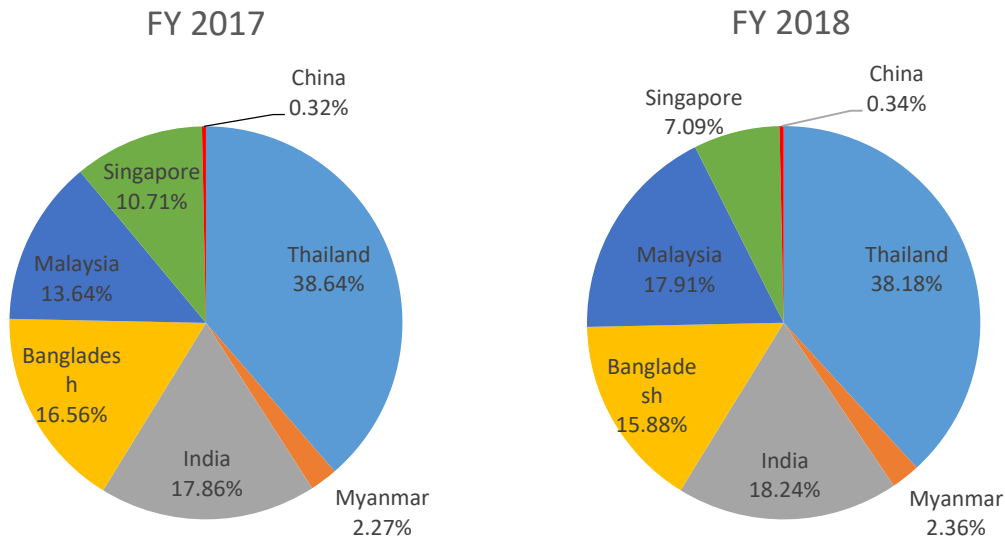
The Group does not discriminate against gender or age in staff employment to ensure continuity in the pipeline of skilled employees. Our employee diversity is a major force in driving change and innovation in the Group.

In FY2018, our total staff strength stood at 296 employees. A total of 12 employees were hired, equivalent to a new hire rate of 4%. The graph below shows the gender and age distribution of the Group’s employees in FY2017 and FY2018, and the distribution has remained relatively consistent throughout both reporting periods. Despite the male-dominated nature of our industry, we have maintained our workforce diversity and will continue to increase to male to female ratio of our workforce where possible.

Workforce Diversity in FY2017 and FY2018



Workforce by Nationality



Employee Benefits and Retention

GRI 401-1, 401-3, 404-2, 404-3

We recognise the valuable contribution by our employees. On top of competitive salaries and performance-based bonuses, employees of Kori are entitled to a range of benefits including workmen compensation insurance, group personal accident insurance, medical and healthcare benefits as well as hospitalisation leave.

We also support the government's pro-family policies and follows regulations implemented by the Ministry of Manpower regarding to parental and childcare leave.

Kori is also dedicated to nurturing and encouraging our employees to grow. In FY2018, 100% of staff received annual performance reviews to optimise their career development. The performance evaluation system also provides a channel of communication for employees to provide their feedback to the management.

As part of our effort to enhance skills for our employees, appropriate trainings are identified and conducted through various platforms of knowledge acquisition such as onsite trainings, seminars, conferences, workshops and classroom trainings.

In FY2018, the Group conducted 12 training courses for a total of 168 employees, and total training hours amounted to 2308 hours.

Workforce Targets and Compliance

GRI 419-1

The Group endeavours to be a socially responsible employer. In order to maintain strict compliance with labour laws and regulations and achieve our employee development targets in FY2019, we have reviewed the effectiveness of our employee retention strategies in FY2018 and developed an action plan for FY2019.

Social Performance in FY2018	
FY2018 Target	Performance Update
Promote employee development	Achieved 2308 training hours Conducted training programmes on 168 employees
Zero occupational health and safety incidents	Achieved safety target of zero safety hazards
Labour compliance	Achieved zero incidents of non-compliance with labour regulations
Social Targets for FY2019	
FY2019 Target	Action Plan
Promote employee development	To maintain at least 2308 training hours on all employees
Zero occupational health and safety incidents	To maintain safety target of zero safety hazards

Corporate Social Responsibility

As a company that focuses on improving the wellbeing of the population, we strive to do our best in giving back to the society and minimising any impact of our operations on the community.

Noise Management

GRI 413-1

Kori has implemented programmes to assess noise levels and minimise the impact of our operations on the community. Our movable noise enclosure concept was recognised by LTA and we were awarded the Innovative Noise Management Award at the 19th Annual Safety Award Convention in September 2017 for Contract T216.

Vector Measures

GRI 413-1

To protect our workers and the surrounding community from dengue, vector control plans are implemented at every construction site, including our storage yards, to prevent mosquito breeding. Regular control measures are also implemented and monitored by supervisors.

Giving Back to Society

GRI 413-1

Kori believes that community engagement is an integral part of our business sustainability. We are committed to being a responsible corporate citizen and we endeavour to give back to the community.

Our management has been actively contributing to the discussion on industry and workforce developments in Singapore through media outlets such as the Straits Times and Channel NewsAsia. The Company's initiatives on foreign worker engagement and workplace safety and health practices are shared with the community through such channels. We also routinely provide donations for community prayer events.

SGX Five Primary Components Index

S/N	Primary Component	Section Reference
1	Material Topics	<ul style="list-style-type: none"> ▪ Economic, Environmental and Social Topics ▪ Stakeholder Engagement
2	Policies, Practices and Performance	<ul style="list-style-type: none"> ▪ CEO's Message ▪ Our Sustainability Story ▪ Economic, Environmental and Social Topics
3	Board Statement	Governance & Statement of the Board
4	Targets	Our Sustainability Story
5	Framework	Reporting Practice

GRI Standards Content Index

GRI Standards	Disclosure Content	Section Reference
102-1	Name of the organisation	Organisation Profile
102-2	Activities, brands, products, and services	Organisation Profile
102-3	Location of headquarters	Organisation Profile
102-4	Location of operations	Organisation Profile
102-5	Ownership and legal form	Organisation Profile
102-6	Markets served	Organisation Profile
102-7	Scale of the organisation	Organisation Profile
102-8	Information on employees and other workers	Our People
102-9	Supply chain	Managing Our Suppliers
102-10	Significant changes to the organisation and its supply chain	Letter to Shareholders
102-11	Precautionary principle or approach	Commitment to Sustainability
102-12	External initiatives	N.A.
102-13	Membership of associations	N.A.
102-14	Statement from senior decision-maker	CEO's Message
102-15	Key impacts, risks, and opportunities	Our Sustainability Story
102-16	Values, principles, standards, and norms of behaviour	Ethics and Integrity
102-17	Mechanisms for advice and concerns about ethics	Ethics and Integrity

GRI Standards	Disclosure Content	Section Reference
102-18	Governance structure	Sustainability Governance and Statement of the Board
102-40	List of stakeholder groups	Stakeholder Engagement
102-42	Identifying and selecting stakeholders	Stakeholder Engagement
102-43	Approach to stakeholder engagement	Stakeholder Engagement
102-44	Key topics and concerns raised	Stakeholder Engagement
102-45	Entities included in the consolidated financial statements	Notes to the Financial Statements
102-46	Defining report content and topic boundaries	Reporting Practice
102-47	List of material topics	Reporting Practice
102-48	Restatements of information	N.A.
102-49	Changes in reporting	N.A.
102-50	Reporting period	Reporting Practice
102-51	Date of most recent report	N.A.
102-52	Reporting cycle	Reporting Practice
102-53	Contact point for questions regarding the report	Feedback on our sustainability practices by contacting: admin@kori.com.sg
102-54	Claims of reporting in accordance with the GRI Standards	Reporting Practice
102-55	GRI content index	GRI Standards Content Index
102-56	External assurance	Reporting Practice
203-2	Significant indirect economic impacts	Technology Adoption
205-1	Operations assessed for risks related to corruption	Ethics and Integrity
205-2	Communication and training about anti-corruption policies and procedures	Ethics and Integrity
205-3	Confirmed incidents of corruption and actions taken	Ethics and Integrity
301-2	Percentage of materials used that recycled input materials	Steel Reuse

GRI Standards	Disclosure Content	Section Reference
307-1	Non-compliance with environmental laws and regulations	Environmental Targets and Compliance
308-1	Percentage of new suppliers that were screened using environmental criteria	Managing Our Suppliers
308-2	Negative environmental impacts in the supply chain & actions taken	Managing Our Suppliers
401-1	New employee hires and employee turnover	Employee Benefits and Retention
401-3	Parental leave	Employee Benefits and Retention
403-1	Workers representation in formal joint management-worker health & safety committee	Occupational Health and Safety
403-2	Injury & incidents	Occupational Health and Safety
404-2	Programs for upgrading skills & transition assistance	Employee Benefits and Retention
404-3	Regular performance and career development review	Occupational Health and Safety Employee Benefits and Retention
405-1	Diversity of governance bodies and employees	Our Workforce
405-2	Ratio of basic remuneration of women to men	Our Workforce
406-1	Incidents of discrimination and corrective actions taken	Our Workforce
413-1	Operations with local community engagement, impact assessments & development programs	Noise Management Giving Back to Society
414-1	New suppliers screened using social criteria	Managing Our Suppliers
414-2	Negative social impacts in the supply chain & actions taken	Managing Our Suppliers