



SUSTAINABILITY REPORT

2018



Table of Contents

ORGANISATIONAL PROFILE	3
ABOUT THIS REPORT	3
BOARD'S STATEMENT	3
POLICY, PRACTICES AND PERFORMANCE REPORTING.....	4
SUSTAINABILITY REPORTING PROCESSES	4
STAKEHOLDER ENGAGEMENT.....	5
MATERIAL ASPECTS ASSESSMENT	6
MATERIAL ASPECTS.....	6
ECONOMIC PERFORMANCE.....	6
ENVIRONMENT	7
GREENMARK PROJECTS	7
ENVIRONMENTAL ASPECT AND IMPACT ASSESSMENT.....	7
WASTE MANAGEMENT	7
SOCIAL.....	8
DIVERSITY AND FAIR EMPLOYMENT.....	8
CODE OF CONDUCT.....	10
TRAINING AND EDUCATION	10
OCCUPATIONAL HEALTH AND SAFETY.....	10
SAFETY TRAINING.....	11
SAFETY CAMPAIGN	11
MANAGING RISKS.....	11
GOVERNANCE	11
DATA PROTECTION	12
WHISTLE BLOWING POLICY.....	12
COMPLIANCE WITH LAWS AND REGULATIONS	12

ORGANISATIONAL PROFILE

Koyo International Limited (the “Company”) was listed on the SGX Catalist in 2009. Currently, the principal activities of the Koyo and its subsidiaries (collectively, the “Koyo Group” or the “Group”) can be broadly categorised into four core business segments. These include the 1) provision of mechanical and electrical (M&E) engineering services; 2) the supply of renewable energy products for building services; 3) property development and construction; and 4) the supply of construction materials and ancillary services related to it.

ABOUT THIS REPORT

This report is guided by the Global Reporting Initiative (GRI) G4 reporting guidelines, at core level. Corresponding to G4's emphasis on materiality, the report highlights the key environmental, social and governance (“ESG”) related factors identified for the financial year ended 31 December 2017 (“FY2017”) and the initiatives during the period. For FY2017, the report is focused on the Group's M&E engineering services as other activities were not significant in FY2017, but we intend to expand our scope of this report to include the Group's other businesses in the future. This is the Group's inaugural report and in line with the Group's continued commitment to address issues relating to sustainability across the various ESG-related factors, we hope to share more in our subsequent reports.

Given that this is our inaugural report, we do not have sufficient performance data to form a trend for the purpose of setting targets. Accordingly, the process of target setting is deferred till a time when adequate data is available to set reasonable targets.

BOARD'S STATEMENT

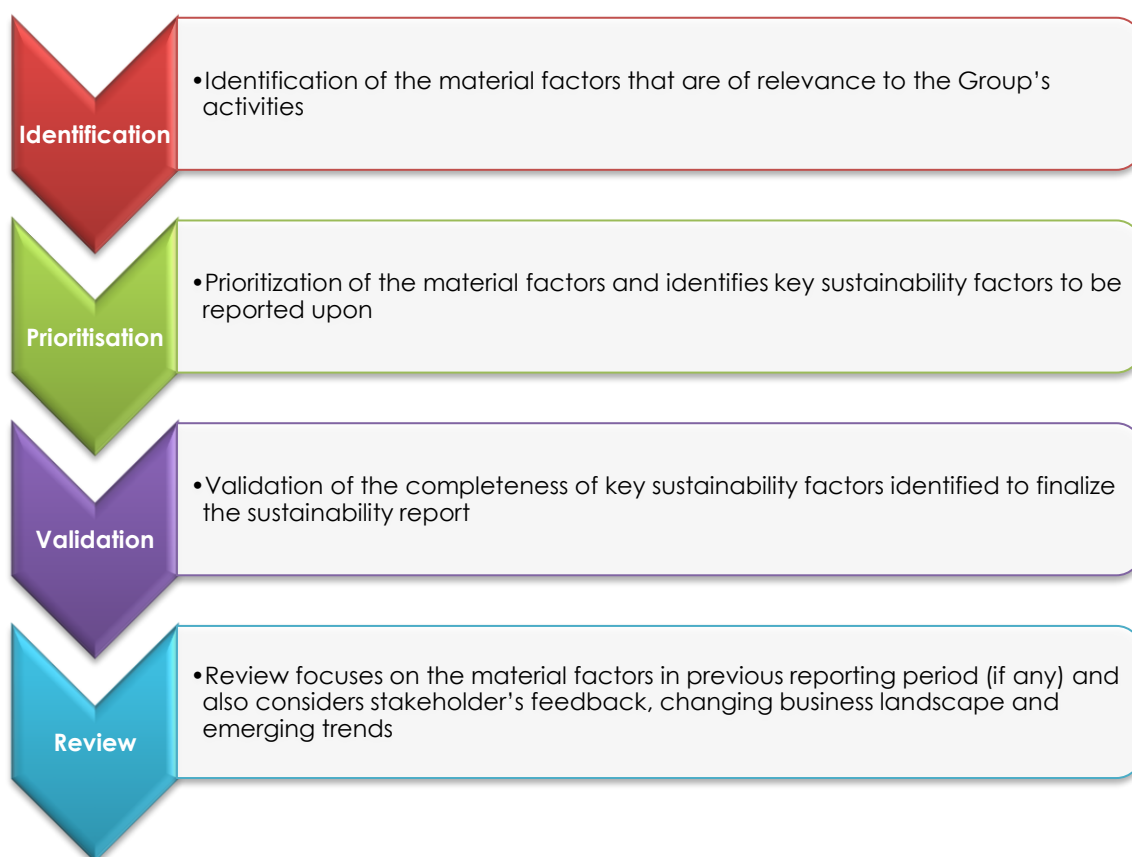
Recognising the importance of sustainability, the Board of Directors (“Board”) leads the sustainability efforts at Company. The Board has considered sustainability issues, determined the material ESG factors and overseen the management and monitoring of these factors.

We welcome feedback from our stakeholders with regards to our sustainability efforts as this enables us to improve our policies, systems and results. Please send your comments and suggestions to email address: mail@koyointernational.com.

POLICY, PRACTICES AND PERFORMANCE REPORTING

SUSTAINABILITY REPORTING PROCESSES

Our sustainability process begins with the identification of relevant aspects of stakeholder engagement. Relevant aspects are then prioritised as material factors which are then validated. The end result of this process is a list of material factors disclosed in the sustainability report. The sustainability reporting process is as shown below:



STAKEHOLDER ENGAGEMENT

An important starting point in our sustainability journey is to identify our stakeholders and material aspects relevant to our business. The interests and requirements of key stakeholders are also taken into account when formulating corporate strategies. These key stakeholders include, but are not limited to employees, suppliers & service providers, investors & shareholders, customers, and regulators.

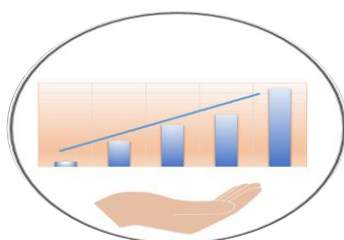
We adopt both formal and informal channels of communication to understand the needs of key stakeholders, and incorporate these into our corporate strategies to achieve mutually beneficial relationships. The following sets out our engagement platforms with our stakeholders:



MATERIAL ASPECTS ASSESSMENT

We made a materiality assessment during the year. Going forward, materiality review will be conducted annually, incorporating inputs from the stakeholder engagements.

To determine if an aspect is material, we assessed its potential impact on the economy, environment and society and the influence on the stakeholders and the Company. Aspects were identified and prioritised through senior management evaluations. Applying the guidance from GRI, we have identified the following material aspects:



Economic
Performance



Diversity & Fair
Employment Practice



Environmental



Governance

MATERIAL ASPECTS

ECONOMIC PERFORMANCE

The Group firmly believes that focus on financial sustainability is critical and we aim to maximise returns for long-term profitability, thereby creating sustainable shareholder value. The Group's basic principle is that long-term profitability and

shareholder value is ensured by taking into account the interests of stakeholders, such as shareholders, employees, suppliers and society as a whole.

For more detailed information regarding our FY2017 financial results, please refer to the following sections in our Annual Report 2017:

- Operating and Financial Review, pages 4 – 7
- Financial Statements, pages 31 – 80.

ENVIRONMENT

At Koyo, we strive to carry out our business operations in a socially responsible manner and are committed towards protecting the environment.

GREENMARK PROJECTS

As an M&E engineering services provider, the Group implements BCA Green Mark projects and we are committed to working with our valued business partners to construct high quality and energy efficient developments for the community. The BCA Green Mark scheme promotes greater energy efficiency, water efficiency, environment protection, indoor environmental quality and other green/innovative features in infrastructure and building interiors.

ENVIRONMENTAL ASPECT AND IMPACT ASSESSMENT

Our two main subsidiaries namely, Koyo Engineering (S.E. Asia) Pte Ltd and Koyo M&E Pte Ltd are ISO 14001:2015 certified. The ISO 14001:2015 Environmental Management System provides for a framework that our subsidiaries can follow to manage environmental aspects, fulfil environmental compliance obligations and address environmental risks and opportunities. As such, we carry out environmental aspect and impact assessments for our work.

WASTE MANAGEMENT

The Group adopts the Reduce, Reuse and Recycle (3Rs) methodology to manage our waste. We believe that by practising the 3Rs, we can help to protect the environment and conserve limited resources. The Group believes that every small effort counts and

goes a long way in contributing to the conservation and protection of the earth's natural resources.

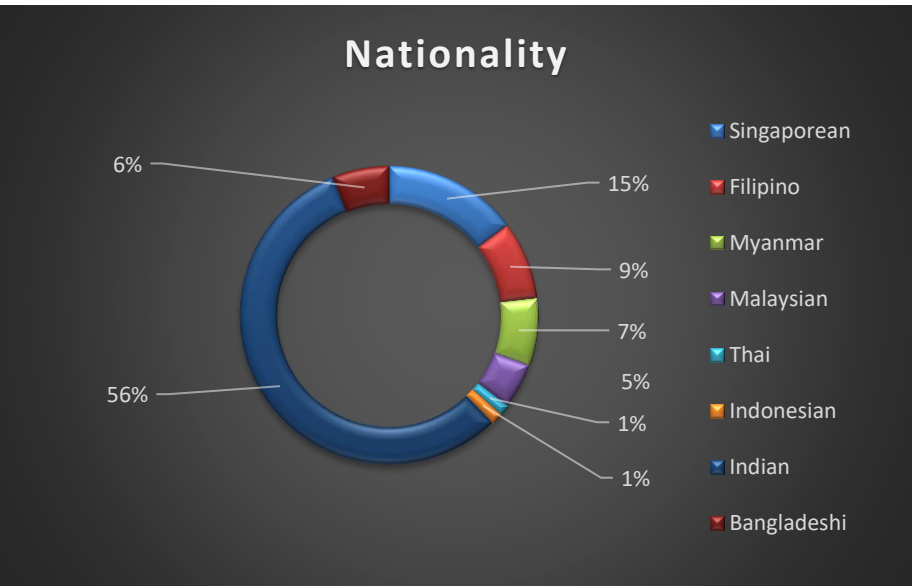
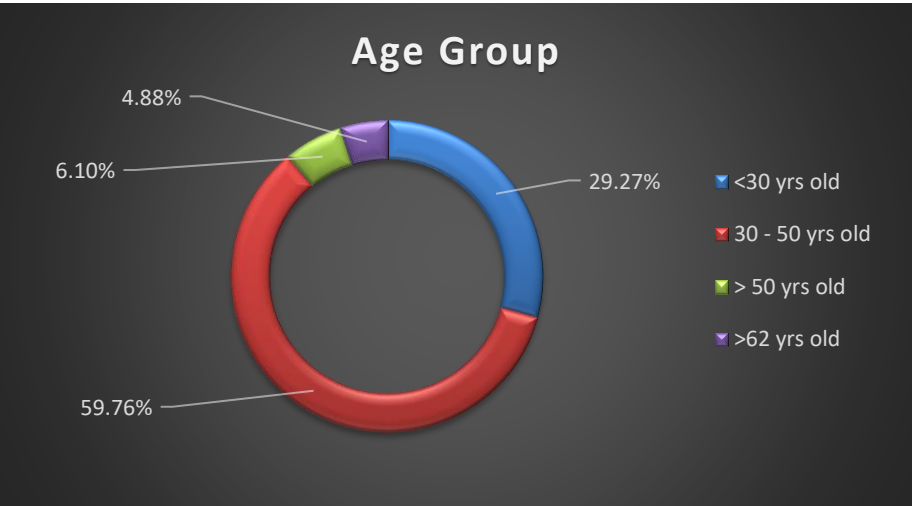
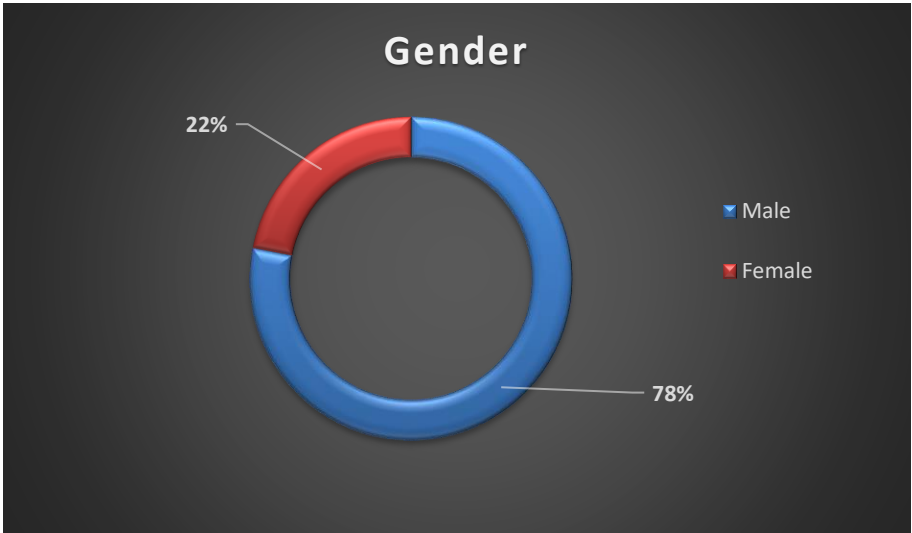
Our waste management efforts are focused mainly on paper. We are constantly working to reduce waste from our operations, as well as finding efficient ways to recycle. Measures were communicated to all the new and existing employees through induction and informal meetings to reduce, reuse or recycle whenever possible.

REDUCE	REUSE	RECYCLE
Employees are educated to print double-sided documents.	Employees are encouraged to reuse paper for note taking during meetings.	Waste cardboard and paper are sent for recycling.
Paperless work flow system is being considered to store documents electronically.	Employees are also encouraged to use waste paper as draft paper.	
	Employees are encouraged not to print documents for discussion purposes and display them on screens instead.	

SOCIAL

DIVERSITY AND FAIR EMPLOYMENT

We embrace diversity, and at the same time expect employees to be aligned with Group's vision and strategic initiatives of enhancing overall business performance and to deliver sustainable growth. The age of our staff ranges from 20s to 70s. The ratio of male to female staff is approximately 3:1. The higher ratio of male to female employees is not uncommon in construction industry due to the nature of the work. Our staff consists of people coming from different nationalities and academic qualifications. We strive for fair treatment of all our employees, regardless of nationalities, age, gender and educational levels.



We give preference to the hiring of local talent. We are committed to providing competitive remuneration and benefits to our employees. We are also committed to safeguarding our employees' health and safety against any potential workplace hazards.

CODE OF CONDUCT

New employees are provided a Code of Business Conduct, which is a standard for general employee conduct which the employee agrees to abide by, as well as a Whistle-blowing policy. The Group ensures compliance with labour and employment laws, including working hours. Furthermore, the Group does not condone discrimination against anyone because of age, gender, national origin, disability, religion, sexual orientation, marital or maternity status, union membership or political opinion, among others. Non-compliance in relation to discrimination may be reported to the line manager, HR or through our whistleblowing system.

TRAINING AND EDUCATION

Koyo understands that there is a continuous need to upgrade staff skills and knowledge. This is beneficial to the staff's development and also to the Company. Thus, staff are encouraged to go for courses and seminars to upgrade themselves and improve their skills. Staff are also sent by the Company, to attend courses to obtain skills or certifications that are necessary in the course of their work, examples of courses include "Apply Workplace Safety and Health in Construction Sites", "Managing Work at Height" and "Specialist Diploma in M&E Coordination" conducted by Ministry of Manpower (MOM) Accredited Providers and Building & Construction Authority Academy.

OCCUPATIONAL HEALTH AND SAFETY

We put the SAFETY of everyone above all in whatever we do. This has since become the overriding principle that guides us in our work. We also believe that safety is everyone's responsibility and we are committed to building a strong and positive safety oriented culture in our workplace to promote safety and create a safe working environment for everyone.

Our Health and Safety Policy is one key way in which we implement the safety principle

in our work. We will continuously strive to improve the way we carry out our work safely together with our business partners to achieve our goal of zero incident.

We achieve our goal by managing risk at work, equipping our work crew with competent skills, providing SHE training and conducting campaigns to raise safety awareness at work.

SAFETY TRAINING

We strongly believe that to equip our workforce with competent skill and knowledge to carry out the work safely is one of the cornerstones of success for the Group. Selected staff are trained on risk management to build on their fundamentals of hazard identification and risk assessment at the workplace.

SAFETY CAMPAIGN

From time to time, we hold safety campaigns at our various work sites to heighten awareness on Health and Safety matters and promote positive behaviour amongst the work crew. An effective campaign may help to eliminate any doubts that the work crew might have, boost the morale of the workforce, reduces costly mistakes and prevent injury.

MANAGING RISKS

We manage risk at work through preparing risk assessment for every job, communicate hazards and risks at pre-task discussions (i.e. tool box meetings), intervene unsafe observations, carry out safety inspections and conduct management walkabouts to support and ensure safety compliance.

GOVERNANCE

The Company adheres closely to the principles and guidelines of the Code of Corporate Governance 2012 (the "Code") and other applicable laws, rules and regulations, including the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "Catalist Rules"). Please refer to the Annual report pages 13 to 30 on the details of the Company's corporate governance practices.

DATA PROTECTION

Koyo protects the privacy and confidentiality of our customers' information. We do not divulge or sell personal information to third parties for marketing or promotional purposes. All employees are guided by Koyo's Code of Business Conduct. In FY2017, there was no identified case regarding breach of customer privacy or loss of customer data.

WHISTLE BLOWING POLICY

Our whistle blowing policy provides a mechanism for employees and external parties to report concerns over alleged wrongful acts. There were no whistleblowing cases in 2017.

COMPLIANCE WITH LAWS AND REGULATIONS

Koyo actively ensures that all our activities and operations comply with existing regulatory requirements. We carry out regular reviews of legal and other requirements. Any changes and non-compliance with the relevant laws are made known to the management, and actions will be taken to ensure compliance.