



SYSMA HOLDINGS LIMITED

SUSTAINABILITY REPORT 2018

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ABOUT THIS REPORT

This is the maiden sustainability report of Sysma Holdings Limited (“Sysma”, and together with its subsidiaries, the “Group”, or “We”), prepared in accordance with Rules 711A and 711B of the Singapore Exchange Securities Trading Limited (“SGX-ST”) Listing Manual Section B: Rules of Catalist (“Catalist Rules”) and the Global Reporting Initiative (“GRI”) Standards Sustainability Reporting Guidelines 2016 - Core Option and its reporting principles.

We have adopted the internationally-recognised GRI reporting framework, which sets the benchmark on the disclosure of governance approach, and the environmental, social and economic performance aspects of an organisation. This report is not subjected to any external assurance.

Scope of this Report

This report covers the sustainability performance of our operations in Singapore for the financial year ended 31 July 2018 (“FY2018”). This report captures the Group’s sustainable business operations and practices whilst highlighting the Environmental, Social and Governance (“ESG”) and economic performance of our operations and developments. Through active engagement with our stakeholders, our Group has picked a total of 3 sustainability topics which have been identified as the most important to our stakeholders and our business.

This report is provided in PDF format only and is available for download on our website at www.sysma.com.sg.

Report Contact and Feedback

We welcome and value your suggestions or feedback on the content of this report, you can contact us through the following channels:

- Our designated email contact: sysma@sysma.com.sg
- Write in to us at:
Blk 2 Balestier Rd
#03-669 Balestier Hill Shopping Centre
Singapore 320002

CHAIRMAN'S LETTER



Dear valued shareholders,

On behalf of the Board of Directors (“BOD”, or the “Board”), I am delighted to present to you Sysma’s maiden sustainability report.

This report highlights the material ESG factors, which have been identified as the most important to our business and stakeholders, and our strategy in managing these issues.

We recognise the importance of sustainability in creating long term value for our stakeholders. This report is a testament of our commitment in keeping our practices and the processes of our business sustainable.

As a dynamic and visionary organisation, our strategy is to build diversity into our business with a particular focus on sustainability, while continually building new paths of growth.

We are committed to communicate our sustainability efforts and refine our reporting approach as these material topics becomes better assessed and in accordance with global standards.

Thank you.

Sin Soon Teng
Executive Chairman & Group CEO

ABOUT US

Sysma Holdings Limited was founded in 1986, with our principal activity focused on providing building construction services to the private sector in Singapore, and since 2013, we have also ventured into property development. The Group was listed on the Catalist Board of the SGX-ST on 3 August 2012.

Our impressive and diverse track record is attributable to more than 300 projects comprising of building residential, commercial, heritage and conservation, institutional, industrial buildings and educational institutions.

The Group's projects for buildings are focused on constructing high end landed housing (especially Good Class Bungalows) and executing addition and alteration works on landed and other properties in Singapore which require high quality furnishings and fittings. To date, the Group has constructed more than 150 bungalows in Singapore, of which 29 are located in one of the world's most prestigious integrated oceanfront marina residential communities, Sentosa Cove.

With more than 30 years of experience in the construction industry, we have built a solid reputation for our technical expertise and strong project management skills. This has led us in achieving various awards and certification for our business. The Group holds strongly to three principles for our business, namely, to achieve a high level of quality for our developments, complete our projects on time and efficiently deliver all our projects.

Building Projects



We are the main contractor in the building projects we undertake. These projects comprise of new construction, addition and alteration works on existing buildings, as well as refurbishment and upgrading of existing buildings.

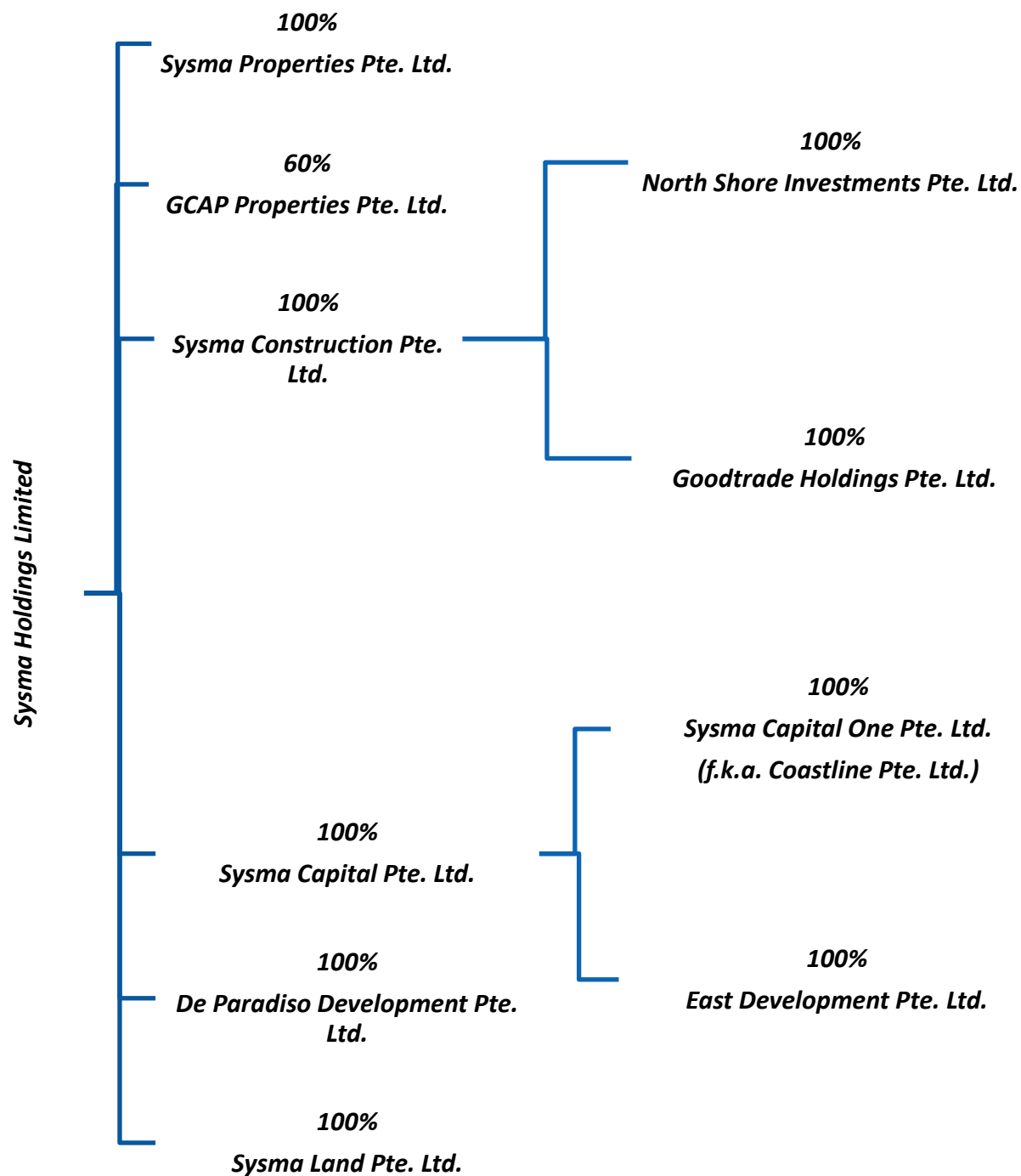
Property Development



In the financial year ended 31 July 2013, Sysma embarked on a new phase in our business, diversifying into real estate development. We have since successfully launched three private residential projects, namely 28 RC Suite, 8M Residences and Charlton 18.

ABOUT US (Cont'd)

Group Structure



ABOUT US (Cont'd)

Supply Chain Management

With the strong presence that we have established in the building construction industry, good relationships and strong linkages with reputable consultants, sub-contractors, vendors, suppliers and other industry professionals were built and maintained through the years.

We strive to pass on responsible business practices to our large network of sub-contractors, suppliers and industry partners, thereby creating a supply chain that is responsible and sustainable. We aim to help these parties involved in our supply chain to make a positive impact on their sustainability performance through identifying new collaboration methods.

We exercise prudence in selecting our key vendors, subcontractors and suppliers, using the stringent supplier selection process that we have established, our vendors, subcontractors and suppliers are screened and qualified in accordance with the standards laid out. We review factors such as industry track record, reputation and certifications, subcontractors with ISO 9001, ISO 14001 and OHSAS 18001 certifications are also preferred. The Group also ensures that our supply chain partners comply with local, environmental, health and safety rules and regulations. We continuously evaluate our subcontractors and suppliers with the criteria set out in the selection policy and procedure.

Active engagement with our key suppliers is done on a regular basis to align our requirements and expectations with them, thereby ensuring sufficient resources being obtained and seamless execution of our operations.

ABOUT US (Cont'd)

Awards and Accolades

The awards and accolades is a testament of the Group's performance in this industry and our commitment to environmental and safety management.

Awards/Achievements	Year Awarded
ISO 9001:2018 and SS ISO 9001:2008 Certificate of Registration (Quality Management System) – for Design Management and Building Construction Services	Since 1996
OHSAS 18000:2007 Certificate of Registration (Occupational Health and Safety Management) – for Building Construction Services	Since 2006
bizSAFE STAR Certificate	Since 2009
Architectural Heritage Awards	1995 2000 2005
Construction Excellence Awards for the following projects: <ul style="list-style-type: none"> - Pasir View Park Condominium (Merit) - Central Mall – Erection of a five (5) Storey Building & Conservation of Existing Building (Merit) - Four (4) Units of High Class Bungalows at Ridout Road (Merit) - The Glencaird Residences (Construction Excellence) 	1996 1999 2001 2001
ISO 14001: 2004SSISO 14001:2004 Certificate of Registration (Environmental Management System) - for Building & Civil Engineering Construction Services	Since 2012
Green and Gracious Builder	2015

MANAGING SUSTAINABILITY

At Sysma Holdings Limited, sustainability is addressed at the highest level, namely, our Board of Directors. The Board is primarily responsible for the Group's long-term success, through the leadership role it plays in Sysma, from formulation to the seamless execution of business strategies. The Board has considered sustainability issues as part of its strategic formulation, determined the ESG factors and overseen the management and monitoring of the material ESG factors.

Our Group has taken conscientious efforts to actively seek the opinion of our stakeholders either in an informal or formal way. We aspire to understand the needs and expectations of our key stakeholders and strive to build mutual beneficial relationships. Through our proactive engagement, key ESG factors have been identified and included within this report.

GOVERNANCE FRAMEWORK

Sound corporate governance is paramount in enhancing transparency and protecting the interest of our shareholders, and bolstering shareholders' confidence in our management system and financial reporting. Sysma emphasises on accountability, transparency, ethical conduct and good corporate governance. We adopt the principles of the Code of Corporate Governance 2012 issued by the Monetary Authority of Singapore (the "MAS") and the disclosure guide established by SGX-ST.

The Board assumes responsibility in establishing a framework of prudent and effective controls which enables risks to be assessed and managed, while ensuring compliance with the provision of the Companies Act, Chapter 50 of Singapore and the rules and regulations of the relevant regulatory bodies.

Our Group has implemented a Code of Conduct which provides clear guidelines for professional workplace behaviour and ethical business conduct, ensuring that each employee observe the highest standard of integrity and professional conduct.

Sysma has also put in place a Whistle Blowing Policy to encourage reporting in good faith of suspected reportable conduct by establishing clearly defined processes through which such reports may be made with confidence that employees and other persons making such reports will be treated fairly and, to the extent possible, protected from reprisal. Further details of the Whistle Blowing Policy can be found on page 12 of this report.

STAKEHOLDER ENGAGEMENT

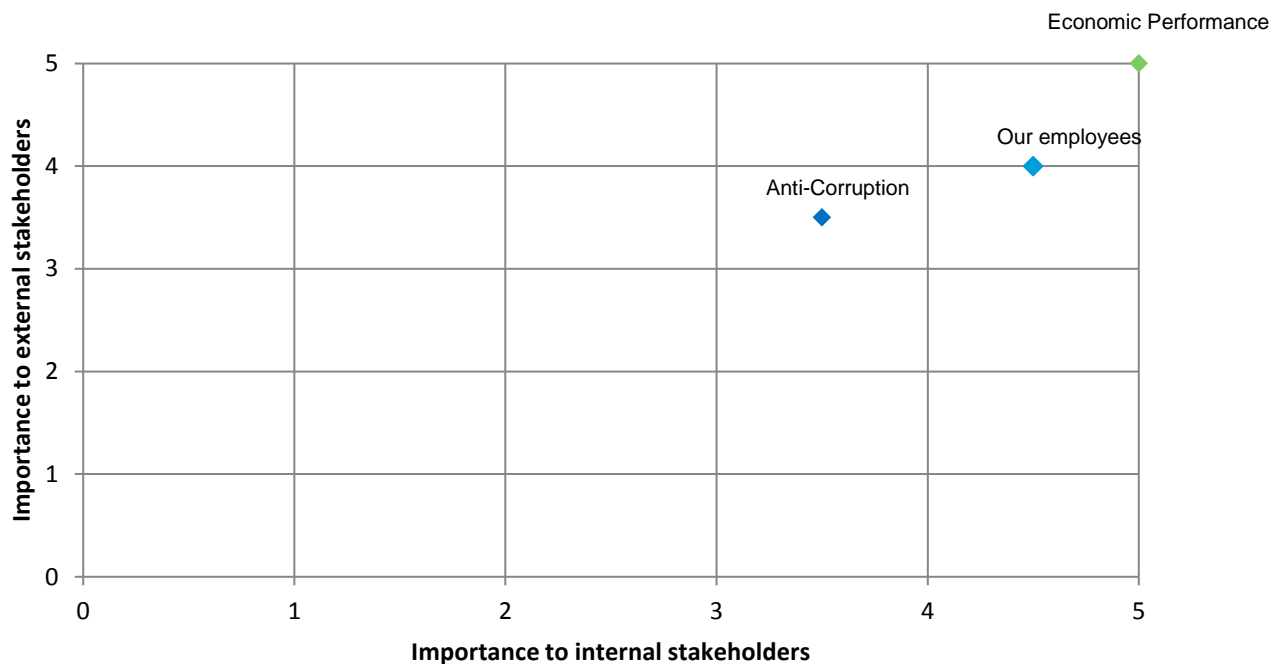
Our efforts on sustainability are focused on creating sustainable value for our key stakeholders, which includes our customers, employees, regulators, suppliers and shareholders. The continuous engagement process allows stakeholders to communicate their perception and expectation of the Group's sustainability efforts.

Key Stakeholders	Engagement Channel
Customers	We encourage our customers to provide their feedback through channels such as completing the contractor's performance assessment track record form from BCA or through our Company's website, calls or walk-ins. Feedback obtained is reviewed and relevant follow-up actions are performed to improve customer satisfaction.
Employees	We interact with our employees through regular employee feedback sessions, emails and annual performance appraisal conducted. Our senior management also holds regular communication sessions with employees for effective flow of information and alignment of business goals across all business functions.
Regulators	We participate in regular seminars organised by key regulatory bodies.
Supply chain – Vendors, Subcontractors, Suppliers	We build a close working relationship with our suppliers to ensure a smooth delivery of products. All business units will feedback on the suppliers to ensure that standards of products or services delivered are maintained. We engage our suppliers through email, supplier evaluation, regular meetings held and telecommunications.
Shareholders	We communicate our financial performance on a timely basis, through announcements on SGX-ST's website, our Company's website, annual general meetings, annual reports, and other channels such as business publications and investors' relation events.

Going forward, we will continue to find the most effective communication channels for interacting with our stakeholders and to expand our engagement to include the local community.

MATERIAL TOPICS

The selection of material topics have been done through active stakeholder engagement. During the process, our stakeholders and us have prioritised the issues relevant to our business and those that have a direct bearing on own operations.



Sustainability Topics:

1. Economic performance
2. Anti-Corruption
3. Our employees

The Group is dedicated to improving our performance in the areas identified and will reassess the topics on an annual basis and ensure relevance of these topics to our business.

MATERIAL TOPICS

Economic Performance

Despite the backdrop of a challenging economic outlook, our Group is pleased to report a net profit of S\$4.3 million in FY2018. The Group's revenue in FY2018 was approximately 22.7% lower than the revenue recorded in FY2017, mainly due to lower contribution from the construction projects which have been substantially sold. However, the decrease was partially offset by higher contribution from the Group's Charlton 18 property development project.

During FY2018, the Group's construction business remained stable, as we were able to execute and deliver our order book on a timely basis. The Group also managed to secure a contract amounting to S\$37.7 million in the second half of FY2018 and a further S\$18.6 million since the start of the financial year ending 31 July 2019. Our residential units at our three property development projects have also been fully sold and all three projects have obtained their Temporary Occupation Permit (TOP).

Going forward, we will continue to grow both our business segments as we explore local and overseas property development projects to augment our portfolio and continually look out for opportunities which will create long term value for our stakeholders.

The following is a snapshot of our financial performance for the last two financial years:

	FY2018 (S\$'000)	FY2017 (S\$'000)
Revenue	75,152	97,172
Net profit attributable to shareholders	4,275	7,893
Total Debt/Total Equity Ratio	0.53	1.31
Net Assets	53,767	54,274
Earnings Per Share (cents in S\$)	1.59	3.19

Please refer to our Group's Annual Report 2018, for a detailed breakdown on our FY2018 financial performance.

MATERIAL TOPICS

Anti-Corruption

Sysma has zero-tolerance for corruption. Our Group's Corporate Governance Policy also outlines the roles and responsibilities of employees to ensure compliance. The Board is responsible for implementing processes and controls to reduce the risk of corruption and ensure compliance of the Group's standards are met throughout the organisation, as well as all relevant local laws and regulations.

A Whistle Blowing Policy has been developed and established to encourage reporting in good faith of suspected reportable conduct by establishing clearly defined processes through which such reports may be made with confidence that employees and other persons making such reports will be treated fairly and, to the extent possible, protected from reprisal.

The Whistle Blowing Policy has been approved by the Group's Audit Committee ("AC") and the AC takes ultimate responsibility in ensuring an independent investigation of any of such matters and for appropriate follow-up actions to be taken. All whistle blowing reports will be addressed to the Chairman of the AC, and details of the policy have been disseminated to all employees.

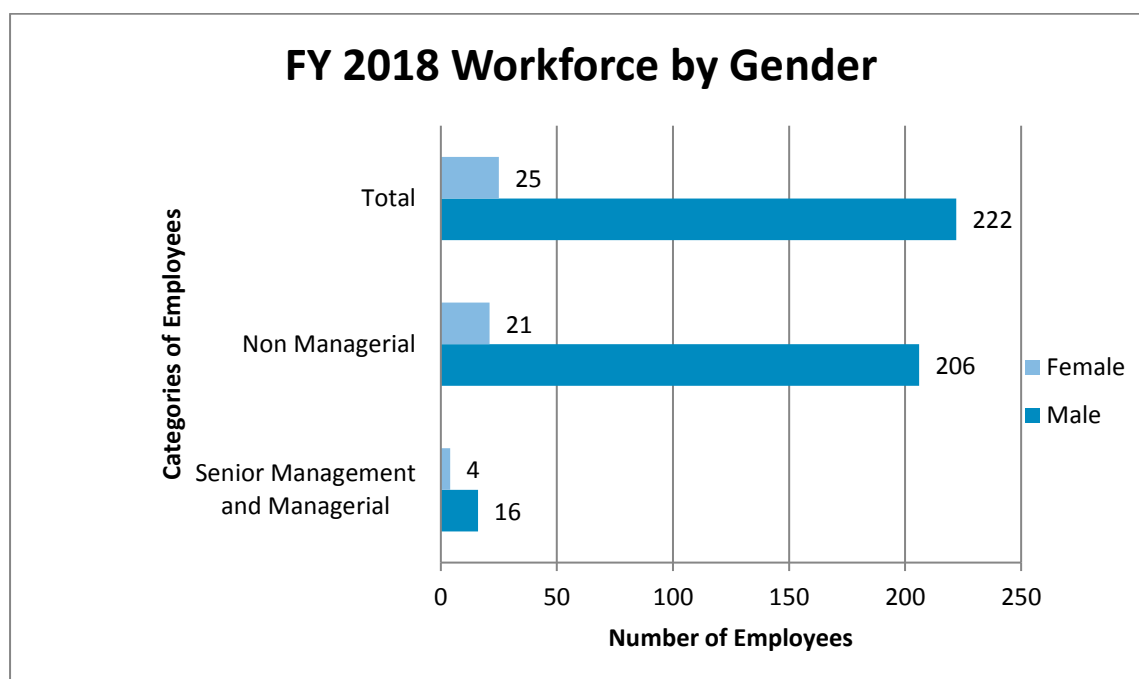
During FY2018, the Audit Committee did not receive any whistle blowing reports. The Group continues to strive to maintain the corruption free business by continually reinforcing to our employees our zero tolerance on corruption. The Group's target for the next financial year and beyond is to continue to achieve zero confirmed cases of corruption and zero non-compliance with the relevant laws and regulations.

MATERIAL TOPICS

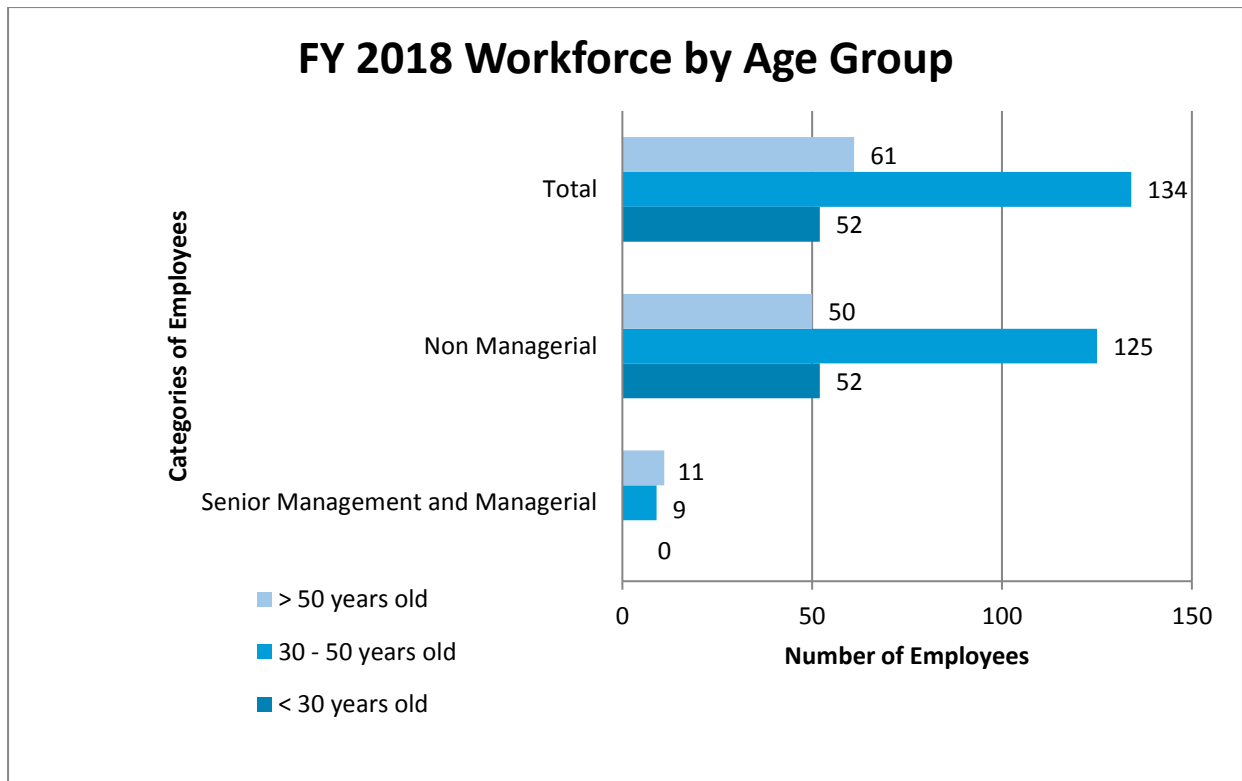
Our employees

Our human capital is at the heart of our drive for success as it is our most valuable asset. We honor fair employment practices and invest in the training and development of our workforce. We aspire to create a motivated workforce, attract and retain the talented ones and grow the competences of our workforce.

We embrace workplace diversity and our workforce comprise of employees from different walks of life, including different age groups, ethnicity, religion, gender group and marital status. We believe that a diverse and inclusive workforce will bring about a more enriching perspective in the workplace. The following charts and tables display the profile of our vibrant workforce:

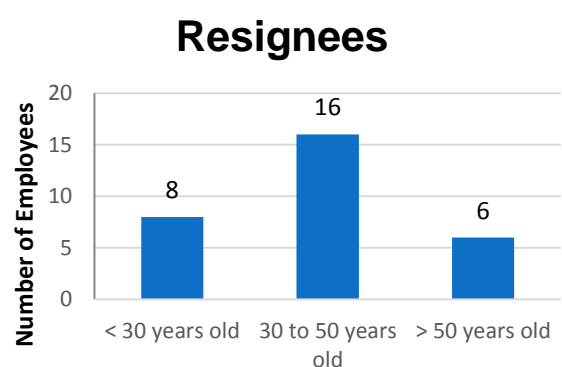


In FY2018, of the 20 employees in senior management or managerial level, 4 are women, representing 20% of our workforce. Of the 227 employees in the non-managerial level, 21 are women representing 9.25% of our workforce. Female employees account for 10.1% of the Group's total workforce. The nature of our industry attracts more male than female candidates, which explains the gender disparity in our workforce. Management acknowledge the importance of having a balanced gender workforce, thus we are motivated to work towards employing more female candidates in our senior management and managerial level positions.



The age profile of our workforce consists of 52 employees under 30 years old representing 21.1% of the total workforce, 134 between the ages 30 to 50 years old representing 54.2%, and 61 employees above the age of 50 years, representing 24.7% of the total workforce. Management is of the view that the Group has a balanced mix of youth and experienced in our workforce and will continue to ensure the same going forward.

New Hires and Resigned Employees in FY2018



In FY2018, a total of 10 new employees joined the Group, while 30 employees resigned during the same period. The new hires were mostly for existing positions. The decrease in the workforce is in line with the reduction in the Group's turnover in FY2018 as compared with FY2017. Sysma is constantly trying to retain quality employees by offering attractive remuneration and benefits, training, and career development. The Group also has procedures in place such as exit-interviews to understand the reasons for our employees' resignation and receive constructive feedback.

Employment Policy

The Group has established an Employment policy and management principles which cover key areas such as employee recruitment and selection, remuneration and benefits, performance appraisals, career training and development, workplace safety and cessation of employment. The established policy is communicated to all employees through our Employee Handbook which is regularly reviewed by Management. In our efforts to align our employee's objectives and our business objective, we constantly seek feedback from our employees and ensure that their needs and expectations are taken into consideration and valued. We exercise open communication throughout our business functions, together with the annual performance appraisal conducted. Each employee is assessed on a merit-based approach, and they are provided with equal career advancement opportunities.

Workplace Condition

We strive to ensure compliance with all applicable labour laws where we operate and continuous monitoring is carried out to ensure that there are no non-compliance with the relevant laws. All obligatory labour laws and training requirements stipulated by the Building and Construction Authority, Ministry of Manpower ("MOM") or any other relevant regulatory bodies are also complied with. In addition, we ensure that our construction workers are provided with sufficient rest between the different shifts of work. Where workers' accommodations are provided, the quality and condition of these quarters are inspected regularly to ensure the compliance with the relevant requirements and regulations of MOM.

Moving forward, the Group will continue to adopt the industry's best practices to maintain our competitive position. The target for the next financial year is to maintain zero non-compliance with the relevant labour laws and regulations.

GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX

This report is prepared in accordance with the Global Reporting Initiative (GRI) Standards Core option.

GRI Standard		Disclosure	Page Reference / Reason for Omission, if any
General Disclosures			
Organisation Profile	102-1	Name of the organisation	Cover Page
	102-2	Activities, brands, products, and services	Page 4
	102-3	Location of headquarters	Page 4
	102-4	Location of operations	Page 4
	102-5	Ownership and legal form	Page 4
	102-6	Markets served	Page 4
	102-7	Scale of the organisation	Page 13 – 15
	102-8	Information on employees and other workers	Page 13 – 15
	102-9	Supply chain	Page 6
	102-10	Significant changes to the organisation and its supply chain	None
	102-11	Precautionary principle or approach	Precautionary
	102-12	External initiatives (Social initiatives)	None
	102-13	Membership of associations	None
Strategy	102-14	Statement from senior decision maker	Page 3
Ethics and Integrity	102-16	Values, principles, standards, and norms of behaviour	Page 4 - 7
Governance	102-18	Governance structure	Page 8 and our Annual Report
Stakeholder Engagement	102-40	List of stakeholder groups	Page 9
	102-41	Collective bargaining agreements	
	102-42	Identifying and selecting stakeholders	
	102-43	Approach to stakeholder engagement	
	102-44	Key topics and concerns raised	
Reporting Practice	102-45	Entities included in the consolidated financial statements	Page 2 and our Annual Report
	102-46	Defining report content and topic boundaries	Page 2
	102-47	List of material topics	Page 10
	102-48	Restatements of information	Not applicable as this is our first report
	102-49	Changes in reporting	Not applicable as this is our first report
	102-50	Reporting period	Page 2
	102-51	Date of most recent report	Page 2
	102-52	Reporting cycle	Page 2
	102-53	Contact point for questions regarding the report	Page 2
	102-54	Claims of reporting in accordance with the GRI Standards	Page 2
	102-55	GRI content index	Page 16 - 17
	102-56	External assurance	Page 2

GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX (CONT'D)

GRI Standard		Disclosure	Page Reference / Reason for Omission, if any
MATERIAL TOPICS			
Economic Performance			
Management Approach	103-1	Explanation of the material topic and its boundaries	Page 11
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
Economic Performance	201-1	Direct Economic value generated and distributed	
Anti-Corruption			
Management Approach	103-1	Explanation of the material topic and its boundaries	Page 12
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
Anti-Corruption	205-1	Operations assessed for risks related to corruption	
	205-2	Communication and training about anti-corruption policies and procedures	
	205-3	Confirmed incidents of corruption and actions taken	
Employment			
Management Approach	103-1	Explanation of the material topic and its boundaries	Page 13 - 15
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
Employment	401-1	New employee hires and employee turnover	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	
	401-3	Parental leave	