

**NAM LEE PRESSED METAL
INDUSTRIES LIMITED**



SUSTAINABILITY REPORT 2020

Our Core Values

“Integrity, quality, customer satisfaction, and innovation” are the pillars on which the success of Nam Lee is built and they continue to be firmly grounded as the corporate values embraced by the Board, Management and Staff of Nam Lee. Our trademark Swan brand embodies grace, trust and loyalty, enduring qualities of a faithful partner. As we adhere to these core values, Nam Lee strives to become the preferred and trusted partner of our customers, providing them with quality services and products.

Dedicated to total service and lean manufacturing methods, Nam Lee is committed to transforming our customers’ vision, needs and imagination into reality with our capabilities, eventually partnering them in achieving their goals and vision.

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OUR COMPANY AT A GLANCE

Nam Lee Pressed Metal Industries Limited (the “Company” and its subsidiaries, collectively known as “Nam Lee”) was incorporated on 10 March 1975 and has been listed on the Mainboard of the Singapore Exchange Securities Trading Limited since October 1999. Headquartered in Singapore, Nam Lee has subsidiaries in Singapore and Malaysia serving customers in the region.

The principal activities of Nam Lee include the design, fabrication, supply and installation of steel and aluminium products such as gates, door frames, railings, laundry racks, letter boxes, sliding windows and doors, curtain wall and cladding system for building and infrastructure projects, and the supply of aluminium industrial products for container refrigeration units.

With the many years of experience in the business, its vertically integrated production structure, well-equipped facilities and skilled staff, Nam Lee is able to offer our clients a complete one-stop service from design to fabrication and to installation. These include the manufacture of tooling, jigs and fixtures, metal fabrication, surface coatings and treatments, assembly and the installation of the final products.

Our philosophy and management practice of ensuring quality at every stage of production ensures that quality is never compromised at Nam Lee. Our forward-looking management ensures that Nam Lee remains a competitive player in the sectors of the market we focus on.

We continually improve our service capabilities in line with various local and international standards, including the following:

Manufacturing and Service Quality – ISO 9001:2015

- Nam Lee has ISO 9001 certification for Quality Management Systems since 2004 and benchmarks performance of our products and service management relative to our peer, identifying best industry practices in our continuing quest for excellence and competitiveness.
- Clear guidelines and regular training are provided to our employees to ensure that our products are manufactured according to required specifications and that we address our customers’ requirements effectively.

Environmental Management System – ISO 14001:2015

- Nam Lee has in place a formal environmental policy to communicate with our stakeholders our commitment and approach to continuously improve environmental protection. We have been certified since 2018 and regularly assess system effectiveness both internally and externally to achieve continuous improvement.

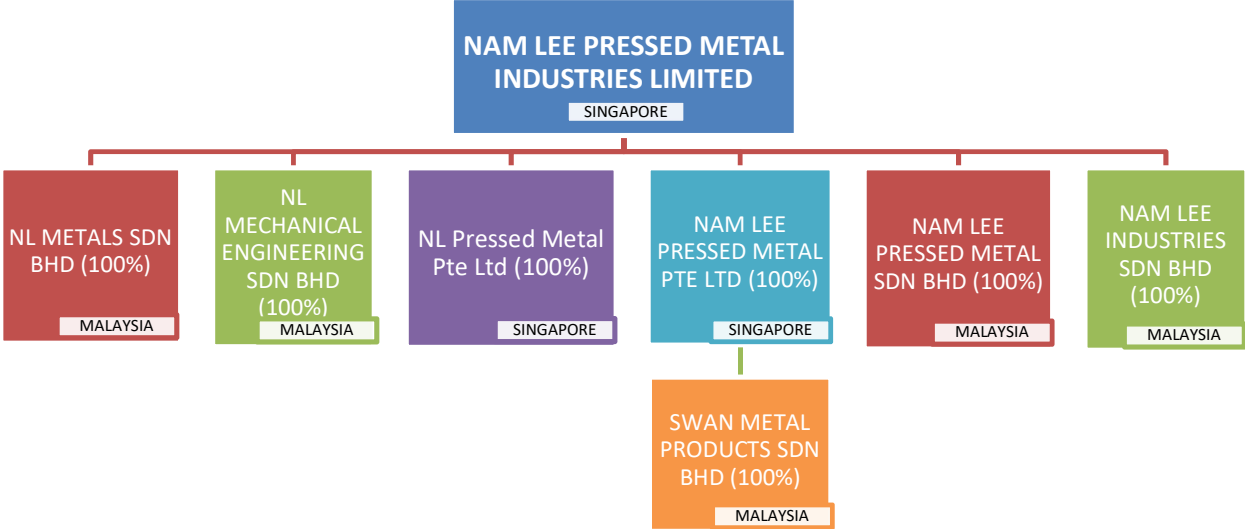
Occupational Health and Safety Management System – ISO 45001:2018

- Nam Lee has been working relentlessly with our employees and subcontractors to promote health and safety at our manufacturing sites and areas of operations. We cultivate a sense of responsibility for health, safety and well-being throughout our entire Company. We achieved ISO 45001 certification in 2019 and bizSAFE Level Star certification for our Singapore plant since 2016.

The Singapore Green Label

- Nam Lee's products (Swan Naturally SNNL Series) have been certified as Environmentally Preferred Flooring under the Singapore Green Labelling Scheme in 2019, which recognises products that have met certain eco-standards. We continue to adhere to international environmental best practices in our manufacturing process.

CORPORATE STRUCTURE



ABOUT THE REPORT

This is Nam Lee’s third sustainability report (“Report”) and covers our performance from 1 October 2019 to 30 September 2020 (“FY2020”). This Report covers our operations in Singapore and Malaysia, and has been prepared in compliance with Rules 711A and 711B of the Singapore Exchange Securities Trading Limited (“SGX-ST”) Listing Manual Section A: Rules of Mainboard (the “Mainboard Rules”) as well as the SGX-ST’s Sustainability Reporting Guide. The Global Reporting Initiative (GRI) Standards have been referenced for reporting on material topics as it is used internationally as a reporting framework and provides a holistic framework for us to address social, environmental and governance topics.

Nam Lee applies a standardised approach to data collection and analysis across our operations in Singapore and Malaysia.

We have not sought independent external assurance of the data in this report.

This report is available for download on Singapore Exchange Network (“SGXNET”).

We welcome and value our stakeholders’ suggestions and feedback. Please address all feedback and suggestions to enquiry@namlee.com.sg.

BOARD STATEMENT

The Board of Directors (“the Board”) is pleased to present Nam Lee Pressed Metal Industries Limited’s (“Nam Lee”) third sustainability report. The Board is responsible for the overall direction of the Group’s operations and business development while monitoring and reviewing corporate governance practices across all operations.

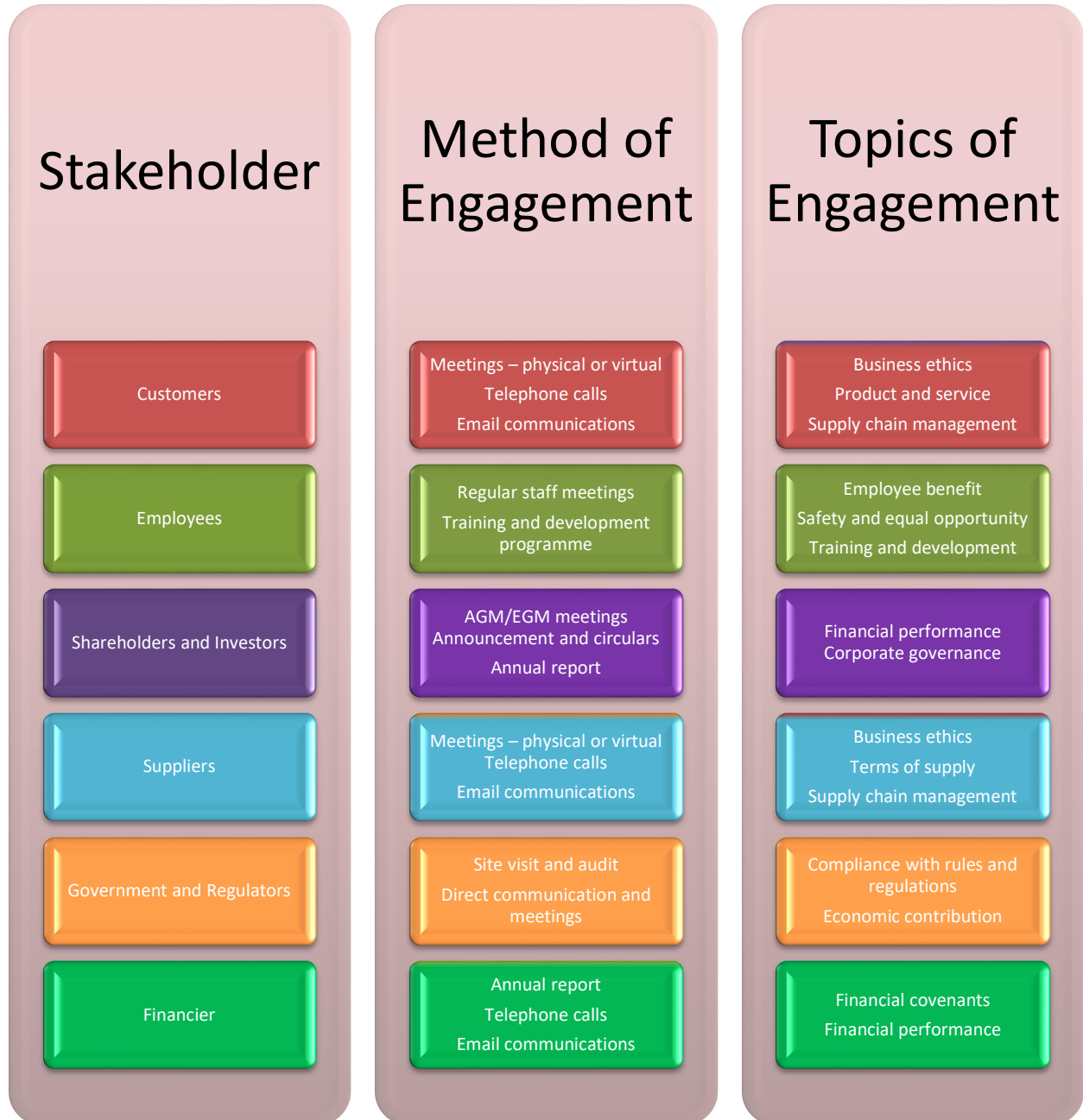
Taking into consideration environmental, social and governance (ESG) - related risks in the process of decision making, we aim to integrate material ESG factors into our business strategy. We have adopted a phased disclosure of our sustainability performance which facilitates a strategic review of our material ESG impact and contributions each year, enabling us to track and strengthen our progress.

Early 2020 witnessed a major disruption brought about by the COVID-19 pandemic, which has caused severe disruption to the global economy. The pandemic reminds us of the importance of integrating sustainability into our business. We firmly believe that building a sustainable business is vital to our continued success and that we must be fully accountable for our impact on the environment, our customers, our people and our community as well as its financial performance.

We are committed to ensuring a sustainable future for our business and society and will continue to focus on value creation for our various stakeholders and partners that we work with whilst constantly striving to improve our commitment to ESG issues.

OUR APPROACH TO STAKEHOLDER ENGAGEMENT

Engaging with stakeholders who are connected with the Group deepens our understanding of the evolving expectations and concerns and assists us in formulating better sustainability strategies. In order to gain a better understanding of their expectations and views about the Company’s environmental, social and governance (ESG) issues, we have been regularly engaging stakeholders since the preparation of our first sustainability report. While maintaining an ongoing dialogue with stakeholders as part of our day-to-day operations, we also review the relevance and significance of our stakeholders on an annual basis, and address new areas of concern as our Company continues to evolve.



MATERIALITY ANALYSIS

Nam Lee reviewed the relevance of the various ESG topics identified in FY2018 based on discussions with our internal and external stakeholders. In FY2020, we reviewed and refined our materiality matrix with input from our senior management, and further grouped these topics into 3 key Sustainability Focus Areas:

1. Governance and Compliance
2. Environmental Stewardship
3. Employee Management

We have also expanded the use of relevant GRI standards to report on the practices and performance of our material topics and will continue to review the material topics on an annual basis to ensure its relevance to our business.

Sustainability Focus Areas	Materiality Topics	Relevant GRI Standards
Governance and Compliance	Anti-Corruption	GRI 205-3 Anti-Corruption
	Socio-economic Compliance	GRI 419-1 Socio-economic Compliance
Environmental Stewardship	Environmental Compliance	GRI 307-1 Environmental Compliance
	Waste Management	GRI 306-2 Waste
	Energy & Emissions Management	GRI 302-1 Energy GRI 305-2 Emissions
Our Employees and Partners	Employee Welfare	GRI 401-1 Employment GRI 405-1 Diversity & Equal Opportunity
	Employee Development	GRI 404-1 Training & Education
	Occupational Health & Safety	GRI 403-1 to GRI 403-7 Occupational Health and Safety

SUSTAINABILITY FOCUS AREAS

Governance and Compliance

To ensure compliance with legal and regulatory requirements and the high standards that Nam Lee sets for itself, Nam Lee has adopted internal rules to govern the Company as well as processes for monitoring compliance with the external and internal rules by all units and functions in the Company.

Dealing in securities

The Company has an internal code of conduct with regards to dealings in the securities of the Company by the Directors and officers in the Group which is based on Listing Rule 1207(19).

The Company issued a memo to all Directors and officers informing them that they are not permitted to deal in the Company's shares during the period commencing one month before the announcement of the Company's half-year financial statements and full-year financial statements, or if they are in possession of unpublished price-sensitive information of the Company.

The Directors and employees are discouraged from dealing in the Company's securities based on short-term considerations.

Directors are required to report to the Company Secretaries whenever they deal in the Company's shares. Thereafter, the Company Secretaries update the Register of Directors' Shareholdings and make the necessary announcements on SGXNET.

Anti-Corruption (GRI 205-3)

At Nam Lee, we maintain the highest ethical and governance standards and will not tolerate corrupt practices of any kind in our business operations. Our commitment to prevent corruption is clearly set out in our Company's anti-corruption policies and the Code of Conduct which state that no staff should accept advantages, gifts or entertainment from our business partners, including suppliers and contractors. Our anti-corruption measures are well supported by our robust corporate governance framework. It enables stakeholders to raise concerns, in confidence, about possible improprieties in financial or other matters. In September 2020, we enhance our communication process by (a) updating our whistleblowing policy with illustrative scope and communication process; (b) publishing this in the corporate webpage for transparent communication to all stakeholders; and (c) harnessing technology to increase efficiency and security of reporting. Any report sent to the protected email address given in the policy statement will be automatically fed to the emails of independent directors without any human intervention. Procedures have been established for the independent investigation of any such reports so that appropriate follow-up actions can be taken. For more information related to our corporate governance structure and practices, please refer to the Corporate Governance Report section of our Annual Report 2020.

The independent directors have not received any complaint or report pertaining to financial or other substantive matters during the financial year.

Socioeconomic Compliance (GRI 419-1)

Compliance with regulatory requirement remains one of our top priorities. We ensure our business is conducted in accordance with applicable laws in all jurisdictions that we operate in. Nam Lee continues to keep abreast of changing regulatory standards and requirements. This is especially pertinent with the evolving nature of regulatory provisions for governmental efforts to contain the COVID 19 pandemic.

We have not received any significant fines or sanctions in FY2020 due to non-compliance with regulations or standards. We continue to maintain vigilance in managing regulatory requirements associated with operating in different business environments.

Environmental Stewardship

We recognise the impact our business activities may have on the environment and are committed to minimising our impact through a reduction in our energy consumption and our carbon footprint as well as managing our waste responsibly. Our chemical management program ensures that all chemicals used on site comply with applicable chemical regulations. Environmental and safety controls needed to protect personnel and the environment are identified and implemented. We procure chemicals from suppliers who we believe share our views on using a range of ethical products compliant with regulations. Within our offices, we have in place various initiatives to conserve natural resources such as energy and water, and we also use FSC¹-certified paper for our daily operations.

Environmental Compliance (GRI 307-1)

Nam Lee regularly conducts environmental, health, and safety (EHS) program self-assessments and internal audits to validate our site-level EHS compliance. The audits include in-depth documentation and records reviews, interviews with site management, and physical inspections related to EHS compliance. Nam Lee's manufacturing sites in Malaysia are certified to ISO 14001:2015 Environmental Management System in relation to fabrication and coating of metal products.

We have no reports of environmental non-compliances in FY2020 and are committed to ensure that we continue to maintain high standards of environmental compliance.

Waste Management (GRI 306-2)

Waste management is an essential part of our day-to-day operation. We practise the 3R's (reduce, reuse and recycle) waste hierarchy in order to extract the maximum practical benefits from materials and to generate the minimum amount of end waste. Nam Lee promotes processes to optimise resource usage and eventually move towards near zero waste processes. Our production facilities segregate the recyclable waste from general waste with clearly labelled recycling bins placed at designated areas to facilitate recycling efforts. Our waste water treatment equipment within the plants treat waste water

¹FSC® - A forest certification granted by FSC (the Forest Stewardship Council) for materials or products including paper and pulp, and corrugated cartons that use properly managed forest resources.

from our production activities. The treated waste water is tested to ensure compliance with local discharge standards.

No hazardous waste was disposed of in FY2020. Examples of waste that we send for recycling include carton boxes or other paper-based materials used for packaging, as well as scrap metal from the production processes. The following table shows the quantities of non-hazardous waste which we have recycled during FY2020.

Non-Hazardous Waste Recycled	
Waste Type	Weight (kg)
Aluminium	58,503
Mild Steel	26,870
Stainless Steel	48,459
Mixed Metal	21,758

Energy & Emissions Management (GRI 302-1, 305-1)

In our efforts to reduce energy consumption, our offices are installed with electrical appliances which are rated as energy efficient such as LED light bulbs. The layouts of our production warehouses are structured to optimise lighting. All employees are reminded frequently to switch off machines and lightings when not in use.

In FY2020, Nam Lee’s total energy consumption by our Singapore operations was 3,225,394 MJ and our overall emissions was 375tCO₂. We will continue to track and monitor the energy use and emissions from our various sites so that we can better understand activities that may have an impact on our energy use and from there, identify areas for improvement.

Energy and Emissions from our Singapore operations

Energy consumed in the organisation (MJ)	3,225,394.27 MJ
Scope 2 GHG Emissions (kg CO ₂)	375,220.87 kg CO ₂

Emission factors are based on Energy Market Authority (EMA) Electricity Grid Emission Factor (2018)

Employee Management

Employees are our most valuable asset. As our business is labour-intensive, the health, safety and skills of our employees are of predominant importance to us. We aim to provide a comfortable and friendly working environment for all, enabling employees to approach challenges with a sense of purpose, innovativeness in approach, pride in work and achievement, and be appropriately evaluated for their performance.

We are committed to providing an inclusive safe working environment with equal opportunities for continual development. Any form of discrimination based on colour, race, religion or any other distinguishing characteristics is not tolerated. We embrace diversity in gender, age, race, nationality, values and background to turn the energy and creativity generated by diversity into a source of strength.

Employee Welfare (GRI 401-1, 401-2, 405-1)

Our employees are entitled to health care benefits under the Group’s hospitalisation insurance plan, as well as to certain levels of medical care and dental care. Personal Accident Insurance Policy and Workmen Compensation Policies with disability coverage are also provided. Our employees are entitled to various leave such as annual, parental, compassionate, marriage and examination leave. Obligatory contributions are made to respective employees’ pension funds; Central Provident Fund (CPF) for Singapore employees and Employees Provident Fund (EPF) for Malaysian employees on a timely basis. In addition, we are constantly review our employment policies and remuneration practices to ensure compliance with updated employment laws, keep up with the best industry practices and to provide optimal working conditions for our people.

At the end of FY2020, Nam Lee employed a total of 1,314 employees in Singapore and Malaysia. Due to the nature of our work, about 91% of our employees are male. The percentage of employees hired within the FY 2020 (hiring rate) was approximately 23.5% while the percentage of workers who left during the same period (turnover rate) was 19.0%.

Profile of employees in Singapore and Malaysia as of 30th September 2020

	Singapore	Malaysia	Total
Male	341	855	1,196
Female	49	69	118
Total Employees	390	924	1,314

Employee hiring and turnover rate in Singapore & Malaysia

		No. of New Hires	Hiring Rate (%)	No. of Employee Turnover	Turnover Rate (%)
By Age Group	Under 30 years old	200	15.2%	114	8.7%
	30-50 years old	106	8.1%	123	9.4%
	Over 50 years old	3	0.2%	12	0.9%
By Gender	Male	264	20.1%	151	11.5%
	Female	45	3.4%	98	7.5%

Employee Development (GRI 404-1)

Nam Lee recognises that continual development of employees’ skills and knowledge is critical to maintaining a competitive, relevant and motivated workforce. Career development and performance management are established to align with corporate objectives. We continue to review and improve our career development and performance review process in a constantly evolving business environment. A variety of relevant training opportunities is arranged for all employees, specific to their job requirements. Our training programmes cover a variety of areas catering for employees with different job scopes and skills-set requirements. Our core training curriculum and content are developed and guided by well-established industry and international standards.

In FY2020, other than on the job training by more experienced staff, each employee received an average of about 1.93 hours of training. In light of the changing working environment, we continue to revise our training curriculum and programme to align them with our objectives and to strive for effectiveness and efficiency in our training approach. We will continue to enhance training per employee in FY2021.

Training hours in FY2020 for our Singapore and Malaysia employees

		Average No. of Training Hours
By Gender	Male	1.76
	Female	0.17
By Employee Category	Management	0.79
	Executive	0.16
	Non-executive	0.21
	General	0.77

Examples of training courses attended by employees	
Management	Ethical and legal issues in procurement, Evaluation and Interpretation of financial reports, Financial analysis and business decision, Remuneration Committee essentials, Board Risk Committee essentials, Listing entity director essentials.
Executive	Microsoft Office, Workplace health & safety in metal work
Non-executive	Building construction supervisor, Occupational first aid & AED, Workplace safety and health in metal work.
General	Occupational first aid & AED, Workplace safety and health in metal work, Managing work at height, WSQ Perform rigger and signalman tasks, Cladding, doors & windows installation

Workplace Health & Safety (GRI 403-1 to 403-7)

The safety and well-being of our employees are of prominent importance at Nam Lee. As a result of commitment to workplace safety, Nam Lee successfully attained the bizSAFE Star award and ISO 45001 certification in Occupational Health and Safety Management.

We instil stringent workplace safety measures and continuously monitor our performance to identify any gaps that may need improvement. A strong culture of workplace safety and well-being promotes higher productivity in the daily work activities of employees. Workplace safety awareness and training are provided to all employees to ensure adherence to adequate safety practices. Employees who engage in high risk work activities or who operate complex machineries are provided with additional training specific to their tasks. Daily toolbox meetings are conducted with employees and subcontractors to ensure everyone is aware of activities scheduled for that day and also to highlight specific health and

safety concerns. Workplace health and safety issues are highlighted in the monthly committee meetings with representation from the workers.

Every worker is expected to report incidents or hazardous situations (including near misses) to their immediate supervisors. Management will then be informed and the cases documented. All cases are thoroughly investigated and the findings are reviewed by management. Root cause analysis is done to identify the cause and corrective measures put in place to avoid future recurrence.

Nam Lee engages both external and in-house safety officers to ensure safety regulations are duly complied with. The external safety officer oversees compliance by Nam Lee with national regulations and safety rules by conducting spot checks within the premises and proposing improvements where necessary. The in-house safety officer, on the other hand, monitors the daily safety measures and continuously seeks ways to create a safer working environment. The in-house safety officer also conducts safety orientation briefings to all new employees on topics such as housekeeping rules, proper usage of personal protective equipment, safe operation of machinery as well as material handling procedures.

In FY2020, there has no incident of occupational disease and work-related fatalities. Our safety record for FY2020 showed an Accident Frequency Rate (“AFR²”) of 7.12 and Accident Severity Rate (“ASR³”) of 101.7 days. We are committed to continually improving our Workplace Health & Safety performance by proactive management of the program and promoting a positive safety culture across all our operations.

²AFR measures the frequency of workplace accidents reported per one million man-hours worked.

³ASR refers to the number of man-days lost to workplace accidents per one million man-hours worked.

OUR RESPONSE DURING COVID-19

Our Employees

Since the COVID-19 Circuit Breaker (“CB”) and Movement Control Order (“MCO”) was implemented in Singapore and Malaysia, respectively, Nam Lee has complied with the safe distancing requirements and safe management measures for workplaces in both countries. After the CB ended on 1 June 2020 in Singapore, flexible working hours have been implemented, including allowing employees to end work at 4pm and to commute during off-peak hours. Respective Heads of Department (HOD) are involved in the assessment and review of work arrangements for their departments’ employees so as to establish suitable schedules such as alternate week buddy working system, or work from home for those who need to look after their family. The Company has also given free face masks and sanitiser to all our employees, and those who require additional supplies can request for more from our HR department.

To ensure the health and safety of our employees during this time, we have used virtual meetings where possible, in place of physical meetings with our suppliers and customers, minimised social gatherings within the workplaces, increased the frequency of cleaning of common spaces in our offices, implemented daily checks for temperature and respiratory symptoms as well as ‘SafeEntry’ requirements for all on-site employees and visitors in Singapore.

No employees were retrenched during the period March 2020 to September 2020. Most of our employees who resigned this year were foreign employees who decided to head back to their home country after the end of their contract. Another large group of employees who were affected were Malaysians who commute daily across the Causeway. Since the MCO was imposed, they were unable to come back to Singapore to resume their work at Nam Lee.

During the COVID-19 circuit breaker period in Singapore, employees were encouraged to attend online courses which were relevant to their work. The objective was to equip employees at all levels with the knowledge and skills required for their roles as well as to keep up to date with new platforms or software that would now be more important for them as they continue to work remotely.

Our Customers and Suppliers

In early stages of COVID-19, some of our suppliers from China and Malaysia were impacted by the lockdown put in place within their countries which in turn affected our supply chain. We also had to shut down our plant in Singapore during the CB period and in Malaysia during the MCO period. Since the CB was lifted in June 2020 in Singapore and the MCO conditions were progressively lifted or moderated, we were able to gradually resume our operations to fulfil orders or projects for our customers that were previously delayed.



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