



LION ASIAPAC LIMITED

Sustainability Report 2019

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ABOUT THIS REPORT

This is the third Sustainability Report (SR2019) by Lion Asiapac Limited (LAP). It details our sustainability performance in the financial year 2019 from 1 July 2018 to 30 June 2019.

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

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

Feedback

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

STATEMENT FROM THE BOARD

At Lion Asiapac Limited (“**LAP**”), we consider sustainability issues as part of its strategic formulation, determine the material economic, social and environmental (“**ESG**”) factors and oversees the management and monitors the material ESG factors

With support from the Board, management establishes a framework for its sustainability efforts before identifies, manages and addresses ESG factors that are material to its business.

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 2019 (“**FY2019**”).

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

STATEMENT FROM THE EXECUTIVE DIRECTOR



Dear Stakeholders

As part of our ongoing journey to champion sustainability, we are proud to present this report and share the initiatives and progress made during the financial year 2019. This is LAP's third sustainability report to date, and we are encouraged by the continuous improvements in our ESG practices.

With our core business in the lime manufacturing segment, our limekilns are optimised with the most advanced technology to reduce wastage of raw materials. The upcoming completion of our relocation project will further accelerate our efforts to preserve resources and minimize the impact on our environment. The resulting cost savings will benefit shareholders as well.

Our lime products have been part of everyday life in the communities. Clean air, portable water and fertile soil are just to name a few examples of its applications contributing to a greener place to live in.

Operations are supported by our organisation's most valuable asset: employees. We adopt a comprehensive approach in hope of building life-long relationships with our people. Safety is of utmost priority and we are glad to maintain a clean record on our accident count during the year. Aligning the welfare of our employees to our business's sustainability strategy lies in the heart of our sustainability framework.

Although there is still a long way to go, we are heartened by the significant positive impact made on the society and environment. We will continue to identify new targets, create concrete goals and strive to do the right things for the years to come.

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

Eric Loh
Executive Director

SUSTAINABILITY AT LION ASIAPAC

Sustainability Initiative

Partnerships and good community relations are critical for our operations.

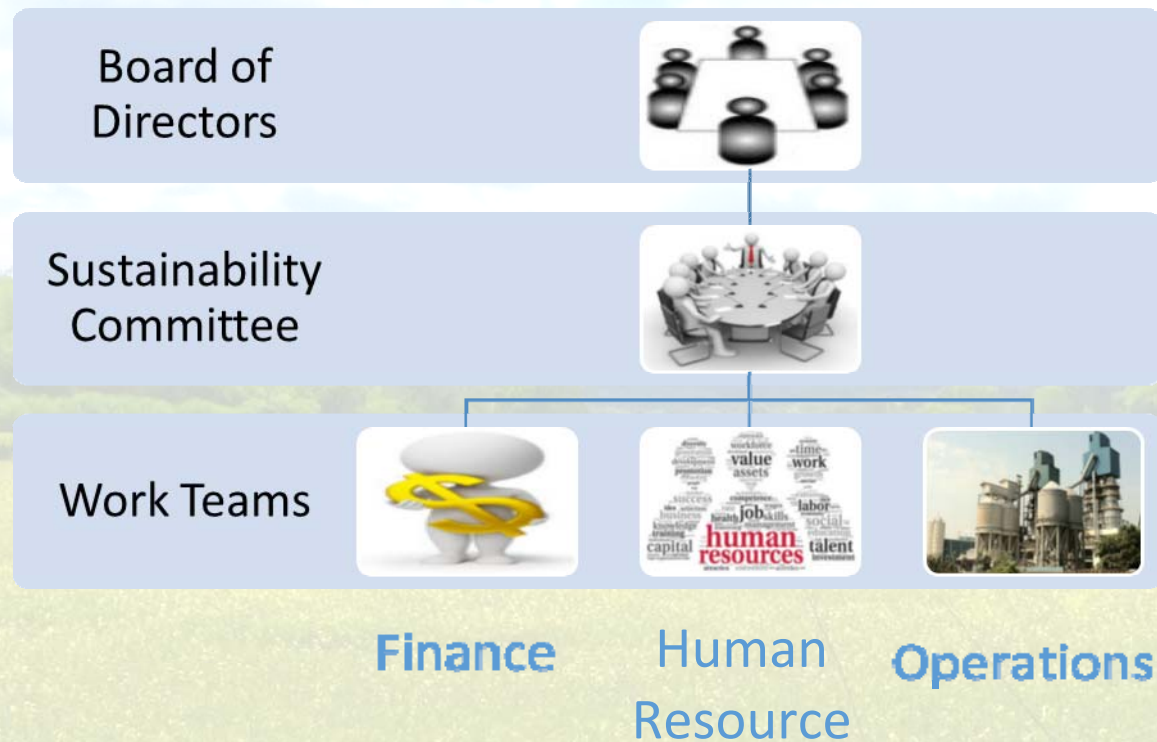
Following collaboration with all relevant stakeholders, a plan has been formulated to ensure that their representations are appropriately identified and that adequate information, including both benefits and negative impacts, are conveyed to the affected.

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.

Sustainability Committee

In achieving its sustainability goals, the Board 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



SUSTAINABILITY AT LION ASIAPAC

Sustainability Committee

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

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

Sustainability Approach

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

Sustainability and social responsibility principles form the foundation of LAP's corporate values, 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.

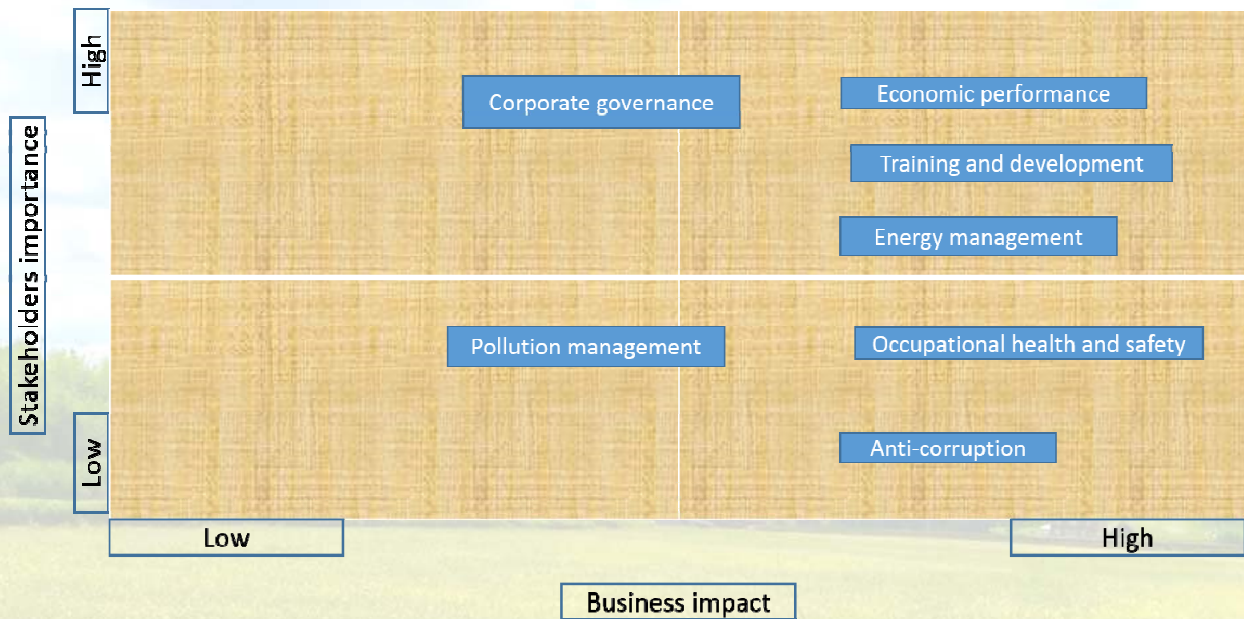
SUSTAINABILITY AT LION ASIAPAC

Materiality Assessment

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

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

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



SUSTAINABILITY AT LION ASIAPAC

Stakeholder Engagement

This report is our third 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 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.

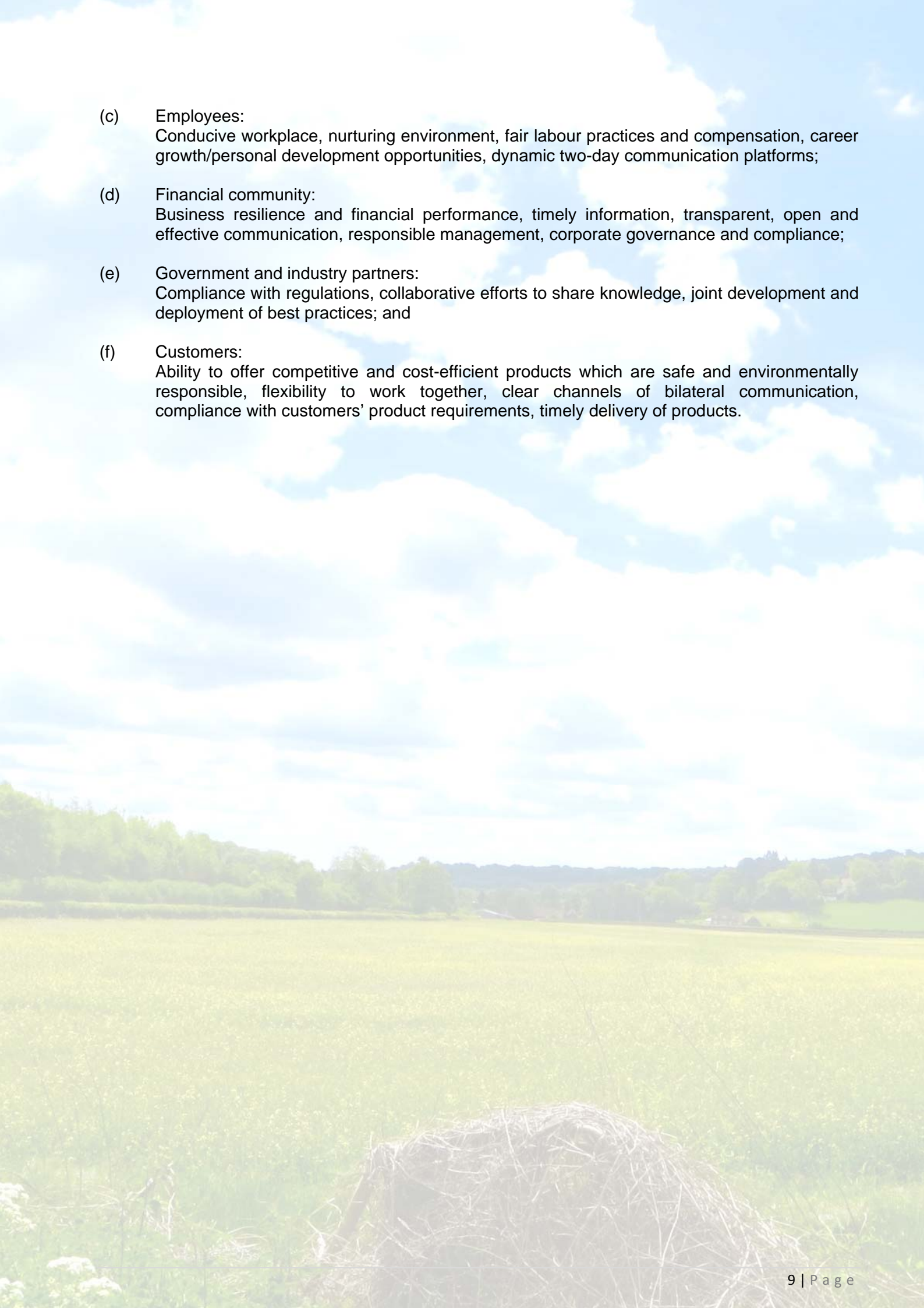
LAP's stakeholders include customers, vendors, technology partners, contractors and regulatory bodies. In general, government ministries are local to the Group's countries of operation.

LAP engaged with the following stakeholders:

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

The Key topics and concerns of stakeholders are as follows:

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

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

Governance

Code of Business Ethics and Conduct & Anti-Corruption Policy

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

Communication of anti-corruption policy and declaration of conflict of interest to employees	FY2018	FY2019	Target FY2020
	100%	100%	100%

Securities Transaction

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

Audit Committee and Internal Audit

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

Whistle Blowing Policy

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

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

Enterprise Risk Management

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

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

Incidents in relation to non-compliance and business ethics	FY2018	FY2019	Target FY2020
	Nil	Nil	Nil

Our Operations

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

Lime Manufacturing

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

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.

The uses of quicklime and hydrated lime include:

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

Steel Consumables Trading

Our subsidiary, LAP Trading & Marketing (LAPT) resumed its trading activities during the year.

LAPT deals in steel manufacturing consumables such as steel scraps, electrodes., etc.



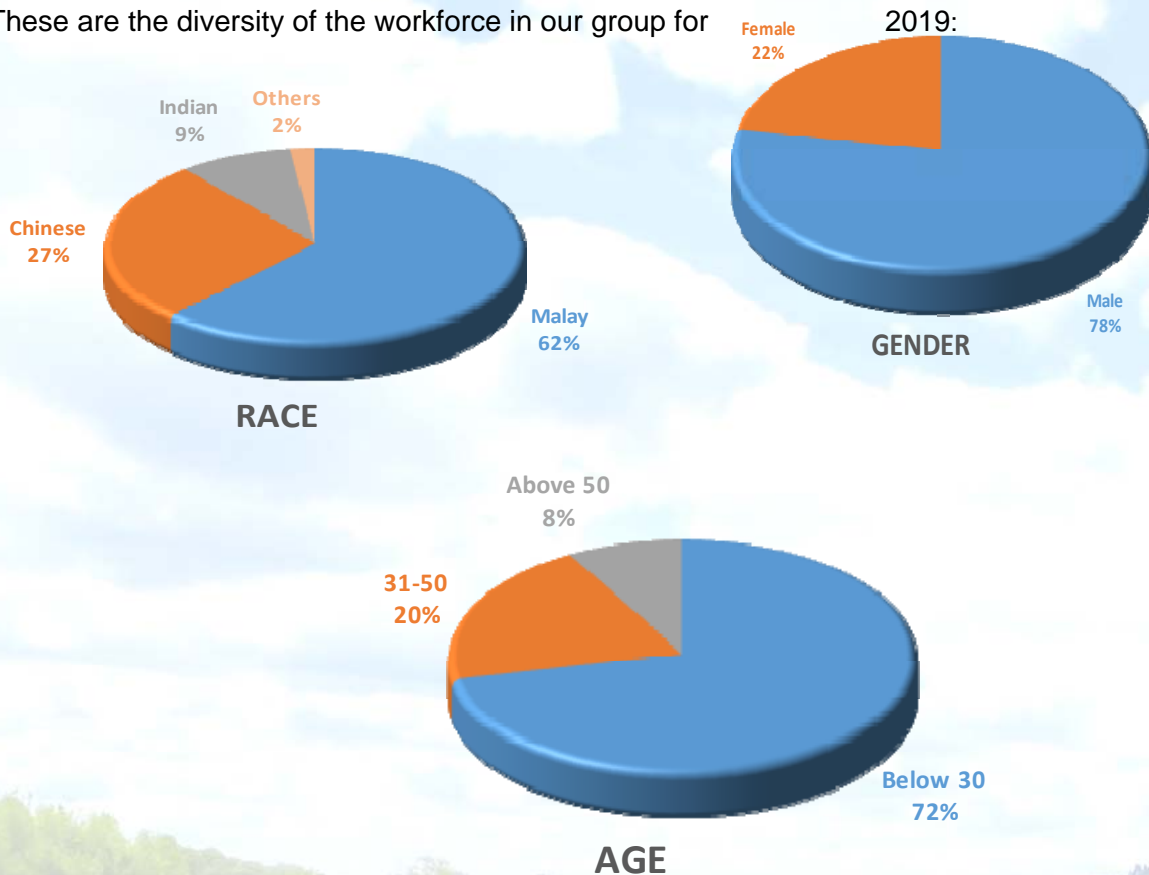
Our Employees

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

Diversity

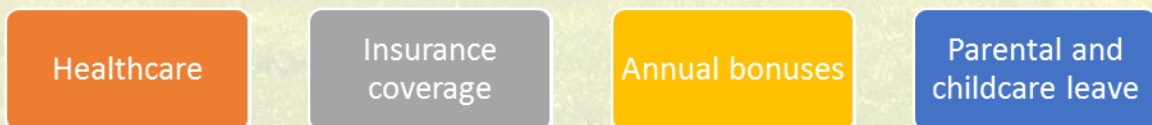
We have a total of 59 employees in LAP, comprising 58 permanent and 1 contract staff. Employees at the headquarters in Singapore consists entirely of Singaporeans and permanent residents.

These are the diversity of the workforce in our group for



Wages and employee benefits

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



Non Discrimination

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

Our Employees

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.

Accidents and Fatalities	FY2018	FY2019	Target FY2020
	Nil	Nil	Nil

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

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

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

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

Training and Education

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

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

	FY2018	FY2019
Total Training Hours	436	777
Average Training Hours per Employee Trained	7.4	7.8

The average training hours per employee for FY2019 is about the same as FY2018. We target to keep the average training hours per employee at around 8 hours per year.

Our Employees

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

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

Economic

Markets

In the face of global economic uncertainties, the markets which LAP operates in have been challenging and competition is intense. 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

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.

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.

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. Options are being considered for the purpose of reducing the reliance on main suppliers.

Environment

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

Energy

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

The table below shows the non-renewable fuel consumptions:

	FY2018 (Restated) KwH('000)	FY2019 KwH('000)
Petcoke	127,677	161,108
Diesel	1,922	2,677
Electricity	6,950	10,310
Total	136,549	174,095
Total Production (MT)	151,438	213,438
Energy consumption rate KwH per MT	0.90	0.82

The total consumptions of the non-renewable fuel increased as compared to last year due to more production activities, however the energy consumption rate reduced from 0.90Kwh per MT to 0.82 Kwh per MT. The lime plant is being underutilised, more production will result in better utilisation of the plant therefore lower energy consumption rate.

While the business environment remains volatile, the operating unit faces intensive market competitions, it in turn affects the efficient usage of the plant. We will closely monitor the energy consumption rate by targeting at same level consumption rate.

Besides the aim of lowering energy consumption rate, the use of cleaner energy in the form of electricity is encouraged to reduce the reliance on diesel. After the completion of the ongoing relocation plans, we hope to implement more strategies and further improve on conserving energy.

Environment

Emission

In the process of lime manufacturing, the amount of dusts and gases generated has to comply with the environmental regulations. We consistently monitor our emissions and ensure compliance at all times.

The following tables disclosed the emissions:

Quick lime plant

mg/m ³	FY2018 (Restated)	FY2019	Compliance limit
Dust	1.1 – 32.1	2.1 – 79.4	50

Hydration lime plant

mg/m ³	FY2018	FY2019	Compliance limit
Dust	0.7 – 9.0	11.1 – 65.9	50

The test results are conducted by a third party consultant, Procoma Environmental (M) Sdn Bhd. The dust emissions from the limekiln and hydration plant have exceeded the compliance limit in FY2019, this is due to the dust filtering equipment are out of function, the maintenance team immediately fixed the dysfunctional equipment after the test.

The environmental impact from the emissions, were largely eased by the geographic location which is far away from the population condensed area.

Despite the plant is located in a remote area, we will continue with our efforts to maintain the acceptable level of emissions as per required by the local regulations.

Uses of our product to benefit the environment

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

In water treatment plants, the use of lime products is essential for the treatment of drinking water. Raw water will be purified through the removal of impurities and limit the growth of bacteria. Its alkaline nature also helps to neutralise acidic water. We hope that our products will ensure that such a basic daily necessity in life is made readily available to everyone.

In factories and industries, the lime products are a cost effective method to treat waste water which would otherwise cause pollution when released into the sewage system. The odour from waste water will be removed and the pH adjusted. Metallic components are precipitated from the hazardous liquid preventing contamination of the environment.

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

GRI Content Index – Core Option

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

GRI Content Index – Core Option

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